

**GREATER MANCHESTER COMBINED AUTHORITY AUDIT
COMMITTEE**

DATE: Wednesday, 27th July, 2022

TIME: 10.30 am

VENUE: GMCA Offices, Broadhurst House, 56 Oxford Street,
Manchester M1 6EU

SUPPLEMENTAL AGENDA

- 10. UPDATE FROM THE JOINT AUDIT PANEL** 1 - 6

To receive an update on the work of the Joint Audit Panel.

- 14. HMICFRS ACTIONS UPDATE** 7 - 40

Report of Chief Fire Officer, GMFRS

- 16. FINANCIAL REPORTING**

Reports of Treasurer, GMCA

- 16.A ASSESSMENT OF GOING CONCERN -** 41 - 52

Report of the GMCA Treasurer.

BOLTON	MANCHESTER	ROCHDALE	STOCKPORT	TRAFFORD
BURY	OLDHAM	SALFORD	TAMESIDE	WIGAN

- 16.B DRAFT ANNUAL GOVERNANCE STATEMENT** 53 - 90
Joint report of the Treasurer, GMCA and the Monitoring Officer
GMCA.
- 16.C UNAUDITED DRAFT STATEMENT OF ACCOUNTS** 91 - 240
To consider the unaudited draft statement of accounts.
- 16.D TREASURY MANAGEMENT ANNUAL REPORT -** 241 - 264
To consider the Treasury Management Annual Report.
- 18. FORWARD PLANNING - AUDIT COMMITTEE WORK PROGRAMME** 265 - 274

To consider the Audit Committee Work Programme.

For copies of papers and further information on this meeting please refer to the website
www.greatermanchester-ca.gov.uk. Alternatively, contact the following
Governance & Scrutiny Officer : paul.harris@greatermanchester-ca.gov.uk

This agenda was issued on Thursday 21st July 2022 on behalf of Julie Connor, Secretary
to the Greater Manchester Combined Authority, Broadhurst House, 56 Oxford Street,
Manchester M1 6EU



JOINT AUDIT PANEL

- Date** Friday 1st July
- Time** 11:30 – 13:00
- Venue** Chief Officer Meeting Room, Fourth Floor, GMP Force Headquarters, Central Park, Northampton Road, Manchester, M40 5BP
- Attendees** Peter Morris (Chair)
Ian Cayton (Panel Member)
John Starkey (Panel Member)
Foluke Fajumi (Panel Member)
- Ian Cosh (GMP – Assistant Chief Officer, Chief Financial Officer)
Janet Moores (GMP - Head of Finance)
Jonathan Chadwick (GMP - Detective Chief Superintendent, Professional Standards Branch)
Stephanie Beirne (GMP - Head of Information Management)
Tara Jones (GMP - Executive Support Officer)
Candice Simms (GMP - Minutes)
- Steve Wilson (GMCA – Treasurer)
Sarah Horseman (GMCA & GMP - Head of Audit and Assurance)
Cath Folan (GMCA - Audit Manager (Police and Crime))
- Daniel Watson (Mazars – Director, Public and Social Sector)
- Apologies** Stephen Watson (GMP - Chief Constable)
Rt. Hon Baroness Beverley Hughes (Deputy Mayor of Greater Manchester)
Christopher Kinsella (GMP - Chief Officer - Resources)
Sara Ashworth (GMP - Planning & Policy Development Manager)
Hilary Pogson (Panel Member)
Mark Dalton (Mazars – Director, Public and Social Sector)

M219/JAP Welcome and Apologies for Absence

The Chair welcomed all attendees and noted apologies.

M220/JAP Urgent Business (if any) at the discretion of the Chair

None raised.

M221/JAP Declarations of Interest

None raised.

M222/JAP Approval of April 2022 minutes and actions

The Panel approved the previous minutes as a true and accurate record.

GMCA Treasurer will write out formally today to confirm the preferred contract extensions for the Panel.

Actions A044/JAP and A045/JAP are ongoing.

M223/JAP Current GMP Issues

The Chair advised 'Current GMP Issues' will be a standing agenda item going forward.

ACO Cosh provided a summary of recent events that have taken place since the April Joint Audit Panel, as follows:

- GMP's accounts are on track to be presented at the September Joint Audit Panel in line with the 2022/23 reporting schedule.
- GMP's senior officers attended a recent meeting with Her Majesty's Chief Inspector of Constabulary Andy Cooke QPM DL to update Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) on the Force's progress in recent months. HMICFRS were receptive to GMP's progress and will seek further evidence to support this progress in their revisit in Autumn 2022.
- Extra resources have been agreed to support the Force Contact Centre (FCC) ahead of a predicted summer spike in 999 and non-emergency calls, in July and August, which will mitigate the expected pressure of demand over the summer on GMP.
- An end of year report has been presented to the Deputy Mayor comprising of GMP's forecast outturn which is currently coming in on budget.
- Chief Constable Watson has hosted a series of events to update colleagues on the progress of the Plan on a Page and outline the next steps in GMP's journey of improvement. Thousands of staff attended the events, which have been held at different venues in Greater Manchester, and the feedback has been overwhelmingly positive.
- GMP has made progress in establishing a resources project team for the replacement of PoliceWorks. A Chief Superintendent has now been appointed to lead on the project, and funds have been set aside to enable oversight and governance of the project. The cost of replacing PoliceWorks will form part of the project, and the requirements arising from this will be included within the future strategic funding requirement.
- Recent upgrade of PoliceWorks was successful, whereby the speed of search improved dramatically.
- The pensions remedy continues and has been a challenge for the organisation. GMP has set up a team to deliver this; good links are also in place with the national team.
- Five out of seven of GMP's new governance boards are now up and running. The People Governance Board and Standards Governance Board are anticipated to commence in the next few months. GMP is yet to publish the Corporate Governance Handbook which will illustrate how the Joint Audit Panel interacts with the seven governance boards.

GMCA Treasurer provided a summary of recent GMCA activity as follows:

- The full detailed budget was taken to the June Police, Fire and Crime Panel (PFCP) on the back of the precept decision that was made by the PFCP in January 2022; this is also available on the GMCA website.
- Membership of the PFCP was confirmed in June. Following elections in May, there are three new committee members from Oldham, Stockport, and Tameside.
- GMP's FCC has now been fully funded along with several immediate priorities.

- GMCA Treasurer has attended GMP's Improvement (Plan and a Page) Governance Board and has found attendance beneficial to ensure GMCA understands the impact of the plan and what it will deliver for GMP.
- It was highlighted the GMCA are working closely with GMP to ensure a clear understanding of the financial position for 2022/23 onwards.
- Going forward, there will be some challenging negotiations around police officer and police staff pay due to the increased cost of living.
- GMCA's Legal Team are reviewing assurance relationships between the Joint Audit Panel, GMCA Audit Committee, and the PFCP.

The Panel queried how large investigations are funded. GMP highlighted the issue of overtime and the financial pressures every year due to major events. The Force does budget as best as it can around foreseeable and anticipated demand. Work is also currently being undertaken by GMP to address the national shortage of investigators.

M224/JAP Annual Report of the work of the Joint Audit Panel

The Chair noted it has been an incredibly tough time for GMP in recent years, this is reflected in today's agenda whereby reports look back as far as 2020. It was noted the Chair would encourage a better understanding of the Panel's relationship with the Deputy Mayor, GMCA Audit Committee, and the PFCP.

Panel members spoke of their visit to GMP's FCC as part of their ongoing training, all members found the visit valuable.

The Chair thanked all members of the Joint Audit Panel for their ongoing commitments.

M225/JAP External Audit Auditor's Annual Report 2020/21

Daniel Watson introduced himself to members and provided an overview of the External Audit Auditor's Annual Report 2020/21 which replaces the annual audit letter.

It was noted Mazars have issued their VfM commentary covering three criteria: financial sustainability, governance, and improving economy, efficiency, and effectiveness. Whilst it was reported that no significant weaknesses exist in GMP's arrangements in relation to financial sustainability, the auditors reported they have identified significant weaknesses in arrangements to secure economy efficiency and effectiveness in use of resources. This along with their recommendations for improvement were reported to Panel members.

Mazars highlighted their wider responsibilities with regards to the whole of government accounts process. Whilst the Force does not produce a return for the whole of government accounts, until Mazars receive group instructions from the National Audit Office (NAO) confirming this to be the case, Mazars are unable to issue the audit certificate. Mazars have now agreed their final fee which has been published in the report.

The Chair queried what evidence Mazars uses to evaluate GMP's VfM. Mazars advised they take account of any findings from other inspectorates, followed by detailed discussions with officers in GMP around what plans they are putting in place. The 2021/22 External Auditors Report will assess how GMP has addressed the recommendations of the Audit, and the position on the arrangements to secure economy, efficiency, and effectiveness in the use of resources. Detail around how the governance arrangements have progressed over the last 12 months will be based on discussions with officers in Force.

The Panel noted the report.

M226/JAP External Audit Progress Report and Value for Money Recommendations 2021/22

Mazars are on track with GMP's 2021/22 audit and are due to start the accounts audit in July/August. There are no concerns arising at present.

The Panel noted the report.

M227/JAP Information Commissioner's Office Audit

Stephanie Beirne introduced herself to members and provided an overview of the Information Commissioner's Office (ICO) Audit Report.

It was highlighted that progress has been made against the ICO recommendations, by the ICO, with a recognised improvement reflected in the ICO's recent assessment of the Action Plan undertaken by GMP.

The Panel welcomed the Force's embracing of the ICO Consensual Data Protection Audit and queried where responsibility sits for ensuring GMP maintains regular checks in this area. Members were advised GMP has recently revised the Terms of Reference for its Information Assurance Board, chaired by ACO Cosh, to ensure all information risk activity is covered, recognising this is a growing area of business.

Mazars advised external audit take account of such reports in forming their overall opinion.

GMP noted it's important to involve Internal Audit in monitoring the findings of the ICO Audit and it's anticipated this will also be fed through to the Force's new Corporate Risk Governance Board.

GMP emphasised the importance of ensuring data protection is built into the Force's new system from day one.

The Panel noted the report.

M228/JAP Internal Audit Plan Progress Report

Internal Audit provided an overview of the report which informs members of the Joint Audit Panel of the progress to date of the delivery of the Internal Audit Plan. Since the last meeting, one report of reasonable assurance has been issued: PCC Direct Grants to Voluntary Organisations.

Internal Audit noted they are going out to tender for IT audit services soon. Four IT audits are currently underway at various stages of fieldwork.

Members were advised a statement of assurance has been issued on GMP's Governance Arrangements 2021/22. The report is a different format compared to internal audit's standard report as it's an exercise to inform the opinion.

Head of Audit and Assurance noted how her attendance at GMP's new Corporate Risk Governance Board is a good step forward in ensuring Internal Audit are involved in the Force's new governance arrangements. Internal Audit also recently met up with GMP's Director of Transformation to talk through the Force's Plan on a Page and how Internal Audit can provide assurance around the programme.

Members were advised Internal Audit are still carrying a vacancy in their team, bringing the total number of audit days down to approximately 400. Internal Audit assured members there is resilience built into the GMCA's other audit teams to ensure delivery of the Audit Plan.

The Chair requested further consideration be given to the number of audit days used on GMP activities and that the GMCA Treasurer and the Force's Chief Financial Officer report back to the next meeting of the Panel. The Panel supported that this action be undertaken.

The Panel noted the report and requested a further report on Internal Audit resourcing.

ACTION: GMCA Treasurer and the Force's Chief Financial Officer to further consider the number of GMP internal audit days and report back to the September Joint Audit Panel.

M229/JAP Head of Internal Audit Annual Opinion 2021/22

Internal Audit provided an overview of the report which sets out the work that has been undertaken by the audit team in 2021/22 and gives an overall opinion based on that work.

The Head of Internal Audit's opinion for the year 2021/22 is that there is limited assurance over the adequacy and effectiveness of the framework of governance, risk management and internal control. As noted in the report, the opinion is reflective of the journey that GMP is on to make significant improvements to the way it operates and is governed but for the 2021/22 year those changes were being defined, through the Plan on a Page programme, designed and initiated but not yet established in order to demonstrate the required improvements.

GMCA Treasurer advised there is work ongoing around internal audit provision. The External Quality Assessment (EQA) of Internal Audit is still underway; it is hoped this report will feature at the September Joint Audit Panel.

It was noted HMICFRS are regularly in touch with the Force to monitor progress and provide feedback in real-time. The number of recommendations, causes of concern, and areas for improvement for the Force have significantly reduced in recent months.

The Panel noted the report.

ACTION: To illustrate GMP's journey in recent years, the Force are to provide members with a summary on how progress has been made from the point of HMICFRS assessment in late 2020, through to the current position.

M230/JAP Historic Internal Audit Actions

Internal Audit noted there has been no Internal Audit validation of the historic actions reported on as of yet.

The Panel requested further assurance on:

- The timescales for the Occupational Health and Welfare Unit (OHWU) Review and when this is expected to be delivered.
- How Microsoft 365 provides opportunities to address the outstanding issues in relation to mandatory health surveillance.

Internal Audit will look to validate GMP's responses to the historic actions.

The Panel noted the report.

ACTION: GMP to advise on the anticipated dates for completion of the OHWU Review.

ACTION: GMP to provide further detail regarding how Microsoft 365 provides opportunities to address the outstanding issues in relation to mandatory health surveillance.

M231/JAP Action Tracker Updates

Internal Audit provided an overview of the report which provides the Panel with an update on the implementation of previous audit actions.

It was highlighted GMP's implementation rate has dropped to 68 percent against a target of 80 percent. There has been a continuing decline in implementation rate since October 2021 and this is something Internal Audit will continue to monitor.

Internal Audit have undertaken validation work in the last quarter; of the five use of force actions validated, each one had been implemented.

The Panel noted the report.

M232/JAP Fraud Investigations Report

Detective Chief Superintendent (DCS) Jonathan Chadwick introduced himself to members and provided an overview of the Fraud Investigations Report which assists the panel to review the arrangements for the assessment of the counter fraud strategy, actions, and resources.

DCS Chadwick outlined the various ways by which GMP manages the risk of fraud, and financial improvements covering the period June 2021 – June 2022.

The Panel queried the financial impact of investigating an individual and whether the Force could recover funding in instances where the individual is dismissed. GMP noted this is dependent on the severity of the case, and where it is criminal activity, the court system could be used to obtain compensation. Police forces also have the power under the police regulations to forfeit pensions, this, however, is only for the most serious of offences, unusual and difficult to do.

The Panel queried what financial help is available for staff to support the cost-of-living increases. GMP noted a package has recently been created with support from GMP Federation, which covers all support available to staff. In addition, GMP confirmed that it has a variety of ways in which it seeks to identify staff who may become financially vulnerable.

The Panel noted the report.

GMCA Audit Committee

Date: 27 July 2022
Subject: HMICFRS Inspection Report Update
Report of: DCFO Ben Norman

PURPOSE OF REPORT

This paper provides a summary of Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) Greater Manchester Fire & Rescue (GMFRS) 2021 round 2 inspection report published on 15th December 2021 and the ongoing improvement activities to address the findings in the report.

RECOMMENDATIONS:

Members are asked to:

- Note the contents of the summary report and the internal improvement action plan (Appendix A) and provide any feedback.

CONTACT OFFICERS:

DCFO Ben Norman – ben.norman@manchesterfire.gov.uk

Sarah Scoales, Head of Service Excellence – scoales@manchesterfire.gov.uk

Equalities Impact, Carbon, and Sustainability Assessment:

N/A

Risk Management

N/A

Legal Considerations

N/A

Financial Consequences - Capital

N/A

Financial Consequences - Revenue

N/A

Number of attachments included in the report:

BACKGROUND PAPERS:

[HMICFRS Tranche 1 Inspections](#)

[HMICFRS Annual State of Fire 2021 report](#)

[GMFRS Inspection Report](#)

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution		Yes/No
EXEMPTION FROM CALL IN		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		Yes/No
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

INTRODUCTION

1. GMFRS was formally notified on the 14th January 2021, that it had been placed in Tranche 1 of the 2021/22 inspection programme, with formal inspection activities commencing on the 7th June 2021, and concluded on the 23rd July 2021 with the CFO debrief.
2. GMFRS received a copy of the draft report for its Pre-Publication Check (PPC) in October 2021. Feedback and comments in response to the PPC were provided to the HMICFRS, and of the 8 comments submitted:
 - 6 were 'accepted' and changes made
 - 1 was 'partially accepted' and the respective narrative changed
 - 1 (MTA) was 'noted' and a 'separate email sent regarding this'
3. HMICFRS grades FRSs using the following categories of graded judgment:
 - Outstanding
 - Good
 - Requires Improvement
 - Inadequate
4. The table below details the comparisons between the two inspection outcomes:

Pillar	2020/21 Inspection	2018/19 Inspection
 Effectiveness	 Requires improvement	 Requires improvement
 Efficiency	 Requires improvement	 Requires improvement
 People	 Good	 Requires Improvement

5. Under these three pillars the inspection report gives a grading for each of the 11 areas;
 - Good (6)
 - Requires improvement (5)
 - Inadequate (0)

REPORT HEADLINES

6. The HMICFS found that GMFRS is good at:
 - Looking after its staff
 - Understanding fire and other risks
 - Responding to fires and other emergencies
 - Promoting its values throughout the organisation
 - The inspection report recognises the significant progress made in terms of equality, diversity, and inclusivity, but also the confidence that staff across the Service have in the new leadership team.

7. The inspection report identifies two areas of 'innovative practice', these are:
 - An app to display operational flashcards on both mobile data terminals and officers' mobile phones. This allows instant access to standard operating procedures. (pg.9)
 - The service has introduced a Freedom to Speak Guardian – an initiative used by the NHS – for staff to have an informal way to give feedback to the service. (pg.34).

8. Also recognised is the significant progress GMFRS has made under the People pillar, moving from Requires Improvement to Good. The HMICFRS have removed (resolved) the cause of concern for the People pillar issued in 2019 based on the evidence obtained and demonstrated during the 2021 inspection. We have also made substantial progress with regards ensuring fairness and promoting diversity, where we have moved from Inadequate to Good.

9. The report further contains **16 'areas for improvement'** and **one 'cause of concern'**. These are across all areas of inspection with the exception of two areas (Making the FRS affordable now and in the future, Getting the right people with the right skills) not containing any areas of improvement.

10. There are a number of reoccurring 'areas of improvement' that were originally identified during the 2019 inspection, these include, but not limited to;
 - **Effectiveness - Prevention** – *“The service needs to target its most vulnerable people for home fire safety visits”* (pg. 12)
 - **Effectiveness - Protection** – *“The service should ensure it allocates enough resources to a prioritised and risk-based inspection programme”*. (pg. 14)
 - **People** – *“The Service should put in place an open and fair process to identify, develop and support high-potential staff and aspiring leaders”* (pg. 36)

11. Also recognised is the significant progress GMFRS has made under the People pillar, moving from Requires Improvement to Good. The HMICFRS have removed (resolved) the cause of concern for the People pillar issued in 2019 based on the evidence obtained and demonstrated during the 2021 inspection. We have also made substantial progress with regards ensuring fairness and promoting diversity, where we have moved from Inadequate to Good.

CURRENT POSITION

12. Following the receipt of the report an internal improvement action plan was developed detailing all the activities that are being undertaken to respond to the finding of the inspection report. A copy of this is provided in Appendix A.

13. All areas for improvement have been incorporated into relevant directorate action plans and linked back to the priorities set out in the Annual Delivery Plan 22-23. Progress against these actions are monitored and tracked through our current governance arrangements - directorate functional boards, SLT meetings and Deputy Mayors Fire Executive meetings.

14. A dedicated Marauding Terrorist Attack (MTA) project team was established to progress the activities with regards the cause of concern. This team meets fortnightly and is supported from colleagues from across the Service and our trade union representatives.

15. The project is focused around three broad areas: 1) Training, 2) Appliances and Equipment, 3) Policies and Procedures.

16. Alongside the MTA project activities, discussions were ongoing with the Fire Brigades Union (FBU) regarding our proposals regarding the provision of an MTA capability for Greater Manchester. This was subject to a local ballot, but with a recommendation for members to accept.

17. The FBU ballot closed on 7th February with a positive result enabling GMFRS to progress activities to enhance our operating model. Following this the Collective Agreement with the FBU was signed on the 5th April.

18. MTA Training commenced on the 11th April. This training consists of two days of trauma training and one day MTA training and is supported by instructors from Greater Manchester Police Firearms Unit and colleagues from North West Ambulance Service. GMFRS NILO's also attend and participate in day 3 MTA training.

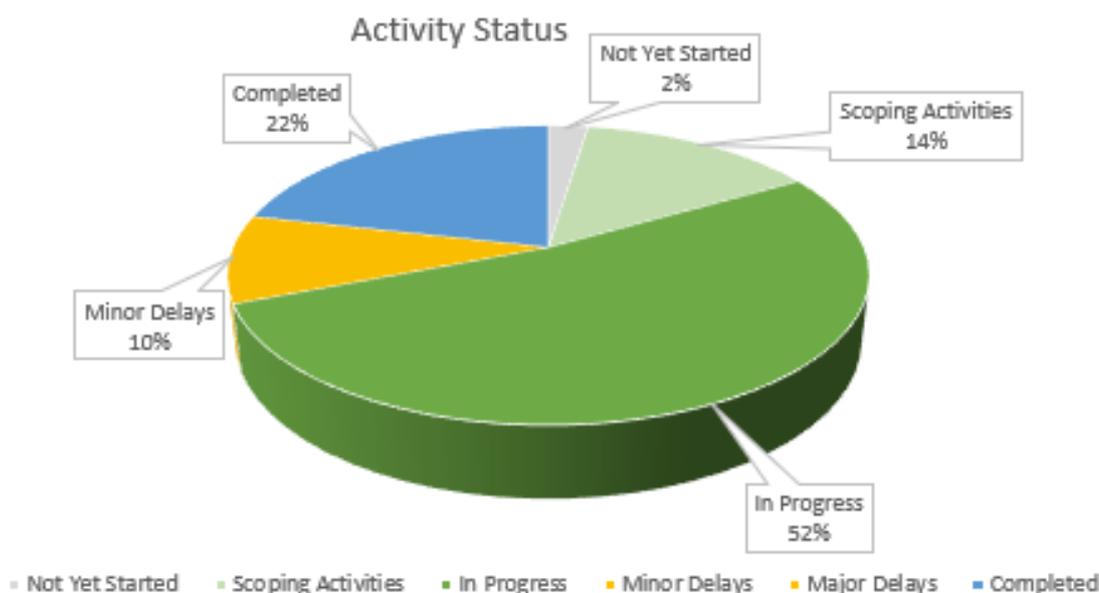
19. As of the 1st July, more than 270 staff members have taken part in the two-day trauma training, with just over 200 have completed the MTA (Day 3) practical training. Feedback from those who have attended the training has been positive and we remain on-track, to deliver all training by the expected completion date of April 2023.

20. HMICFRS require evidence of progress against the Cause of Concern and dialogue with HMICFRS on our progress has been regular and ongoing. Our Service Liaison Officer (SLO) ensures that they are kept fully updated on all activities and communications across the Service. The HMICFRS Service Liaison Lead (SLL) also has an open invite to the project meetings, providing them with access to all the relevant project documentation and the ability to ask any questions directly to the project team.

21. The feedback to-date from HMICFRS regarding the action we have taken has been positive and, whilst there has been no formal confirmation, we are anticipating that the Cause of Concern will be removed (resolved) in the coming weeks.

NEXT STEPS

22. Progress against the 71 activities set out in the internal improvement action plan is ongoing, with the chart below detailing the current status of the overall plan:



23. Our internal activities also include our own approach to 'Reality Testing', which builds on the approach taken by HMICFRS during the inspection. The GMFRS HMICFRS Team have developed a programme of visits across the Service that assesses key areas set out in the inspection report, our response to these, including how well new processes and procedures have been embedded.
24. To-date the internal HMICFRS Team have completed over 20 sessions of 'Reality Testing'. These have been undertaken with operational crews from firefighters to Group Managers, staff and specialists, and non-operational staff. Feedback from these sessions is being cross mapped against station and directorate reports, giving qualitative and quantitative data.
25. The findings are currently being collated and will be formulated into a report with key recommendations for consideration for each directorate. Individual meetings have also commenced with departmental heads to discuss initial findings.
26. Whilst we have not yet received any formal confirmation from HMICFRS, it is anticipated that our next full inspection will take place early 2023.

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GMFRS HMICFRS Inspection Report

Pillar	Inspection Report Diagnostic	Improvement Themes		
<p>Effectiveness</p>	<p>Understanding the risk of fire and other emergencies - Good</p>	<p>The service should ensure it records relevant and up-to-date risk information to help protect firefighters, the public and property during an emergency</p>		
	<p>Preventing fires and other risks</p>	<p>The service should ensure it targets its prevention work at people most at risk, including those from hard-to-reach groups</p>	<p>The service should evaluate its prevention work so it understands what works.</p>	
	<p>Protecting the public through fire regulation</p>	<p>The service should ensure it allocates enough resources to a prioritised and risk-based inspection programme</p>	<p>The service should ensure it allocates enough resources to respond effectively and in time to statutory building control consultations.</p>	
	<p>Responding to fires and other emergencies</p>	<p>The service should assure itself that risk assessments are accurately recorded and passed to oncoming crews.</p>	<p>The service should ensure it has an effective system for learning from operational incidents.</p>	
	<p>Responding to major and multi-agency incidents</p>	<p>Greater Manchester FRS should have its own MTA response that is both resilient and timely.</p>	<p>The service should ensure it is properly prepared as part of a multi-agency response to terrorist incidents. This includes the provision of a timely response to ensure public safety. Response procedures must be understood by all staff and properly exercised and tested.</p>	<p>The service should ensure it is well-prepared to form part of a multi-agency response to an incident and all relevant staff know how to apply Joint Emergency Services Interoperability Principles (JESIP).</p>
<p>Efficiency</p>	<p>Making best use of resources</p>	<p>The service should have effective measures in place to assure itself that its workforce is productive and that their time is used as efficiently and effectively as possible to meet the priorities in the IRMP</p>	<p>The service should ensure it effectively monitors, reviews and evaluates the benefits and outcomes of any collaboration activity.</p>	<p>The service should assure itself that its IT systems are resilient, reliable, accurate and accessible</p>
<p>Page 15 People</p>	<p>Promoting the right values and culture</p>	<p>The service should assure itself that senior managers demonstrate service values through their behaviours</p>		
	<p>Ensuring fairness and promoting diversity</p>	<p>The service should review how effective its policy on bullying, harassment and discrimination is in reducing unacceptable behaviour towards its staff.</p>	<p>The service should improve staff understanding of the purpose and benefits of positive action.</p>	
	<p>Managing performance and developing leaders</p>	<p>The service should improve all staff understanding and application of the performance development review process.</p>	<p>The service should put in place an open and fair process to identify, develop and support high-potential staff and aspiring leaders.</p>	

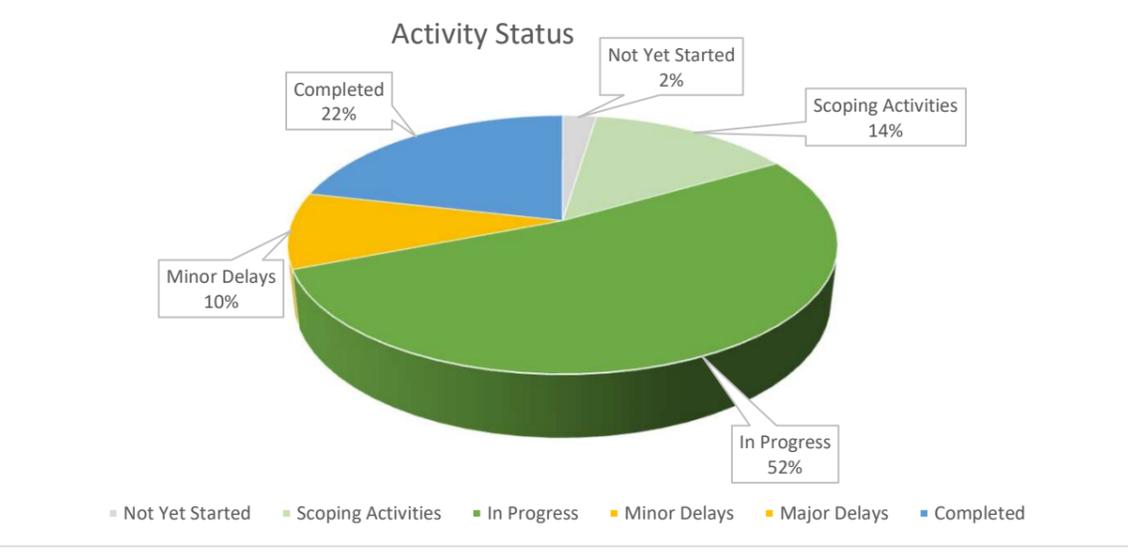
** Cause of Concerns identified in the Inspection Report*

HMICFRS Improvement Action Plan - Progress Dashboard

Area of Focus	Overall Grading	AFIs	CofC	Key Activities
Effectiveness	Requires improvement	8	1	42
Efficiency	Requires improvement	3	0	14
People	Good	5	0	15
		16	1	71

Not Yet Started	Scoping Activities	In Progress	Minor Delays	Major Delays	Completed	Totals
1	6	22	4	0	9	42
2	1	6	2	0	3	14
3	3	7	1	0	1	15
6	10	35	7	0	13	71

Area of Focus	Grading	AFIs	CofC	Key Activities
Effectiveness	Requires improvement			
Understanding the risk of fire and other emergencies	Good	1	0	8
Preventing fires and other risks	Requires improvement	2	0	16
Protecting the public through fire regulation	Requires improvement	2	0	0
Responding to fires and other emergencies	Good	2	0	5
Responding to major and multi-agency incidents	Requires improvement	1	1	1
Efficiency	Requires improvement			
Making best use of resources	Requires improvement	3	0	12
Making the fire and rescue service affordable now and in the future	Good	0	0	0
People	Good			
Promoting the right values and culture	Good	1	0	0
Getting the right people with the right skills	Good	0	0	3
Ensuring fairness and promoting diversity	Good	2	0	3
Managing performance and developing leaders	Requires improvement	2	0	9



Ref Number	Pillar	Descriptor	Cause of Concern Activity	HMICFRS Improvement Theme	HMI Comments	Strategic Action	Work Area	Key Activity	Strategic Sponsor	Accountable Person	Responsible Person(s)	Status
EFN1	Effectiveness	Understanding the risk of fire and other emergencies	No	Also links to - Responding to Fires and other emergencies.	Various links	ADP - Ensure a fast, safe and effective response, introduce new strategy. P1	Service Delivery	Introduce new Response Strategy 2022-25	Carlos Meakin	Paul Fearnhead / Mike Clark	Borough GM's	Completed
EFN2	Effectiveness	Understanding the risk of fire and other emergencies	No	Records relevant and up-to-date risk information to help protect firefighters, the public and property during an emergency.	The service could have consulted more widely		Boroughs/Stations	Produce Borough Risk Profiles to be assist in developing risk registers and informing action plans.	Carlos Meakin	Paul Fearnhead / Mike Clark	Borough GM's	Scoping Activities
EFN3	Effectiveness	Understanding the risk of fire and other emergencies	No	Records relevant and up-to-date risk information to help protect firefighters, the public and property during an emergency.	The service doesn't routinely collect risk assessments at incidents		Service Delivery	Introduction of Risk Assessments for operational crews	Carlos Meakin	Paul Fearnhead	Paul Fearnhead	Completed
EFN4	Effectiveness	Understanding the risk of fire and other emergencies	No	Records relevant and up-to-date risk information to help protect firefighters, the public and property during an emergency.	The service doesn't routinely collect risk assessments at incidents		Ops Assurance	Introduce Decision Logs	Leon Parkes	Lee Coleman	Lee Bourne	In Progress - On Track
EFN5	Effectiveness	Understanding the risk of fire and other emergencies	No	Records relevant and up-to-date risk information to help protect firefighters, the public and property during an emergency.	The service could improve its recording and sharing of this information	ADP - Procure and implement a new Accident Reporting System. P1	Ops Assurance	Review Debrief Policy	Leon Parkes	Lee Coleman	Lee Bourne	In Progress - On Track
EFN6	Effectiveness	Understanding the risk of fire and other emergencies	No	Records relevant and up-to-date risk information to help protect firefighters, the public and property during an emergency.	The service could improve its recording and sharing of this information		Ops Assurance	Expand on the use of the Active Monitoring System (AMS)	Leon Parkes	Lee Coleman	Lee Bourne	In Progress - On Track
EFN7	Effectiveness	Understanding the risk of fire and other emergencies	No	Records relevant and up-to-date risk information to help protect firefighters, the public and property during an emergency.	The service could improve its recording and sharing of this information		Ops Assurance	Free up capacity of Operational personnel so time is used as efficiently and effectively	Carlos Meakin	Paul Fearnhead	Lee Bourne	Completed
EFN8	Effectiveness	Preventing fires and other risks	No	Targets its prevention work at people most at risk, including those from hard-to-reach groups.	The service needs to target its most vulnerable people for home fire safety visits	ADP - Embed our brand new Home Fire Safety Assessment (HFSA) service. P2 ADP - Expand current technologies and media	Prevention	Adopt Safelincs into into HFSA tool and align to NFCC person centred framework	Leon Parkes	Billy Fenwick	Steve Jordan	Completed
EFN9	Effectiveness	Preventing fires and other risks	No	Targets its prevention work at people most at risk, including those from hard-to-reach groups.	The service needs to target its most vulnerable people for home fire safety visits	ADP - Expand current technologies and media platforms utilised to deliver Prevention activities and interventions. P2 ADP - Complete our investment programme in our Bury Training and Safety Centre encompassing new Incident Command and Leadership Development Academies. P4	Prevention	Seek opportunities to increase targeted groups accessing prevention education programmes at Bury TASC	Leon Parkes	Billy Fenwick	Katie Davis	In Progress - On Track
EFN10	Effectiveness	Preventing fires and other risks	No	Targets its prevention work at people most at risk, including those from hard-to-reach groups.	The service needs to target its most vulnerable people for home fire safety visits	ADP - Embed our brand new Home Fire Safety Assessment (HFSA) service. P2	Prevention	Launch new Home Fire Safety Assessment	Leon Parkes	Billy Fenwick	Steve Jordan	Completed
EFN11	Effectiveness	Preventing fires and other risks	No	Targets its prevention work at people most at risk, including those from hard-to-reach groups.	The service needs to target its most vulnerable people for home fire safety visits	ADP - Embed our brand new Home Fire Safety Assessment (HFSA) service. P2 ADP - Expand current technologies and media platforms utilised to deliver Prevention activities and interventions. P2	Prevention	Enable stations and boroughs to generate their own HFSAs and identify households and persons at risk	Leon Parkes	Billy Fenwick	Clare Nolan	In Progress - Minor Delays

EFN12	Effectiveness	Preventing fires and other risks	No	Evaluate its prevention activity so it understands what works.	The service is developing a new prevention strategy	ADP - Introduce our new Prevention Strategy 2022-25. P2 ADP - Develop and introduce a Prevention Education Framework that targets at risk groups of all ages. P2	Prevention	Introduce new Prevention Strategy 2022-25.	Leon Parkes	Billy Fenwick	Billy Fenwick	Completed
EFN13	Effectiveness	Preventing fires and other risks	No	Targets its prevention work at people most at risk, including those from hard-to-reach groups.	The service is developing a new prevention strategy	ADP - Introduce our new Framework for Integrated and Place Based Working 2022-25. P6	Service Delivery	Implement new Place Based Delivery Framework	Carlos Meakin	Mike Clarke	Mike Clarke	In Progress - On Track
EFN14	Effectiveness	Preventing fires and other risks	No	Evaluate its prevention activity so it understands what works.	Staff aren't confident in carrying out safe and well visits	ADP - Embed our brand new Home Fire Safety Assessment (HFSA) service. P2	Prevention	Improve Prevention training for personnel	Leon Parkes	Billy Fenwick	Steve Jordan	In Progress - On Track
EFN15	Effectiveness	Preventing fires and other risks	No	Evaluate its prevention activity so it understands what works.	The service needs to improve the quality of partner referrals	ADP - Embed our brand new Home Fire Safety Assessment (HFSA) service. P2	Prevention	Review the quality of partnership referrals and identify improvement opportunities	Leon Parkes	Billy Fenwick	Sarah Hardman	In Progress - On Track
EFN16	Effectiveness	Preventing fires and other risks	No	Evaluate its prevention activity so it understands what works.	The service doesn't routinely evaluate its prevention activity	ADP - Embed our brand new Home Fire Safety Assessment (HFSA) service. P3	Prevention	Evaluate Home Fire Safety Assessment (HFSA)	Leon Parkes	Billy Fenwick	Steve Jordan	In Progress - On Track
EFN17	Effectiveness	Preventing fires and other risks	No	Evaluate its prevention activity so it understands what works.	The service doesn't routinely evaluate its prevention activity		Prevention	Evaluate Prevention activities (need to be more specific)	Leon Parkes	Billy Fenwick	Emma Dean	In Progress - On Track
EFN18	Effectiveness	Preventing fires and other risks	No	Evaluate its prevention activity so it understands what works.	The service doesn't routinely evaluate its prevention activity	ADP - Support the multi-agency Greater Manchester Water Safety Summit. (P6)	Prevention	Evaluate Water Safety activities	Leon Parkes	Billy Fenwick	Sammy Alloway	In Progress - On Track
EFN19	Effectiveness	Preventing fires and other risks	No	Targets its prevention work at people most at risk, including those from hard-to-reach groups.	Prevention work generally happens in isolation	ADP - Support the multi-agency Greater Manchester Water Safety Summit. (P6) ADP - Expanding our approach to water safety and develop new approaches to improving fire safety management in residential building, as part of the GM High Rise and Building Safety.	Protection	Identify opportunities to improve collaborative working and increase efficiency - Water Safety	Leon Parkes	Billy Fenwick	Steve Jordan	In Progress - On Track
EFN20	Effectiveness	Preventing fires and other risks	No	Allocates enough resources to a prioritised and risk-based inspection programme.	The service had carried out limited prevention activities at high-rise premises	ADP - Continue to support and develop new approaches to improving fire safety management in residential building, as part of the GM High Rise and Building Safety.	Protection	Continue to support the GM High Rise and Building Safety Task Force	Leon Parkes	Jenni Seex	Jenni Seex	In Progress - On Track
EFN21	Effectiveness	Protecting the public through fire regulation	No	Allocates enough resources to a prioritised and risk-based inspection programme.	The service doesn't have a protection strategy linked to its service plan	ADP - Introduce our new Protection Strategy 2022-25. (P3)	Protection	Introduce new Protection Strategy 2022-25	Leon Parkes	Jenni Seex	Jenni Seex	Completed
EFN22	Effectiveness	Protecting the public through fire regulation	No	Allocates enough resources to a prioritised and risk-based inspection programme.	The service has increased it's Protection resources	ADP - Build capability and capacity to ensure we can effectively support a multi-disciplinary team in GM, working with the new Building Safety Regulator. (P3)	Protection	Build capability and capacity to ensure we can effectively work with the new Building Safety Regulator	Leon Parkes	Jenni Seex	Jenni Seex	In Progress - On Track
EFN23	Effectiveness	Protecting the public through fire regulation	No	Allocates enough resources to a prioritised and risk-based inspection programme.	The service has increased it's Protection resources	ADP - Build capability and capacity to ensure we can effectively support a multi-disciplinary team in GM, working with the new Building Safety Regulator. (P3)	Protection	Improve communication channels between building control and GMFRS	Leon Parkes	Jenni Seex	Jenni Seex	Completed

EFN24	Effectiveness	Understanding the risk of fire and other emergencies	No	Evaluate its prevention activity so it understands what works.	The service doesn't have a protection strategy linked to its service plan	ADP - Increase our contributions to Road Safety Education. (P3)	Protection	Review road safety interventions	Leon Parkes	Billy Fenwick	Road Safety Lead	In Progress - Minor Delays
EFN25	Effectiveness	Protecting the public through fire regulation	No	Allocates enough resources to respond effectively and in time to statutory building control consultations.	The service has increased it's Protection resources	ADP - Build capability and capacity to ensure we can effectively support a multi-disciplinary team in GM, working with the new Building Safety Regulator. (P3)	Protection	Recruit Fire Safety Regulators	Leon Parkes	Jenni Seex	Jenni Seex	In Progress - On Track
EFN26	Effectiveness	Protecting the public through fire regulation	No	Allocates enough resources to respond effectively and in time to statutory building control consultations.	The service needs to improve its response times to building consultations		Protection	Improve response times to consultations	Leon Parkes	Jenni Seex	Jenni Seex	Completed
EFN27	Effectiveness	Protecting the public through fire regulation	No	Allocates enough resources to a prioritised and risk-based inspection programme.	The service aligns Protection activity to risk		Protection	Explore ways of risk information gathering	Leon Parkes	Jenni Seex	Jenni Seex	In Progress - On Track
EFN28	Effectiveness	Protecting the public through fire regulation	No	Allocates enough resources to a prioritised and risk-based inspection programme.	Quality assurance for fire safety audits is inconsistent		Protection	Develop new Assurance Framework for fire safety audits	Leon Parkes	Jenni Seex	Jenni Seex	In Progress - On Track
EFN29	Effectiveness	Protecting the public through fire regulation	No	Allocates enough resources to a prioritised and risk-based inspection programme.	The service works closely with other agencies to regulate fire safety	ADP - Agree a Memorandum of Understanding for Supported Housing with GM Health and Social Care Partnerships, local authorities, and providers. (P3)	Protection	Explore alternative options to deliver Protection messages	Leon Parkes	Jenni Seex	Wayne Van Hecke	In Progress - On Track
EFN30	Effectiveness	Protecting the public through fire regulation	No	Allocates enough resources to a prioritised and risk-based inspection programme.	Unwanted fire signals have reduced		Protection	Review effectiveness of the AFA Policy and identify further improvement opportunities	Leon Parkes	Jenni Seex	Jenni Seex	In Progress - On Track
EFN31	Effectiveness	Responding to fires and other emergencies	No	It is well-prepared to form part of a multi-agency response to an incident and all relevant staff know how to apply Joint Emergency Services Interoperability Principles (JESIP).	The service aligns resources to the risks identified in its integrated risk management plan	ADP - Enhance our capability to respond to water and flooding. (P1) ADP - Introduction of a Fire Suppression Burns Team based at Littleborough Fire Station. (P1)	Service Delivery	Undertake training for operational personnel allocated to the Burns Team	Carlos Meakin	Paul Fearnhead	Paul Fearnhead	In Progress - On Track
EFN32	Effectiveness	Responding to fires and other emergencies	No	It is well-prepared to form part of a multi-agency response to an incident and all relevant staff know how to apply Joint Emergency Services Interoperability Principles (JESIP).	The service aligns resources to the risks identified in its integrated risk management plan	ADP - Enhance our capability to respond to water and flooding incidents. (P1) ADP - Introduction of a Fire Suppression Burns Team based at Littleborough Fire Station. (P1) ADP - Develop a new Occupational Health and Safety	Service Delivery	Enhance water capability for operational incidents	Carlos Meakin	Paul Fearnhead	Paul Fearnhead	In Progress - On Track
EFN33	Effectiveness	Responding to fires and other emergencies	No	It is well-prepared to form part of a multi-agency response to an incident and all relevant staff know how to apply Joint Emergency Services Interoperability Principles (JESIP).	The service aligns resources to the risks identified in its integrated risk management plan	ADP - Develop a new fitness framework. (P1)	Health and Safety	Introduce a new Occupational Health and Safety Management system to ensure the wellbeing, health and safety of operational Firefighters and staff	Natasha Brayne	Natasha Brayne	Rebecca Jones/Tom Ashworth	Scoping Activities
EFN34	Effectiveness	Responding to fires and other emergencies	No	Has an effective system for learning from operational incidents.	The service should improve the way it evaluates operational performance	ADP - Introduce our new Response Strategy 2022-25. (P1) ADP - Implement the recommendations and learning from the Manchester Area	Service Support	Improve governance around operational learning	Leon Parkes	Lee Coleman	Lee Coleman	In Progress - On Track
EFN35	Effectiveness	Responding to major and multi-agency incidents	Yes	It is well-prepared to form part of a multi-agency response to an incident and all relevant staff know how to apply Joint Emergency Services Interoperability Principles (JESIP).	The service must improve the resilience of its response to MTAs	ADP - Improve the capacity and capability of our response to a terrorist incident. (P1)	Service Support	Improve the capacity and capability of our response to a terrorist incidents - MTA Project	Leon Parkes	Ben Levy	Jason Rain	In Progress - On Track

EFN36	Effectiveness	Preventing fires and other risks	No	The service should ensure it targets its prevention work at people most at risk, including those from hard-to-reach groups.	The service needs to target its most vulnerable people for home fire safety visits	ADP - Youth Engagement Delivery (P2)	Protection	Explore opportunities to expand Prince's Trust Programme	Leon Parkes	Billy Fenwick	Katie Davis	In Progress - Minor Delays
EFN37	Effectiveness		No	Records relevant and up-to-date risk information to help protect firefighters, the public and property during an emergency.	The service could improve its recording and sharing of this information	ADP - New Operational Intelligence Policy (P3)	Protection	Review and refresh of Operational Intelligence Policy	Leon Parkes	Jenni Seex	Jenni Seex	Scoping Activities
EFN38	Effectiveness	Understanding the risk of fire and other emergencies	No	Records relevant and up-to-date risk information to help protect firefighters, the public and property during an emergency.	The service could improve its recording and sharing of this information	ADP - New Operational Intelligence Policy (P3)	Protection	Improve the way we record and share premise risk information.	Leon Parkes	Jenni Seex	Jenni Seex	Scoping Activities
EFN39	Effectiveness	Preventing fires and other risks	No	The service should evaluate its prevention activity so it understands what works	...staff told us that a home fire safety check takes place following a fire. But from the records we sampled, we didn't find any evidence of these checks.	ADP - HFSAs (P2)	Prevention	Analyse records to evidence Home Fire Safety Assessments are being routinely undertaken after a fire.	Leon Parkes	Billy Fenwick	Steve Jordan	Not Yet Started
EFN40	Effectiveness	Protecting the public through fire regulation	No	Allocates enough resources to a prioritised and risk-based inspection programme.	IT does not support risk base inspection programme and the service doesn't record all fire safety audits in line with the policy and timescales it has set for itself.		Protection	Enhance IT to support Protection risk based inspection programme and ensure audits are in line with policy and timescales.	Leon Parkes	Jenni Seex	Jenni Seex	Scoping Activities
EFN41	Effectiveness	Responding to fires and other emergencies	No	The service should ensure it has an effective system for learning from operational incidents.	The service is achieving it's target for the time taken to respond to life risk incidents. However, we are disappointed that the service isn't disseminating this information to the public		Service Excellence	Include the response time and planning standard in next ADP. Ensure this is also highlighted on the ADP internet page.	Ben Norman	Sarah Scoales	Sarah Scoales	Scoping Activities
EFN42	Effectiveness	Preventing fires and other risks	No	Targets its prevention work at people most at risk, including those from hard-to-reach groups.	Prevention work generally happens in isolation	ADP - Road Safety Partnerships. (P6) ADP - Expanding our approach to delivering prevention activities. (P2)	Protection	Identify opportunities to improve collaborative working and increase efficiency - Road Safety	Leon Parkes	Billy Fenwick	Steve Jordan	In Progress - Minor Delays
EFN43												
EFN44												
EFN45												

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Completion Date	Progress Update
Q1 22/23	New Response Strategy 22-25 now live and pipelined for PFC Panel meeting in September.
Q3 22/23	Borough Risk Profiles will be produced for Service Delivery teams alongside the annual Strategic Assessment of Risk document, which will be drafted and circulated in October. Mitigating activities will be captured in relevant action plans and progress reported quarterly.
Q4 21/22	New paper based Risk Assessments introduced for operational crews: Ops 25 form. See evidence folder 1.4.
TBC	Look at how we introduce decision log and improved training and guidance to support implementation. A number of actions are being progressed in relation to - the use of dictaphones, review of existing policies and procedures, completing the DPIA and exploring technological solutions to support this.
TBC	Debrief and Organisational Learning Policy published on the 27 May 2022. This will be evaluated after September 2022, to ensure it is embedded across the Service.
TBC	New "bucket" style AMS type system being looked at which will allow multiple departments to feed into one electronic system and share information
Q3 21/22	Nearest OAO now being dispatched instead of Duty OA for quicker operational response and to free up capacity of the team. See evidence folder 1.4.
Q3 21/22	Have been an early adopter of Safelincs and this has been incorporated into the HFSA tool. This is aligned to NFCC person centred framework and is risk aligned.
Q4 22/23	NW Strategic Prevention Group - The NFCC in collaboration with the operational Research in Health (ORH) have produced a "Proof of Concept" (PoC) which aims "to deliver an evidence-based and consistent methodology for determining 'level of risk' and national benchmarking capability for Domestic Dwelling Fires. The PoC includes a methodology that services can "adopt and adapt in their local area". All NW FRS' will work together to evaluate the risk methodology for Domestic Dwelling Fires that is proposed within the Proof of Concept. This will be in the form of a trial which will include application of the methodology using data from a minimum of two FRS' in the region. The overriding aim will be to assess the utility and accuracy of the methodology, and to consider the need for local adaptations. The Pilot will culminate in a report and recommendations, which will be completed by 31st March 2023
Q4 21/22	New Home Fire Safety Assessment launched and progress will be reported through Prevention Priority Improvement Project at Improvement Board.
Q4 22/23	Work being undertaken to explore how stations and boroughs can generate their own HFSA's. GMFRS will utilise Experian's Mosaic dataset, in addition to other demographic and geographic data, to identify households that represent types of people who have an increased likelihood of having a fire. HFSA High-Risk Household lists produced and provided to Frontline Service Delivery Crews to utilise to generate HFSA's. Guidance notes and online links are now available. KPIs have been developed for HFSA's with the Performance Team and these will be reported through the Measuring Progress report to SLT. HFSA training delivered to 22 separate organisations.

Q1 22/23	New Prevention Strategy 22-25 now live and pipelined for PFC Panel meeting in September.
Q4 23/24	New Place Based Delivery Framework 2022-25 now live and activity against project progressing.
Q4 23/24	Stage 1: Face to face training on MS Teams has been undertaken and an online tool is available. Within 2 years, GMFRS is looking to incorporate a training programme on the NFCC core components for personnel
0	All partnerships are being reviewed and partners are being briefed on the new HFSA. GMFRS will also be offering them training on our HFSA. There are 120 partnerships need to be rationalised - Sarah Hardman undertaking virtual sessions on HFSA for partners in March 2022 and developing a programme with Pam Wilde utilising BTSC. Later, additional modules will be delivered
Q2 23/24	Prevention have introduced a task and finish group to implement the HFSA, and an audit process will be undertaken every quarter. This will involve Prevention Managers attending visits with crews. The AMS system will also be utilised more for feedback on the process. A full evaluation plan will be developed to ensure a full evaluation is undertaken post-implementation.
Q3 23/24	The Service's Evaluation Framework will be used to assess key Prevention activities, and where appropriate utilise benchmarking. NW strategic Prevention Group initiating work streams for evaluation. By 31 July 2022 all NW FRS' will pool all of their evaluations relating to prevention activities. The NW FRS will then consider the evaluations and identify any gaps. The gaps will be addressed through a focused evaluation plan which will be produced by 30 September 2022 and will be implemented by 30 September 2023. The workload for undertaking evaluations will be coordinated and shared across the region to improve efficiency. The overriding aim is to ensure that all NW FRS can demonstrate that they adequately evaluate their prevention activity
Q2 22/23	2021 water safety campaign evaluation will be undertaken and outputs used to inform content for the water safety summit. Meetings are currently taking place to determine the structure and content of the summit and a draft paper will be submitted to the DME for review and approval.
Q4 22/23	Activities linked to above.
Q4 22/23	GMFRS will continue to support the GM High Rise and Building Safety Task Force including proactively supporting residents and delivering a further £2.5m for the next phase of the Waking Watch Relief Fund for DLUHC
Q1 22/23	New Protection Strategy 22-25 now live and pipelined for PFC Panel meeting in September.
Q4 22/23	There is a team of Operational Risk Technicians now in place to assist with workloads although this is temporary. Looking to move towards a new delivery model and being more focussed. This will refine procedures to free up Fire Safety Regulators to undertake more inspections. New procedural guidance for statutory building control being implemented.
Q2 22/23	Ensuring that Building Control Bodies send all relevant information to ensure GMFRS can respond quickly and with relevant information. See no. 27

Q4 22/23	ADP 22-23 Activity: GMFRS will look at work around road safety and review our contribution/targeting
Q3 22/23	Ongoing recruitment of Fire Safety Regulators in place. Refining procedures to free up Fire Safety Regulators to undertake more inspections.
Q4 21/22	Implemented new procedures for building regs consultations and trained all staff to improve efficiency
Q4 22/23	Protection will progress Phase 2 of risk based inspection programme and explore digital methods to gather risk info from businesses.
Q4 22/23	Developing new assurance framework which will include peer review as well as manager assurance of all activity inc audits. All FS regulators will complete a 2 day audit refresher raining course
Q4 22/23	There is a proposal for a monthly theme to be attached to letters to business's. The intention would be to match these to the NFCC calendar
Q3 22/23	Targeted work being undertaken with hospitals to reduce AFA incidents and further review of the policy
Q3 22/23	New "Burns Team" being introduced. Training booked at Lancs for end of May, with training planned to be undertaken in Catalonia during Q1. Evaluation plan is being developed to obtain feedback from operational crews. Metrics will also be reviewed (how many wildfires / how many times crews used equipment etc.) utilise IRS system and burns plan documentaton. Evaluation to form recommendations that will be considered and, where appropriate, implemented.
Q4 22/23	Strategic Review of Sepcial Appliances - the provision of four additionl stations to be trained in an enhanced water rescue capability (Agreed) - May 17th IB. Most of this sits in Ops, equipment has been purchased, Rob McDonagh has arranged all the training at all 4 stations (to commence in Sept 22) - run 14 back to back courses, to be completed within 14 weeks. Project lead SM Jason Westwell. Development of project plan in progress, to be finalised by beginning of Q2. Water Rescue Capability meeting scheduled 21st July.
Q4 22/23	H&S are looking to develop a new Occupational Health and Safety Management System to meet the standards of ISO 45001 accreditation. This will strengthen the foundations of health and safety management principles and practice within GMFRS
Q4 22/23	Improved governance utilising the Operational Learning Group and Operational Improvement Steering Group. Draft Organisational Learning Framework developed and shared with colleagures for feedback. This has been presented to SLT and changes / feedback is currently being incorporated. Recommendations from the Manchester Arena Inquiry will be shared.
Q4 22/233	MTA project Board in place. HMI SSL included and invited to meetings. FBU ballot now complete and Collective Agreement signed. Comprehensive training plan now implemented and feedback to-date has been positive. Dialogue continues with HMICFRS SLL and initial conversations have confirmed we are in a good positive to lift the Cause of Concern. No formal notification has yet been received.

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Ref Number	Pillar	Descriptor	Cause of Concern Activity	HMI Improvement Theme	HMI Comment	Strategic Action	Work Area	Key Activity	Strategic Sponsor	Accountable Person	Status	Completion Date
PEO1	People	Ensuring fairness and promoting diversity	No	The service should improve staff understanding of the purpose and benefits of positive action.	The promotion process requires some improvement	ADP - Implement the new Talent Management Strategy. P5	People Services	Develop a People Strategy	Mallicka Mandal	Carys Jones	Scoping Activities	Q3 22/23
PEO2	People	Ensuring fairness and promoting diversity	No	The service should improve staff understanding of the purpose and benefits of positive action.	The promotion process requires some improvement	ADP - Implement the new Talent Management Strategy. P5	People Services	Improve the promotion process	Mallicka Mandal	Anna Foster-Ressel	In Progress - On Track	Q3 22/23
PEO3	People	Ensuring fairness and promoting diversity	No	The service should improve staff understanding of the purpose and benefits of positive action.	The service needs to review its bullying, harassment and discrimination policy		People Services	Review the Bullying, Harassment and Discrimination Policy	Amanda Stevens	Carys Jones	Scoping Activities	Q3 22/23
PEO4	People	Managing performance and developing leaders	No	The service should improve all staff understanding and application of the performance development review process.	The service should ensure that it manages performance and development consistently for all staff	ADP - Launch the Mutual Mentoring Programme. P5	People Services	Launch the Mutual Mentoring Programme	Mallicka Mandal		Not Yet Started	Q3 22/23
PEO5	People	Managing performance and developing leaders	No	The service should improve all staff understanding and application of the performance development review process.	The service should ensure that it manages performance and development consistently for all staff		Service Support	Employ a system to record special appliance training	Leon Parkes	Val Hussain	Completed	N/A
PEO6	People	Managing performance and developing leaders	No	The service should put in place an open and fair process to identify, develop and support high-potential staff and aspiring leaders.	The service needs to invest more in developing leaders	ADP - Continue to develop and embed our leadership development programme. P5 ADP - Launch a Diverse Leadership Programme. P5	People Services	Develop frontline leaders course	Mallicka Mandal		In Progress - On Track	Q4 22/23
PEO7	People	Managing performance and developing leaders	No	The service should put in place an open and fair process to identify, develop and support high-potential staff and aspiring leaders.	The service needs to invest more in developing leaders	ADP - Continue to develop and embed our leadership development programme. P5 ADP - Launch a Diverse Leadership Programme. P5	People Services	Implement our Leadership Development Framework	Mallicka Mandal		In Progress - On Track	Q4 22/23
PEO8	People	Managing performance and developing leaders	No	The service should put in place an open and fair process to identify, develop and support high-potential staff and aspiring leaders.	The service needs to invest more in developing leaders	ADP - Continue to develop and embed our leadership development programme. P5 ADP - Launch a Diverse Leadership Programme. P5	People Services	Commence work with NFCC on a Direct Entry Scheme	Mallicka Mandal	Natasha Brayne	In Progress - On Track	Q4 22/23
PEO9	People	Managing performance and developing leaders	No	The service should put in place an open and fair process to identify, develop and support high-potential staff and aspiring leaders.	The service needs to invest more in developing leaders	ADP - Continue to develop and embed our leadership development. P5 ADP - Launch a Diverse Leadership Programme. P5	People Services	Launch of our Diverse Leadership Programme	Mallicka Mandal	Anna Foster-Ressel	In Progress - On Track	Q4 22/23
PEO10	People	Managing performance and developing leaders	No	The service should put in place an open and fair process to identify, develop and support high-potential staff and aspiring leaders.	The service needs to invest more in developing leaders	ADP - Implement the new Talent Management Strategy. P5	People Services	Implement the new Talent Management Strategy	Mallicka Mandal	Anna Foster-Ressel	Not Yet Started	Q4 22/23
PEO11	People	Managing performance and developing leaders	No	The service should put in place an open and fair process to identify, develop and support high-potential staff and aspiring leaders.	The service needs to invest more in developing leaders	ADP - Implement the new Talent Management Strategy. P5 ADP - Continue to develop and embed our leadership development. P5	People Services	Introduce a process to identify high potential personnel	Mallicka Mandal	Anna Foster-Ressel	In Progress - On Track	Q4 22/23
PEO12	People	Managing performance and developing leaders	No	The service should improve all staff understanding and application of the performance development review process.	The service needs to invest more in developing leaders	ADP - Continue to develop and embed our leadership development. P5	People Services	Embed the refreshed Personal Reflective Appraisals	Mallicka Mandal	Siobhan McLaughlin	Scoping Activities	Q3 22/23
PEO13	People	Getting the right people with the right skills	No	The service should assure itself that senior managers demonstrate service values through their behaviours.	The service gives health and safety training to all staff as part of their induction. However, there is limited evidence of regular refresher training.		Health and Safety	Ensure refresher Health and Safety training	Mallicka Mandal	Natasha Brayne	Not Yet Started	Q4 22/23

Progress Update
Development of People Strategy underway consultation; e-portfolio project underway. We have recruited an EDI trainer who will be delivering face to face/virtual training along with member of the Learning & Development team. Scoping stages will be picked up by SM Project Lead. Appointment to be made by end of July 2022.
The Promotions and Leadership Development Framework has been launched. This identifies high-potential staff and supports aspiring leaders to develop and progress within the organisation. This has been presented to Improvement Board. Approach to IFEs is being consulted on. Related longer term projects will roll-into new ADP. Middle Strategic CMM has been merged into the Organisational Resource Group. Standing agenda around talent mangement and succession planning now in place.
The Bullying and Harrassment policy has been refreshed and is soon to go out to consultation (unions, networks etc). Draft policy and guidance have been completed and feedback is being incorporated into document. Scoping stages will be picked up by SM Project Lead. Appointment to be made by end of July 2022.
Mutual Mentoring Programme to further support staff and maximise opportunities for growth at all levels will be launched. The Mutual Mentoring paper is complete and approval and launch plans are being developed (OD & Culture & EDI). This is to go to CA-SLT. It has already been approved by Improvement Board.
Recording of special appliance training in place and this has been communicated via an Ops Alert
Develop and embed our leadership development programme across all levels aligned to the NFCC Leadership Framework: There will be development and implementation of a specific Frontline Leaders Course [FF-CM-WM] for new entrants into these roles with work commencing on this in Q4. Co-design with operational staff and engagement is ongoing.
Implementation of our Leadership Development Framework that sets out our leadership development offer for supervisory, middle, and strategic management levels. Draft Leadership Development Framework presented to Improvement Board in January 2022; implementation to commence.
We have commence work with NFCC on a Direct Entry Scheme at Middle Management Level. Initial discussion with NFCC workstream leads; presentation of concept and related costs to Informal Exec Board; further information being sought from NFCC; Paper approved at Improvement Board and currently working with NFCC to implement.
Launch of our Diverse Leadership Programme to ensure staff from under-represented groups realise their full potential and support diverse talent at all management levels. We have a programme ready to implement. Ideally, we want to open this to GMFRS/GMCA and our blue light partners. May need explicit approval from IEB and CA-SLT.
Implement the new Talent Management Strategy: Development of People Strategy underway. A progressive and inclusive recruitment and apprenticeship strategy – recruitment plan in place to get up to establishment by Sept 2022 and diversify workforce; Project Board established to seek assurance/governance of decisions; regular reporting to Deputy Mayor; apprenticeships – self assessment for Ofsted to IEB, SLT for consultation; e-portfolio project underway.
Promotions and Leadership Development Framework has been launched, that identifies high-potential staff and supports aspiring leaders to develop and progress within the organisation. Presented to Improvement Board. Approach to IFEs being consulted on. Related longer term projects to roll-into new ADP.
Embed Personal Reflective Appraisals across the organization – refreshed approach to GMFRS PRA agreed last year; further engagement prior to roll out this year (2022). Staff engagement in Feb. 2022 Link to Code of Ethics being incorporated. Scoping stages will be picked up by SM Project Lead. Appointment to be made by end of July 2022.
Activities to be scoped and deliverables agreed.

There has been an increase in the learning offer across all staff groups, predominantly virtual learning initially in-light of COVID restrictions limiting the availability of face-to-face training. Awareness of the training offer has become evident following engagement with staff and there will be a focus in 22/23 on using a variety of communication methods to raise awareness

In relation to the 38%: Awareness of resources and availability during the working day to undertake learning have been fed back via evaluations and during TNA meetings with multiple teams. Also the initial availability of equipment on stations has now been addressed. There is a comms plan to raise awareness of non-attendance rates and reasons for not attending training events with line managers/directors this year alongside raising awareness of the non-operational learning offer. (not just for non-ops staff but non-ops learning e.g. excel, presentation skills, difficult conversations etc) . -Frontline Leaders course for CM & WM is being developed which will provide a learning and development using a range of techniques.

Effectiveness

1. The service should ensure it records relevant and up-to-date risk information to help protect firefighters, the public and property during an emergency.

Roll out of second MDTs

New paper based Risk Assessments introduced for Ops Crews / OPS 25

Introduce Decision Logs

Review Debrief Policy

Expand the use of AMS

Explore ways of risk information gathering (confirm outputs?)

Efficiency

1. The service should have effective measures in place to assure itself that its workforce is productive and that their time is used as efficiently and effectively as possible to meet the priorities in the

New Response Strategy

Introduction of new operational vehicles

Fire Cover Review

Strategic Assessment of Risk document

Borough Risk Profiles

Risk Modelling Documentation

Productivity Project - Station Profiling

Special Appliance Review

Review Productivity of Middle Managers

Crewing Footprints Project Recommendations (what are these?)

Review of FDS Policy - confirm what are the outcomes?

Implement Duty Officer role for SMs - need to document improvements

TRU Review

People

1. The service should assure itself that senior managers demonstrate service values through their behaviours.

New People Strategy

New EDI Strategy and updated action plan

Engaged Leaders Sessions - Resulting Action Plan?

Leadership Videos

B-Heard Survey Results

Build on Values Framework

Refresher Health & Safety training

2. The service should ensure it targets its prevention work at people most at risk, including those from hard-to-reach groups.

New Prevention Strategy

New Place Based Delivery Framework

Updated Risk Stratification Process / Approach

New HFSA launched

Model to increase targeted groups - Bury TASC Prevention Education Programmes

Improved Safeguarding Training and Policy

Enable stations / boroughs to generate own HFSA

Expand Prince's Trust Programme -(confirm outputs?)

2. The service should ensure it effectively monitors, reviews and evaluates the benefits and outcomes of any collaboration activity.

Evaluation Framework

Estates Collaboration (opportunities through Estates Programme?)

2. The service should review how effective its policy on bullying, harassment and discrimination is in reducing unacceptable behaviour towards its staff.

New People Strategy

Refreshed Bullying and Harassment Policy

Refreshed Discrimination Policy

Review and update People Policies

3. The service should evaluate its prevention activity, so it understands what works.

New Prevention Strategy
Evaluation Framework
Improved Prevention Training for personnel
Review quality of partnership referrals

Evaluation - HFSA and prevention activities in line with new framework
Evaluate water safety activities
Evaluate road safety interventions

3. The service should assure itself that its IT systems are resilient, reliable, accurate and accessible.

New intranet tailored to GMFRS
GM One Network
Systems Review - Digital Services
New Accident Reporting System
Roll out of second MDTs
Review the Contact Centre System
Expanding the use of AV equipment
IRS Project - updating and refresh of system
Review Work Routine Planner
New Occupational Health & Safety Management System
System to record Special Appliance Training

3. The service should improve staff understanding of the purpose and benefits of positive action.

New People Strategy
Engaged Leaders Sessions

4. The service should ensure it allocates enough resources to a prioritised and risk-based inspection programme.

New Protection Strategy
Fire Safety Regulators Recruitment
Streamlining process and procedures to free up FS Regulators
Refreshed RBIP

Continue to Support High Rise & Building Safety Taskforce
Develop new Assurance Framework for fire safety audits
Review AFA Policy

4. The service should improve all staff understanding and application of the performance development review process.

Refreshed PRA Process
System to record Special Appliance Training
Improve the Promotion Process

5. The service should ensure it allocates enough resources to respond effectively and in time to statutory building control consultations.

Improved relationship with Building Control Bodies
Improved response times to consultations

5. The service should put in place an open and fair process to identify, develop and support high-potential staff and aspiring leaders.

New Talent Management Strategy
Leadership Development Programme
Diverse Leadership Programme
Mutual Mentoring Programme
Improve the Promotion Process
Direct Entry Scheme

Access to development opportunities - operational / non-operational staff

6. The service should assure itself that risk assessments are accurately recorded and passed to oncoming crews.

New Operational Intelligence Policy and Guidance materials
Bespoke training package for Operational Crews
ARA Module on AMS - Training and Guidance

7. The service should ensure it has an effective system for learning from operational incidents.

New Organisational Learning Strategy/Policy?

Improved governance arrangements - OLG / OISG

New Occupational Health & Safety Management System

8. The service should ensure it is well-prepared to form part of a multi-agency response to an incident and all relevant staff know how to apply Joint Emergency Services Interoperability Principles

Enhancing LRF - Dedicated Resource

Implementation of JESIP Doctrine - MiPlace / LMS System

New Burns Team operational training

Enhance Water Capabilities

New Occupational Health & Safety Mangement System

9. MTA Cause of Concern (p20)

MTA Project

Date: 27th July 2022

Subject: Assessment of Going Concern Statement

Report of: Steve Wilson, GMCA Treasurer

PURPOSE OF REPORT

This report informs members of an assessment of the Greater Manchester Combined Authority (GMCA) as a going concern with a forward look at the position for the next 12-18 months.

RECOMMENDATIONS:

Audit Committee is requested to:

1. Note the outcome of the assessment made of the GMCA's going concern position and the conclusion that there is no material risk to going concern

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BACKGROUND PAPERS:

- Audit Committee, 27th August 2021 – GMCA Assessment of Going Concern Statement
- Greater Manchester Combined Authority 11th February 2022 - GMCA Revenue and Capital Budgets 2022/23

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution?

No

Exemption from call in

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

N/A

GM Transport Committee

N/A

Overview and Scrutiny Committee

N/A

1. INTRODUCTION

- 1.1 The report which informs members of an assessment of the Greater Manchester Combined Authority (GMCA) as a going concern with a forward look at the position for the next 12-18 months.
- 1.2 GMCA is required to demonstrate that it is a going concern and remains financially sound. The concept of a 'going concern' assumes that an authority, its functions and services will continue in operational existence for the foreseeable future. This assumption underpins the accounts drawn up under the Local Authority Code of Accounting Practice and is made because local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.
- 1.3 As with all principal local authorities, the GMCA is required to compile its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting (the Code) as published by the Chartered Institute of Public Finance and Accountancy (CIPFA). In accordance with the Code the GMCA's Statement of Accounts is prepared assuming that the GMCA will continue to operate in the foreseeable future and that it is able to do so within the current and anticipated resources available. By this, it is meant that the GMCA will realise its assets and settle its obligations in the normal course of business.

2. GOING CONCERN ASSESSMENT

- 2.1 The main factors which underpin the assessment of GMCA as a going concern are outlined below and include:
 - GMCA's financial position
 - GMCA's strategic planning and budget framework

- The regulatory and control environment applicable to the GMCA as a local authority.
- Economic climate reflecting impact of COVID-19

3. GMCA FINANCIAL POSITION

3.1 The revenue outturn for the year ending 31 March 2022 is categorised across defined areas of the authority. The position is shown in the table below:

2021/22 Summary	Original/Approved Budget			Provisional Outturn			Variance*		
	Exp	Income	Total	Exp	Income	Total	Exp	Income	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
GMCA General	259,765	-259,765	0	259,765	-259,765	0	0	0	0
Mayoral General	126,749	-126,749	0	126,427	-126,427	0	-322	322	0
GM Fire & Rescue	112,173	-112,173	0	113,176	-115,146	-1,970	1,003	-2,973	-1,970
Waste & Res	162,402	-162,402	0	162,402	-162,402	0	0	0	0
Transport	246,426	-246,426	0	234,503	-246,426	-11,923	-11,923	0	-11,923
TfGM	173,680	-173,680	0	176,930	-176,930	0	3,250	-3,250	0
Police Fund	646,654	-646,654	0	646,654	-646,654	0	0	0	0

3.2 GMCA's capital programme includes Greater Manchester Fire and Rescue Services, Economic Development and Regeneration programmes and the continuation of the programme of activity currently being delivered by Transport for Greater Manchester (TfGM) and Local Authorities. The GMCA approves the Capital Programme at its meeting to approve the budget for the following year in February and updated forecast outturns are provided on a quarterly basis. The actual capital expenditure for 2021/22 was £499.3m compared to forecast for 2020/21 presented to GMCA on 12 February 2022 of £479.9m. The Police Fund capital programme is recorded separately in accordance with legislation and was a further £40.2m of spend in 2021/22.

2022/23 Budget and Medium Term Financial Planning

3.3 The GMCA budget focus on the delivery of the priorities set out in the Greater Manchester Strategy (GMS). Delivery of the GMS priorities require the GMCA, local authorities, businesses and the voluntary and community sector and other stakeholders to work in partnership. The Mayoral precept and GMCA budgets support key areas of delivery for the strategy and its implementation plan, particularly in areas where the local investment can be supported by the GMCA.

3.4 The 2021 Spending Review was for the three year period 2022/23 – 2024/25 which provides some clarity for planning purposes. However the settlement for GMCA functions was for 2022/23 only, there are significant government policy changes which will impact the authority over the next three years and there is uncertainty on pay and price inflation which needs to be reflected in the medium term financial plan.

3.5 The GMCA budgets were approved by GMCA on the 11 February 2022 and Police and Crime Commissioner precept agreed by Police and Crime Panel on 31st January 2022 with revenue budgets summarised below:

Budget	2021/22 budget	2022/23 budget
Mayoral General Budget	£126.8 million	£139.0 million
GMCA General Budget	£224.0 million	£242.6 million
GM Fire and Rescue Service (net as per budget report)	£110.6 million	£119.5 million
GMCA Transport Revenue Budget	£246.4 million	£269.4 million
Waste	£162.4 million	£164.8 million
Police and Crime Commissioner	£674.4 million	£718.5 million

3.6 The 2022/23 Mayoral General revenue budget of £139m includes funding from the transport statutory charge on GM local authorities and the council tax precept. The precept was frozen for 2021/22 and for 2022/23 has been increased by £7 (for a Band D property). The 2022/23 budget included the continuation of priorities such as ‘A Bed Every Night’ scheme, the ‘Our Pass’ scheme and a contribution towards the cost of Bus Franchising.

3.7 The GM Fire and Rescue Service budget for 2022/23 of £119.5m reflects government funding and the council tax precept has been increased by £5 for a Band D property following a freeze in 2021/22. The medium-term financial plan to 2024/25 has been updated for pay and price inflation, known cost pressures and agreed savings. The funding supporting the 2022/23 budget represented a one-year settlement from DHLUC, with allocations based on the Spending Review 2021.

- 3.8 The GMCA revenue budget 2022/23 of £242.6m includes the core costs of the authority and its central programmes funded from the following sources:
- GM local authority contributions of £8.6m GMCA which was unchanged from the previous year, this includes funding of £3.3m for the GM Cultural and Social Impact Fund and £1.4m for MIDAS and Marketing Manchester.
 - Central government grants of £180.1m the majority of which relates to Work and Skills in particular funding for the Adult Education Budget.
 - The 2022/23 budget reflects the decisions made by the GMCA at the meeting on 27th November 2020 on use of planned investment of the remaining Business Rates reserve held by GMCA of £16.3m
 - Funding from reserves, other income sources and recharges of £37.6m.
- 3.8 Since the GMCA General revenue budget was approved in February 2022 the Government has announced local allocations for the UK Shared Prosperity Fund (UKSPF) as part of delivering the mission to 'Level Up' the UK by 2030. The GM allocation for the three-year period 2022/23 – 2024/25 is £98m which will support the delivery of UKSPF priorities which align with priorities in the Greater Manchester Strategy.
- 3.9 GMCA has been assigned by government as lead authority for the fund in Greater Manchester and will receive the area's allocation to manage. GMCA will have overall accountability for the funding and how it operates, working closely with our LAs and key stakeholders in this role. This includes the development of an investment plan which will set out a series of interventions and outcomes that reflect local needs and opportunities. GMCA is developing this investment plan in conjunction with Local Authorities and other key stakeholders to be submitted by August 2022.
- 3.10 The GM Transport budget for 2022/23 of £269.4m is an increase of £22.9m (9.3%) compared to 2021/22 and provides the funding Transport for Greater Manchester (TfGM) and capital financing charges for transport infrastructure investment. The increase in funding is met from government grants for transport scheme development and planned funding for Bus Franchising. The levy and statutory charge made to GM local authorities remained at the same overall cash level as in previous years.
- 3.11 TfGM's budget has been managed within the same funding envelope in recent years by making year on year savings from various sources, including a voluntary severance process which was run in the last financial year. This has been very challenging in the

context of the additional activities that TfGM has been requested to deliver, the continuing inflationary pressures on budgets, the amount of expenditure which is unavoidable due to it being related to statutory obligations. There are also a number of key uncertainties in relation to the impact of the pandemic on future Metrolink and Bus passenger volumes and revenues once recovery funding from Government ends part way through 2022/23.

- 3.13 The 2022/23 Police and Crime Commissioner total revenue budget is £718.5m which is an increase of £44.1m (6.5%) compared to 2021/22. The focus for policing in over the next 12-18 months is continued implementation of key improvement priorities, centred on the basics of preventing and reducing crime to keep people safe and care for victims. For 2022/23 the Government grant for police included an additional £29.9 million for Greater Manchester Police.
- 3.14 The grant funding increase was expected to deliver the third and final year of the national expansion programme of 20,000 police officers over three years, which equates to 438 in 2022/23 across Greater Manchester. Following consultation, the maximum precept increase of £10 to the current band D precept was supported by the Police and Crime Panel which increased the overall funding from precept and related funding sources by £14.2m.
- 3.15 A revision of the MTFP for police has been undertaken to identify resource to support priority improvement projects over the three years. The resource to support these priorities has been identified from a review of the whole of the GMP budget and the previous version of the MTFP as set out below. There are financial risks associated with these changes which are highlighted and will need to be kept under close review during the financial year.
- 3.16 The waste budget for 2021/22 is funded from a levy on for the nine GM local authorities that are part of the GM waste contract. The waste budget for 2022/23 is £164.8m, which represents a 1.5% average increase over 2021/22. The MTFP estimated levy charges of £170.5m in 2023/24 and £174.7m in 2024/25. A number of assumptions have been made which take a balanced view of the risks facing the service in 2022/23 and beyond.
- 3.17 GMCA capital programme for the four year period 2021-2025 includes Economic Development and Regeneration programmes, Waste and the continuation of the programme of activity currently being delivered by GMCA, Transport for Greater Manchester and Local Authorities. The capital programme over the three-year period 2022/23 – 2024/25 is £984.4m of £421.5m is planned for 2022/23 to be funded mainly from

capital receipts, grants and long-term borrowing. Provision has been made in the revenue budgets for the associated financing costs.

- 3.18 Since the capital programme was approved in February 2022 the Government has announced five year City Region Sustainable Transport Fund grant of £1.07 billion for Greater Manchester for the period 2022/23 – 2026/27 which includes funding for new and legacy programmes.

GMCA Balances and Reserves

- 3.19 GMCA General Reserves were £44.4m as at 31/03/22, given the current scale of activities falling on the General Budget, the level of General Reserves held is felt to be appropriate. The Authority held £480.8m of Earmarked Revenue Reserves as at 31/03/22 compared to £401.7m at 31/03/21, an increase of £79.1m. The majority of the change relates to Waste reserves increasing in relation to surpluses from additional recycle income and third party income. Transport reserves increased in relation to unapplied government grants and increases to the capital programme reserve resulting from a change to the Minimum Revenue Provision policy and lower borrowing costs which have been earmarked to support Metrolink capital financing costs in future years.

GMCA Cash flow Model

- 3.20 The constitution states that the GMCA must have in place an approved treasury management strategy, investment strategy and the borrowing limits. This includes a scheme of delegation and responsibilities of member groups and officers in relation to treasury management and the role of the Treasurer in relation to treasury management.
- 3.21 The treasury portfolio position for the GMCA is managed at a group level, including Transport for Greater Manchester (TfGM), which means that the combined cash flows of all the consolidated organisations will be taken into account when investing temporary surplus funds or making arrangements to meet borrowing needs. Each financial year an annual cash flow model is set up that establishes the significant items of income and expense, together with dates of these items. This gives an overview of the potential borrowing or short and long-term investment decisions that may be required. This is then updated on a daily basis and reported to the Treasurer.
- 3.22 During 2021/22 the GMCA's Treasury Management functions continued to be operated under a service level agreement by Manchester City Council which reported directly to the

GMCA Treasurer. From 1st April 2022 this agreement ended and Treasury Management is now provided within the GMCA Finance Team which provides more effective oversight of the day to day operation.

- 3.23 The GMCA recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Authority uses Link Asset Services as its external treasury management advisors. The GMCA will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.
- 3.24 It is clear that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, the treasury advisers.

4. GMCA STRATEGIC PLANNING AND BUDGET FRAMEWORK

- 4.1 The GMCA budgets form part of the Authority's overall strategic planning framework. They focus on delivery of the priorities of the Greater Manchester Strategy and its implementation plan in partnership with GM local authorities, businesses, the voluntary and community sector and other stakeholders.

Budget Process

- 4.2 GMCA has in place an annual budget setting process that culminates in the approval of the budget by the GMCA at its meeting in February. The reports during the budget process provide an overview of the proposed GMCA budgets for the following year and subsequent years where appropriate. The reports bring together the position on the Mayoral General Budget and precept proposals, the GMCA General Budget, GMCA Transport budgets including transport levy and statutory charge and the GM Waste Services levy. The reports set out the implications of the proposed budgets and the resultant charges on GM local authorities and the Mayoral precept.
- 4.3 The GMCA is required to operate a balanced budget which broadly means that income received during the year will meet expenditure. Quarterly budget progress update reports are provided on a quarterly basis to GMCA during the year.

Treasury Management

- 4.4 In 2018 CIPFA published both an updated Prudential Code and Treasury Management Code, the key change of which came into force for 2019-20 with the introduction of a formally reported capital strategy to provide full council (or equivalent) with a concise, accessible view of the authority's approach to borrowing, investment and treasury management, with a focus on risk management, this underpins the Authority's position in regards to the level of risk it is willing to take in the management of its Funds and is therefore key to GMCA's strategic planning process.
- 4.5 The GMCA has a Capital Strategy which provides the medium to long term context in which capital investment decisions are made and the governance for those decisions. It also gives a summary of the GMCA approach to investments and the Treasury Management Strategy and the Treasury Management Strategy Statement for 2021/22.

5. REGULATORY AND CONTROL

- 5.1 The Annual Governance Statement sets out the detailed arrangements within GMCA.

Governance Arrangements

- 5.2 The GMCA's corporate governance structures and scrutiny arrangements ensure that they are sufficient to meet the expanding role of GMCA and the delivery of its core functions and services. GMCA has established a number of boards, panels and committees which receive regular reports on transport, housing, economy and investment matters. The Authority has recently reviewed its scrutiny arrangements with recommendations being implemented to improve effectiveness. The Authority has the statutory posts of Head of Paid Service, Monitoring Officer and the Treasurer (Chief Financial Officer) who form part of the Senior Management Team in addition to the current political arrangements.
- 5.3 An overview of this governance framework is provided within the GMCA Annual Governance Statement and Code of Corporate Governance 2021/22. This includes a detailed review of the effectiveness of the council's governance arrangements which concludes that the existing arrangements remain fit for purposes and provides assurance of their effectiveness. The Authority is required to operate within a highly legislated and controlled environment and particular emphasis of this can be exemplified and demonstrated with the financial controls in place. Examples of controls include the requirement of full authority to approve a balanced annual budget, but within that to consider and have regard via assurance from the Treasurer as to the robustness of the budget, its estimates and the adequacy of reserves held.

5.4 The control environment is supported by the role of External Audit in auditing of the financial statements, the review of value for money and financial resilience and Internal Audit in reviewing controls and processes across the authority.

6. ECONOMIC CLIMATE

6.1 The COVID-19 pandemic, EU-exit, rising costs of living and other factors are affecting the trajectory and resilience of the GM economy. The Authority reports to the GMCA the monthly GM Economic Resilience Dashboard to understand how these factors are impacting. The report summarises the latest responses to insights, as the GMCA, Greater Manchester Local Enterprise Partnership and other partners across the public, private and voluntary, community and social enterprise sectors continue to drive the recovery from COVID-19, as well as the longer term ambitions set out in the Greater Manchester Local Industrial Strategy and Greater Manchester Economic Vision. The rising cost of living has emerged as a key issue for the GM economy and the Authority is working to provide greater intelligence to support the analysis of the impact.

6.2 Pay and price inflation have been included in the GMCA medium-term financial plan at varying rates based on planning assumptions late in 2021 which were reflected in the approved budgets for 2022/23 as set out in section 3 above. An assessment of the latest inflation estimates against GMCA budgets indicate an increased pressure particularly for energy costs and staff pay awards. This will be kept under review as part of the update to MTFP taking place during 2022/23 and the Authority will consider measures available across the organization to manage financial risk from the current economic climate.

6.3 The COVID-19 pandemic continues to have a significant impact on the finances of TfGM, in 2021/22 revenue from Metrolink farebox was £43 million below pre-pandemic budgets, which has been offset by grant received from government, confirmed to continue in 2022/23 up to October 2022. Despite the funding received to date and agreed through in 2022/23, the uncertainties over funding for future periods cast significant doubt over TfGM's ability both to continue operating the level of services currently provided, to continue to contribute to GMCA's financing costs and meet the requirements for funding renewals in line with the overall required funding profile.

6.4 TfGM has also suffered reduced levels of income and additional costs in other areas of activity, including loss of bus service related incomes and loss of commercial revenues. Government support has continued to be received, albeit on a reducing basis,

which alleviated the loss of bus revenues for the period to March 2022. Further recovery funding is available in 2022/23 for the period to October 2022 and TfGM has continued to receive funding support from Ministry of Housing and Local Government (MHCLG) for other lost income and additional costs.

- 6.5 Alongside exploiting all opportunities to maximise its income and minimise its expenditure, TfGM is continuing to work closely with the Government to secure ongoing financial support to alleviate the financial impact of Covid 19 on TfGM. Based on the position set out above, TfGM has performed a review of the cashflow projections for a period of 12 months after the date of the signing of the 2021/22 financial statements, to support the preparation of the Accounts on the 'Going Concern' basis. The conclusion of this review is that whilst there is a material uncertainty regarding the ongoing level of Metrolink revenues and the level of funding that will be received, the cashflow and current levels of earmarked reserves are sufficient for the medium term forecast.

7. CONCLUSION

- 7.1 The assessment of the GMCA's status as a "going concern" for the purposes of the Statement of Accounts 2021/22 demonstrates that the Authority is performing effectively and is in a good position to respond to the current and emerging challenges and risks and there is no material risk to going concern for the next 12-18 months.

GMCA AUDIT COMMITTEE

Date: 27 July 2022

Subject: GMCA – Draft 2021/22 Annual Governance Statement

Report of: Liz Treacy, GMCA Monitoring Officer and Steve Wilson, GMCA
Treasurer

PURPOSE OF REPORT

To provide the Committee with the draft 2021/22 Annual Governance Statement (attached as appendix A) for comment, prior to coming back to the Committee as a finalised version for approval in September.

RECOMMENDATIONS:

The Audit Committee is requested to:

- (1) consider and comment on the draft Annual Governance Statement;
- (2) suggest any amendments to the draft Annual Governance Statement; and
- (3) endorse the Annual Governance Statement for submission to the September 2022 meeting.

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Equalities Implications: N/A

Climate Change Impact Assessment and Mitigation Measures: N/A

Risk Management – The AGS forms part of GMCA’s risk management arrangements.

Legal Considerations – Legal requirements are referred to throughout the AGS.

Financial Consequences – Revenue – There are no specific revenue considerations contained within the report.

Financial Consequences – Capital – There are no specific capital considerations contained within the report.

Number of attachments included in the report: One (Annual Governance Statement)

BACKGROUND PAPERS: GMCA Constitution –

[FinalConstitution2020formattedHyperlinksAdded.docx.pdf \(greatermanchester-ca.gov.uk\)](#)

TRACKING/PROCESS	
Does this report relate to a major strategic decision, as set out in the GMCA Constitution	No
EXEMPTION FROM CALL IN	
Are there any aspects in this report which means it should be considered to be	No

exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

ANNUAL GOVERNANCE STATEMENT 2021-22

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1. Introduction & Purpose of the Annual Governance Statement
2. GMCA Legislative, Strategic and Policy Context
3. Legislative Arrangements emerging from COVID-19 Pandemic
4. Independent Review of the GMCA Scrutiny Function
5. Scope of Responsibility
6. Governance Review Activity 2021/2022
7. Progress in Addressing the Challenges Identified in the 2020/2021 Annual Governance Statement
8. Areas for Focus in 2022/2023
9. Summary

Appendix - CIPFA SOLACE – Good Governance Principles

INTRODUCTION

1.1 The Annual Governance Statement sets out how the Greater Manchester Combined Authority (GMCA) meets its governance standards detailed in the Code of Corporate Governance. It also describes how it meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement to accompany the Annual Accounts. It is a document which looks back retrospectively over the past year and identifies where the GMCA has demonstrated good governance and looks forward as to areas where focus should be given in relation to governance over the coming year. The GMCA's corporate governance framework is structured around the seven good governance principles set out in the 2016 CIPFA guidance (see fig.1):

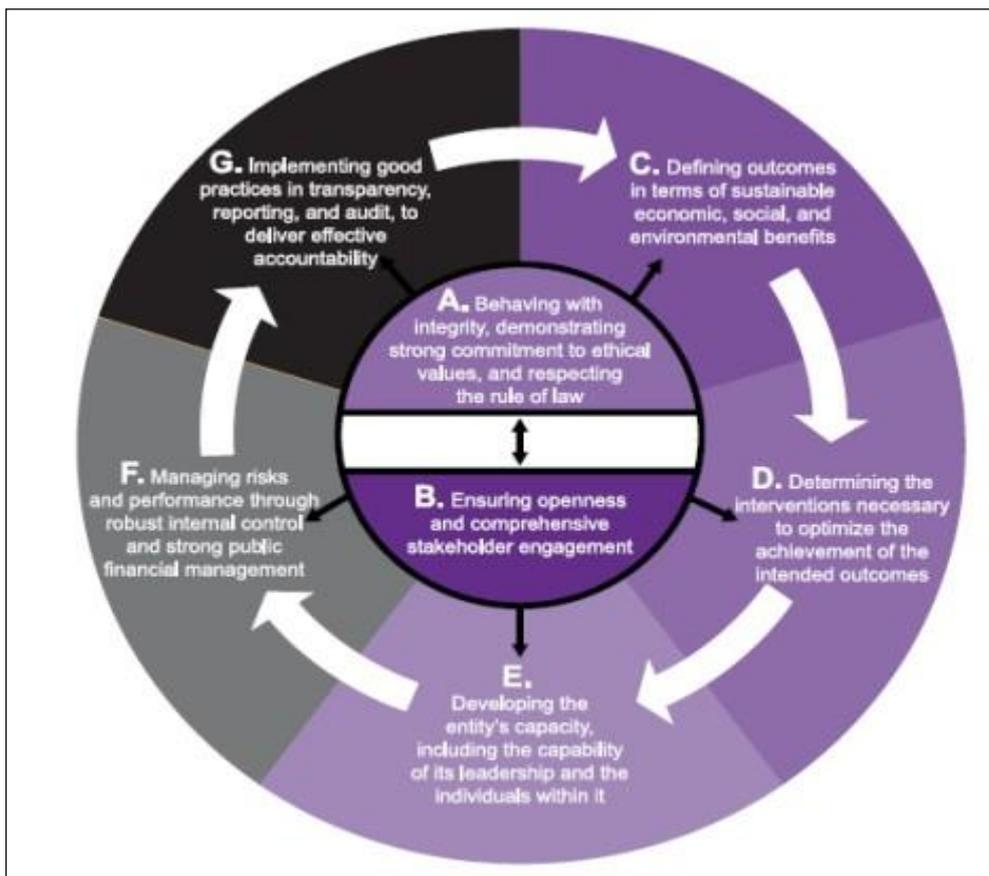


Fig.1 Seven Principles of Good Governance

LEGISLATIVE, STRATEGIC AND POLICY CONTEXT

2.1 The GMCA was established on 1 April 2011 by the Greater Manchester Combined Authority Order 2011 and comprised of ten members, being the Leaders of the constituent councils. The GM Mayor was re-elected on 10th May 2021 and will remain in office until May 2024. The Mayor is the chair and 11th member of the GMCA. The Mayor also appoints the Deputy Mayor for Policing and Crime who has substantial delegated authority covering policing and crime. All members have clear portfolio responsibilities as listed below:

Member	Representing	Portfolio Responsibility
Mayor Andy Burnham	GM Mayor	Policy & Reform, Transport
Baroness Beverley Hughes	Deputy Mayor	Safe & Strong Communities (Police and Fire)
Cllr Martyn Cox	Bolton	Green City Region and Waste
Cllr Eamonn O'Brien	Bury	Education, Skills, Work, Apprenticeships and Digital
Cllr Bev Craig	Manchester	Economy, Business & International
Cllr Amanda Chadderton	Oldham	Equalities, Inclusion & Cohesion
Cllr Neil Emmott	Rochdale	Culture
Mayor Paul Dennett	Salford	Homelessness, Healthy Lives & Quality Care
Cllr Mark Hunter	Stockport	Young People
Cllr Gerald Cooney	Tameside	Communities & Co-operatives
Cllr Andrew Western	Trafford	Clean Air, Regeneration & Housing
Cllr David Molyneux	Wigan	Resources & Investment

2.2 Each GMCA member appointed by a constituent council may appoint an elected member of another constituent council to act as an assistant portfolio holder whose duties will be to provide support and assistance to the GMCA member in the carrying out of that member's duties in respect of the portfolio responsibilities allocated by the Mayor. Portfolio Assistants also have the right to attend meetings of the GMCA and speak but they have no voting rights. This is set out in the constitution.

2.3 On public service issues the GMCA members and the Mayor each have one vote, and generally questions are decided by a majority vote. Questions on matters requiring a vote of more than a simple majority are set out in the 2011 Order. The Mayor is required to consult members of the GMCA on his strategies. The GMCA also examines the Mayor's (non-Police and Crime) spending plans and is able to amend those plans if two-thirds of members agree to do so.

2.4 The GM Local Enterprise Partnership (GM LEP) has acted as a private sector-led voluntary partnership, with a core function to provide strategic leadership and private sector insight (alongside the GMCA) to help deliver the city region's growth ambitions. In March 2022, the GM LEP received a letter from Minister Neil O'Brien MP (DLUHC) and Minister Paul Scully MP (BEIS) providing an update following the conclusion of a Review of LEPs and the way forward. The letter set out that LEPs will now be integrated into local democratic institutions following the policy announcement made in the Levelling Up White Paper as well as indicating the process by which this will be achieved. GM will submit an Integration Plan to Government by the end of July 2022 setting out how Greater Manchester LEP will be integrated with GMCA.

2.5 The GMCA and the Constituent Councils are members of the Association of Greater Manchester Authorities (AGMA). They have entered into joint arrangements, including an Operating Agreement, and the establishment of a joint committee called the AGMA Executive Board, which oversees the work and strategic direction of AGMA, leads on policy, and has delegated decision-making powers from the 10 Greater Manchester councils. AGMA has the same membership at the GMCA.

2.6 A range of statutory and non-statutory member-led committees and boards sit below the GMCA and LEP, with responsibility for overseeing work in relation to the various portfolios. The Scrutiny Function has 20 members (with 20 additional members in a substitute pool) and responsibility for reviewing and evaluating the performance of the Mayor and GMCA, and the way they work with their partners to deliver for local people, contributing to policy development in respect of high profile, complex issues affecting the whole of Greater Manchester, and investigating more complex cross-cutting issues, with a particular focus on the GMCA's forthcoming responsibilities in respect of the 'missions' in the Levelling Up and Regeneration Bill. For more information on the outcome of the recent independent Scrutiny Review please see Section 4.

2.7 The GMCA Audit Committee, as a statutory body, plays a key role in overseeing risk management, governance systems and financial management. The GM Transport Committee oversees the travel services provided by Transport for Greater Manchester (TfGM).

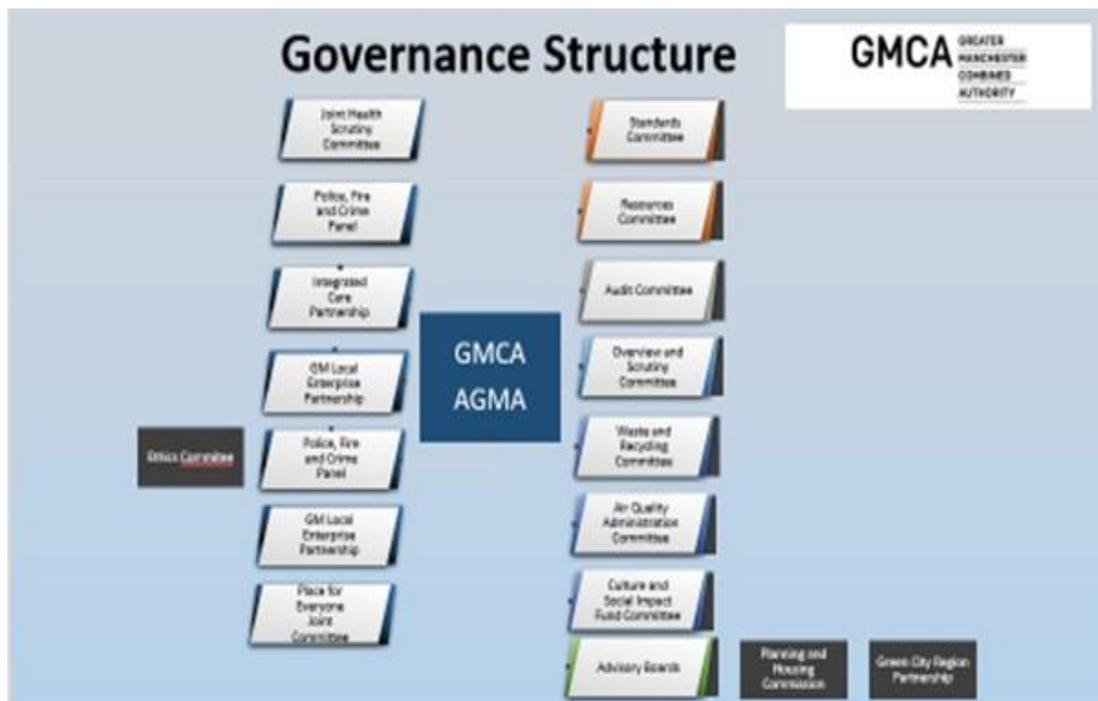


Fig.2 Governance Structure

TRANSITION FROM COVID-19 LEGISLATIVE ARRANGEMENTS

3.1 Within the UK, a disaster response system exists, underpinned by the Civil Contingencies Act 2004. The system helps to support the coherent and integrated emergency response and recovery between national and local levels. At a local level, the backbone of this system had been via partnership working through a Strategic Coordinating Group and its associated structures, together with a Recovery Coordinating Group and appropriate sub-groups. These, in turn, were recognised and supported by MHCLG and other Government Departments, assisting a two-way dialogue in the emergency that was additional to more normal day-to-day arrangements.

3.2 As of March 2022, the UK had moved to minimal restrictions. However, with infection rates still at high levels Health and Social Care remains an important consideration determining the levels of infection, hospitalisation, and death from COVID-19 that can be endured, and in particular the extent to which non-COVID care is negatively impacted as a consequence. Therefore, Greater Manchester has now developed a 'Living Safely and Fairly with

COVID-19 Plan' which was produced in consultation with the GM Contain Cell, the Strategic Coordination Group and the GM Emergency Committee.

3.3 In line with the development of the above plan and the national scaling down of testing and monitoring – it was agreed that the GM Emergency Committee, Strategic Coordination Group and any remaining sub-groups would be stood down, with the Contain Cell remaining in place on a monthly to monitor the regular assessment summaries. The Contain Cell will then advise on the re-establishment of the Strategic Coordination Group should the assessments indicate the appearance of significant variants of concern.

3.4 In-person meetings throughout 2021/22 have still complied with Covid safety requirements meaning work has been undertaken to ensure appropriate venues are used, enabling members to participate in meetings safely and for members of the public to attend if they so wish. GMCA meetings and committee meetings are still livestreamed live to enable access to members of the public and to assist with transparency.

INDEPENDENT REVIEW OF THE GMCA SCRUTINY FUNCTION

4.1 In October 2021, the GMCA became aware of concerns from councillors that the GMCA's overview and scrutiny committees were not conducting their work effectively due to inaccuracy and cancelled meetings. To respond to these concerns, the GMCA commissioned the Centre for Governance and Scrutiny (CfGS) to independently review the GMCA's scrutiny function.

4.2 The review focused on three core areas: culture, information, and impact. It was agreed that CfGS would: conduct desk-based research, interview key figures, survey overview and scrutiny committee members, and convene a task group consisting of an all-party group of overview and scrutiny committee members which would act as a sounding board for emerging findings. Clive Memmott OBE, Chief Executive of the Greater Manchester

Chamber of Commerce, was invited to act as the Independent Chair of the task group.

4.3 Between January 2022 and May 2022, CfGS and the Independent Chair conducted the work with the support of GMCA Governance and Scrutiny officers. There were 28 interviews, 16 responses to the member survey, and 4 meetings of the task group.

4.4 The report found that the GMCA's overview and scrutiny committees faced many of the same challenges as other Combined Authorities and there were opportunities to do things differently. The appetite to improve the function was shared by all those who contributed to the review.

4.5 It was agreed that the role of the committee should be recognised as threefold:

4.5.1 To review and evaluate the performance of the Mayor and GMCA, and the way they work with their partners to deliver for local people,

4.5.2 To contribute to policy development in respect of high profile, complex issues affecting the whole of Greater Manchester,

4.5.3 To investigate more complex cross-cutting issues, with a particular focus on the GMCA's forthcoming responsibilities in respect of the 'missions' in the Levelling Up and Regeneration Bill.

4.6 To achieve these aims, a series of recommendations were made, which included:

4.6.1 Reducing the number of committees from three to a single committee of 20 members, with an additional 20 members in a substitute pool.

4.6.2 Bringing matters to the overview and scrutiny committee well in advance of the decision being taken by the GMCA.

4.6.3 Encouraging members to make a commitment to serving a minimum two-year term (where possible) based on member role descriptions.

4.6.4 Remunerating members for their time and work.

4.6.5 Increasing the amount of task group working to conduct more in-depth scrutiny.

4.6 The report and its recommendations were approved by the GMCA at its meeting on 24 June 2022 and the GMCA's Constitution will be amended to reflect the changes that were agreed. The implementation of the report and its recommendations will be conducted according to the implementation plan contained within the report. The overview and scrutiny committee will take control of monitoring and evaluating its new structures and ways of working and will report back to the GMCA where necessary. The link to the full report can be found [here](#)¹

SCOPE OF RESPONSIBILITY

5.1 The GMCA's Code of Corporate Governance sets out how the GMCA operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. The Code of Corporate Governance can be found in Part 7 (Section E) of the [GMCA Constitution](#).²

5.2 The Annual Governance Statement demonstrates how the GMCA is delivering its services in the right way in a timely, inclusive and accountable manner and will be certified by the GMCA Chief Executive and the Mayor, after consideration of the draft by the GMCA Audit Committee. GMCA's external auditor reviews the Annual Governance Statement as part of the assessment of their value for money responsibilities.

¹ [4 Final GMCA scrutiny report 2022.pdf \(greatermanchester-ca.gov.uk\)](#)

² <https://www.greatermanchester-ca.gov.uk/who-we-are/accounts-transparency-and-governance/>

5.3 The GMCA's governance framework comprises the legislative requirements, principles, management systems and processes – including the GMCA's Constitution, Operating Agreement and Protocols – and cultures and values through which the Authority exercises its leadership, fulfils its functions, and by which it is held accountable for its decisions and activities.

5.4 The following sections of this document describe how the GMCA fulfils the requirements set out in the seven principles of good governance.

GOVERNANCE REVIEW ACTIVITY 2021/22

GMCA Audit Committee and GM Joint Audit Panel

6.1 The GMCA Audit Committee is responsible for overseeing the effective operation of the systems of governance including risk management, internal control, and treasury management. It is a legal requirement for the GMCA to have an Audit Committee as this also ensures a high standard of openness and transparency. The Committee met six times during 2021/22 and discussed a range of matters including the Risk Strategy & Register, the Treasury Management Strategy Statement & Activities and the Statement of Accounts for the GMCA and associate bodies – additionally, the Committee also received and considered the findings of both internal and external audit. Matters to be considered during 2022/23 will include a review and refresh of the GMCA's Counter Fraud Policies and a review of the Local Government Transparency Code to ensure that the GMCA complies with its requirements.

6.2 The GMCA Audit Committee oversees all aspects of the GMCA including Mayoral functions. In line with the Home Office Financial Management Code of Practice. The Mayor has also established a Greater Manchester Joint Audit Panel which oversees the control environment of the Chief Constable and the GMCA (Police and Crime) functions, performing the functionality of an Audit Committee. The Panel assists the Mayor in discharging his statutory

responsibilities to hold the Chief Constable to account and to help deliver an effective policing service. To minimise duplication and bureaucracy and to maximise value for money shared internal audit arrangements are in place to support the Mayor and the Chief Constable. The GMCA Audit Committee receives the minutes of the Audit Panel as part of its agenda and receives the annual report of the Chair of the Joint Audit Panel.

Head of Audit and Assurance Annual Opinion 2021/22

6.3 Based on the work undertaken by Internal Audit in respect of 2021/22 the opinion of the Head of Internal Audit is that moderate assurance is provided on the overall adequacy and effectiveness of GMCA's framework of governance, risk management and internal control. This opinion is based upon the findings of the audit work undertaken during the year. The opinion is reflective of the progress made during the year, particularly in relation to the evolving maturity of risk management arrangements in place within GMCA and in the development of the performance management framework, including the business plan and associated periodic reporting against milestones and metrics within it.

Annual Review of the System of Internal Audit 2020/21

6.4 An external quality assessment (EQA) of the Internal Audit Function was undertaken in 2021/22. The conclusion would be that overall, the service complies with PSIAS. A Quality Assurance and Improvement Programme (QAIP) has been implemented within the Internal Audit Team and an Internal Audit Effectiveness Plan developed as a result of the assessment, which will allow for monitoring the progress of the actions agreed as part of the EQA and assist in the ongoing evaluation of the effectiveness of the team moving forwards.

GMCA Standards Committee

6.5 The GMCA has a Standards Committee to deal with matters of conduct and ethical standards regarding members of the Greater Manchester Combined Authority and its committees should they arise. It also provides a reviewing function for key policies in relation to the behaviour and actions of elected members whilst serving in their Greater Manchester capacities. The Committee has considered the LGA Model Code of Conduct during 2021-22. During 2022-23 it was expected that the Committee would undertake reviews of refreshed versions of the Code of Corporate Governance; the Officer Code of Conduct; Declarations of Interest and Gifts & Hospitality.

PROGRESS IN ADDRESSING THE CHALLENGES IDENTIFIED IN THE 2020/21 ANNUAL GOVERNANCE STATEMENT

Action Identified in 2020/21	Progress Made
<p>Following the agreement of the Greater Manchester Franchising Scheme for Buses 2021 – ensure that appropriately robust governance oversight is in place throughout the transition process</p>	<p>Following the decision of the Mayor to make the GM Bus Franchising Scheme in March 2021 there have been a number of reports to GMCA to enable the implementation of the scheme. Reports have been taken in May, June and September 2021 to delegate decision making on the procurement process, amend the Capital Programme, agree the purchase of land for a bus depot and agree required TUPE actions. Internally a Bus Franchising Board has been established. Board members include senior GMCA and TFGM legal, finance, procurement, IG and Bus Services officers. The Board meets regularly and reports in to the Bus Reform Board which is chaired by the Chief Executive GMCA/TfGM.</p>
<p>The establishment of new ways of working in the post-Covid environment. Resetting the way we work as an organisation to ensure that hybrid ways of working are</p>	<p>In order for GMCA staff to be able to work in a way that allows them to do their job effectively whilst supporting health and wellbeing needs – a Hybrid Working Policy</p>

<p>adaptable to the needs of all staff within the organisation</p>	<p>has been introduced that focussed on two key pillars:</p> <ul style="list-style-type: none"> • Hybrid working is a form of flexible working where working in the office is used in combination with remote working, mostly from home to deliver the business. • The location of work is primarily dictated by the needs of the business. <p>As an employer, the GMCA wants to become an organisation where staff are managed through their performance and contribution to organisational objectives rather than the time they are at their desk.</p> <p>The GMCA is moving away from traditional methods of management by trusting and empowering our staff to deliver its organisational objectives in the best way that suits the business and their individual needs.</p>
<p>Robust arrangements to put in place to monitor delivery, performance and risk to ensure the successful delivery of the Greater Manchester Strategy</p>	<p>The publication of the Greater Manchester Strategy 2021-2031 was supported by the concurrent publication of the GMS Performance Framework: <u>Our Progress Monitoring</u> (<u>aboutgreatermanchester.com</u>)</p>

	<p>The choice of indicators to sit within the Greater Manchester Strategy performance framework has been informed by a detailed series of underlying principles.</p> <p>The principles draw on learning from the approach to performance management under the 2017 Strategy and reflect the impact of the pandemic in highlighting inequalities across the city-region.</p>
<p>Implementation of the CIPFA Financial Management Code of Practice by:</p> <ul style="list-style-type: none"> • Undertaking full self-assessment against the code to identify areas for improvement. • Reviewing the constitution to ensure right governance in place. • Assess links to Capital Strategy and Prudential Code. • Implementing greater transparency of financial reporting to scrutiny committee. • Review of business processes and management accountability. • External comparisons to identify areas to review. • Determining the approach to longer term strategy to manage resources, reserves, and risk. 	<p>The Financial Management Code of Practice self-assessment was reviewed early in 2021/22 to prioritise areas for improvement during the year. The focus during 2021/22 has been on:</p> <ul style="list-style-type: none"> • Recruiting and embedding a new structure in the GMCA Finance Team to ensure a suitably resourced and fit for purpose finance functions • Implementation of a finance business partnering service for all parts of the organisation; • Updating the GMCA Constitution to provide greater consistency across the organisation and clarification of thresholds for approval in the Financial

<ul style="list-style-type: none"> • Reflecting the code in update to AGS. 	<p>Regulations and Contract Procedures;</p> <ul style="list-style-type: none"> • Improvement to the medium-term financial planning process, supported by zero-based budgeting, development of a consistent corporate overhead process and implementation of a grants management procedure. <p>Following the latest self-assessment the priorities for 2022/23 are:</p> <ul style="list-style-type: none"> • Implementation of further training and development tools to ensure finance processes and procedures are fully understood and to improve financial management expertise across the organisation; • Introduction of financial metrics to support the quarterly internal performance management reporting; • Development of the medium financial planning process to include scenario planning around changes in funding;
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	<ul style="list-style-type: none"> • Further emphasis needs to be placed on the code of ethics to ensure that it is embedded across the organisation supported by training materials.
<p>Development of a protocol to improve the consistency and transparency of arrangements for Mayoral Advisors.</p>	<p>A report was taken to the GMCA Resources Committee in March 2022 confirming the protocol and that all Advisor appointees will be required to complete the GMCA Register of Interests and comply with GMCA policies and procedures. A further report providing detail on Advisor work, remuneration and accountability is due to be taken to the Resources Committee during 2022/23</p>

AREAS FOR FOCUS IN 2022/23

Good Governance Principle	Action	Lead(s)/GMCA Officer Lead
B: Ensuring Openness and Comprehensive Stakeholder Engagement	Ensure the smooth transition to governance of the Integrated Care Partnership Strategy from previous health devolution arrangements	Assistant Director of Governance & Scrutiny <i>Monitoring Officer</i>
B: Ensuring Openness and Comprehensive Stakeholder Engagement	Embed the new Overview and Scrutiny Committee arrangements in line with the recommendations highlighted within the Implementation Plan	Assistant Director of Governance & Scrutiny <i>Monitoring Officer</i>
B: Ensuring Openness and Comprehensive Stakeholder Engagement	Following agreement of GM's proposed Integration Plan – ensure that the integration of the Local Enterprise Partnership into the GMCA maintains an approach conducive to continued strong local partnership working with the GM business community	Assistant Director of Governance & Scrutiny <i>Monitoring Officer</i>
B: Ensuring Openness and Comprehensive Stakeholder Engagement	Ensure that the governance arrangements for the UK Shared Prosperity Fund (UK SPF) Board aligns with the Government's requirements around local stakeholder involvement.	Assistant Director of Governance & Scrutiny <i>Monitoring Officer</i>
G: Implementing Good Practices in Transparency, Reporting, and Audit, to Deliver Effective Accountability	Arrangements be made for the GMCA Standards Committee to review: <ul style="list-style-type: none"> • The Code of Corporate Governance • The Officer Code of Conduct • Declarations of Interest • Gifts and Hospitality 	GMCA Treasurer

G: Implementing Good Practices in Transparency, Reporting, and Audit, to Deliver Effective Accountability	Arrangements be made for the Audit Committee to review and refresh of the GMCA’s Counter Fraud Policies and a review of the Local Government Transparency Code to ensure that the GMCA complies with its requirements.	GMCA Treasurer
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SUMMARY

9.1 The GMCA has demonstrated an ongoing commitment to best practice and good corporate governance within the principles of the framework, demonstrated by a pro-active adoption of this framework and delivery of improvements suggested in the Annual Governance Statement 2020/21.

9.2 As the organisation moves forward in 2022, the Greater Manchester Strategy will be key in leading on its strategic direction and values. The refreshed Strategy incorporates the objectives and actions from the Living with Covid plans and also the Mayoral Manifesto commitments – in particular relating to Transport. There is a strong focus on delivery with robust arrangements put in place to monitor delivery, performance and risk, underpinned by strong governance arrangements, which are designed to support this delivery. Additionally, the EU-exit, rising costs of living and other factors such as the Ukraine Crisis are affecting the trajectory and resilience of the GM economy. The Authority reports to the GMCA the monthly GM Economic Resilience Dashboard to understand how these factors are impacting. The Dashboard summarises the latest responses to insights, as the GMCA, Greater Manchester Local Enterprise Partnership and other partners across the public, private and voluntary, community and social enterprise sectors continue to drive the recovery, as well as its longer-term ambitions. The rising cost-of-living has emerged as a key issue for the GM economy and the Authority is working to provide greater intelligence to support the analysis of the impact.

9.3 The organisation continues to adapt to these challenges and working closely in line with its partners is key to this. Examples of which can be seen in the successful embedding of the Police, Fire & Crime Panel and the Government's recommendations for Local Enterprise Partnerships based around governance arrangements already in place within GM. This approach will continue in working with partners to ensure the successful realisation of the Integrated Care Partnership, the UK Shared Prosperity Fund and refreshed Overview & Scrutiny arrangements.

Signed by.....

Signed by.....

Andy Burnham, Mayor of Greater Manchester and Eamonn Boylan, Chief Executive on behalf of Members and Senior Officers of Greater Manchester Combined Authority.

Date.....

Glossary of terms

GMCA	Greater Manchester Combined Authority
GMS	Greater Manchester Strategy
GMP	Greater Manchester Police
LEP	Local Enterprise Partnership
GMFRA	GM Fire and Rescue Authority
GMFRS	GM Fire and Rescue Service
GMWDA	Greater Manchester Waste Disposal Authority
AGMA	Association of Greater Manchester Authorities
PfC	GMFRS Programme for Change
SIP	GMCA Service Review and Integration Programme
SMT	The Senior Management Team
ELT	Extended Leadership Team

Appendix – CIPFA SOLACE – Good Governance Principles

A. BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES, AND RESPECTING THE RULE OF LAW

The GMCA reviewed and updated its Constitution during 2022 and was agreed by the CA in June 2022, to ensure it remains relevant and appropriate. The Constitution incorporates an Operating Agreement between the GMCA and the ten Constituent Councils, which governs the exercise of concurrent functions.

The GMCA Standards Committee meets twice annually and deals with matters of conduct and ethical standards of GMCA Members.

A Code of Conduct for Officers and for Members form part of the GMCA Constitution. The Code of Conduct for Members is reviewed annually by the Standards Committee, most recently in November 2020 with a new review due during 2022/23. The GMCA Standards Committee has the ability to undertake a review should any member of the GMCA or its committees fail to adhere to the Code. Each member receives an annual reminder of their duties under the Code.

A Whistleblowing Policy and Procedure is in place, last reviewed and updated in November 2020, a revised draft was presented to Standards Committee in line with the review period in March 2020. Information on how to report concerns are easily located on both the external facing website and the staff intranet. An Anti-Fraud and Corruption Policy forms part of the Constitution.

The Complaints Procedure was updated in November 2020 to ensure that it remains fit for purpose going forward. Information on how to submit complaints, the process, and relevant FAQs are provided on the external website.

Declarations of Interest is a standard agenda item on all GMCA meetings, minutes of which are published on the external website, and members are asked to complete a register of their personal and pecuniary interests on an annual basis. These are uploaded to each councillor's individual portfolio via the GMCA's

governance portal and are also viewable on the website. A review of the declarations of interest is also due during 2022/23.

A Greater Manchester [Independent Ethics Committee](#) is in place to help build trust and public confidence in policing. The Committee advises the Deputy Mayor for Policing and Crime, and Greater Manchester Police on the complex dilemmas that policing faces in the modern world. The committee has been given a wide remit, with GMP pledging to give access to the service's systems and people. When established, it was the first of its type in the country. The committee decides which issues it wants to consider, as well as having issues referred in by both GMP and the Deputy Mayor. Members of the public can raise issues with the committee - but it does not consider individual complaints about police. The committee considers both broad thematic issues - such as discrimination, safe drug use, and surveillance - and practical day-to-day issues, such as the use of body-worn cameras by police officers.

'Role of the Monitoring Officer' is a statutory role under section 5 of the Local Government and Housing Act 1989. The Monitoring Officer is to report on matters they believe are, or are likely to be, illegal or amount to maladministration; to be responsible for matters relating to the conduct of members; and to be responsible for the operation of the Constitution.

B. ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT

Meetings of the GMCA and its committees are live-streamed and retained for later viewing by all members of the public via the GMCA's YouTube channel/Public-I portal. GMCA Committee agendas, reports, and minutes are published on the GMCA website. Inspection Copies of papers for each meeting are kept in reception at the GMCA's offices at Churchgate House.

The GMCA website includes publication of all Key Decisions, Officer and Mayoral Decisions, and Forthcoming Decisions. Reports for GMCA Committees are released into the public domain unless specifically excluded for items that are private and confidential; such reports must be marked Part B, and justification for keeping a decision confidential must be provided.

The GMCA is committed to ensuring that public meetings are DDA compliant, and all venues have now been confirmed as compliant – this includes the use of hearing loops and the ability to produce agenda papers in alternative formats if requested.

The GMCA runs a Consultation Hub website to ensure that local residents are able to actively engage with decisions and projects. Recent consultations included topics such as the Disabled People's Panel 2022 Survey, the Greater Manchester Green Space Fund, and the GM Tech Fund among others.

The GMCA is founded on a long-term relationship between local authorities through the previous arrangements under the Association of Greater Manchester Authorities.

The GMHSCP Board was replaced by the GM Integrated Care Partnership (ICP) on 1 July 2022. This is one of two statutory components of an Integrated Care System, alongside the Integrated Care Board.

The ICP will have three key features:

1. The forum that brings the ICB and Local Authorities together and connects them to partners from other sectors
2. Responsible for producing the GM wide health and care strategy and
3. The forum in which partners can hold each other to account for meeting the strategy and improving outcomes.

By law, the ICB and each of the Local Authorities in the area of the Integrated Care System must be represented. The minimum core membership of the GM ICP will consist of the ICB Chair and elected members of 10 Local authorities. New governance arrangements for the implementation of the Health and Care Bill commenced on 1 July 2022 and a statutory integrated care system for GM is in development.

In addition, the GMCA continues to maintain formal and informal partnerships through committees such as the Transport Committee; Planning and Housing Commission; Police, Fire and Crime Panel; GM Culture and Social Impact Fund Committee; GM Green City Region Partnership; and the GM Local Enterprise Partnership Board.

The GMCA has been tasked as the lead authority for supervising the UK Shared Prosperity Fund (UK SPF) in the GM region – the UK SPF being the domestic replacement for the European Structural and Investment Fund (ESIF). The GMCA is required to develop an investment plan and explicitly must do so with as wide a range of local stakeholders as possible. Governance arrangements are in place for a UK Shared Prosperity Fund Board – which includes a diverse membership that has evolved from the previous ESIF arrangements. This Board will agree the investment plan before taking on the key role of monitoring how the fund aligns with the aims of the Greater Manchester Strategy.

The GM VCSE Accord ensures that there is a shared commitment and close partnership working with Greater Manchester's 16,000 VCSE organisations.

Community engagement events regularly take place (including the GM Youth Combined Authority; the Mayor's Disabled Peoples Panel; LGBTQ+ Panel; and the Faith, Race & Women's Panel). Regular feedback mechanisms are offered through the proactive use of social media platforms and the supporting of surveys such as the 'GM Big Disability Survey' – which provided important insight into the issues faced by disabled people across GM during the Covid-19 pandemic.

Areas for Focus in 2021/22:

- Ensure the smooth transition to governance of the Integrated Care Partnership Strategy from previous health devolution arrangements
- Embed the new Overview and Scrutiny Committee arrangements in line with the recommendations highlighted within the Implementation Plan
- Following agreement of GM's proposed Integration Plan – ensure that the integration of the Local Enterprise Partnership into the GMCA maintains an approach conducive to continued strong local partnership working with the GM business community
- Ensure that the governance arrangements for the UK Shared Prosperity Fund (UK SPF) Board aligns with the Government's requirements around local stakeholder involvement.

C. DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS

The coronavirus pandemic has highlighted more than ever the importance of securing Greater Manchester's long-term ambition to create a green and prosperous city-region. The Clean Air Plan, Spatial Framework and Minimum Licensing Standards plans form part of this vision, looking to offer a better quality of life for everyone living and working in the city-region.

The GM Strategy and Implementation Plan have been agreed as the overarching Strategy for all GM work. Performance against the Strategy's priorities and performance is reported to Scrutiny on a 6-monthly basis. The GM Strategy and information graphics used in the GM performance report describe the anticipated impacts of the delivery of the GM Strategy.

The GMCA Business Plan further defines GMCA's vision, objectives and outcomes in relation to economic, social and environmental developments within GM. The GMCA Business Plan and subsequent publications have been developed with stakeholders to ensure the organisational priorities and objectives are in line with shared ambitions.

The Greater Manchester Strategy refresh was finalised and agreed in September 2021. The refreshed Strategy incorporates the objectives and actions from the Living with Covid plans and also the Mayoral Manifesto commitments – in particular relating to Transport. There is a strong focus on delivery with robust arrangements put in place to monitor delivery, performance and risk, underpinned by strong governance arrangements, which are designed to support this delivery. There will be a continued focus on ensuring the effective delivery of the GMS priorities through strong governance arrangements, which are designed to support this delivery.

Despite its significant detrimental impact, the pandemic has highlighted the importance of securing Greater Manchester's long-term ambition to create a green and prosperous city region. Brought together, the developing Greater Manchester

Spatial Framework, Clean Air Plan and Minimum Licensing Standards provide a holistic view of the city region's economic, social and environmental ambitions, looking to offer a better quality of life for everyone living and working in the city-region. Greater Manchester's Five-Year Environment Plan sets out a further suite of actions that will support the conurbation's goal of carbon neutrality by 2038.

Capital programmes for both transport and economic development schemes are assessed using a fully rounded appraisal mechanism which includes deliverability alongside social, economic and environmental considerations.

The GMCA Social Value Policy is actively applied in commissioning and procurement activities. This Policy has been updated to reflect the revised objectives in the Greater Manchester Strategy Our People, Our Place and will support commissioners to set out their procurement and contract management requirements to maximise relevant social value, and providers to develop and submit proposals.

The COVID-19 pandemic, EU-exit, rising costs of living and other factors such as the Ukraine Crisis are affecting the trajectory and resilience of the GM economy - therefore the Authority also reports to the GMCA with the monthly 'GM Economic Resilience Dashboard' to understand how these factors are impacting. The Dashboard summarises the latest responses to insights, as the GMCA, Greater Manchester Local Enterprise Partnership and other partners across the public, private and voluntary, community and social enterprise sectors continue to drive the recovery from Covid-19, as well as the longer-term ambitions set out in the Greater Manchester Local Industrial Strategy and Greater Manchester Economic Vision. The rising cost-of-living has emerged as a key issue for the GM economy and the Authority is working to provide greater intelligence to support the analysis of the impact.

D. DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES

The strategic, crosscutting nature of much of the GMCA's work means that delivery is often achieved through collaboration with GM partners including GMP, TfGM, the GM Integrated Care Partnership and GM Councils.

A strong evidence base is developed to underpin all decisions of the GMCA, including a robust evaluation of service delivery. One example of this is the devolved Working Well: Work and Health Programme, which helped approximately one in five of its clients into a job and the principles of which are now being used in nationally commissioned programmes.

Internal and external stakeholders are engaged through consultation on key strategies and plans – for instance the GM Strategy, Culture Strategy, and the GM Spatial Framework – to help determine how services and other courses of action are planned and delivered. The Our Pass concessionary scheme for young people which successfully launched in September 2019 was developed with the GM Youth Combined Authority; the GM Good Employment Charter which launched in January 2020 was co-designed with employers, trade unions, professional bodies and academics; and every stage of the development of Destination: Bee Network involves a series of public events, surveys and engagement workshops to ensure that the Network will provide the best standard of customer experience.

To ensure robust planning that covers strategy, plans, priorities and targets, the GMCA operates a Budget Timetable including peer scrutiny from Leaders and Treasurers on each of the GMCA budgets.

Following on from the publication of the Greater Manchester Independent Inequalities Commission Report – all reports submitted to GMCA meetings must now include an equalities impact assessment.

The GMCA seeks to achieve 'social value' through service planning and commissioning. A Procurement Strategy is part of the GMCA Constitution, and this is supported by a GMCA Social Value in Procurement Policy. The GM Procurement Hub offers a centralised procurement service that can support joint commissioning across GM organisations.

An updated social value policy has been developed, with closer links to the Greater Manchester Strategy. The new policy will ensure social value plays a key role in the city region's public procurement and wider priorities, sitting at the heart of work to tackle inequalities and build a better, fairer and greener economy in Greater Manchester. The updated framework will guide delivery of social value within public sector contracts across the GMCA, individual local authorities and NHS organisations. It will support commissioners to set out their procurement and contract management requirements to maximise relevant social value, and providers to develop and submit proposals.

E. DEVELOPING THE ENTITY'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT

Each Member has a clear role profile in relation to their portfolio. The assigned portfolios are published through the GMCA website, so members of the public are aware of which member of the GMCA has strategic responsibility for which area. Leaders meet regularly with senior officers in relation to their portfolio.

Member Induction Sessions are held at the beginning of each year, and Member capabilities and skills are supported through the Member development programmes. Informal briefings are provided to Members in advance of all Audit Committee and the Overview and Scrutiny Committee.

The Chief Executive Officer's role has been widened to include oversight of Transport for Greater Manchester. Part 3 of the GMCA Constitution sets out a Scheme of Functions Delegated to Chief Officers and those exercisable only by the GMCA to ensure clarity over the types of decisions that are delegated and those that are reserved for collective decision making of the Board.

Strategic management oversight and direction is provided through the Chief Executives Management Team, which is also the Incident management Group for emergencies, the Senior Leadership Team. The wider Leadership Team, Senior Leadership Team and Extended Leadership Teams meet regularly to discuss and share knowledge.

An increased focus on leading the delivery of system change through the Greater Manchester Strategy with improved co-ordination the GMCA and with Place has required:

- A wider range of Directors coming together to pull the 'professional specialisms' from across the CA together to lead/drive the organisation as a whole to meet agreed priorities. No one team can deliver system change
- A generic 'Director' role with a specialist portfolio – to show role is about working cross the organisation with 'blocks of activity' grouped under

Directors. By definition these 'Directorates' will rely on each other to deliver 'whole system change'.

- Corporate/Enabling Services are integral part of driving forward overall outcomes of the CA and the work of individual Directorates

These renewed directorates have been based on what the CA is trying to achieve:

- We want everyone to be Life Ready with the skills needed throughout live to succeed (Edn/Skills block)
- We want people to have good jobs in a prosperous economy (Economy block)
- We want people to live in vibrant and safe places (Place Making and Police/Fire/Criminal Justice blocks)
- We want GM to be a Low Carbon city region at the forefront of the 4th Industrial Revolution (Green and Digital blocks)
- We want joined-up public services that support individuals' holistically, focussing on prevention and the promotion of the best life chances (Public Service Reform block)

A comprehensive GMCA Business Plan is in place and can be found on the GMCA's [website](#)³. The Business Plan provides insight into the city region and the related devolution arrangements; how the GMCA works in terms of its staff, partnerships, business and governance; its business model, resources and funding arrangements; achievements and most importantly the key priorities looking forward. All the priorities are drawn from the GMS and monitoring performance against the GMS is delivered through the Implementation Plan whose performance dashboard is reported through the Scrutiny Committee, and to the GMCA, on a six-monthly basis.

The GMCA has developed a GM Good Employment Charter which has continued to expand its membership and support throughout 2021/22. The GMCA itself has achieved Member status through its own excellent employment practices.

³ [corporate-plan-final.pdf \(greatermanchester-ca.gov.uk\)https://www.greatermanchester-ca.gov.uk/media/2242/gmca_business_plan_2019_full_public.pdf](https://www.greatermanchester-ca.gov.uk/media/2242/gmca_business_plan_2019_full_public.pdf)

The integrated staff Personal Development Plans first developed through 2017/18 as part of enhanced HR and organisational development service for overall GMCA continue to take place. Further initiatives include:

- The launching of a health and wellbeing area on the intranet that includes a comprehensive suite of online support, virtual learning and opportunities to have face to face support
- An expanded portfolio of e-learning modules for staff and manager including equality and diversity awareness
- The launch of Mi Learning with a suite of new and improved managerial support tools to help people managers improve their knowledge and skills
- Leadership Development Programme procured and being rolled out across GMFRS
- Specialist recruitment strategies - Firefighter and Senior Recruitment - utilising Digital Technology

In order for GMCA staff to be able to work in a way that allows them to do their job effectively whilst supporting health and wellbeing needs – a Hybrid Working Policy has been introduced that focussed on two key pillars:

- Hybrid working is a form of flexible working where working in the office is used in combination with remote working, mostly from home to deliver the business.
- The location of work is primarily dictated by the needs of the business.

As an employer, the GMCA wants to become an organisation where staff are managed through their performance and contribution to organisational objectives rather than the time they are at their desk.

The GMCA is moving away from traditional methods of management by trusting and empowering our staff to deliver its organisational objectives in the best way that suits the business and their individual needs.

F. MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT

The GMCA Corporate Risk Register (CRR) was reviewed and updated on a quarterly basis throughout during 2021/22. The CRR identifies risk ownership for specific risks and is owned by the Governance and Risk Group. The GMCA Audit Committee receives quarterly updates on the CRR. Given the Covid-19 pandemic, a Covid-19 risk register had been developed and monitored separately, this was now incorporated into the CRR.

The Audit Committee is responsible for overseeing the effective operation of the systems of governance, risk and Internal control arrangements. New Internal Audit arrangements were implemented in 2019/20 with the appointment of a new in-house Head of Audit and Assurance and the establishment of an in-house GMCA Internal Audit team. The Internal Audit Plan is approved by Audit Committee, and Internal Audit provide quarterly progress reports to Audit Committee. The Head of Audit and Assurance produces an Annual Assurance opinion.

There is an established scrutiny / call-in process whereby any Member of Constituent Councils can refer items for possible scrutiny. Areas for the scrutiny committee to are also proposed by the Chair and other members of the committee who are the owners of the committee's work programme.

GMCA's Revenue and Capital Budget and Monitoring Reports; Mayoral General Revenue and Capital Budget and Monitoring Reports; Mayoral Police and Crime Revenue and Capital Budget and Monitoring Reports; Treasury Management Strategy and Treasury Management Outturn Reports are all subject to appropriate reviewing, scrutiny and challenge where appropriate through the Corporate Issues & Reform Scrutiny Committee and via the Audit Committee.

G. IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING, AND AUDIT, TO DELIVER EFFECTIVE ACCOUNTABILITY

Transparency of decision-making is achieved through live streaming key meetings, a centralised FOI process, and through the GMCA Communications Strategy.

In terms of reporting: the annual accounts with narrative introduction; GMCA Annual Performance Report; Police and Crime Annual Report; Head of IA Annual Assurance Opinion; Annual Governance Statement; and Statement of Accounts are considered by the GMCA Audit Committee and the GMCA and contained within publicly viewable agendas.

New External Auditors (Mazars) were appointed from 1 April 2018, and they have produced an external audit findings report. The Audit Committee has oversight on the final accounts process. Actions taken to implement External Audit Recommendations will be reported as part of a combined audit recommendations tracker for 2022/23 as part of a revised audit action tracking process.

The Annual Internal Audit Opinion sets out compliance with the Public Sector Internal Audit Standards (PSIAS) and for 2021/22 confirmed that work had been undertaken in line with PSIAS. As the Internal Audit service was brought in-house in 2019/20, it was agreed with Audit Committee that the service would be subject to an external quality assessment within the next two years.

Areas for Focus in 2020/21:

- Arrangements be made for the GMCA Standards Committee to review:
 - The Code of Corporate Governance
 - The Officer Code of Conduct
 - Declarations of Interest
 - Gifts and Hospitality
- Arrangements be made for the Audit Committee to review and refresh of the GMCA's Counter Fraud Policies and a review of the Local Government Transparency Code to ensure that the GMCA complies with its requirements.

Date: **27th July 2022**

Subject: **Unaudited GMCA Statement of Accounts 2021/22**

Report of: **Steve Wilson, Treasurer of the GMCA**

PURPOSE OF REPORT

This report provides a copy of the Greater Manchester Combined Authority (GMCA) unaudited single entity statement of accounts for 2021/22 and sets out the process for approval of the audited group statement of accounts.

RECOMMENDATIONS:

Audit Committee members are requested to note the unaudited group statement of accounts 2021/22 for GMCA and timescales for publication of the unaudited accounts no later than 1st August 2022 and audited statement of accounts no later than 30th November 2022.

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Risk Management – the risk from setting unsuitable accounting policies and determining critical accounting judgments is that the External Auditor could qualify the GMCA Accounts and require adjustments.

Legal Considerations – included in Section 3

Financial Consequences – Revenue – N/A

Financial Consequences – Capital – N/A

Number of attachments included in the report: 1

BACKGROUND PAPERS:

None

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution? No

Exemption from call in

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?
N/A

GM Transport Committee N/A

Overview and Scrutiny Committee N/A

1. INTRODUCTION

- 1.1 This report provides a copy of the GMCA unaudited single entity statement of accounts and sets out the process for the approval of the group audited group statement of accounts.
- 1.2 The Accounts and Audit Regulations set out the requirements for the production and publication of the annual statement of accounts. The regulations set out that the unaudited accounts are to be certified by the Treasurer as providing a true and fair view of the financial position of the authority as at 31 March 2022 and its income and expenditure for the year ended 31 March 2022.

2. 2021/22 ACCOUNTS TIMESCALES

- 2.1 The authority is normally required by *The Local Audit and Accountability Act 2014* and the *Accounts and Audit Regulations 2015* to present its Statement of Accounts (and associated documents) for public inspection for a period of 30 days which must include the first 10 working days of June.
- 2.2 The government has continued the extended the statutory deadlines for local authorities to approve and publish their accounts for 2020/21 and 2021/22 following the Coronavirus (COVID-19) pandemic.
- 2.3 The *Accounts and Audit (Amendment) Regulations 2021* have implemented these new deadlines by amending the *Accounts and Audit Regulations 2015* and came into force on 31st March 2021. The revised deadlines applicable to local authorities for 2021/22 are as follows:
- Unaudited group accounts to be signed off by the Treasurer by 31st July 2022 (amended from 31st May)
 - Public inspection period for unaudited group accounts to start on or before first working day of August 2022 (amended from 1st June)
 - Publish final audited group accounts by 30th November 2022 (amended from 31st July)

2.3 It is good practice for the Audit Committee to have the opportunity to consider the unaudited accounts prior to receiving the audited accounts for their approval. It is the responsibility of the Audit Committee to approve the audited accounts on or before 30th November 2022.

3. PRESENTATION OF THE ANNUAL ACCOUNTS

3.1 The GMCA single entity accounts contain the following sections:

3.2 The Treasurers Narrative sets out the background to the financial year including a summary of the Authority's outturn position. The Statement of Responsibilities for the Statement of Accounts which details the responsibilities of the Authority and the Treasurer.

3.3 The group statements and comprising:

- The Comprehensive Income and Expenditure Statement (CIES) which shows the accounting cost of the Authority's activities rather than the amount to be funded from grants, precepts the share of business rates, district contributions and the transport levy.
- The Movement in Reserves Statement (MIRS) which explains the movement in the Authority's usable and unusable reserves during the financial year.
- The Balance Sheet which shows the total assets, liabilities and reserves of the Authority as at the end of the financial year.
- The Cash Flow Statement which shows the reasons for the change in cash and cash equivalents during the financial year.

3.4 Each statement is preceded by a note explaining its purpose and followed by comprehensive notes explaining the statements.

4. RECOMMENDATIONS

4.1 Recommendations are set out at the front of the report.

DRAFT

**Annual Statement
of Accounts**

Year ended 31 March 2022

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Narrative Report by the Authority Treasurer

Welcome to the Greater Manchester Combined Authority's (the Authority) Annual Statement of Accounts for 2021/22. The statements have been prepared in accordance with the requirements of the Accounting Code of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

This narrative report aims to provide information so that members of the public, Councillors, partners, stakeholders and other interested parties are able to have:

- A full and understandable explanation of the overarching financial position of the Authority and the financial performance for the year 2021/22;
- Confidence that the public money with which the Authority has been entrusted has been used and accounted for in an appropriate manner;
- Assurance that the financial position of the Authority is sound and secure.

This narrative report provides information about the Authority, including the key issues affecting the Authority and its accounts. It also provides a summary of the financial position at 31 March 2022 and is structured as below:

- How the Authority Performed in 2021/22
- The Authority's Group of Companies
- Revenue Budget and Financial Performance 2021/22
- Capital Programme and Financing 2021/22
- Treasury Management Performance in 2021/22
- Forward Look – Financial Landscape
- Core Financial Statements

How the Authority Performed in 2021/22

Introduction

Greater Manchester has a vision to be a place where everyone can live a good life, growing up, getting on and growing old in a greener, fairer, more prosperous city region.

The Authority is made up of the ten Greater Manchester Council Leaders and the Mayor who work with other local services, businesses, communities and other partners to drive the collective ambition for the city-region.

The ten Greater Manchester councils (Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan) have worked together voluntarily for many years on issues that affect everyone in the region, like transport, regeneration, and attracting investment.

The GMCA was established on 1 April 2011 by the Greater Manchester Combined Authority Order 2011 and comprised of ten members, being the Leaders of the constituent councils. Greater Manchester re-elected Andy Burnham as Mayor in May 2021 and he continues to lead on the implementation the Greater Manchester Strategy (GMS) - the blueprint for the future of the city-region.

The GMS is Greater Manchester's plan for all the communities, neighbourhoods, towns and cities which make up our city-region. The fourth Greater Manchester Strategy was developed and subsequently adopted in 2021 building from the 2017 strategy and the one year Living with COVID-19 Resilience Plan and it is the systemwide response to the Independent Inequalities' Commission and Build Back Fairer reports.

The refreshed strategy sets out the city region's vision of *Good Lives for All*: that *Greater Manchester is a great place to grow up, get on and grow old; a great place to invest, do business, visit and study*. It is Greater Manchester's plan for recovery and renewal following the pandemic and puts responding to **the interconnected challenges of inequality and climate change** at its heart, providing the lenses through which Greater Manchester activity should be framed and challenging where policy or delivery is contrary to equalities and climate ambitions. It provides a clear direction of travel for the city-region, focused on those areas where all parts of the conurbation need to work together to achieve our shared vision.

The Strategy sets out a series of shared outcomes (the Greater Manchester we want to see) and 15 shared commitments (the things we are going to do), with whole system activity required to deliver against these. It is underpinned by a performance framework with metrics to monitor, some of which are targeted, and web based data dashboards to inform future activity. For the first time this includes three neighbourhood floor targets, which set minimum standards against core indicators – the intention being to highlight variance and inequality at the local levels, and to trigger collective targeted activity in response.

All this is underpinned by a strong foundation formed from agreed ways of working. Greater Manchester is adopting practices which will enable a consistent approach across systems, institutions and communities to come together.

A new process for reporting against progress with the GMS is being adopted which will:

- Provide a system wide view of activity and progress against the shared commitments (and targets) in the strategy and ways of working

- Identify gaps, challenges or issues for development in delivering the shared commitments/ways of working
- Provide for sharing and embedding of good practice, system learning and innovation
- Provide an update every six months.

Devolution is critical to the success of the Greater Manchester ambition, the devolution deals signed with Government mean that GM has a much greater control of its future and more say over the decisions that can improve the lives of all residents.

The region's devolution powers include more control of local transport, planning powers to encourage regeneration and development, a housing investment fund, education, skills and training funding, the role of the Police and Crime Commissioner and responsibility for the fire service being merged with the elected mayor. Greater Manchester has access to an 'earn back' funding arrangement providing capital and revenue funding for the region's infrastructure as part of a single pot for investment in economic growth projects and a reform investment fund to enable investment in better services for our residents.

However, there are still significant areas of policy and spending where there is no devolution to Greater Manchester which restricts the ability to integrate, invest and reform to deliver the ambition. And the current devolution settlement does not give Greater Manchester the influence or control over all public spending needed to truly drive productivity growth, address social and economic inequalities and meet our environmental ambitions. Decentralising resources will enable us to have the best possible chance to level up, to step up, and to achieve our GMS ambitions and support the national ambitions. Discussions with Government through the Devolution Trailblazer process announced in the Levelling Up White Paper will therefore be critical going forward.

The Greater Manchester Local Industrial Strategy

In June 2019 Greater Manchester published its ambitious Local Industrial Strategy, designed to deliver an economy fit for the future, with prosperous communities across the city-region and radically increased productivity and earning power. The strategy is based on the robust evidence provided by the 2019 Independent Prosperity Review, and the 2016 Science and Innovation Audit. It has been developed from the ground up with local and national stakeholders, including business and social enterprises, trade unions, universities and colleges, and community and voluntary organisations.

The Greater Manchester Local Industrial Strategy is not working in isolation. It complements other national and local strategies including the national Plan for Growth and the Greater Manchester Strategy 'Good Lives For All'. To achieve this ambition, it identifies actions around five foundations of productivity: Ideas, People, Infrastructure, Business Environment and Places, which are the essential attributes of every successful economy. It also identifies the frontier sectors where Greater Manchester has particular strengths and opportunities, and the 'foundational economy' which employs significant numbers of people but has been historically undervalued as a sector.

Greater Manchester is currently working to refresh the Local Industrial Strategy and its

implementation plan in response to the changing context caused by the UK's exit from the European Union, the COVID-19 pandemic and the 'cost-of-living crisis'.

Growing the Economy

The GM Investment Strategy continued to support regeneration and job creation in the region through targeted investment that reflects the strengths and opportunities in the local economy. The GM Investment Strategy was based on sustainably generating returns that can be recycled and reinvested so as existing loans are repaid they can be reinvested in new projects.

GM investment funds are used as a lever to deliver the strategy and focus on our strategic priorities in business, housing and commercial property. At the end of 2021/22, GM investment funds included over £643m of funds under direct and indirect management. Projects to the value of £1,147m have been approved to date across the funds. The main elements of the Funds are:

1. *The Greater Manchester Housing Investment Loans Fund (HIF):*
HIF aims to unlock the delivery of at least 10,000 homes over the 10-year life of the fund providing the high quality housing offer needed to support GM's economic growth. In 2018/19 HIF novated from Manchester City Council to the GMCA. As existing investments made by the Fund are repaid the monies are available for reinvestment by the Fund and at the time of writing there have been no defaults. Alongside 59 loans to developers for individual schemes, the Fund has invested in three social impact funds focussed on the provision of housing to vulnerable people.
2. *City Deal Receipts:*
In 2015 it was agreed that receipts realised by Homes England from the disposal of its land and property within Greater Manchester would be provided to GMCA to invest in support of the housing and regeneration objectives set out in the 2012 Greater Manchester City Deal. To date Homes England, which has to approve the investments made using City Deal Receipts, has provided £29.7m to GMCA for investment.
3. *The Core Recycled Funds:*

The Core Recycled Funds originated from Regional Growth Fund (RGF) and Growing Places Fund (GPF) monies which have been recycled and are now reinvested into businesses and commercial property. As part of this overarching programme, the funds offered investments at commercial rates to businesses and organisations to fund schemes that boost local employment, improve people's skills and contribute to the region's economic growth.

These funds have invested over £187m into 190+ companies across Greater Manchester who are contracted to create and safeguard over 8,100 jobs. The business funds have been used to support a market gap for finance and therefore, given the nature of the portfolio, defaults are expected. The impact of COVID-19 on the business portfolio remains unclear but provisions have been made to estimate the risk, in accordance with International Financial Reporting Standards - IFRS 9. Where requested, companies have been granted short term payment deferrals to assist them to manage through the pandemic.

4. *Commercial property funds:* the dedicated commercial property funds are managed by CBRE Ltd on behalf of the Authority and have supported the development of 720,000m² of commercial floor space and the redevelopment of over 52 hectares of Brownfield land. Developments in the year are expected to unlock over 30,000m² of office and industrial space.
5. *Life Sciences Fund:* The £30m Life Sciences Fund was established in 2016 in partnership with Cheshire East Council and Bruntwood to further develop the Alderley Park site and support life sciences businesses across the city region. As at 31 March 2022, the fund had committed £24.7m into 42 businesses and has created 352 jobs from those investments. The overall target for the fund is to create/safeguard 370 jobs over 15 years and the investments to date show good progress against this target. Post year end a second Life Sciences Fund has been launched with a commitment from the GMCA of £10m.
6. *Low Carbon Fund:* The £15m Low Carbon Fund is managed by CBRE Ltd on behalf of the Authority. The Fund was established to promote the production and distribution of energy derived from renewable resources in the region.
7. *Getting Building Fund:* In March 2020 the government made an allocation of £54.2m to GMCA as part of the Getting Building Fund (GBF). This was focussed on 'shovel ready' sites with a key focus on job creation and economic recovery. The full allocation was spent by 31 March 2022 on the following schemes:
 - Mayfield – Manchester - £23m
 - Manchester Innovation Activities Hub – Manchester - £4m
 - Kingsway Business Park Northern Loop Road – Rochdale - £3.5m
 - South Heywood Link Road Phase 1 – Rochdale - £10m
 - Port Salford early infrastructure work – Salford - £6m
 - Conversion of iconic empty retail unit into new workspace – Stockport - £3.5m
 - Stockport Exchange Phase 4 and Clean Energy Infrastructure - £4.2m

The schemes are predicted to create almost 12,000 direct jobs and a further 1,876 employment opportunities in construction. A total of 45 apprenticeships will follow as will the building of more than 1,000 new homes and 4.5km of roads, cycle ways and walkways supporting 29 businesses and 205,000 square metres of commercial space.

Business Support and Innovation

Greater Manchester has an economy worth over £74bn and around 120,000 businesses, with a diverse business base and a number of world leading industries from health innovation to digital industries, to engineering and financial services along with the largest cultural and creative cluster outside London. Over the last year, GMCA's business-led innovation network, Innovation Greater Manchester, has been connecting the world-leading research and development happening in the city region with businesses and growth opportunities. In February, Greater Manchester was selected by UK Government as one of three Innovation Accelerator areas to be supported by £100m of new government funding.

Business Growth Hub:

To maintain and grow the Greater Manchester business base, it is essential that the city region's business support infrastructure continues to be fit for purpose, providing an integrated service to bring trade, investment and growth to Greater Manchester.

The Business Growth Hub (BGH) is delivered by the Growth Company. It provides a single 'go to' access point for impartial and trusted business advice and support. The Hub, which delivers a range of business start-up and growth advice specialist services, also integrates national and local schemes, making accessing the best of public and private sector business support simpler.

BGH has performed well in 2021/22 exceeding a range of targets across a broad range of external and internal agendas in a very uncertain policy, commercial and commissioning environment, arising from the impact of COVID-19 and the UK's exit from the European Union.

BGH has continued to deliver a range of business support services in 2021/22, reporting throughout the year on performance to the Local Enterprise Partnership (LEP) and GMCA and providing crucial insights from current services to inform future activity through a Monthly Economic Monitoring Dashboard.

BGH provision has included a range of ongoing activities to support GM's recovery from COVID-19 such as:

- Growth Company Business Finance has continued to administer financial support provided by the LEP/GMCA to businesses and have been on the forefront as an accredited Coronavirus Business Interruption Scheme (CBILS) and Bounce Back Loan Scheme (BBLs) provider with additional local funding made available.
- COVID-19 website – a dedicated COVID-19 landing page provides information to businesses on the support available and how to access.
- The Employ GM website, supported individuals and employers impacted by COVID-19.

BGH has continued to deliver a range of other business support and guidance to Greater Manchester businesses, such as the Business Productivity and Inclusive Programme, which moved into a new phase in January 2022, under the Business Productivity, Innovation and Inclusive Growth Programme. This programme focuses on innovation and inclusive growth and is driving productivity in small to medium sized enterprises (SMEs) through its diverse projects.

Digital City Region

Greater Manchester has made important strides in becoming the UK's leading Digital City region. During 2018-20 our priorities evolved and a refreshed Greater Manchester Digital Blueprint was launched in 2020. The Blueprint is focused on delivering benefits that help the city region's people lead healthier, happier lives. Each of our five digital priorities and two cross-cutting enablers, co-designed and developed with the input of key stakeholders is supported by pan-Greater Manchester public sector projects. These are combined with inclusive community, local authority, private, not-for-profit and academic work. The plan connects the wealth of digital change and will help us reach a shared ambition that underpins and enables both the Local Industrial Strategy and the Greater Manchester Strategy.

The range of initiatives and successes in Greater Manchester's digital portfolio is increasing with initiatives like the largest Local Full Fibre Networks (LFFN) programme in the UK. With funding of £20m from government grant plus investment from GMCA and seven of the GM local authorities, over the last year the final stages of laying up to

2,700km of new fibre infrastructure across Greater Manchester has taken place. This work will be complete early 2022/23 and will connect approximately 1,600 public sites, pushing fibre into new areas of Greater Manchester.

As part of the GM LFFN grant agreement, GMCA and each of participating local authorities committed to using the fibre infrastructure by operating a “Wide Area Network” (WAN) so that users and computers in one location could communicate with users and computers in other locations. In 2020 several of the partners with similar WAN contract end dates agreed to jointly procure WAN services across the LFFN fibre infrastructure for their own organisational needs and to take advantage of economies of scale whilst still enabling each organisation to manage its own services across the shared network.

During 2021/22 having undertaken significant financial and technical analysis and developed a collaborative approach, four GM local authorities and GMCA agreed to commence a joint procurement for network services under the collective title of the ‘GM One Network’ with GMCA as the lead contractor. In March 2022 following a rigorous procurement process, Cisco International was selected as preferred bidder for Greater Manchester One Network to deliver Wide Area Network services for GMCA including GM Fire and Rescue, Transport for Greater Manchester (TfGM) Urban Traffic Controls Signals and select TfGM sites and Stockport, Oldham, Bury and Rochdale Councils. This procurement was one of the first to use the Social Value Portal and will generate additional benefits through social value work.

Alongside this activity:

- The GMCA Digital Transformation team has worked with localities to develop and deploy the first parts of the GM Early Years solution, with over 20,000 health visitor assessments been completed digitally and increasing. Work is underway on a government funded programme that will enable Supporting Families teams in four localities to be more easily data driven. This team has also deployed systems relating to A Bed Every Night and, during the pandemic, a Community Hub application and a local ‘Track and Trace’ system.
- The GMCA Digital Inclusion team is working with localities, voluntary and community sector organisations and local businesses to help under 25s, over 75s and disabled people get online as part of the mayoral manifesto commitment and in line with the refreshed Greater Manchester Strategy. The team has led on initiatives such as the GM Data Bank, GM Tech Fund, GM Digital Inclusion Social Housing Pilots, Care Leavers digital support, and Digital Inclusion Risk Index.
- Supporting growth of the digital sector, the GMCA Digital Policy team has worked closely with GCHQ and linked stakeholders to support development of their presence in Greater Manchester. This has resulted in initiatives such as the GM Cyber Foundry and GM Artificial Intelligence (AI) Foundry which accessed and matched £6m of European Regional Development Funding to support many businesses across the city region. The Greater Manchester Digital Innovation Security Hub opens in early 2022/23 with £5m of growth funding in 2021 and will be co-located with GCHQ in Manchester. Work in support of GCHQ’s presence has contributed to Government situating National Cyber Force, a new investment, in the North West region.

Green City Region:

At a Green Summit, held in March 2019, the city region launched a five-year Environment Plan and confirmed its target to become carbon neutral by 2038. The aim is for Greater Manchester to be a clean, carbon neutral, climate resilient city-region with a thriving natural environment and circular, zero-waste economy. GMCA and all 10 Greater Manchester Local Authorities have now declared a Climate Emergency. To continue delivery of the plan and support the climate emergency declarations, the Authority has this year been successful in securing a significant amount of funding across a number of programmes.

Green Homes Grant (Local Authority Delivery) - £22m funding received to provide energy efficiency, low carbon heating and renewable energy systems to approximately 2000 fuel poor homes, by September 2022.

Public Sector Decarbonisation Scheme (PSDS) - Early in 2021 the Authority coordinated a successful bid to Phase 1 of the PSDS for £78m of capital funding to install carbon reduction measures to c150 public buildings owned by local authorities, health and education providers in 2021/22. The Phase 1 programme was extended to end of June 2022 and the expectation is that the majority of the grant will have been utilised. During 2021/22 GMCA was also successful in a bid for a further £15.5m from Phase 3 of the programme with a delivery timeframe for utilisation of the grant by March 2023.

Social Housing Decarbonisation Fund (SHDF) - In collaboration with GM housing providers, the Authority has successfully bid for £10m of funding from Government for the SHDF which has been matched by £9m of local funding. This was to support the installation of energy performance measures in c1286 social homes to be completed by March 2023.

Phase 4 of the multi-phase Natural Course project commenced this year, which aims to promote action to improve water quality in Greater Manchester. This brings with it £1m external funding to GMCA and partner LAs over this phase, which runs until 2024.

The IGNITION project concluded at the end of year 2021/22. This was a 12 partner multi-year project aimed at making the case for funding of nature-based solutions for climate change adaptation in urban areas. This brought £4m of external funding to GMCA and partner organisations over the 3 years of the project.

Greater Manchester was selected by government as a pilot for developing a Local Nature Recovery Strategy, which concluded this year. This brought with it £125,000 of external funding for the GMCA to develop the strategy.

Housing

In December 2020 each nine of the GM Councils were asked to approve an agreement to prepare a joint development plan to cover strategic policies including housing and employment land requirements. This plan known as 'Places for Everyone' (PfE) replaced the Greater Manchester Spatial Framework following the withdrawal of Stockport Council. The Places for Everyone plan was submitted to the Secretary of State in February 2022 and Inspectors appointed to undertake the examination in public. The public hearing sessions are scheduled to begin in October 2022 with adoption by the end of 2023.

In March 2020 the Government announced a £400m Brownfield Land Fund (BLF). For GMCA this was an allocation to GMCA of £81.2m over a 5 year period to unlock

capacity for a minimum of 5,500 homes to start on site by 31 March 2025. In February 2021 GMCA received a further allocation of £15.8m based a bid to deliver a further 1,325 homes. This took Greater Manchester's total Brownfield Housing Fund allocation to £97m over the five years to 2025. Spend against the programme over the first two years to the end of 2021/22 is £57m. This has unlocked 64 brownfield sites across the city-region and the number of new homes to date stands at 9,524. This is in addition to the homes built as a consequence of investments in schemes across the city-region by the Greater Manchester Housing Investment Loans Fund. In February 2022 a further £11.4m of funding was announced for 8 schemes delivering 916 homes. There is a further £27m of BLF grant that has been allocated for which GMCA is in the process of identifying which sites this will be awarded against.

Education, Skills and Work

The Education, Skills and Work landscape in Greater Manchester brings together large-scale national programmes managed and funded by various central government departments, devolved/co-commissioned activity developed and commissioned at GM level, and smaller scale targeted activity focused on priority cohorts, sectors and geographies. Work is undertaken across four priority areas:

1. Young people leave education and training ready to succeed in the labour market, with a balance of academic, technical and 'life ready' skills.

Working to support and help prepare young people to actively participate and thrive in the economy is a key feature of the work undertaken by the Directorate. We are doing this by building on their ambitions, qualities and skills of young people in order for them to have fair access to the opportunities available across the sub-region. There are four ways in which this has been achieved through our designed service offers:

- A service offer to young people via the Greater Manchester Apprenticeship and Careers Service website which is now used in more than half of secondary schools with over 100,000 young people registered. Aligned to this a digital curriculum for life tool is in development for young people to access in late Autumn, co-designed and written by young people.
- An offer to those who work with young people delivered through the GM Careers Hub. The Careers Hub is a community of practice for senior careers leaders and headteachers/principals in secondary education to implement the highest standard of careers education. 34 schools and colleges have now reached full implementation of the Gatsby Benchmarks, the measure by which schools and colleges self-evaluate. The push now is to get those nearly at full implementation to nudge their practice which would take the full implementation balance to approximately 100 schools and colleges just under half of all schools and colleges. Through this model businesses are also connected through a range of key initiatives such as 'Meet Your Future' which has connected employers to over 100,000 young people and through Pledge 5 we are building up more of a business portfolio offering multiple opportunities to young people. In addition, a bespoke programme of innovative leadership for headteachers has been created, working with Edge Foundation and Ashoka to start the system changes required to develop a more localised, sustainable model of practice reducing the dependence on external funding.

- An offer to businesses which supports them to connect to their future talent pipeline based on the skills intelligence and led by business need and interest. This work is supported by what we learn from Greater Manchester Apprenticeship & Careers Service (GMACS) to better connect what young people say they have ambitions to do versus what jobs are available in the jobs market.

GMCA has worked in partnership with The Prince's Trust to deliver the £10m Future Workforce Fund (FWF), a three-year pilot funded jointly by DfE and GM to test innovative ways of supporting around 7,000 young people and young adults aged 14-25 who are not in education, employment or training (NEET) or at risk of becoming so for a sustained period and experiencing poorer outcomes in adult life. With a focus on young people in schools, colleges, alternative education provision as well as those not engaged in education, training or work, the FWF has seven main strands of activity, including life skills, pre-employment, world of work and mentoring, plus a series of small-scale grant funded projects commissioned by Prince's Trust. To the end of March 2022, the programme has supported 5,990 young people.

GMCA has commissioned delivery of the £10m ESF NEET & Youth Employment programme, which commenced during January 2022 and will engage 6000 young people across GM aged 15-24 who are affected by missed education, and/or are disengaged from mainstream skill support offers, employment or training. The programme will conclude in September 2023.

During 2021/22, apprenticeships remained a key pathway into work and skills for our residents and, together with Traineeships and T Levels, saw additional employer grants continue as an incentive within the Government's 'Plan for Jobs' COVID-19 response/recovery package, started in the summer of 2020.

The Public Sector Apprenticeship approach has supported thousands of new apprenticeship starts across Greater Manchester public services since 2017. Whilst formal reporting for 2021/22 has not yet taken place, in the previous year (2020/21) around 2,000 people started new apprenticeships across the GM public sector despite the COVID-19 pandemic, and the overall number of apprentices in the GM public sector increased by over 650. Collaborative approaches to apprenticeships across our public services continue and apprenticeships continue to be a key strategic focus, so it is anticipated that at least 2,000 additional apprenticeships will have started across Greater Manchester public sector employers in the year to March 2022.

As part of our work to remove barriers to apprenticeships for underrepresented groups, seven small-scale projects commenced delivery in September 2020, designed to better understand and tackle under-representation of different groups within our apprentice population relative to the GM population in general. In total 147 individuals engaged across the 7 projects, with 31 starting apprenticeships up to March 2022. An evaluation report has been produced to capture learning from the programme to inform future work in this area and help to ensure the greatest impact for residents. This builds on the work undertaken with Department for Education as part of the 'Five Cities' pilot and work with the Ageing Hub on apprenticeships for the Over 50s.

2. Adults can acquire the skills, mindset and support they need to fulfil their career potential and adapt to changing needs throughout their lives, from entering employment to highly skilled careers and retraining.

The Adult Education Budget (AEB) is a single budget bringing together adult further education (all 19yrs plus provision with the exception of apprenticeships / traineeships), community learning, and discretionary learner support. GMCA receives an annual budget every academic year (August to July) of approximately £96 million, with the final allocation determined each January prior to the start of the academic year.

The AEB is intended to fund provision which supports the local labour market and economic development. In particular, it focuses on ensuring that adults have the core skills that they need for work, including guaranteeing a number of statutory entitlements relating to English, maths and digital skills, as well as first Level 2 and 3 qualifications and English for Speakers of Other Languages (ESOL).

The academic year ending August 2021 was the second year of devolved AEB to GM where over 52,000 GM residents accessed over 110,000 devolved AEB funded courses, with over 88,000 of these completed during 2020/21 academic year. During 2020/21 the COVID-19 pandemic continued to have an effect on classroom and other face-to-face learning and resulted in a decrease in residents enrolling on courses, at key milestones within the academic year. GMCA provided support to residents and providers through support for online delivery, continued targeted programmes for people significantly impacted by the pandemic and providing continued funding to enable providers to offer additional pastoral support to learners. AEB providers delivered 88% of planned learning in 2020/21, considering the continued impact the pandemic caused all learning environments to close or limit access for significant parts of the academic year. This reflects the work and commitment from across the provider base, to ensure the residents were supported and offered the learning they required.

In December 2021, the GMCA approved the refresh of the GM Adult Skills Programme, ensuring it continues to be a key part of that integrated system and one which, through alignment with devolved employment support programmes and health and social care functions, can deliver change that not possible at national level. Whilst the pace of change has been impacted by the pandemic, the core priorities for Adult Education Budget (AEB) have not fundamentally changed. Rather, the refreshed priorities are about tackling inequalities, equipping people for life and work, and help residents to progress in learning and into/within employment.

Over the last financial year GMCA has delivered the Skills Bootcamps pilot supporting adults to retrain and employers to fill skills shortage vacancies via a place based approach that has brought partnerships of local employers and providers together to deliver innovative employer led skills training. There have been nearly 600 participants with 55% entering skilled employment; 49% of which were women and 41% from ethnic minorities. Earlier this year GMCA were successful in securing £7m of funding to expand delivery of "Skills Bootcamps" in the region. We aim to support 2500 people into real job vacancies in the region across the range of LIS Frontier Sectors including digital & creative, advanced materials/manufacturing, green economy and life sciences. Building upon the recommendations of the inequalities commission we will target groups of residents underrepresented in key sectors and facing disadvantage in the labour market.

3. Employers have access to a system that is flexible, resilient and adaptable, and meets their needs in the rapidly changing 21st Century world of work, driving a sustainable economic future for GM in which companies compete on the basis of high productivity, good quality work, and excellent employment practices.

The Skills Intelligence team is an external facing employer intelligence function (funded by ESF) engaging with businesses of all sizes and across all sectors across GM. The core role of the team is to gather (from/with employers) a detailed evidence base building on information and intelligence gathered from other sources about the current and future talent and skills needs of businesses in GM; including the jobs they need to recruit to, competencies required, and skills challenges. The team is putting the voice of business at the heart of the education, skills and work system in GM with 10 sectors now covered by in-depth skills intelligence work which:

- Enhances the quality, value for money, and reach of GMCA's wider Work and Skills commissioning.
- Reaches back into the skills system to influence curriculum and programme change within existing delivery, ensuring that residents are better equipped to secure high-skill jobs in the city region.
- Works across internal functions (e.g. Economy, Environment), and external bodies (e.g. Local Authorities, TfGM, central government), to ensure that the skills system in the city region supports key strategic priorities.

GM's Skills for Growth Programme, funded by ESF, will support 3,000 businesses to better understand and articulate their skills needs and over 25,000 individuals to develop their technical skills. Developed in response to industry intelligence gathered from businesses and employer networks in Greater Manchester frontier sectors and foundation economy. Delivery of the small and medium enterprise (SME) support element commenced in autumn 2020 and to date over 1800 SMEs in GM have been supported with this programme. We have also commissioned eight skills contracts across a variety of sectors to deliver upskilling to those working or living in GM. To date more than 1700 individuals have enrolled or completed the training on offer and we have our final 3 commissioning opportunities live. The programme will run until September 2023 with claims being submitted to ESF until Dec 2023. GM's Skills for Growth programme has specifically supported the creation of 137 apprenticeships in SMEs, with 265 expected by May 2023.

We continue to maximise impact of Apprenticeship Levy funding generated within Greater Manchester via the GM Levy Matchmaking Service. Since its launch in August 2019 it has secured pledges of Levy funding totalling £7.3m and has funded 570 new apprenticeships to date, with a further 191 agreed for the future.

GM's Local Growth Fund Programme (LGF) reached financial closure on 31 March 2021. The full £143m grant allocation was achieved by the spend deadline. Projects, which have included capital investment in GM's further education infrastructure and the creation of industry-standard training facilities and learning environments, have continued to report match spend and jobs created (outputs) since this date. Across the full programme, we agreed to create 6250 jobs and £210m of match spend. We have exceeded this target across the programme (transport and non-transport) with 6291 jobs and £339m match spend reported to date. We continue to demonstrate

good value for money for GM; we are currently reporting 2,173 jobs and £319m of match spend on the non-transport side of the programme and are therefore on target to achieve contract outputs by 2025. Within the LGF programme there were approximately £25m of recycled funds which continue to fund the original projects and there is also £16m which has been allocated to skills recovery, a proposal for these funds is being developed and is expected by Autumn 2022.

4. Residents are supported by a welfare system, under Universal Credit, that provides access to good work for those who can, support for those who could and care for those that can't

The devolved GM Working Well (Work and Health Programme (WHP)) continues to support GM residents who are out of work due to poor health/disabilities and the long term unemployed, to help address their individual barriers to employment with a view to helping them enter or return to work. The £52m programme will support over 22,000 GM residents over its five-year span (2018-2024).

The challenges of the pandemic brought movement from a 'payment by results' model to a 'cost plus' model. This enabled providers to continue to support all participants on the programme moving to remote delivery models for significant periods in order to continue supporting residents facing some of the most complex barriers from the labour market. To the end of March 2022, there have been 21,000 individual starts onto the programme with 8,500 of those starting employment and 5,000 achieving earnings outcomes (sustained jobs). The programme performs well in comparison to other contract package areas across England and Wales. Work towards a potential 2 year extension of the WHP is currently underway, introducing a further £12.3m investment to support upward of 5,800 people. This work is anticipated to conclude in autumn and will ensure continuation of support to 2026.

The GM Working Well suite expanded with the launch of the Specialist Employment Service (SES) in August 2020, a £4m three-year programme aiming to support up to 1,300 residents with a learning disability and/or autism or severe mental illness (SMI) to find work. GMCA is currently agreeing an 18 month contract extension for the supported employment element of SES and is supporting the mental health system to commission GM's 'Individual Placement and Support' provision for SMI going forwards. In addition, as part of the government's 'Plan for Jobs', support for the newly unemployed came in the form of the £13m Job Entry Targeted Support (JETS) programme, launched in late October 2020 and devolved to Greater Manchester as part of our Working Well suite. By the end of May 2022, JETS had already supported 16,700 residents and had delivered 7,800 job entries making the GM JETS programme the second most successful across England and Wales.

The beginning of the first period of lockdown in March 2020 also coincided with the launch of a new pilot programme, 'Enterprising You', to test up-skilling support for low income self-employed residents and those working in the gig economy. 'Enterprising You', developed in partnership with the Federation of Small Businesses, is the only programme of its kind in the UK that is offering this level of multi-faceted support to self-employed/gig workers on low incomes. Due to the circumstances of the pandemic this was one of several programmes which adapted to provide support where it was most needed, to date the delivery the pilot has already supported over 2,200 people.

A priority of the GM Age-Friendly Strategy is to increase economic participation amongst the over-50s. GMCA has been working in partnership with the Centre for Ageing Better, DWP 50+ Choices team and the local Jobcentre Plus team to better understand the challenges facing over-50s in our labour market and explore how we could better support older workers. In February 2022 the final report was completed of the co-design project in GM, commissioned by the Centre for Ageing Better. This recommended a digital platform to deliver targeted and bespoke support to unemployed and economically inactive over-50s in GM, alongside some small scale pilots of local engagement and coaching. GMCA will be developing and piloting this project during 2022/23, with evaluation being funded by the Centre for Ageing Better.

Also as part of the partnership with Centre for Ageing Better, GMCA launched the GM Age-Friendly Employer Toolkit in February 2022. The toolkit aims to provide practical information and links for employers in GM looking to become more age-friendly in their employment and recruitment practices.

Public Service Reform

Greater Manchester recognises that achieving our aim of inclusive economic growth and the creation of additional jobs must go hand in hand with improved outcomes for our residents through more effective public services, enabling them to contribute to and benefit from that growth and reducing demand for expensive, reactive services.

The GM Public Service Reform (PSR) programme aims to develop new models of support for people who need it most, including those with more difficult and complex lives. Available resources are aligned to the Public Service Reform programme working collaboratively with the 10 Authorities, the GM Health and Care Partnership, Greater Manchester Police, Housing Providers, the Voluntary, Community and Social Enterprise Sector and a range of other partners to continue to shift our emphasis to people, prevention and place.

The GM Reform Investment Fund (RIF) was agreed with government as part of the fourth devolution agreement for Greater Manchester. The original ambition for the RIF was to create a vehicle through which different government funding streams could be brought together into a single GM pot to be invested alongside other local funding in driving system wide reform. This included a £5m allocation from the 'Life Chances Fund' in 2018.

Tackling homelessness

Tackling homelessness and rough sleeping have continued to be key priorities and policy objectives in 2021/22. The Greater Manchester Homelessness Prevention Strategy provides long term vision and cross sector commitment. The strategy was developed following extensive co-production and public consultation and approved by GMCA in September 2021.

The A Bed Every Night (ABEN) programme has provided a key accommodation and support pathway for people who are experiencing rough sleeping, or at imminent risk. A Bed Every Night critically provides for people with no statutory duty of interim accommodation owed them, including those with 'No Recourse to Public Funds'. During 2021/22 the fourth phase of ABEN commenced at a planned cost of £6m funded from local and national funding and delivered as one part of a wider system of activity to prevent and relieve rough sleeping, including the Rough Sleeper Initiative, Rough Sleeper Accommodation Programme and Housing First pilot.

The Rough Sleeper Accommodation Programme has seen significant capital spend in 'move on' accommodation for people to take up 2-3 year tenancies. GMCA has deployed £1.34m planned capital spend to acquire and repair 51 properties.

During the COVID-19 pandemic GMCA funded from the RIF a 'Youth Homelessness Prevention Pathfinder' to develop a working model that could be procured as a full social outcomes contract. The fee-for-service pathfinder ran from December 2020 to December 2021 and supported an estimated 250 young people at risk of homelessness. The outcome of this led to the design of a larger three-year outcomes based contract which commenced early in 2022, with the aim of achieving positive outcomes for 1,500 young people. The contract is to be funded from the RIF and local match funding from the business rates growth funding retained by GM as part of its devolution agreement and the current 100% growth retention pilot.

Supporting Families

Through an agreement with Government established in 2017 GMCA has received Supporting Families funding through the GM Reform Investment Fund prior to it being distributed to the ten Local Authorities. This agreement with Government which also sees Greater Manchester local authorities work towards a collective number of families has helped to ensure that money is being invested in things that allow families to get access to the family support services they need, whilst also freeing up funding to contribute to transformation of services at neighbourhood level.

For 2021/22 the government provided an allocation of £10.926m for the Supporting Families programme with the aim of working with a minimum of 4,754 families, a target that GM Local Authorities exceeded.

Age Friendly Greater Manchester

Making Greater Manchester more age-friendly is the primary objective of the GM Ageing Hub. The Hub's range of task groups and campaigns has convened a number of strategic partnerships to support this objective under the following priority areas:

- Work and Skills – promoting new services and inclusive practice for older workers and producing a new age-friendly employment toolkit.
- Housing and Planning – publishing a framework for age-friendly housing and supporting the Design for Life book
- Ageing well, including public health and culture – Coordinating best practice and increasing capacity of a range of services that promote healthy ageing
- Ageing-in-Place – developing a new £4m Ageing in Place pathfinder programme
- Innovation and Growth – collaborating to take create new jobs and businesses

In addition the Hub has:

- led a campaign with GM housing agencies to get older people to claim pension credit and other entitlements, raising £3m for eligible people of state pension age. This included a social media campaign and the production of materials for each of the ten GM local authorities.

- Coordinated a programme of activities to encourage older adults to become more digitally-included, including the publication of best practice guidance and practical projects in a number of local areas.
- Maintained a regular cycle of research, policy and strategic meetings and events for colleagues across GM agencies.
- Continued to support the GM Older People's Network as representative voice of older people in GM, and in 2022 the GMCA agreed to establish an Older People's Panel to enhance the representative voice of older people in GM decision-making.
- Further developed its long-standing partnership with the Centre for Ageing Better.

The Ageing Hub continues to develop extensive partnerships with the GM local authorities to develop effective ageing plans that deliver real improvements for GM residents.

Waste and Resources

GMCA is responsible for the management and disposal of municipal waste from Greater Manchester (formerly known as Greater Manchester Waste Disposal Authority). The Authority handles around 4% of the UK's municipal waste. This is approximately 1.1 million tonnes of waste and recycling each year from over a million households from the metropolitan areas of Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside and Trafford (Wigan operate as a unitary authority and administers its own disposal arrangements).

Each of the local authorities are responsible for the collection of household waste. GMCA receives funding from a levy on the nine Greater Manchester local authorities to pay for the processing and disposal of this waste. The 2021/22 levy was set in February 2021 for a total of £162.402m using forecast levels of waste totalling 861,000 tonnes. The overall volume of waste during 2021/22 was in line with budget but with variances in the types of waste delivered. Lower amounts than forecast were received in biowaste, street sweepings and trade, and higher than forecast in residual, commingled and paper/card waste streams.

The GMCA Waste and Resources team oversee the operation of the facilities through contract arrangements with Suez Recycling and Recovery UK. The recycling rate for waste from households in Greater Manchester in 2021/22 was 45.98% and only 0.86% of GM waste was sent to landfill.

General (residual) waste is delivered to a mechanical treatment facility in Greater Manchester and then transported by train to the Energy Recovery facility in Runcorn. The general waste is fed into the furnace which creates heat used to boil water to make steam which spin turbines. The turbines are connected to generators which make electricity and heat used to power the INOVYN facility, which now takes around 20% less energy from the National Grid. The chimney stack at the facility is fitted with an emissions monitoring system which continually monitors the emissions coming from the process. Ferrous metals are removed for recycling and the ash is reused for construction.

Food and garden waste is delivered to In-Vessel Composting facilities (IVC). The IVC system harnesses the natural composting process to recycle food and garden waste into compost in 6 weeks. The compost produced will be used as a soil improver on agricultural land. Paper and card is taken to a paper sorting facility for recycling back into new products.

Mixed recycling is taken to a materials recovery facility in Manchester, where the plastic bottles, glass bottles and jars, foil, food tins, drinks cans and aerosols are separated. Greater Manchester only collect plastic bottles because there is a sustainable market to guarantee they can be recycled.

During 2021/22 the service netted an underspend of £35m, mainly relating to surpluses from the operation of the main contracts for residual and recycled waste. This includes:

- £16.1m surplus on the residual waste contract from an increased share of third-party income mainly in relation to electric wholesale price.
- £10.2m from the Waste and Resources Management Services contract due to increased recycle revenue rebate from an increased priced obtained and slightly higher tonnages of mixed recycling and paper/card.
- £2.9m from other contracts with the underspend being moved to the Lifecycle Reserve to be spent in future years.

The 2021/22 year end surplus has been transferred to reserves. It was agreed in February 2022 to return at least £10m of 2021/22 waste reserves to the nine GM local authorities.

Police and Crime - Safer and Stronger Communities

The Mayor is responsible for the formal oversight of Greater Manchester Police (GMP), including provision of all funding, budget-setting, performance scrutiny and strategic policy development. The Mayor is also responsible for holding the Chief Constable to account for ensuring GMP is run efficiently and effectively. These responsibilities are carried out by the Mayor alongside Greater Manchester's Deputy Mayor for Policing, Crime, Criminal Justice and Fire. Operational decision-making on day-to-day policing matters and the employment of police staff remains the responsibility of the Chief Constable.

For 2021/22 the PCC received core grant of £495m, ring fenced Police Uplift grant of £5.8m and Pension grant of £6.6m. The precept increase limit set by government for 2021/22 was £15 for a Band D property which would have been an increase in funding for Police and Crime in Greater Manchester of £25.8m. Following consultation on a proposed £15 increase it was reduced to £10 in response to the issues raised by the public which reduced the overall funding increase by £3.8m. Taking account of a deficit position on the Council Tax Collection Fund during the pandemic, an increase in the tax base and non-recurrent COVID-19 support funding for Council Tax the total amount from the precept was £167m. This provided overall budget of £674.4m for policing in 2021/22.

Government funding for 2021/22 included the second year of the national expansion programme of 20,000 police officers over three years. In 2021/22 this was 6,000 officers nationally which for Greater Manchester equated to 325 officers plus 16 additional officers to support the North West Regional Crime Unit. Funding in the previous year 2020/21 included a front loaded contribution to the infrastructure costs of new officers

(training, equipment etc) of £20m from which £5m was drawn down in 2021/22 onwards to support delivery. The 2021 Spending Review provided funding for the final 8,000 officers nationally which equates to further 438 in 2022/23.

Greater Manchester is committed to building safer and stronger communities where every community and person in Greater Manchester feels safe and secure in their daily lives. The Greater Manchester Mayor fulfils the role of Police and Crime Commissioner. Launched in March 2018, this ambition is echoed in 'Standing Together', the Greater Manchester Police and Crime plan. Following the re-election of the Mayor in May 2021 the plan was extensively consulted on and refreshed during 2021/22 and approved by the Police, Fire and Crime Panel in January 2022.

The plan sets out the vision for how policing and other services which contribute to community safety will be delivered across Greater Manchester. The Medium Term Financial Plan (MTFP) provides the resourcing for the delivery of the priorities in the Standing Together Police and Crime Plan:

Keeping people safe - Protecting and caring for people who live, work, socialise and travel in Greater Manchester. Protecting those who are vulnerable and those who are victims of crime or at risk of being victimised. Building resilience, feelings of safety and confidence in policing and community safety.

Reducing harm and offending - Preventing anti-social and criminal behaviour including the most serious offending by solving problems, intervening early and rehabilitating offenders to build confidence in criminal justice.

Strengthening communities and places - Helping to build resilient and resourceful communities including online communities and protecting the places where people live, work, socialise or travel. Supporting the delivery of the IT systems, buildings, roads, street lighting and other public assets needed to solve problems in a 21st century society.

The refresh of the police and crime plan reflected the Greater Manchester Strategy and the emphasis on place based, multi-agency working, inequalities and the climate emergency. Priorities including the assessment from Her Majesty's Inspectorate of Constabulary and Fire & Rescue (HMICFRS) of policing in Greater Manchester, learning from the COVID-19 pandemic, new ways of working and changes to patterns of need and demand and the Greater Manchester Gender Based Violence Strategy are reflected in the refreshed plan.

For GMP 2021/22 reflected a year of improvement in operational delivery and services to the public. The launch of the Plan On A Page (POAP) improvement programme in September 2021 established the basics required to prevent and reduce crime, to keep people safe and to care for victims. The publication of the HMICFRS PEEL inspection in March 2022, whilst highlighting significant improvements are still required, set out that progress GMP had made since it published its new action plan in September, reflecting the "greenshoots" of improvement achieved in 2021/22. The workforce has been strengthened during 2021/22 from a net growth in police officer numbers during 2021/22 of 280 and improved leadership and performance management framework.

Youth Justice Services work to intervene earlier with young people who displayed offending behaviour to prevent them from getting involved in crime in the first place. The

Deputy Mayor for Police and Crime has committed £0.5m per year for three years to support this important work.

Greater Manchester was the first police force area in the country to work with health colleagues to commission jointly an integrated custody healthcare and liaison and diversion service, providing vulnerable people both within custody and at court with the support they need at the right time in the right place. Everyone who comes into custody has a needs assessment completed which helps to identify and respond to their vulnerabilities, accessing support and interventions, which will help them to reduce their offending.

The police service is working closely with partners to support individuals before they reach crisis point. Supported by a network of health professionals and skilled community volunteers, we have invested in schemes that support both victims of domestic abuse and people who have mental ill health, who may come into the criminal justice system because they are vulnerable and aims to reduce the risk of them coming into contact with the criminal justice system in the future.

The Deputy Mayor works closely with GM Authority Community Safety Partnerships. In 2021/22, over £4m was delegated to Community Safety Partnerships to support delivery of 'Standing Together' collectively making our communities safer and more resilient. Part of this funding was ring fenced for supporting communities to contribute to reducing crime and anti-social behaviour in the areas where they live. This meant that more than 70 community groups across Greater Manchester have received funding through their local community safety partnerships and their work has been invaluable to tackling local priorities.

Greater Manchester Fire and Rescue Service

Greater Manchester Fire and Rescue Service (GMFRS) is one of the largest Fire and Rescue Services outside London with around 1,800 full time equivalent members of staff and 41 fire stations covering an area of approximately 500 square miles. GMFRS work closely with the local community to make Greater Manchester a safer place to live, work and visit. GMFRS are also responsible for enforcing fire safety legislations.

The Annual Delivery Plan 2021/22 introduced the new GMFRS Improvement Programme, and was made up of several improvement projects, all aligned to the Mayor's Fire Plan as the framework to deliver against. The programme focused on improving and investing in the Service, whilst at the same time enabling the organisation to deliver against key elements of the HMICFRS improvement action plan. The most recent inspection confirmed GMFRS is an evolving and improving service with inspectors reporting a positive shift in the leadership and culture. The service will continue to work with HMICFRS to implement further improvements to deliver its statutory core functions extraordinarily well and create an increasingly outward facing fire and rescue service.

Over the last year there has been a focus on developing a culture of excellence, equality and inclusivity and significant progress has been made against strategic priorities:

Priority 1: Provide a fast, safe, and effective response

- Implemented 999 Eye at North West Fire Control

- Negotiated with the Fire Brigade Union to implement a new 'Marauding Terrorist Attack' operating model
- Implemented 'Flexible Day Crewing'
- Successful rollout of new 'Mobile Data Terminals' across all fire appliances
- Invested in new appliances
- Delivered 'High Rise Training', testing new equipment and involving wider stakeholders
- Developed and implemented a new training strategy

Priority 2: Help people reduce the risk of fires and other emergencies

- Designed and introduced the 'Home Fire Safety Assessment'
- Undertook a review of prevention campaigns and messaging
- Published 'Prevention Education' offer

Priority 3: Help protect the built environment

- Implemented a service wide action plan in response to learnings from Grenfell and The Cube
- Implemented Level 1 fire investigation training'
- Delivered protection awareness training to operational crews
- Partnership engagement via Department of Levelling Up and the Home Office
- Continued leadership on the National Fire Chief Council North West Operations / Resilience Committee workstream
- Continued support to Greater Manchester High Rise Task Force and engagement with communities in GMFRS

Priority 4: Use resources sustainably and deliver the most value

- Gained approval of the Sustainability Strategy and developed a steering group
- Delivered schemes through the Public Sector Decarbonisation programme
- Successfully delivered the Ramsbottom housing refurbishment

Priority 5: Develop a culture of excellence, equality, and inclusivity

- Recruited 97 new apprentice firefighters
- Re-set the workplace following COVID-19, including a review of workspaces

Priority 6: Integrate our services in every locality with those of partner agencies

- Delivered 54 multi agency training and exercise scenarios
- Multi Agency Gold Incident Command training delivered in GM
- Delivered a COVID-19 response
- Agreed principles for Blue Light Collaboration

Alongside this, core activities and statistical information is captured and utilised to help ensure that focus and campaigns are targeted in the right areas. Performance is closely monitored through key performance indicators and governance arrangements to assist in driving service delivery and improvement across the service.

GMFRS attended 30,478 incidents (fires, false alarms and special service calls) during 2021/22, an increase of 10% (2,734) when compared with 2020/21. The increase is mainly associated with special service call incident types. GMFRS attended 30,478 incidents (fires, false alarms and special service calls) during 2021/22, an increase of

10% (2,734) when compared with 2020/21. The increase is mainly associated with special service call incident types.

Sadly, 11 people died as a result of fires in 2021/22 compared with 10 fire related deaths in 2020/21. Of these, six involved males, of which five were accidental in nature and 1 was deliberate. Home Office research has indicated that 'the likelihood of dying in a fire is not uniform across all age groups and genders, overall men are twice as likely to die in a fire as women'. There have been 163 injuries as a result of fires in 2021/22; 137 slight and 26 serious. This compares with 180 injuries during 2020/21, a decrease of 9%. The majority of fires continue to originate in the kitchen and are associated with cooking.

7,851 'Safe and Well/Home Fire Safety' visits were made to homes across Greater Manchester in 2021/22 compared to 8,335 telephone assessments during 2020/21. During the period of the COVID-19 pandemic, GMFRS worked to balance keeping households safe from fire whilst limiting the exposure of our operational staff to the public and/or the COVID-19 virus. Following the lifting of COVID-19 restrictions in line with the government roadmap, the delivery model of our Safe and Well visits was reviewed, which included a review of booking processes and direct question sets, to take account of the ongoing prevalence of the COVID-19 virus and variants in our communities.

Direct visits were reintroduced in September 2021, with control measures put in place to protect the public and staff from the ongoing transmission of the COVID-19 virus, while at the same time addressing fire risk. January 2022 saw the launch of the new 'Home Fire Safety Assessment' (HFSA) process and supporting systems. Each referral received is triaged to identify the risk of the individual to support our targeted approach to delivering home safety advice to those most at risk.

During 2021/22 continued challenges due to the COVID-19 pandemic impacted on activities being delivered due to periodic restrictions impacting on recruitment and training delivery. Additional costs have been incurred for increased activities such as overtime, cleaning, cleaning materials, ICT equipment and loss of income relating to catering and Prince's Trust delivery. Since the outbreak of the COVID-19 pandemic, the service has received one off grant allocations totalling £3.421m to support the response which has been fully utilised.

Highways and Transport Services

The Greater Manchester Transport Strategy 2040 was published in 2017 and refreshed with a new Five-Year Transport Delivery Plan published in 2021 for the period up to 2026. The strategy is updated through a series of five-year delivery plans, which set out Greater Manchester's medium and shorter-term delivery priorities.

The Mayor of Greater Manchester has committed to creating the 'Bee Network' a London-style transport system which includes buses and trams by 2025 and commuter trains by 2030. It supports the GMCA ambition to make GM one of the best places in the world to *grow up, get on and grow old* - seamlessly connecting our people, places and communities. The Bee Network will also help to contribute to our health, our air quality and to help us achieve our commitment for GM to be net zero by 2038.

The approved 2021/22 revenue budget for Transport was £246.426m, the majority of which is paid to Transport for Greater Manchester (TfGM) and the remainder is retained by GMCA for capital financing costs. Most of the Greater Manchester transport budget is funded from the Transport Levy, Statutory Charge and the Mayoral Precept, as far as the latter relates to transport matters.

TfGM is responsible for carrying out the transport-related functions and policies of the GMCA and the Greater Manchester Transport Committee (GMTC), and those functions of the Mayor which may be delegated to it, including the functions set out below. The GMTC is a joint committee made-up of the principal transport decision-making bodies – the ten GM Councils, GMCA and the Mayor of Greater Manchester.

Members of the GMTC represent residents and businesses across Greater Manchester and have oversight across all aspects of Greater Manchester's transport network. GMTC oversees the performance of the transport system and hold rail, tram, bus operators, TfGM, and highways authorities to account. This effectively allows the Committee to act in an advisory capacity to the Mayor and GMCA.

TfGM acts on behalf of the GMCA to coordinate with the GMCA and the ten Local Authorities to develop a strategy that ensures the legal requirements for clean air are met across the city-region. In addition to the policies and activities which are directed by the GMCA transport vision, a number of TfGM activities are determined by government policy or legislation, including the English National Concessionary Travel Scheme.

The period covered by this statement of accounts and the period since the year end continue to have been significantly impacted in a number of ways by the COVID-19 pandemic and the recovery from it.

Highways

TfGM has strategic oversight of the 'Key Route Network' (KRN), making up over 650km of Greater Manchester's busiest roads. While this is just 7% of the total length of the highways network, it carries two-thirds of all peak-time traffic. TfGM works closely with local authority partners and Highways England to coordinate day-to-day operations and deal with incidents and events on Greater Manchester's roads and motorways. This includes work aimed at tackling congestion such as managing signals to improve traffic flow, controlling pedestrian crossings, conducting long-term planning and modelling and design, and installing and modifying new traffic signal junctions.

Having both visual oversight and close working relationships with each of the districts enables TfGM to communicate up-to-date travel advice across its various media platforms – ranging from web and social media channels through to roadside message boards. Such travel information helps the travelling public to plan their journeys in advance of major events or upcoming roadworks.

Based on 2021 data, in the city-region, 70% of all journeys were made by road, with an estimated 1.6 billion trips made on the Greater Manchester (GM) road network (with an origin and/or destination inside GM) each year. It is a critical asset on which public transport, freight, business, visitors and commuters rely including, increasingly, for active travel modes. Journey numbers on highways were relatively steady throughout the COVID-19 pandemic and despite recent record fuel prices have remained close to pre-

pandemic levels. During March 2022 the number of road journeys had returned to c. 99% of pre pandemic levels.

Metrolink

Metrolink is owned by TfGM and operated and maintained by KeolisAmey Metrolink (KAM) on a seven year contract which began in July 2017. While KAM operates and maintains the network, TfGM is responsible for setting the price of tickets, renewing, enhancing and expanding the network and planning future development, as well as overseeing the operations and maintenance contract.

Metrolink services began operating in 1992 and since then the network has grown extensively and is now the largest light rail network in the UK. The system began to expand in 2010, with a c£2 billion expansion and extension programme, the latest extension being the Trafford Park Line which opened in March 2020. The network now has a total of 99 stops and 103km of track. Metrolink is one of the most accessible forms of transport with step-free access at all stops and level access from the platform to the tram. The system is powered by electricity produced from wind or solar power, making it zero-emission at street level.

As agreed by GMCA, as part of the funding strategy for the Greater Manchester Transport Fund (GMTF) which funded the majority of the investment in the network referred to above, all net revenues generated from Metrolink are ring fenced to fund the financing costs associated with the local borrowings taken out as part of the GMTF.

Patronage and revenues on Metrolink have been significantly impacted by COVID-19 and the lockdowns throughout the last two years, as well as the changes in work and travel patterns and behaviours which have occurred during the recovery period to date. Patronage fell to as low as c. 5% of pre-pandemic levels during the first lockdown before recovering back to c. 50% and then reducing again in subsequent lockdowns. As at June 2022, patronage has reached circa 70% of pre-pandemic levels.

Since the start of the pandemic, funding has been provided by DfT to support the loss in farebox revenues and to enable the continued operation of these essential services which, along with the other modes (such as bus and rail), have been key to providing transport to key workers and latterly to help the local economy recover from the impacts of the pandemic. Although patronage and revenues have started to recover, patronage and farebox income are still well below pre pandemic levels. DfT has announced a further funding package for the period to 4 October 2022, which it has indicated will be the last period of government funding for light rail systems such as Metrolink.

Bus

Greater Manchester's bus network plays a key role in keeping the city-region moving by helping to reduce car journeys and easing congestion on our roads. Bus services were deregulated in 1986 under the Transport Act 1985. Consequently, there are currently two interacting bus markets in Greater Manchester: a commercial (deregulated) market and a subsidised (contracted) market.

As with other travel modes, patronage on bus has been significantly impacted by the COVID-19 pandemic and the network and its operators have been dependent on

ongoing financial assistance from the government to support the continuation of services at current levels. As referred to above for Metrolink, the DfT has indicated that the period to 4 October 2022 will be the last period when COVID-19 recovery funding will be available for bus operators. TfGM is working with bus operators to assess the likely impacts on services beyond this date. This work includes the requirement for a 'Network Review' being carried out by GMCA/TfGM, as the Local Transport Authority for GM, and is considering the future required development of transport across all modes including bus and light rail.

In April 2022, TfGM was informed that that it had been successful in being awarded an indicative revenue funding allocation of up to £94.8m to commence delivery of the Greater Manchester Bus Services Improvement Programme (BSIP). This funding is for the period from 2022/23 to 2024/25. As with the situation for other LTA's, discussions continue with the Department for Transport and HM Treasury prior to a final award being confirmed.

In March 2021, the Mayor of Greater Manchester made the decision, to implement bus franchising as part of plans for a joined-up and truly passenger-focused transport network. Once implemented Greater Manchester will be the first city-region outside London to have buses that are under local control, allowing local leaders to set routes, frequencies, fares and tickets. This will allow GMCA and TfGM to fully integrate buses with the rest of the transport network, as part of a passenger-focused network with easy end-to-end journeys. TfGM will be implementing and managing bus franchising on behalf of GMCA (the franchising authority). To ensure a smooth transition, franchising will be introduced in phases, with the first franchised buses starting to run in Bolton and Wigan in September 2023.

Rail

Greater Manchester is a prominent regional and national centre for rail passenger travel. Typically, 40 million rail trips per year took place (pre COVID-19) within the Greater Manchester city-region and rail passenger use has increased by 30% over the last decade. A further 30 million trips either started or finished in GM from a location outside the city-region. In the context of journeys to, from and within the wider North West, around 50% of all journeys involve Greater Manchester.

Currently, Greater Manchester does not have devolved control over rail services or infrastructure. TfGM therefore takes a collaborative approach to working with Network Rail, rail operators and the Department for Transport in order to see services delivered as effectively as possible. TfGM uses communications channels such as social media to ensure Greater Manchester's residents are made aware of planned service disruption and improvements, and using local insight, expertise and data continues to make the case for investment from central government.

Greater Manchester Clean Air Plan

The government has instructed many local authorities across the UK to take quick action to bring harmful nitrogen dioxide (NO₂) air pollution levels within legal limits.

In Greater Manchester, the ten local authorities, with the support of GMCA and TfGM, are working together to develop a Greater Manchester Clean Air Plan (GM CAP) to

tackle NO₂ exceedances at the roadside. In June 2021 the GMCA endorsed a final GM Clean Air Plan and policy following a review of the information from the GM CAP consultation and wider data, evidence and modelling work. The plan was then agreed by the ten GM local authorities. This included a Greater Manchester-wide category C charging Clean Air Zone (CAZ), where only the most polluting vehicles which don't meet emission standards would have been charged to drive in the Zone.

It was originally intended that the CAZ would go live from 30 May 2022, affecting non-compliant HGVs, buses and non-GM-registered taxi and private hire vehicles. Work to install the CAZ signage and Automatic Number Plate Recognition (ANPR) cameras for monitoring the CAZ began in summer 2021, alongside the development of back office systems.

The CAZ was designed to comply with a legal direction from government issued before the coronavirus pandemic, to deliver compliance with NO₂ legal limits on the local road network by 2024. However, since then there have been significant vehicle supply chain issues and the cost of living has increased leading to concerns about the availability of compliant vehicles and financial hardship for local people.

Late last year, Greater Manchester commissioned an independent review of emerging global supply chain issues and the impact this could have on the cost and availability of vehicles. Based on this the Greater Manchester Mayor and Leaders determined that the original Clean Air Plan was unworkable, Government agreed in February 2022 to lift the previous legal direction requiring GM to achieve compliance with legal NO₂ limits by 2024. Government gave Greater Manchester until July 2022 to present a revised plan to achieve compliance with legal levels of NO₂ on the local road network in the shortest time possible and by no later than 2026. This was submitted in draft on 1 July 2022.

Greater Manchester Local Enterprise Partnership (LEP)

The Authority acts as the accountable body for the Greater Manchester LEP, with funds such as, Growth Deal, LEP Capacity and Business Growth Hub being awarded to it. The tables below show Income and Expenditure activity within 2021/22, along with funds held in reserves on behalf of the LEP.

	Income £000s	Expenditure £000s	Variance £000s
Revenue Funds			
LEP Capacity	(556)	556	0
Business Growth Hub	(780)	780	0
Total Revenue	(1,336)	1,336	0
Capital Funds			
Growing Places Fund	(4,795)	4,795	0
Total Capital	(4,795)	4,795	0
Grand Total			

LEP Reserves	31 March 2021 £000s	Transfers in/out £000s	31 March 2022 £000s
LEP Capacity	(396)	0	(452)

Business Rates (Enterprise Zones)	(340)	0	(340)
Total Reserves	(736)	0	(792)

Revenue Outturn 2021/22

The 2021/22 revenue outturn position in relation to the Mayoral budget, GMCA General Budget, GM Fire and Rescue, Waste and Resources and Transport, including TfGM and the Police Fund is shown in the table below:

2021/22 Summary	Original/Approved Budget			Provisional Outturn			Variance*		
	Exp	Income	Total	Exp	Income	Total	Exp	Income	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
GMCA General	259,765	(259,765)	0	259,765	(259,765)	0	0	0	0
Mayoral General	126,749	(126,749)	0	126,427	(126,427)	0	(322)	322	0
GM Fire & Rescue	112,173	(112,173)	0	113,176	(115,146)	(1,970)	1,003	(2,973)	(1,970)
Waste & Res	162,402	(162,402)	0	162,402	(162,402)	0	0	0	0
Transport	246,426	(246,426)	0	234,503	(246,426)	(11,923)	(11,923)	0	(11,923)
Police Fund	646,654	(646,654)	0	646,654	(646,654)	0	0	0	0

*Over-/Under Spend

Capital Programme and Financing 2021/22

GMCA Capital Programme

The capital programme for the Authority is reported and managed in 5 sections, Highways and Transport, Economic Development and Regeneration, Waste Disposal, Police Fund and Mayoral General Fund including Fire and Rescue Services.

The Highways and Transport programme includes traffic signal projects and the provision of capital grants and loans provided within the definitions of capital expenditure contained in the Local Authorities (Capital Finance and Accounting) Regulations 2003 for highways and transport purposes.

The Economic Development and Regeneration programme includes the provision of capital grants and loans provided within the definitions of capital expenditure contained in the Local Authorities (Capital Finance and Accounting) Regulations 2003 for economic development and regeneration purposes.

The Mayoral General Fund capital programme wholly related to investment in fire and rescue projects such as vehicles, fire stations and new information technology.

Capital expenditure is financed directly from one of the three following sources:

- Grants or contributions from external sources;
- Proceeds from the sale of capital assets or the repayment of capital loan advances;
- Direct funding from the revenue.

Capital expenditure not directly financed from the three sources above increases the Capital Financing Requirement and is charged in future years through the revenue budget over the life of the assets in line with the Minimum Revenue Provision policy.

The Authority's capital programme outturn and how it was financed is summarised in the tables below:

Capital Programme 2021/22	Budget 2021/22 £000	Previous 2021/22 Forecast £000	Outturn 2021/22 £000	Variance £000
Greater Manchester Transport Fund schemes				
Metrolink Programme	5,770	7,020	5,877	(1,143)
Metrolink Renewals	8,394	9,257	10,938	1,681
Park and Ride	0	97	21	(76)
Bus Priority Programme	77	198	190	(8)
Interchange Programme	51	62	(136)	(198)
Greater Mcr Transport Fund	14,292	16,634	16,890	256
Stockport Council Schemes	5,552	3,732	2,500	(1,232)
Trafford Extension	196	710	988	278
Clean Air Programme				
OZEV-EV Taxi	1,986	2,530	2,109	(421)
Financial Support Scheme (FSS)	0	3,294	3,344	50
Clean Air Zone (CAZ)	0	18,137	12,127	(6,010)
Clean Bus Technology Fund	1,733	2,071	1,646	(425)
Clean Bus Fund	11,571	6,582	5,836	(746)
Early Measures Investment Fund	342	320	332	12
Clean Air Programme total	15,632	32,934	25,394	(7,540)
Other Capital Schemes				
CCAG 2	2,179	1,732	1,625	(107)
TCF - Mayors Challenge Fund	54,290	40,574	40,602	28
TCF - Metrolink Capacity Improvement Programme	18,132	16,856	13,088	(3,768)
Active Travel Fund	6,697	2,461	1,842	(619)
Access For All	1,788	624	463	(161)
Other Capital Schemes total	83,086	62,247	57,620	(4,627)
Major Works - other	34,535	26,440	28,044	1,604
Minor Works	11,078	9,028	7,421	(1,607)
Transforming Cities 2	2,625	1,029	1,017	(12)
Bus Franchising	0	6,423	5,223	(1,200)

Capital Programme 2021/22	Budget 2021/22 £000	Previous 2021/22 Forecast £000	Outturn 2021/22 £000	Variance £000
Traffic Signals (Externally Funded)	2,500	2,500	2,230	(270)
Full Fibre Network	17,252	11,200	12,313	1,113
GM One Network	0	0	499	499
Highways Capital Maintenance	27,202	34,940	47,164	12,224
Total Capital - Transport	213,950	207,817	207,303	(514)
Recycled GF / RGF Capital Receipts	5,000	8,295	8,147	(148)
Growing Places	20,000	10,250	4,795	(5,455)
Housing Investment Fund	90,142	77,434	139,412	61,978
Skills Capital Round 2 & 3	9,673	4,596	3,445	(1,151)
Life Sciences Fund	1,749	999	749	(250)
Pankhurst Institute	793	0	0	0
Getting Building Fund	31,316	34,612	34,611	(1)
Brownfield Land Fund	30,000	37,907	39,780	1,873
Affordable Homes	0	200	88	(112)
Public Sector Decarb Scheme	0	57,648	35,257	(22,391)
Homelessness Rough Sleeper	0	1,335	1,335	0
Green Homes	0	3,300	1,939	(1,361)
Econ Development & Regen.	188,673	236,576	269,558	32,982
Estates	4,999	3,194	2,305	(889)
ICT	4,017	1,820	407	(1,413)
Vehicles & Equipment	4,186	3,779	1,988	(1,791)
Sustainability	75	342	409	67
Waking Watch Relief	0	2,050	1,751	(299)
Fire and Rescue Service	13,277	11,185	6,861	(4,324)
Operational Sites	21,300	24,150	15,516	(8,634)
Non-Operational - Sites	1,750	189	38	(151)
Waste & Resources	23,050	24,339	15,554	(8,785)
Plan on a Page	15,222	11,970	10,925	(1,045)
ICT	29,914	22,739	22,025	(714)
Fleet	3,590	4,461	3,375	(1,086)
Estates	1,662	1,697	1,611	(86)
Other	3,997	2,625	2,301	(324)
Total Police & Crime	54,385	43,492	40,237	(3,255)

Capital Programme 2021/22	Budget 2021/22 £000	Previous 2021/22 Forecast £000	Outturn 2021/22 £000	Variance £000
Total Capital	493,335	523,409	539,512	16,103

Financed by:	£000
<u>GMCA Resources</u>	
Borrowing	43,346
Capital Grants	116,519
Revenue Contribution to Capital Outlay	31,847
External Contributions	2,230
External Contributions TfGM	13,361
Total Transport	207,302
Borrowing	0
Capital Grants	112,205
Revenue Contribution to Capital Outlay	0
Useable Capital Receipts	157,353
Total Economic Development and Regen	269,558
Borrowing	1,779
Capital Grants	1,751
Revenue Contribution to Capital Outlay	3,330
Capital Receipts	0
Total Fire and Rescue Service	6,861
Borrowing	14,295
Useable Capital Receipts	318
Revenue Contribution to Capital Outlay	941
Total Waste	15,554
Borrowing	39,637
Capital Grant	600
Capital Receipt	0
Total Police and Crime	40,237
Total Funding	539,512

Treasury Management Performance in 2021/22

Borrowing and Borrowing Limits

In 2021/22, the Authority had an authorised limit for external debt of £2,685.1m, which compares to the actual level of debt outstanding at 31 March 2022 of £1,425.9m. Debt outstanding (including accounting adjustments) is made up of the following figures:

2020/21		2021/22
£m		£m
567.5	Public Works Loan Board (PWLB)	546.2
571.6	European Investment Bank (EIB)	559.9
106.2	Market	106.2
61.8	Temporary	20.3
161.2	MHCLG – HIF	164.1
28.5	Homes England	29.2
1,496.8	Total	1,425.9

Total borrowings show a net decrease during the year of £70.9m due to scheduled repayments to PWLB and EIB, reduced temporary borrowing and other accounting adjustments.

Short Term Investments for Treasury Management Purposes

Whilst the Authority held short-term borrowing at the end of the financial year, a level of short-term cash is always held to cover unexpected cash flow requirements. Short term deposits (excluding bank current accounts) as at 31 March 2022 were £245.7m. This is made up of the following figures:

2020/21		2021/22
£m		£m
89.4	Bank Deposits	13.4
50.0	UK Government Backed Deposits	232.3
139.4	Total	245.7

Total investments showed an increase in the year of £106.3m, mainly due to the advanced receipt of grants from central government.

Outlook for the future – financial landscape.

The 2021 Spending Review provided covered the three-year period to 2024/25, however the government has only confirmed a one-year settlement for Police and Crime Commissioners and Fire and Rescue Services in 2022/23. The budget approved in February 2022 for all areas of GMCA reflected the confirmed funding from government at that time and estimated funding for 2023/24 and 2024/25.

For 2022/23 the Mayor proposed a precept of £102.95 (Band D) which was an increase of £12 from 2021/22. This was to provide budget support to the Fire and Rescue Service which would receive £71.20 of the precept and other Mayoral General Functions which would receive £31.75.

Highways and Transport, Economic Development and Regeneration and Waste Disposal Services are all funded through a mixture of Levies and Contributions from the GM Authorities alongside specific grant funding from Government Departments.

For 2022/23 the Transport Levy has been set at £105.8m and the Statutory Charge be set at £86.7m, a total of £192.5m which is unchanged from 2021/22. The Transport Levy and Statutory Charge is distributed across the GM local authorities based on mid-year 2020 population.

Since the budget was approved further capital and revenue funding for key programmes of work including the City Region Sustainable Transport Settlement (CRSTS), BSIP, UK Shared Prosperity Fund (UKSPF). The medium term financial plan including the capital programme for 2022-2025 will be updated and reported to GMCA for approval to reflect these changes during 2022/23 financial year.

The Business Rates 100% retention pilot was extended for a further year into 2022/23. Greater Manchester will strongly support the retention of the 100% pilot beyond 2022/23. Continuation of the 100% pilot would enable the Greater Manchester to maintain a source of income to cover its investment priorities to promote growth in the GM economic area.

The 10 GM Authorities continue to face uncertain financial prospects as the country emerges from the COVID-19 pandemic, with continuing pressure on budgets from social care services and more recently the impact of inflationary increases and the long awaited Fair Funding Review. This will continue to impact on and influence the levels of the Contributions and Waste and Transport Levies which are funded from the 10 GM local authorities' general fund budgets.

There is an inherent financial risk across all areas of GMCA with inflation as a consequence of the challenging global economic environment, the 'cost of living crisis' and pandemic recovery impacting particularly on transport revenues. The outcome of pay negotiations is difficult to predict and the availability of government funding to meet pressures is not confirmed.

Mayor's Police and Crime Services

Funding for police is sourced 75% from a central Government grant and 25% from the policing precept. Revenue funding for 2022/23 is budgeted at £718.5m, which is an overall increase of £44.1m compared to 2021/22.

For 2021/22 the Government grant for police included an additional £29.9m for Greater Manchester Police. This includes the final year of the police uplift funding relating to the recruitment of the third tranche of the 20,000 new officers nationwide.

As part of the overall funding for policing in 2022/23, the Government gave PCCs the ability to raise the police element of council tax (the precept) by up to £10 a year for an average Band D property which was approved by the Police, Fire and Crime Panel in January 2022. With this increase the Greater Manchester police and crime precept remains one of the 10 lowest out of the 42 police and crime areas of England. However Greater Manchester is more dependent than other areas on changes to Government grant funding due to the lower council tax base in the region.

The revenue budget for 2022/23 sets out the resources which are available to fund Mayoral PCC functions and GMP to resource policing services with a focus on addressing the concerns raised by HMICFRS in their inspection of GMP in December 2020. Implementation of GMP's improvement plan as set out in the 'Plan on a Page' (POAP) includes significant change and a commitment to fulfil promises made to the public to deliver an effective police service. This is supported by a medium-term financial plan incorporating use of non-recurrent resources and efficiency savings from within existing budgets.

Overall Police funding is dependent on Government grant and the PCC precept. There is an assumption of a £10 precept for each of the three years 2022/23, 2023/24 and 2024/25 included the government's settlement figures, however this is subject to local consultation and decision in January each year. There is a risk that police cost pressures will exceed available funding if the maximum £10 precept increase is not agreed upon locally.

What is in the Statements of Accounts?

The Accounts are prepared using International Financial Reporting Standards (IFRS). These are the same standards that a large company would use in preparing its financial statements. The following paragraphs give a brief explanation of the purpose and relationship between each of the main statements, which make up the Authority's Annual Statement of Accounts.

Statement of Responsibilities for the Statement of Accounts

The statement confirms the responsibilities of the Authority and the Treasurer for the production and content of the Annual Statement of Accounts

Movement in Reserves Statement (MIRS)

This statement shows the movement in the year on the different reserves. It shows how the deficit for the year in the Comprehensive Income and Expenditure statement is adjusted by the costs that are not a charge to local taxpayers.

Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards (IFRS), rather than the amount to be funded by local taxpayers.

Balance Sheet (BS)

The balance sheet shows the value as at the balance sheet date of the Authority's recognised assets and liabilities.

Cash Flow Statement

This statement shows the changes in cash and cash equivalents held by the Authority during the reporting period.

Expenditure and Funding Analysis

This analysis shows how annual expenditure is used and funded from resources (government grants, precept and levy) by the Authority in comparison with those resources consumed or earned in accordance with generally accepted accounting practices.

Accounting Policies and Concepts

These are the specific principles, bases, conventions, rules and practices applied by the Authority in preparing and presenting the financial statements.

Notes to the Financial Statements

These include information required by the Code and additional material items of interest to assist the readers understanding of the reported figures.

Events after the reporting period and authorised for issue date

This summarises any major events that happened between the year end and the authorised for issue date. Events coming to light after the authorised for issue date will not be included in the financial statements.

Group Accounts

These include the accounts of the entities listed earlier in this narrative:

Transport for Greater Manchester, Chief Constable of Greater Manchester Police, NW Evergreen Holdings Limited Partnership and GM Fund of Funds Limited Partnership.

Glossary of financial terms

The nature of this document means that technical words are unavoidable. The glossary found at the end of the document is intended to simplify and explain such words.

A handwritten signature in black ink, appearing to read 'Steve Wilson', with a small dot at the end.

Steve Wilson
Greater Manchester Combined Authority Treasurer

Statement of Responsibilities for the Statement of Accounts

This statement confirms the responsibilities of the Greater Manchester Combined Authority (the Authority) and the Treasurer for the production and content of the Annual Statement of Accounts.

Further Information

Further information about the Authority's Annual Statement of Accounts is available upon request from the following address:

Greater Manchester Combined Authority,
Finance Department
1st Floor, Broadhurst House
56 Oxford Street
Manchester
M1 6EU

This and previous year's Annual Statement of Accounts can be viewed on the Greater Manchester Combined Authority's website: www.greatermanchester-ca.gov.uk

The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Treasurer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Treasurer'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).

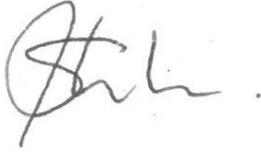
In preparing this Statement of Accounts, the Treasurer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code.

The Treasurer has also:

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

I certify that these unaudited Statement of Accounts give a true and fair view of the financial position of the Authority as at 31 March 2022 and of its income and expenditure for the year ended 31 March 2022.

A handwritten signature in black ink, appearing to read 'Steve Wilson', with a small dot at the end.

Steve Wilson
Greater Manchester Combined Authority Treasurer

Greater Manchester Combined Authority Single Entity Accounts

Financial Statements

Comprehensive Income and Expenditure Statement

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

Gross Expenditure 2020/21	Gross Income 2020/21	Net Expenditure 2020/21	Comprehensive Income and Expenditure Statement	Note	Gross Expenditure 2021/22	Gross Income 2021/22	Net Expenditure 2021/22
250,115	(12,141)	237,974	Transport, Waste, Economic Development and Regeneration		330,953	(126,588)	204,365
417,491	(253,111)	164,381	Highways and Transport Services		305,667	(188,465)	117,202
128,420	(5,247)	123,172	Economic Development and Regeneration		113,107	(1,085)	112,022
796,026	(270,499)	525,527	Waste Disposal		749,727	(316,138)	433,589
			Total				
			Mayoral General Fund Services				
94,512	(19,627)	74,885	Fire and Rescue Services		108,798	(16,586)	92,212
116,925	(101,170)	15,755	Mayor's Office		125,654	(101,036)	24,618
211,436	(120,797)	90,640	Total		234,452	(117,622)	116,831
			Mayoral Police Fund Services				
30,248	(108,706)	(78,458)	Mayoral Policing Services		33,796	(116,408)	(82,612)
707,569	0	707,569	Funding provided by the Mayor to the Chief Constable to fund Police and Crime Services		743,078	0	743,078
737,817	(108,706)	629,111	Total		776,875	(116,408)	660,466
1,745,279	(500,002)	1,245,277	Total Cost of GMCA Operations		1,761,054	(550,168)	1,210,886
5,666	0	5,666	(Gains) / Losses on Disposal of Non Current Assets		1,430	0	1,430
106,162	(12,768)	93,394	Financing and Investment Income and Expenditure	15	102,763	(8,668)	94,095
0	(1,316,385)	(1,316,385)	Taxation and Non Specific Grant Income	16	0	(1,376,409)	(1,376,409)
101,482	(101,482)	0	Home Office grant payable towards the cost of Police retirement		108,795	(108,795)	0
1,958,589	(1,930,636)	27,953	(Surplus) / Deficit on Provision of Services		1,974,042	(2,044,041)	(69,999)
			Items that will not be subsequently classified in deficit on provision of services				
		191,413	Re-measurement of the net defined benefit liability				(56,152)
		(38,842)	(Surplus) / Deficit on revaluation of non current assets				(25,599)
		152,571	Other Comprehensive (Income) & Expenditure				(81,751)
		180,524	Total Comprehensive (Income) and Expenditure				(151,750)

Steve Wilson
Greater Manchester Combined Authority Treasurer
 Date: **XX** July 2022

Movement in Reserves Statement

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

	General Fund Balances	Capital Grants Unapplied Reserve	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£000s	£000s	£000s	£000s	£000s	£000s
Balance as at 31 March 2020	(472,820)	0	(82,724)	(555,545)	3,239,216	2,683,671
Movement in Reserves during 2020/21						
(Surplus) or deficit on the provision of services	27,953	0	0	27,953	0	27,953
Total Comprehensive Income and Expenditure	0	0	0	0	152,571	152,571
Total Adjustments between accounting basis & funding basis under	(1,768)	(27,037)	28,459	(346)	346	(0)
Transfers to or from Earmarked Reserves	0	0	0	0	0	0
(Increase) / decrease in year	26,185	(27,037)	28,459	27,607	152,916	180,524
Balance as at 31 March 2021	(446,635)	(27,037)	(54,265)	(527,938)	3,392,133	2,864,195
Movement in Reserves during 2021/22						
(Surplus) or deficit on the provision of services	(69,999)	0	0	(69,999)	0	(69,999)
Total Comprehensive Income and Expenditure	0	0	0	0	(81,751)	(81,751)
Total Adjustments between accounting basis & funding basis under	(8,573)	(8,616)	(14,307)	(31,495)	31,495	0
Transfers to or from Earmarked Reserves	0	0	0	0	0	0
(Increase) / decrease in year	(78,572)	(8,616)	(14,307)	(101,494)	(50,256)	(151,750)
Balance as at 31 March 2022	(525,207)	(35,653)	(68,572)	(629,431)	3,341,875	2,712,444

Balance Sheet

The Balance Sheet shows the value of assets and liabilities recognised by the Authority. The net assets/liabilities are matched by the usable and unusable reserves held. Usable reserves can be utilised to fund services whereas unusable reserves are accounting reserves held to reconcile the position between the accounting cost of services and the cost set out in legislation that is chargeable to precepts and taxation.

Further details of balance sheet items can be found in the relevant associated notes.

31 March 2021 £000s	Balance Sheet	Note	31 March 2022 £000s
	Non Current Assets		
619,895	Property, Plant and Equipment	20	661,053
83	Heritage Assets		83
53	Investment Property		53
22,378	Intangible Assets	21	22,717
84,448	Long Term Debtors and Payments in Advance	22	133,695
7,501	Long Term Investments		40,766
734,358	Total Non Current Assets		858,367
	Current Assets		
2,601	Inventories and Stocks		2,869
294,965	Short Term Debtors and Payments in Advance	22	245,393
138,810	Cash and Cash Equivalents	23	244,934
436,376	Total Current Assets		493,196
	Current Liabilities		
(130,280)	Short Term Borrowing	29	(87,175)
(263,163)	Short Term Creditors and Receipts in Advance	24	(260,695)
(153,665)	Capital Grants Receipts in Advance	14	(198,507)
(23,369)	Revenue Grants Receipts in Advance	14	(27,532)
(7,057)	Short Term Provisions	25	(8,358)
(3,659)	Short Term Lease Liability	26	(4,082)
(7,303)	Short Term Deferred Liability	27	0
(588,496)	Total Current Liabilities		(586,349)
	Long Term Liabilities		
(1,366,546)	Long Term Borrowing	29	(1,338,733)
(9,146)	Long Term Provisions	25	(10,960)
(40,759)	Long Term Lease Liability	26	(36,676)
(72,262)	Long Term Capital Grants Receipts in Advance	14	(159,333)
(1,957,721)	Pensions Liability	33	(1,931,954)
(3,446,434)	Total Long Term Liabilities		(3,477,656)
(2,864,195)	Net Assets (Liabilities)		(2,712,444)
	Financed by:		
(527,938)	Usable Reserves	9,10	(629,431)
3,392,133	Unusable Reserves	28	3,341,875
2,864,195	Total Reserves		2,712,444

Steve Wilson
Greater Manchester Combined Authority Treasurer
 Date: **XX** July 2022

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 amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority.

Investing activities represent the extent to which cash outflows have been made for resources which 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 (i.e. borrowing) to the Authority.

2020/21 £000s	Cash Flow Statement	Note	2021/22 £000s
27,953	Net (surplus) / deficit on the provision of continuing operations		(69,999)
(242,985)	Adjustments to net surplus on the provision of services for non cash movements	32a	(189,242)
246,309	Adjust for items included in the net surplus on the provision of services that are investing and financing activities	32a	241,942
31,277	Net Cash Flows from Operating Activities		(17,299)
(185,562)	Investing Activities	32b	(173,790)
71,030	Financing Activities	32c	84,964
(83,255)	(Increase) / Decrease in Cash and Cash Equivalents		(106,125)
55,555	Cash and cash equivalents at 1 April		138,810
138,810	Cash and cash equivalents at 31 March	23	244,934

Single Entity Accounts

Notes to the Financial Statements

1 Accounting Concepts and Policies

1.1. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. These regulations require the Accounts to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Local Government Act 2003.

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.

1.2. Accounting Concepts

The accounts are prepared on a going concern basis. This assumes that the functions of the authority will continue in operational existence for the foreseeable future.

As a combined authority, the GMCA has to operate within its powers. The services provided by the GMCA include waste disposal functions, fire and rescue functions, police and crime commissioner, transport, economic development and regeneration. These services are funded by levies paid by the 10 Greater Manchester authorities, precepts collected by the 10 Greater Manchester authorities and grants provided by central government. The Authority does not anticipate that these levies, precepts or grants will cease in the foreseeable future given the statutory requirements placed on the GMCA to provide these services.

The group includes TfGM, which provides the transport network across Greater Manchester, and although transport related borrowing sits on the GMCA balance sheet, all the transport assets sit on TfGM's balance sheet. GMCA carries sufficient reserves in respect of each of its functions to provide resilience in the event of volatility in its various funding sources.

1.3. 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:

- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet;
- Expenses relating 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 on the basis of 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.

1.4. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions and local authorities, repayable without penalty on notice of no more than 24 hours.

Cash equivalents are highly liquid investments that mature in no more than three months from the balance sheet date 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.

1.5. 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. If material errors are discovered in a prior period, figures are corrected retrospectively, by amending opening balances and comparative amounts for the prior period.

1.6. Charges to Revenue for Non-Current Assets

The Comprehensive Income and Expenditure Statement is debited with the following amounts to record the cost of holding non-current assets during the year:

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

The Authority is not required to raise precepts, levies or GM authority contributions to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to a minimum revenue provision (MRP) amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.7. Termination Benefits

Termination benefits are amounts payable, as a result of a decision by the Authority, to terminate an Officer's employment or an Officer's decision to accept voluntary redundancy in exchange for those benefits 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.

1.8. Post-Employment Benefits – Pensions

Employees of the Authority are divided between two separate pension schemes: The Firefighters' Pension Scheme for its uniformed firefighters and the Local Government Pension Scheme for all other staff.

In accordance with proper practices the Authority has fully complied with the International Accounting Standard IAS19 (Employee Benefits). All Pension schemes are classified as 'defined benefit' schemes under IAS19 and the accounting principles and their effect on the financial statements are explained below.

1.8.1. The Firefighters' Pension Scheme

This is a defined benefit scheme, the rules of which are set out in the Firefighters' Pension Regulations. The scheme is wholly unfunded. No investment assets have been built up to meet liabilities and cash has to be generated from employee and employer contributions to meet actual pension payments as they fall due.

The Combined Authority as an employer, and firefighters as members, pay pension contributions based on a percentage of pensionable pay into the Firefighters' Pension Fund Account. Pension benefits are paid out of the Pension Fund Account.

The amounts payable into and out of the Pension Fund Account are specified by regulations. Any surplus or deficit on the Pension Fund Account must be transferred to or from the Authority and ultimately repaid to or received from the Home Office.

Injury awards are not part of the pension scheme and are charged directly to the Comprehensive Income and Expenditure Statement. However, liabilities in respect of injury awards are disclosed as part of the overall pensions liability.

Other than references to assets, these schemes are accounted for in the same way as the Local Government Pension Scheme set out below.

1.8.2. Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme. Both employer and employees pay pension contributions based on a percentage of pensionable pay into the scheme.

- The liabilities of the Greater Manchester Pension Fund attributable to the authority are included in the balance sheet on an actuarial basis using the projected unit credit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projected earnings for current employees
- Liabilities are discounted to their value at current prices, using a discount rate based on the rate of return on high quality corporate bonds constructed on the constituents of the iBoxx AA corporate bond index. The discount rate reflects the weighted average duration of the benefit obligation
- The assets of Greater Manchester Pension Fund attributable to the authority are included in the balance sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value.

1.8.3. Net Pensions Liability

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

1.8.3.1. Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year, allocated in the comprehensive income and expenditure statement to the services for which the employees worked;
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, debited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement; and

- Net interest on the net defined benefit liability, i.e. net interest expense for the authority, – the change during the period in the net defined benefit liability that arises from the passage of time charged to the financing and investment income and expenditure line of the comprehensive income and expenditure statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

1.8.3.2. Remeasurements comprising:

- Return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the pensions reserve as other comprehensive income and expenditure;
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the pensions reserve as other comprehensive income and expenditure; and
- Contributions paid to the Greater Manchester Pension Fund – cash paid as employer’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, this means that there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the general fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

1.8.4. 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.

1.9. Property, Plant and Equipment and Assets under Construction

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

1.9.1. 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. The authority has a £20,000 de minimis level for the recognition of property, plant and equipment. Exceptions to this are traffic signals and vehicles, which are capitalised with no minimum level.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

1.9.2. 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 while 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 (i.e. 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.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income line of the comprehensive income and expenditure statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the comprehensive income and expenditure statement, they are reversed out of the general fund balance to the capital adjustment account in the movement in reserves statement

Assets are then carried in the balance sheet using the following measurement bases:

- assets under construction and infrastructure assets – depreciated historical cost;
- surplus assets – fair value, estimated at highest and best use from a market participants perspective; and
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

Assets included in the balance sheet at current value are revalued sufficiently regularly, as a minimum every five years, to ensure that their carrying amount is not materially different from their current value at the year-end. Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the surplus or deficit on the provision of services where they arise from the reversal of a loss previously charged to a service.

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

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the comprehensive income and expenditure statement.

The revaluation reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the capital adjustment account.

1.9.3. Impairment

Assets are assessed at each year-end as to whether there are indications that an asset may be impaired. Where reliable indications exist and 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.

1.9.4. Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- infrastructure assets – straight-line allocation over the useful life of the assets (11 years) as estimated by Transport for Greater Manchester;
- buildings – straight-line allocation over the useful life of the property (5 to 100 years) as estimated by the valuer; and
- vehicles, plant and equipment – straight-line allocation over the useful life of the asset (5 to 30 years) as advised by a suitably qualified officer.

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Where there is more than one significant part of the same asset that has the same useful life and depreciation method, such parts may be grouped in determining the depreciation charge. In practice, this can be achieved by only separately accounting for significant components that have different useful lives. The requirement for componentisation for depreciation purposes is applicable to enhancement and acquisition expenditure incurred and revaluations carried out from 1 April 2010.

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

1.9.5. 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 re-valued 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 previously recognised losses 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 classified as 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.

1.9.6. Disposals

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 of £10,000 or more are categorised as capital receipts and credited to the Capital Receipts Reserve (CRR). They 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 Mayoral or GMCA CRR from the relevant Mayoral or GMCA balances in the movement in reserves statement.

The written-off value of disposals is not a charge against statutory funding, 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 relevant general fund balance in the movement in reserves statement.

1.10. 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 (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority 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 over its useful life to the relevant area in the Comprehensive Income and Expenditure Statement. 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 area 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.

1.11. Fair Value

The Authority measures some of its non-financial assets, such as Investment Properties and Surplus Assets, and some of its financial instruments at fair value at each reporting date, if material. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The Authority uses valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant in terms of pricing (assuming those market participants were acting in their economic best interest).

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

Unquoted Equity Investments are recognised on the trade date, i.e. the date the Authority becomes committed to the purchase and would not be able to avoid acquiring it without breaking the contract, rather than the date the settlement takes place, if this is a later date.

If there is no quoted market price for the asset, then a reliable valuation technique should be applied. This could be a discounted cash flow analysis of dividends received or a valuation of the Authority's share of the company.

Where financial liabilities and financial assets are carried in the balance sheet at amortised cost, they are shown below. 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:

- For loans from the PWLB, new borrowing rates from the PWLB have been applied to provide the fair value;

- For non-PWLB loans payable, prevailing market rates have been applied to provide the fair value;
- The fair value of trade and other receivables and creditors is taken to be the invoiced or billed amount;

The Authority uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

- Level 1 inputs – quoted prices in active markets for identical assets that the Authority can access at the measurement date;
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs – unobservable inputs for the asset or liability where market data is not available.

1.12. Revenue Expenditure Funded by Capital Under Statute

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

1.13. Minimum Revenue Provision

The Authority is required to make a provision for the repayment of an element of the accumulated capital expenditure each year, financed by borrowing, through a revenue charge, in accordance with the Minimum Revenue Provision (MRP) requirements. Regulations have replaced the detailed formula for calculating MRP with a requirement to be prudent. The MRP policy is included within the annual Treasury Management Strategy agreed by the Authority, which details the guidance and options for the basis of the provision. The GMCA has adopted the following policy:

- For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, MRP will be calculated using an Asset Life annuity basis over 50 years.
- For capital expenditure incurred from 1 April 2008 for all unsupported borrowing (including PFI and finance leases), MRP will be calculated on an Asset Life annuity basis. The interest rate applied will be linked to PWLB interest rates and the useful life of the asset.
- MRP will generally commence in the financial year following the one in which the expenditure was incurred. However, for long life assets, the Authority will postpone the commencement of MRP until the financial year following the one in which the asset becomes operational.

1.14. Capital and Revenue Grants and Contributions

1.14.1. Revenue Grants and Contributions

Revenue grants and contributions received by the Authority can either be classified as non-specific for general purposes or specific for use in relation to a service and/or function. Where conditions have been met, specific revenue grants and contributions are credited to the relevant service line within Cost of Services; non-specific grants are credited to Taxation and Non-Specific Grant Income.

When the expenditure relating to specific grants has not been incurred, the Authority has elected to make a contribution equivalent to the unspent amount of grant to an earmarked reserve. This reserve will be released in future financial years when the expenditure to which the grant relates is incurred.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as receipts in advance. 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.

1.14.2. Capital Grants and Contributions

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

1.14.3. Grants and Contributions relating to Revenue Expenditure funded by Capital under Statute (REFCUS)

Where conditions have been met, grants and contributions to fund expenditure not attributable to assets owned by the Authority (Revenue Expenditure Funded by Capital Under Statute) are credited to the non-specific income line within the Cost of Services. They are then transferred to the Capital Adjustment Account when the related expenditure has been incurred via the Movement in Reserves Statement. If the grant is not spent it goes to the Capital Grants Unapplied Reserve via the Movement in Reserves Statement. When spent, it is transferred from the Capital Grants Unapplied Reserve to the Capital Adjustment Account.

1.15. Local Taxation

1.15.1. Council Tax

Following the abolishment of GM Fire and Rescue Authority and GM Office for the Police and Crime Commissioner, the Mayor now collects funds via the Mayoral General Fund and the Mayoral Police Fund respectively.

In their capacity as billing authorities the 10 GM Authorities act as agents: they collect and distribute council tax income on behalf of the major preceptors and themselves. The cash collected by the billing authorities from council tax debtors belongs proportionately to the billing authorities and the major preceptors. There will therefore be a debtor/creditor position between the billing authorities and GMCA to be recognised since the net cash paid to GMCA in the year will not be its share of cash collected from council taxpayers.

1.15.2. Business Rates

From 1 April 2013 the 10 GM Authorities as billing authorities of Greater Manchester have acted as agents; they have collected business rates income on behalf of Central Government, the GMCA and themselves.

The business rates income distributed to each of the parties is the amount after deducting an allowance for the GM Authorities' cost of collection. The business rates cash collected by the billing authorities through the national scheme belongs proportionately to Central Government, the GM Authorities and GMCA; there will therefore be a debtor/creditor position between these parties to be recognised since the net cash paid in the year to each party will not be their share of the cash collected from business ratepayers.

In 2021/22 Greater Manchester continues to be a pilot area for the 100% Business Rates Retention Scheme and the relevant shares of business rates income for 2021/22 are Central Government (0%), GM Authorities (99%) and GMCA (1%).

For both council tax and business rates, the income reflected in the CIES in 2021/22 is the GMCA's share of the income relating to that year. However, the amount of council tax / business rates income that can be credited to the General Fund for the year is determined by statute and may be different from the accrued income position shown in the CIES. An adjustment is made via the Movement in Reserves Statement for the difference between the income due under proper accounting practice and the income per statute.

1.16. Financial Assets

Financial Assets such as investments (excluding those in companies included in the Authority's group accounts) and debtors are classified into three types; amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

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

Financial assets are introduced onto the balance sheet at fair value when the Authority becomes a party to any contractual provision.

1.16.1. Amortised Cost

These assets relate to financial instruments where the amounts received are solely principal and interest and they are held in a hold to collect business model (e.g. investments of surplus cash with the government's debt management office or loans to third parties).

The interest received on these assets is measured using the Effective Interest Rate model.

1.16.2. Fair Value through Other Comprehensive Income (FVOCI)

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

The interest received on these assets is measured using the Effective Interest Rate model.

All gains and losses due to changes in the fair value of these assets are accounted for through an unusable reserve (the Financial Instruments Revaluation Reserve) and charged to Other Comprehensive Income and Expenditure.

The cumulative gain or loss is debited or credited to the surplus/deficit on provision of services when an asset is disposed of.

1.16.3. Fair Value through Profit and Loss (FVPL)

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

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

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

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

1.16.4. Credit loss

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

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

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

The Authority has chosen not to adopt a simplified approach for impairment loss allowances on loan related trade receivables, including interest due. At each year end these loss allowances are calculated using the expected credit loss approach, and an assessment of changes in credit risk.

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

1.17. Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and 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 most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable plus accrued interest. The interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

For Lender Option Borrower Option (LOBO) loans, the effective interest rate has been calculated over the life of the loan. This is an average and differs from the amounts actually paid in the year. The difference between the calculated interest charge and interest paid has been adjusted in the carrying amount of the loan and the amount charged in the Comprehensive Income and Expenditure Statement is the effective interest rate for the life of the loan rather than the amount payable per the loan agreement. A statutory over-ride allows the reversal of this difference through the Movement in Reserves Statement in order to charge the actual interest payable to the General Fund.

1.18. Impairment of non-financial assets

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 subsequently reversed, 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.

1.19. Value Added Tax (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.

1.20. Reserves and Balances

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 and 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 for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement and employee benefits and they do not represent usable resources for the Authority.

The Authority produces memorandum accounts to hold the ring fenced reserves and balances relating to the Mayoral General Fund and the Mayoral Police Fund.

1.21. Revenue

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

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

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 has been recognised but cash has not been received or paid, a debtor 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.

Rentals receivable under operating leases and secondary rentals received and retained by the group under finance leases are credited to income as they arise. Any premia or incentives within the lease are recognised within income on an equal basis over the term of the lease.

1.22. 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.

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

1.23. 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.

1.24. 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. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the 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 (e.g. 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.

1.25. Events after the Reporting Period

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

Where these provide evidence of conditions in existence at the balance sheet date, the amounts recognised in the accounts are adjusted.

Where these are indicative of conditions that arose after the balance sheet date the amounts in the accounts are not adjusted. This is known as a non-adjusting event and is disclosed as a note to the accounts.

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

1.26. Interests in Companies and Other Entities - Group Accounts

The Authority is required to produce group accounts where it has interests in subsidiaries, associates and/or joint ventures unless interest is considered not material. The group boundary is dependent upon the extent of the Authority's control or significant influence over the entity, which is based on the requirements of IFRS10, IFRS11 and IAS 28.

Inclusion in the group is dependent upon the extent of the Authority's interest and power to influence an entity. The Authority is considered to control an entity if it has power over the entity, exposure or rights to variable returns from its interest with the entity and the ability to use its power to affect the level of returns. The determining factor for assessing the extent of interest and power to influence is either through ownership of an entity, or representation on an entity's board of directors/trustees.

An assessment of all the Authority's interests has been carried out during the year, in accordance with the Code of Practice, to determine the relationships that exist and whether they should be included within the Authority's group accounts. As such, group accounts have been prepared for the Authority to include Transport for Greater Manchester, Greater Manchester Police, NW Evergreen Holdings LP and GM Fund of Funds LP.

1.27. 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 that are applied to the Local Government Pension Scheme.

1.28. 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 (e.g. cars) for current employees, and are recognised as an expense for services in the year in which employees render service to the Authority.

In 2018/19, the Authority adopted a policy of not accruing for employee benefits if the value of the adjustment was considered immaterial. An annual assessment will be made each year and should this result in an adjustment that would be material then these benefits will be accrued. In the 2021/22 accounts the employee benefit accrual was calculated and considered not to be material, therefore the accounts have not been adjusted.

1.29. Private Finance Initiative (PFI)

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 these PFI schemes, and as ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on the 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. When establishing the recognition point of an asset, the Authority considers when probable and future benefits of the asset will flow to it and the extent to which the cost of the asset can be reliably measured.

PFI and similar contracts 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 to the PFI operators each year are analysed into the following elements:

- **Fair value of the services received during the year** – debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- **Finance costs** – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;

- **Contingent Rents** – Increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- **Payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease);
- **Lifecycle replacement costs** – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

The Authority is deemed to control the services provided under its PFI arrangement for the Stretford Fire Station site. The Authority also has a PFI contract for the construction and maintenance of 17 police stations across Greater Manchester whereby the contractor will operate and service the stations for 25 years after which ownership will revert to the Mayor of Greater Manchester for nil consideration. The accounting policy for PFIs and similar arrangements has been applied to these arrangements and the assets are recognised as Property, Plant and Equipment in the Balance Sheet.

Appendix 2

2 Critical Accounting Judgements

In applying the accounting policies set out in the notes to the accounts, the Authority has had to make certain judgements about complex in year transactions or those involving uncertainty about future events. The following are significant management judgements made in applying the accounting policies of the Authority that have the most significant effect on the Statement of Accounts. Material estimation uncertainties are described in the notes to the accounts.

Government Funding

There is an inherent degree of uncertainty about future levels of funding for major Government programmes devolved to GMCA and Local Government funding as a whole. As part of the going concern assessment, the Authority has had to consider a range of options on how to continue to provide some elements of its services with a reduced level of funding.

The asset base across Police and Crime, Fire and Rescue and Transport functions is considered as part of the financial planning process and there is not currently a sufficient indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

Private Finance Initiative (PFI)

The Authority has entered into Private Finance Initiative (PFI) agreements for the Stretford Fire Station and 17 new Police Stations across 16 sites. The ownership of the buildings is determined by who holds the balance of control in line with accounting standards. The Authority considers the buildings and equipment associated with these sites should be included on its Balance Sheet because:

- The reversion clause within the PFI agreement results in the Authority having a residual interest in the buildings at the end of the agreement;

- The services provided and the use of the building is controlled by the Authority through the PFI agreement; and
- The PFI agreement is between the PFI contractor and the Authority.

Group Accounts Considerations

A review of the entities related to the Authority in 2021/22 has taken place and the conclusions are provided below:

Chief Constable of Greater Manchester Police (GMP)

GMP is included in the Authority's group accounts from 8 May 2017. The Mayor is responsible for the formal oversight of GMP, including provision of all funding, budget setting, performance scrutiny and strategic policy development, and for ensuring GMP is run efficiently and effectively. Operational decision-making on day-to-day policing including the employment of police staff remains the responsibility of the Chief Constable.

Under the legislative framework and local arrangements, the Authority under sole instruction from the Mayor, is responsible for the finances of the Mayoral Police Fund including assets, liabilities and reserves. The Authority has responsibility for entering into contracts and establishing the contractual framework under which the Chief Constable's officers and staff operate. The Authority receives all income and funding and makes all the payments for the policing activity from the Mayoral Police Fund. Details of the Mayoral Police Fund are disclosed in the notes to the accounts.

Transport for Greater Manchester (TfGM)

TfGM will continue to be included in the Authority's group accounts. The Authority and/or the Mayor sets local public transport policy and is responsible for deciding how funds are spent on supporting and improving Greater Manchester's public transport network. The decisions of the Authority and/or the Mayor are implemented by TfGM and TfGM is responsible for implementing the policies of the Authority. TfGM's net expenditure after taking into account all sources of income and expenditure is financed by way of a Revenue Grant from the Authority. TfGM's corporate objectives are derived from the Authority's policy priorities, stakeholder consultation and its principal statutory obligations. Strategic objectives and targets are set out in the Authority/TfGM Business and Performance Plan.

For information, details of transactions with TfGM will be included within the related parties note.

Greater Manchester Fund of Funds Limited Partnership (FoFLP)

In November 2016 the Authority established FoFLP to act as a holding fund for ERDF funding. As at 31 March 2022, the fund had drawn down £30m of ERDF funding from Department for Levelling Up, Housing and Communities, and £0.6m from the Authority. FoFLP invest in sub-funds that seek to support the shift towards a low carbon economy and for research and innovation workspace. The fund has a further £30m of ERDF funding awarded which can be drawn down upon the achievement of certain milestones.

On the grounds of materiality, **FoFLP will continue to be included** in the group accounts.

NW Evergreen Holdings Limited Partnership (NWEH)

In September 2016 the Authority established NWEH to act as a holding fund for the ERDF funding attributed to the North West Evergreen Fund, an urban development fund established under the 2007-13 European Operational Programme. NWEH received over £60m of funding from ERDF and matched funding sources and invests via its sub-fund in commercial development projects in the North West of England. **NWEH will continue to be included** in the Authority's group accounts.

NW Fire Control Company

The NW Fire Control Limited Company (NW FCC) operates a regional control centre based in Warrington. The company has four equal partners namely: Greater Manchester Combined Authority, Cheshire, Cumbria County Council and Lancashire Fire and Rescue Authorities.

NW FCC became operational during 2014/15 and it meets with the definition of a joint operation for group accounts purposes. However, on the grounds of immateriality it has been decided that **NW FCC will not be included** in the group accounts.

Greater Manchester Accessible Transport Limited (GMATL)

GMATL is a private company limited by guarantee without share capital. The Authority is the person with significant control and has previously included GMATL in its group accounts. The balance sheet value is approximately £2.6m. On the grounds of immateriality, it has been decided that **GMATL will not be included** in the group accounts.

Manchester Investment and Development Agency Service (MIDAS)

MIDAS is a private company limited by guarantee without share capital. The Authority is the person with significant control and has previously included MIDAS in its group accounts. The balance sheet value is approximately £3.3m. On the grounds of immateriality, it has been decided that **MIDAS will not be included** in the group accounts.

HIVE Homes

HIVE Homes is a joint venture with 10 Registered Housing providers and has been incorporated to acquire sites in Greater Manchester and then develop them for sale as residential use. From March 2019 the Authority has a 20% share within the company, and £2m has been invested to date. On the grounds of immateriality, it has been decided that **HIVE Homes will not be included** in the group accounts.

3 Key Sources of Estimation and Uncertainty

In preparing the annual Accounts there are areas where estimates are made. These include:

3.1 Valuation of investments

The authority keeps its long term investments under review and recognises impairment losses as appropriate. In 2021/22 the Authority recognised impairment losses of £0.065m across the investment portfolio. One investment has resulted in a realised impairment loss in the year (£0.546m), and four investments have had prior year impairment provisions reversed (£1.323m) to reflect revised forecasts and the expectation of positive investment returns.

Five investments have been subject to additional impairment of £1.935m, based on fund valuations and future forecasts which reflect the risk stage of the investments at the 31 March 2022. The year-end carrying amount of these investments was £9.652m. If these investments were impaired by a further 1% the additional charge would be £0.118m.

3.2 Useful life of building assets

If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. The depreciation charge for buildings in 2021/22 was £14.6m. It is estimated that the annual depreciation charge would increase by £2m for each year the useful lives are reduced.

3.3 Provisions for known compensation claims which are estimated based on experience of similar claims

The value of known compensation claims at 31 March 2022 was £19.3m. The majority of this balance relates to the police insurance provision which is disclosed in the balance sheet at the pessimistic amount of £13.3m (25%).

3.4 The amount of arrears that will not be collected which are estimated based on the credit loss model

The debtors impaired under IFRS 9 (Financial Instruments) relating to principal and interest total £9.5m. If these were impaired by a further 1% the additional charge would be £0.568m.

3.5 The liability for future pension payments which is estimated by qualified actuaries

This is estimated by the actuary and a sensitivity analysis undertaken by them for the firefighters pension scheme and local government pension scheme can be found in the pensions note 33.

4 Impact of Accounting Standards issued but not yet Adopted

The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2021/22 Code. The Code also requires that changes in

accounting policy are to be applied retrospectively, unless transitional arrangements are specified; this would result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2021/22 code are:

- Definition of a business: amendments to IFRS 3
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Interest Rate Benchmark Reform – Phase 2 (amendments to IFRS 9, IAS 19, IFRS 7, IFRS 4 and IFRS 16).

These changes are not expected to have a material impact on the Authority's single entity statements or group statements.

5 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
- 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.

There are no events after the end of the reporting period and up to the date of authorisation for issue of the draft Statement of Accounts.

6 Authorisation for the Issue of the Draft Statement of Accounts

The 2021/22 draft Statement of Accounts were authorised for issue by the Treasurer on the XX July 2022.

7a Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources by the Authority in comparison to those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how the expenditure is allocated between services. Income and expenditure accounted for under generally accepted accounting practice is presented more fully in the Comprehensive Income and Expenditure Statement.

Greater Manchester Combined Authority Draft Statement of Accounts 2021/22

2020/21				2021/22		
Net expenditure chargeable to the General Fund Balance	Adjustments between Funding and Accounting Basis	Net expenditure in the Comprehensive Income and Expenditure Statement		Net expenditure chargeable to the General Fund Balance	Adjustments between Funding and Accounting Basis	Net expenditure in the Comprehensive Income and Expenditure Statement
£000s	£000s	£000s		£000s	£000s	£000s
257,833	(19,859)	237,974	Continuing Services	219,704	(15,339)	204,365
160,549	3,832	164,381	Highways and Transport Services	108,194	9,008	117,202
151,463	(28,291)	123,172	Economic Development and Regeneration	124,085	(12,063)	112,022
97,920	(7,280)	90,640	Waste Disposal Services	128,002	(11,172)	116,831
616,194	12,917	629,111	Mayoral General Fund Services	659,850	616	660,466
			Mayoral Police Fund Services			
1,283,959	(38,681)	1,245,277	Cost of Services	1,239,836	(28,950)	1,210,886
(1,257,774)	40,449	(1,217,325)	Other Income and Expenditure	(1,318,407)	37,523	(1,280,885)
26,185	1,768	27,953	(Surplus)/Deficit	(78,571)	8,573	(69,999)
472,820			Opening General Fund Balance and Earmarked Reserves Continuing Services	446,635		
(26,185)			Surplus / (Deficit) on General Fund Balance in year	78,571		
446,635			Closing General Fund Balance at 31 March	525,207		

7b Note to the Expenditure and Funding Analysis

2020/21					2021/22			
Adjustments for Capital Purposes (a) £000s	Pension Adjustments (b) £000s	Other Adjustments (c) £000s	Total Adjustments £000s		Adjustments for Capital Purposes (a) £000s	Pension Adjustments (b) £000s	Other Adjustments (c) £000s	Total Adjustments £000s
(19,859)	0	0	(19,859)	Continuing Services	(15,339)	0	0	(15,339)
1,978	1,853	0	3,832	Highways and Transport Services	3,385	5,622	0	9,008
(28,430)	139	0	(28,291)	Economic Development and Regeneration	(12,465)	402	0	(12,063)
10,223	(17,503)	0	(7,280)	Waste Disposal Services	3,911	(15,083)	0	(11,172)
12,789	128	0	12,917	Mayoral General Fund Services	249	367	0	616
(23,299)	(15,382)	0	(38,681)	Net Cost of Services	(20,259)	(8,691)	0	(28,950)
(4,733)	39,065	6,117	40,449	Other Income and Expenditure	(3,181)	39,076	1,628	37,523
(28,032)	23,683	6,117	1,768	Difference between General Fund Surplus and CIES Deficit on the Provision of Services	(23,440)	30,385	1,628	8,573

- a) Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:
- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
 - Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
 - Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.
- b) Net Change for the Pensions Adjustments - Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:
- For services this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.
 - For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.
- c) Other Differences - Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

8 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 arrive at the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an Authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on 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 (or the deficit of resources that the Authority is required to recover) at the end of the financial 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.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Greater Manchester Combined Authority Draft Statement of Accounts 2021/22

2020/21					2021/22			
General Fund Balance £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied £000s	Movement in Unusable Reserves £000s		General Fund Balance £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied £000s	Movement in Unusable Reserves £000s
				Adjustments to the Revenue Resources				
				Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
(23,683)	0	0	23,683	Pension cost (transferred to (or from) the Pensions Reserve)	(30,385)	0	0	30,385
(4,177)	0	0	4,177	Financial Instruments (transferred to the Financial Instruments Adjustments Account)	(2,975)	0	0	2,975
(13,052)	0	0	13,052	Council tax and NDR (transfers to or from the Collection Fund)	9,833	0	0	(9,833)
(125,576)	0	0	125,576	Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(118,579)	0	0	118,579
(166,488)	0	0	166,488	Total Adjustments to Revenue Resources	(142,106)	0	0	142,106
				Adjustments between Revenue and Capital Resources				
0	(68,812)	0	68,812	Transfer of capital income to the Capital Receipts Reserve	0	(171,660)	0	171,660
2,041	0	0	(2,041)	Movement in Capital Bad Debt Provision	3,095	0	0	(3,095)
92,389	0	0	(92,389)	Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	82,314	0	0	(82,314)
601	0	0	(601)	Capital receipts applied (transfer to the Capital Adjustment Account)	794	0	0	(794)
42,653	0	0	(42,653)	Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	38,714	0	0	(38,714)
137,684	(68,812)	0	(68,872)	Total Adjustments between Revenue and Capital Resources	124,918	(171,660)	0	46,742
				Adjustments to Capital Resources				
0	97,271	0	(97,271)	Use of the Capital Receipts Reserve to finance capital expenditure	0	157,353	0	(157,353)
27,037	0	(27,037)	0	Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	8,616	0	(8,616)	0
27,037	97,271	(27,037)	(97,271)	Total Adjustments to Capital Resources	8,616	157,353	(8,616)	(157,353)
(1,768)	28,459	(27,037)	346	Total Adjustments	(8,573)	(14,307)	(8,616)	31,495

9 Transfers to/from Reserves

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

Earmarked Reserves and Balances	31 March 2021 £000s	Transfers in/out £000s	31 March 2022 £000s
Transport, Economic Development and Regeneration (ED&R) & Waste			
Earnback Revenue	(22,360)	(7,070)	(29,430)
Life Chances	(4,715)	915	(3,800)
Clean Air Plan	(2,920)	(9,716)	(12,637)
Capability Fund	0	(2,610)	(2,610)
Youth Contract	(1,868)	88	(1,781)
Growing Places Fund	(1,554)	0	(1,554)
National Waste Strategy	0	(2,500)	(2,500)
Business Rates Top Up	(35,483)	4,223	(31,260)
RGF/GPF Interest and Arrangement Fees	(8,892)	(598)	(9,490)
Churchgate House Accommodation	(700)	(2,067)	(2,767)
Adult Education Budget Devolution	(4,445)	(10,162)	(14,607)
Integrated Ticketing Reserve	(11,703)	1,074	(10,629)
Capital Programme Reserve	(88,891)	(11,909)	(100,800)
Business Rates Growth Pilot & Levy	(33,192)	(4,449)	(37,641)
HIF Interest and Arrangement Fees	(10,987)	(2,080)	(13,067)
Our Pass Reserve	(5,688)	5,688	0
A Bed Every Night	(2,000)	0	(2,000)
Brownfield Fund	(1,551)	494	(1,057)
Active Travel Fund	(2,759)	410	(2,349)
Other Transport and ED&R Reserves	(10,668)	(2,492)	(13,160)
Waste Disposal Insurance Reserve	(12,694)	0	(12,694)
Waste Interest Rate Reserve	(2,000)	0	(2,000)
Waste Pension Deficit Funding Reserve	(812)	0	(812)
Waste MTFP Funding Reserve	(11,886)	(23,206)	(35,092)
Waste Optimisation and Efficiency	0	(6,000)	(6,000)
Waste Composition Analysis	0	(1,000)	(1,000)
Waste Lifecycle Reserve	(3,911)	(1,811)	(5,722)
Total Earmarked Reserves	(281,681)	(74,778)	(356,459)
Transport and ED&R General Fund Balances	(5,330)	(28)	(5,358)
Waste General Fund Balance	(12,132)	0	(12,132)
Total General Fund Reserves	(17,462)	0	(17,490)
Usable Capital Receipts Reserve	(54,265)	(14,307)	(68,572)
Capital Grants Unapplied Reserve	(24,987)	(10,367)	(35,354)
Total Transport, ED&R and Waste Reserves	(378,396)	(99,452)	(477,875)

Earmarked Reserves and Balances	31 March 2021 £000s	Transfers in/out £000s	31 March 2022 £000s
Mayoral General Fund			
Capital Reserve	(10,600)	985	(9,615)
Earmarked Budgets Reserve	(3,186)	(3,392)	(6,578)
Revenue Grants Unapplied	(12,463)	3,850	(8,612)
Insurance Reserve	(2,849)	(0)	(2,849)
Business Rates Reserve	(1,605)	191	(1,414)
Restructuring Reserve	(418)	(0)	(418)
Innovation and Partnership CYP	(127)	(0)	(127)
Transformation Fund	(3,604)	0	(3,604)
Total Earmarked Reserves	(34,852)	1,634	(33,218)
Mayoral General Fund Balance	(12,092)	(0)	(12,093)
Capital Grants Unapplied Reserve	(2,050)	1,751	(299)
Total Mayoral General Fund Reserves	(48,994)	1,751	(45,610)

Earmarked Reserves and Balances	31 March 2021 £000s	Transfers in/out £000s	31 March 2022 £000s
Mayoral Police Fund			
Revenue Expenditure Reserve	(11,322)	(12,334)	(23,656)
Insurance Reserve	(15,233)	2,684	(12,549)
Police and Crime Commissioner Earmarked Reserves	(47,992)	2,950	(45,041)
PFI Reserve	(10,606)	726	(9,880)
Total Earmarked Reserves	(85,153)	(5,973)	(91,126)
Mayoral Police Fund Balances	(15,398)	577	(14,821)
Total Mayoral Police Fund	(100,551)	577	(105,946)

Earmarked Reserves and Balances	31 March 2021 £000s	Transfers in/out £000s	31 March 2022 £000s
Combined			
Earmarked Reserves	(401,682)	(79,121)	(480,803)
General Fund Balances	(44,953)	549	(44,404)
Usable Capital Receipts Reserve	(54,265)	(14,307)	(68,572)
Capital Grants Unapplied Reserve	(27,037)	(8,616)	(35,653)
Total Usable Reserves	(527,938)	(101,494)	(629,431)

10 Purpose of Earmarked Reserves

The purpose and operation of the reserves are as follows.

Transport, Economic Development & Regeneration

Transport, Economic Development & Regeneration	
Earnback Revenue Reserve	Funding from the devolution deal to be used for infrastructure investment.
Life Chances Reserve	Funding to help people in society who face the most significant barriers to leading happy and productive lives. It will provide top-up contributions to outcomes-based contracts involving social investment e.g., SIB's.
GM Clean Air Plan Reserve	Funding to support the work to improve air quality across GM and to develop a local plan to ensure the UK achieves compliance with legal limits for nitrogen dioxide in the shortest possible time.

Capability Fund	Funding to increase the capabilities of Local Authorities to plan active travel infrastructure (walking and cycling), including building more expertise and undertaking more evidence- based planning.
Youth Contract Reserve	Funding to be used on initiatives to tackle youth unemployment for 18–24-year-olds.
Growing Places Fund Reserve	Funding to establish revolving investment funds, promoting a long term locally led solution to local infrastructure constraints.
Business Rates Top-Up Reserve	Funding Received as part of the single pot allocations to support delivery.
GPF-RGF Interest and Arrangement Fees Reserve	Interest earned on income received in advance will be re-invested within the fund as per grant conditions and arrangement fees may be off set against specific costs associated with the making of the loans.
Churchgate Accommodation Reserve	Earmarked funding for accommodation fit-out costs at Churchgate House and Lee House.
Adult Education Budget Devolution	Funds adult further education (all 19yrs+ provision with the exception of apprenticeships/traineeships), community learning and discretionary learner support. Supports the local labour market and economic development, in particular, it focuses on ensuring that adults have the core skills that they need for progression in learning and work, including guaranteeing a number of statutory entitlements relating to English, Maths and (from 2020/21 academic year onwards) digital skills, as well as first level 2 and 3 qualifications and English for Speakers of Other Languages (ESOL).
Integrated Ticketing Reserve	Funding to support the integrated ticketing scheme.
Capital Programme Reserve	Surpluses of capital financing costs which have been set aside to fund future capital programme related expenditure.
Business rates Growth Pilot & Levy	Funding to support Greater Manchester Strategic Priorities.
HIF Interest and Arrangement Fees	Interest, arrangement fees and other income earned from loans funded by the funding agreement with Ministry for Homes, Communities and Local Government. With the surplus to be used to support the GM housing strategy.
Our Pass Reserve	Funding to support Our Pass. Membership scheme for young people who live in Greater Manchester and supports both school and care leavers. Allows young people access opportunities with free bus travel throughout Greater Manchester.
A Bed Every Night	Funding to support GM Mayor's Charity' A Bed Every Night scheme. Works to assist those who are sleeping rough in

	Greater Manchester, into need into warm, safe, and supported accommodation.
Brownfield Fund	Funding to support the construction of housing on brownfield land.
National Waste Strategy	This reserve has been established to support with costs with providing responses to and implementation of the National Waste Strategy
Waste Disposal Insurance Reserve	This reserve has been established as a result of reducing the insurance provision in compliance with IAS37. The reserve provides a prudent contingency against unforeseen future claims, including the MMI Scheme of Arrangement. The reserve also provides a prudent hedge against changes in the insurance market which may require premium increases. The Reserve is now also enhanced as a buffer to satisfy any future insurance claims that may arise from an unforeseen event due to failure to secure selected insurance from the market.
Waste Interest Rate Reserve	To enable the Waste & Resources service to meet the additional cost of funding future increases in the margin chargeable on borrowings, arising from the current policy of not taking longer term debt.
Waste Pension Deficit Funding Reserve	To meet the cost of funding potential future deficit arising on transfer of former Greater Manchester Waste Limited employees into the Authority's pension fund on commencement of the Contract, and to take account of possible further efficiencies arising from austerity challenges.
Waste Medium Term Financial Plan Funding Reserve	Reserve to support the delivery of objectives in the Waste & Resources service Medium Term Financial Plan.
Transport, Economic Development & Regeneration Continued	
Waste Optimisation Reserve	This reserve has been set up to allow a further capital contribution to be made (if required), so that the Authority can realise longer term financial and operational benefits from the approach to minimising the amount of waste sent to landfill.
Waste Compositional Reserve	This reserve provides the cost of conducting a review of waste arisings to be spread over several years. The review enables us to gauge whether our residents are recycling, and in so doing, better target limited behavioural change resources.
Waste Lifecycle Reserve	Reserve created to allow funding of lifecycle / maintenance needs at the operational sites now under Authority control.
Transport and ED&R General Fund Balances	Funding to be utilised for the basic activities or the services that are provided by the GMCA. Funding to support Transport and Economic Development and Regeneration activities
Waste General Fund Balances	Funding to be utilised for the basic activities or the services that are provided by the GMCA. Funding to support waste activities or services

Usable Capital Receipts Reserve	Includes the principal repayments of RGF/GPF loans.
Capital Grants Unapplied Reserve	Fund to hold capital grants which have been received and credited to income but not yet spent on the acquisition of non – current assets

Mayoral General Fund

Mayoral General Fund	
Capital Reserve	Surpluses of capital financing costs which have been set aside to fund future capital programme related expenditure.
Earmarked Budgets Reserve	Funding to be utilised to meet the costs of future projects as part of the budget strategy.
Revenue Grants Unapplied Reserves	Accumulated unspent grant funding which is required to meet costs in future years.
Insurance Reserve	Reserve established as a result of reducing the insurance provision in compliance with IAS37. The reserve provides a prudent contingency against unforeseen future claims, including the MMI Scheme of Arrangement. The reserve also provides a prudent hedge against changes in the insurance market which may require premium increases.
Business Rates Reserve	Funding to mitigate the impact of potential significant deficits on the 10 Greater Manchester Council respective Collection Funds, of which the Authority is liable for 1%.
Restructuring Reserve	Reserve created to provide funds towards the costs of service transition.
Innovation and Partnership CYP Reserve	Funding for future partnership and innovation schemes and to support Children's and Young People's initiatives.
Projects Reserve	Funding to support project work within the Authority.
Transformation Reserve	New reserve set up as part of the Budget Strategy to be used by the mayor to promote collaboration and transformation in blue light services.
Mayoral General Fund Balances	Funding to be utilised for the basic activities or the services that are provided by the GMCA. Funding to support The Mayoral General fund
Capital Grants Unapplied Reserve	Fund to hold capital grants which have been received and credited to income but not yet spent on the acquisition of non – current assets

Mayoral Police Fund

Mayoral Police Fund	
Revenue Expenditure Reserve	Funding to be utilised to meet costs of existing projects which span years.
Insurance Reserve	Insurance Reserve - this reserve has been established as a result of reducing the insurance provision in compliance with IAS37. The reserve provides a prudent contingency against unforeseen future claims, including the MMI Scheme of Arrangement. The reserve also provides a prudent hedge against changes in the insurance market which may require premium increases.
PCC Earmarked Reserves	Funding to be utilised to meet costs of future projects which support the delivery of the Police and Crime Plan.
PFI Reserve	This reserve holds that balance of the PFI grant paid by the Home Office. It is used to support the future costs arising from the PFI Scheme.
Mayoral Police Fund Balances	Funding to be utilised for the basic activities or the services that are provided by the GMCA. Funding to support The Mayoral Police fund

11 Expenditure and Income Analysed by Nature

This table shows the underlying nature of the income and expenditure of the Authority:

2020/21 £000s	Nature of Expenditure and Income	2021/22 £000s
	Expenditure	
96,461	Employee Costs	109,686
42,944	Pension Interest Costs	43,195
101,482	Cost of Police Officer retirement benefits	108,795
362,615	Grants Expenditure	380,760
707,569	Funding set aside for the Chief Constable	743,078
266,794	Other Service Expenditure	202,266
26,343	Capital Charges including Depreciation and Impairment	43,961
63,218	Financing and Investment Expenditure	59,568
285,498	Revenue Expenditure Funded from Capital Under Statute	281,302
5,666	Loss on Disposal of Non-current Assets	1,430
1,958,589	Total Expenditure	1,974,042
	Income	
(12,768)	Financing and Investment Income	(8,668)
(137,975)	Fees, charges and other service income	(139,121)
(101,482)	Home Office grant payable towards the cost of retirement benefits	(108,795)
(270,017)	Income from Council Tax and Business Rates	(301,964)
(251,302)	Transport and Waste Levy Income	(267,923)
(1,157,093)	Government Grants and Contributions	(1,217,569)
(1,930,636)	Total Income	(2,044,041)
27,953	Deficit / (Surplus) on the Provision of Services	(69,999)

12 Revenue Expenditure Funded from Capital under Statute

Capital grants payable to TfGM/GM Authorities and other bodies delivering economic development and regeneration projects are charged to the Comprehensive Income and Expenditure Statement as expenditure incurred and they are then reversed out in the Movement in Reserves Statement.

2020/21 £000s	REFCUS	2021/22 £000s
178,744	Highways and Transport Services	172,844
106,754	Economic Development and Regeneration Services	106,707
0	Fire Services	1,751
285,498	REFCUS Total	281,302

13 Grants and Contributions Credited to Comprehensive Income

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement:

2020/21 £000s	Grants and Contributions	2021/22 £000s
	Highways and Transport Services	
(3,174)	Active Travel Fund	(179)
(57)	Better deal 4 buses	(117)
(1,288)	Emergency Active Travel Fund (Revenue)	0
(100)	Travel Demand Management	(50)
(5,565)	Home to School and College Transport	(4,527)
0	GM Clean Air Plan	(14,072)
0	Enhanced Partnership Scheme Grant	(100)
(1,549)	Light Rail funding	(95,117)
0	Intra-City Transport Settlement	(8,600)
0	LA Capability Fund	(2,877)
0	Air Quality	(197)
(11,734)		(125,836)
	Economic Development and Regeneration Services	
(97,193)	Adult Education Budget	(99,009)
(1,882)	Brownfield Fund (BF) - CLG	0
(3,885)	Business Support Grants & Contributions	(782)
0	Local Self-Isolation Pilot Grant	(2,066)
(77,287)	Covid 19 Grants	0
(9,173)	District Contributions to ED&R Functions	(8,922)
(1,077)	Economy - BEIS	(584)
0	UK Community Renewal Fund	(2,605)
(1,179)	Environment & Low Carbon Grants & Contributions	(1,298)
(8,385)	External Contributions and Income Towards ED&R	(7,516)
(2,547)	Future Workforce Fund	(1,779)
(3,610)	Homelessness Grants - CLG	(4,199)
(978)	Innovation & Reform Grant - DfE	(91)
0	European Social Fund	(827)
(444)	UIA Ignition Project	(585)
(151)	Homelessness – Out of Hospital Care	(625)
(1,392)	DFE Digital Boot Camps	(704)
(3,790)	Other Grants	(3,536)
0	Made Smarter Adoption North West	(3,310)
(1,005)	Rough Sleeping Initiative	(1,382)
(2,372)	Self Employment Pilot Programme	(3,560)
(11,029)	Troubled Families - CLG	(12,593)
0	GM Community Accommodation Services	(2,962)
(3,607)	Working Well JETS	(9,188)
(13,148)	Works & Skills Grants & Contributions	(17,084)
3,476	Benefit of concessionary loan received and future years write back*	2,978
(240,657)		(182,228)
	Mayoral General Fund Services	
(14,470)	Mayor's Office	(14,335)
(13,175)	Business Rates Top-Up Grant	(12,475)
(4,735)	Fire Service Specific Grants and Contributions	(2,543)
(32,380)		(29,353)
	Mayoral Police Fund Services	
(34,810)	CTU grant	(33,768)
(37,132)	Other revenue grants and contributions	(34,546)
(5,315)	PFI grant	(5,315)
(77,257)		(73,630)
(362,027)	Total Grants and Contributions Credited to Net Cost of Services	(411,047)

2020/21 £000s	Grants and Contributions	2021/22 £000s
	Non-Specific Grants and Contributions	
(244,293)	Non-Specific Capital Grant	(240,664)
(20,000)	Earnback Revenue Grant	(20,000)
(43,377)	Business Rates Top Up Grant	(35,707)
(3,375)	Contributions to Traffic Signals Repairs / S278	(2,230)
(500)	Growth Deal Grant (LEP)	(500)
(483,521)	Police Grant	(507,421)
(795,066)	Total Non-Specific Grants and Contributions	(806,522)
(1,157,093)	Total Grants and Contributions Credited to Comprehensive Income and Expenditure	(1,217,569)

*The full benefit of the saving from a loan provided at below market rate interest is treated as a grant in the year the loan funds are received. In future years the benefit is reduced annually over the remaining years of the loan term using a fair value effective interest rate.

14 Grants and Contributions Received in Advance

The Authority received the following grants and contributions in advance. These were not credited to the Comprehensive Income and Expenditure Statement as they have conditions that have not yet been met.

31 March 2021 £000s	Grants Received in Advance	31 March 2022 £000s
	Capital Grants Receipts in Advance	
(2,097)	Clean Bus Technology Grant	(451)
(4,759)	Cross City Bus Package	(7,950)
(1,785)	Cycle City Ambition Grant 2	(160)
(368)	Stockport Town Centre Access	(368)
(58)	Local Sustainable Transport Fund	(55)
(1,024)	Early Measure (GM Clean Air Plan)	(692)
(1,542)	Cycle Safety Grant	(1,542)
(64,387)	Clean Air Charging Zone	(123,077)
(1,758)	OLEV ULEV Taxi Infrastructure	0
(10,284)	Green Homes Grant	(8,965)
(4,658)	Pothole Action Fund	0
(78,237)	Public Sector Decarbonisation	(42,980)
(1,335)	Rough Sleeping Accommodation Programme (RSAP)	(2,796)
0	Transforming Cities - Metrolink	(83,709)
0	Air Quality (Capital)	(377)
0	Brownfield Fund	(8,577)
0	Earnback Grant (Capital)	(7,617)
0	Social Housing Decarbonisation	(10,473)
0	Transport City Deal	(22,300)
0	Zero Emissions Buses	(35,730)
(119)	Police Capital Grants	(23)
(225,926)	Total Capital Grants RIA	(357,841)
(153,665)	Due to be recognised within 1 year	(198,507)
(72,262)	Due to be recognised over 1 year	(159,333)
	Revenue Grants Receipts in Advance	
(2,040)	Made Smarter	(171)
(568)	Innovation & Reform Funding	(477)
(3,423)	Work and Health Programme	(1,991)
(191)	Digital Skills Academy Fund	0
(1,941)	NHS Early Help Transformation Fund	(156)
(3,034)	Self Employment Pilot Programme	(1,424)
(589)	UIA Ignition Project	(3)
(2,686)	Dedicated Home to School & College Transport	(5)
(1,577)	Early Years Transformation Fund	0
(1,449)	Working Well JETS	(3,122)
(1,148)	Future Workforce Fund	(1,451)
(1,000)	Housing Deal Capacity Funding	0
(1,532)	Better Deal for Bus Users	(1,416)
0	AEB -National Skills Fund Level 3 Adult Offer	(5,592)
0	Changing Futures Development Grant	(1,526)
0	FIM	(800)
0	GRIR Well Being	(765)
(895)	Other revenue grants receipts in advance	(2,392)
(745)	Mayoral Police Fund Asset Incentivisation	(3,798)
(550)	Mayoral Police Fund Other	(2,443)
(23,369)	Total Revenue Grants RIA	(27,532)
(23,369)	Due to be recognised within 1 year	(27,532)
0	Due to be recognised over 1 year	0

15 Financing and Investment Income and Expenditure

2020/21 £000s	Financing and Investment Income	2021/22 £000s
(802)	Interest receivable on deposits	(912)
(8,087)	Interest receivable on loans	(3,637)
(3,879)	Interest on Plan Assets	(4,119)
(12,768)	Total Financing and Investment Income	(8,668)

2020/21 £000s	Financing and Investment Expenditure	2021/22 £000s
25,914	PWLB	25,516
21,061	European Investment Bank	20,617
7,744	Others	4,820
927	Former Greater Manchester Council Debt	488
7,572	Interest Element of PFI Unitary Charge	8,126
42,944	Interest on Plan Liabilities	43,195
106,162	Total Financing and Investment Expenditure	102,763

16 Taxation and Non-Specific Grant Income

2020/21 £000s	Taxation and Non Specific Grant Income	2021/22 £000s
	Income from Levies	
(105,773)	Transport Levy from the GM Authorities	(105,773)
(145,529)	Waste levy from the GM Authorities	(162,150)
0	Income from Council Tax and Business Rates	
(156,587)	Council Tax Police Precept Income	(167,080)
(68,151)	Council Tax Mayoral Precept Income (inc Fire)	(69,664)
(45,280)	Non Domestic Rates Income	(65,220)
	Income from Revenue Grants	
(43,377)	Business Rates Top up Grant	(35,707)
(483,521)	Police Grant	(507,421)
(500)	Growth Deal Grant (LEP)	(500)
(20,000)	Earnback Grant	(20,000)
	Income from Capital Grants	
(3,375)	Capital Contributions Receivable for Traffic Signal Schemes	(2,230)
(77,808)	Growth Deal	0
(10,000)	Earnback	(2,383)
0	Green Homes	(37,197)
0	Clean Air	(21,990)
(50,223)	Transforming Cities	(68,806)
(20,899)	Pot Hole National Productivity Investment Fund	(15,526)
(3,445)	Stockport Town Centre Access Programme	0
(5,361)	Cycle City Ambition Grant	(1,625)
(27,100)	Getting Building Fund	(28,032)
(16,286)	Brownfield Land Fund	(39,780)
(14,583)	Emergency Active Travel Fund	(13,066)
(9,824)	Full Fibre	(9,050)
(3,923)	Clean Bus Technology Grant	(1,646)
(2,050)	Watching Watch Relief Fund	0
(1,980)	Police Capital Grants	(1,573)
(809)	Other capital grants and contributions	10
(1,316,385)	Total Taxation and Non Specific Grant Income	(1,376,409)

17 External Audit Fees

The Authority has incurred the following External Audit costs in relation to the audit of the Statement of Accounts and certification of grant claims.

2020/21 £000s	External Audit Fees	2021/22 £000s
49	Fees payable to Mazars with regard to external audit services carried out by the appointed auditor for the previous year	4
0	Surplus Fee refund received from Public Sector Audit Appointments (PSAA) with regard to external audit services undertaken in prior years under transitional arrangements by the Secretary of State	(14)
82	Fees payable to Mazars with regard to external audit services carried out by the appointed auditor for the year	82
0	Fees payable to Mazars for the certification of grant claims and returns for the year	0
131	Total External Audit Fees	72

18 Officer Remuneration

Officers with Remuneration above £50,000

The number of employees (including senior employees) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were as follows:

Staff who have not received severance 2020/21	Staff who have received severance 2020/21	Number of Employees 2020/21	Salary Range	Staff who have not received severance 2021/22	Staff who have received severance 2021/22	Number of Employees 2021/22
45	0	45	£50,000 to £54,999	62	0	62
69	1	70	£55,000 to £59,999	70	0	70
21	1	22	£60,000 to £64,999	27	0	27
18	0	18	£65,000 to £69,999	22	0	22
5	0	5	£70,000 to £74,999	14	0	14
4	0	4	£75,000 to £79,999	8	0	8
4	0	4	£80,000 to £84,999	1	0	1
4	0	4	£85,000 to £89,999	3	0	3
7	0	7	£90,000 to £94,999	9	0	9
0	0	0	£95,000 to £99,999	5	0	5
0	0	0	£100,000 to £104,999	1	0	1
1	0	1	£105,000 to £109,999	2	0	2
3	0	3	£110,000 to £114,999	1	0	1
0	0	0	£115,000 to £119,999	1	0	1
1	0	1	£120,000 to £124,999	0	0	0
0	0	0	£125,000 to £129,999	0	0	0
3	0	3	£130,000 to £134,999	0	0	0
0	0	0	£135,000 to £139,999	1	0	1
1	0	1	£140,000 to £144,999	1	0	1
0	0	0	£145,000 to £149,999	1	0	1
0	0	0	£150,000 to £154,999	0	0	0
0	0	0	£155,000 to £159,999	0	0	0
0	0	0	£160,000 to £164,999	0	0	0
1	0	1	£165,000 to £169,999	1	0	1
0	0	0	£170,000 to £174,999	1	0	1
0	0	0	£175,000 to £179,999	0	0	0
0	0	0	£180,000 to £184,999	0	0	0
0	0	0	£185,000 to £189,999	0	0	0
0	0	0	£190,000 to £194,999	0	0	0
0	0	0	£195,000 to £199,999	0	0	0
0	0	0	£200,000 to £204,999	0	0	0
0	0	0	£205,000 to £209,999	0	0	0
0	0	0	£210,000 to £214,999	0	0	0
0	0	0	£215,000 to £219,999	0	0	0
0	0	0	£220,000 to £224,999	0	0	0
1	0	1	£225,000 to £229,999	0	0	0
0	0	0	£230,000 to £234,999	0	0	0
0	0	0	£235,000 to £239,999	1	0	1
188	2	190		232	0	232

Senior Employees Remuneration

Employees are classed as senior employees when they received a salary in excess of £150,000 (disclosed by name) or received a salary in excess of £50,000 and reported to the Head of Paid Service for the Authority. In addition, the salaries for the Mayor, Deputy Mayor for Police and Crime and the Director of the Mayor's Office are disclosed.

Note	Post Title	2020/21				2021/22			
		Salary (including fees and allowances)	Expenses	Employer's Pensions Contribution	Total Remuneration	Salary (including fees and allowances)	Expenses	Employer's Pensions Contribution	Total Remuneration
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
	Mayor of Greater Manchester (Andy Burnham)	110	0	0	110	112	0	0	112
	Deputy Mayor for Police and Crime (Baroness Beverley Hughes)	80	0	0	80	85	0	0	85
	Director - Mayor's Office	80	0	17	97	82	0	17	99
A	Chief Executive - GMCA and TfGM (Eamonn Boylan)	226	0	0	226	237	0	0	237
B	Chief Fire Officer (James Wallace)	73	1	0	73	0	0	0	0
C	Chief Fire Officer (David Russel)	93	2	27	121	171	4	49	224
D	Treasurer (Steve Wilson)	166	0	0	166	168	0	0	168
E	Chief Investment Officer (William Enevoldson)	67	0	9	77	68	0	14	83
	Deputy Chief Executive	140	0	30	170	146	0	30	177
	Solicitor and Monitoring Officer	113	0	24	137	118	0	24	143
	Executive Director - Waste and Resources	107	0	23	130	109	0	23	132
	Total	1,255	2	130	1,386	1,297	4	159	1,459

- A. The GMCA received a contribution of £114,720.42 (2020/21: £113,025) for the Chief Executive also performing the duties of Chief Executive at Transport for Greater Manchester during 2021/22 (50% of Basic Pay and Employers NI)
- B. Post Holder left 31 August 2020 (2020/21: FTE salary £164,020.63)
- C. Post Holder commenced 7 September 2020. (2020/21: FTE salary £164,020.63)
- D. The GMCA received a contribution of £60,000 for the Treasurer performing duties of Executive lead for finance and investment at Greater Manchester Health and Social Care Partnership during 2021/22 (2020/21: £60,000)
- E. Post in 2020/21 is 0.41 FTE, Annual salary for 1.0 FTE would be £161,955.16. Post in 2021/22 is also 0.41 FTE, Annual Salary for 1.0 FTE would be £164,789.37

Exit Costs

Exit payments are made as a result of the departure of staff from the Authority. The total cost per band and the total cost of compulsory and other redundancies are set out in the table below:

Exit package cost band	Number of compulsory departures		Number of other departures		Total number of exit package by cost band		Total cost of exits £000s	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
£0 - £20,000	0	0	4	5	4	5	23	26
£20,001 - £40,000	0	0	1	3	1	3	37	84
£40,001 - £60,000	0	0	1	0	1	0	54	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
Total	0	0	6	8	6	8	114	110

19 Capital Expenditure and Capital Financing

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. The CFR is analysed below.

2020/21 £000s	Capital Financing Requirement (CFR)	2021/22 £000s
2,107,938	Opening CFR - General Fund	2,072,468
24,758	Opening CFR - Mayoral General Fund	25,929
249,708	Opening CFR - Mayoral Police Fund	246,662
2,382,404	Opening CFR	2,345,059
	Capital Investment In Year	
285,498	Revenue Expenditure Funded from Capital Under Statute	281,302
32,525	Property, Plant and Equipment Assets	77,120
363	Intangible Assets	4,880
90,957	Loan Advances	128,909
7,038	Equity Investments	33,942
	Sources of Finance	
(220,630)	Government Grants & Other Contributions	(232,049)
(97,285)	Short / Long Term Debtor financed from Capital Receipts	(157,353)
(42,653)	Revenue Contributions	(38,714)
(769)	Useable Capital Receipts	(894)
(82,268)	Minimum Revenue Provision	(81,224)
(3,262)	PFI and finance lease repayments	(1,090)
(6,860)	Repayment of Inherited Debt	0
2,345,058	Closing Capital Financing Requirement	2,359,887
	Explanation of movements in year	
(37,346)	Increase / (decrease) in underlying need to borrow	14,828
(37,346)	Increase in Capital Financing Requirement	14,828

2020/21 £000s	Increase/decrease in CFR	2021/22
(35,471)	Authority Operations	(10,284)
1,171	Mayoral General Fund	1,017
(3,046)	Mayoral Police Fund	24,095
(37,346)	Total	14,828

2020/21 £000s	Closing CFR Analysed by Fund	2021/22
2,072,468	General Fund	2,062,184
25,929	Mayoral General Fund	26,945
246,662	Mayoral Police Fund	270,757
2,345,058	Total	2,359,887

Many capital schemes take two or more years to complete. At the Balance Sheet date the main estimated contractual commitments relating to ongoing schemes were as follows:

2020/21 £000s	Capital Commitments	2021/22 £000s
1,048	Traffic Signals	1,113
683	Fire Programme related	3,570
10,519	Police Programme related	0
11,210	Waste Programme related	0
23,461	Total Capital Commitments	4,682

20 Property, Plant and Equipment Including Disposals

Full details of how assets are capitalised, valued, depreciated, impaired and disposed of are provided in the accounting policies note.

The Authority carries out a rolling programme to ensure that all property required to be measured at current value is revalued at least every 5 years. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. All valuations were carried out externally.

Waste Assets

- Valuations were carried out by Avison Young, an independent valuer, for all land, buildings and infrastructure revaluations, in accordance with the provisions of the professional standards of the Royal Institute of Chartered Surveyors.
- Hilco Appraisals Limited carried out plant and machinery valuations.

Other Assets

- Salford City Council Property Services carried out valuations of the Authority's remaining assets.

	Infrastructure Assets	Land and Buildings	Vehicles, Plant, Furniture and Equipment	Surplus Assets	Assets Under Construction	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Carried at Historic Cost:	88,693	2,026	249,327	0	70,337	410,382
Valued at Current Value:						
2021/22	0	193,475	27,436	0	0	220,912
2020/21	0	52,401	0	0	0	52,401
2019/20	0	65,163	0	0	0	65,163
2018/19	0	132,772	0	0	0	132,772
2017/18	0	60,280	0	0	0	60,280
Valued at Fair Value in 20/21:	0	0	0	3,320	0	3,320
	88,693	506,117	276,763	3,320	70,337	945,230

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Property, Plant and Equipment 2021/22	Infrastructure assets	Land and Buildings	Vehicles, Plant, Furniture and Equipment	Surplus Assets	Assets under Construction	Total Property Plant and Equipment	PFI in PPE
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation							
Asset values brought forward at 1 April 2021	86,357	500,105	257,327	3,480	30,029	877,298	79,814
Additions	2,907	19,503	8,178	0	46,531	77,119	0
Accumulated depreciation and impairment written off to cost or valuation	0	(7,615)	(2,297)	0	0	(9,912)	0
Revaluation increases/decreases recognised in the Revaluation Reserve	0	16,267	9,333	0	0	25,600	0
Revaluation increases/decreases recognised in the Surplus or Deficit on the Provision of Services	0	200	(2,153)	0	0	(1,953)	0
Derecognition - disposals	(571)	(91)	(2,699)	(160)	(5)	(3,526)	0
Derecognition - other	0	(17,477)	(2)	0	(1,916)	(19,395)	0
Assets reclassified to/from assets under construction	0	(283)	4,585	0	(4,302)	0	0
Other movements in cost or valuation	0	(4,491)	4,491	0	0	0	0
Cost or Valuation at 31 March 2022	88,693	506,117	276,763	3,320	70,337	945,230	79,814
Accumulated Depreciation & Impairment							
Accumulated depreciation values brought forward at 1 April 2021	(66,859)	(24,375)	(166,136)	(34)	0	(257,404)	(4,073)
Accumulated depreciation and impairment written off to cost or valuation	0	4,809	0	0	0	4,809	0
Depreciation Charge	(3,782)	(14,647)	(20,544)	(11)	0	(38,984)	(2,137)
Depreciation written out on revaluation taken to Surplus or Deficit on the Provision of Services	0	2,806	2,297	0	0	5,103	0
Derecognition - disposals	0	3	2,419	7	0	2,429	0
Other adjustment - depreciation	0	0	(131)	0	0	(131)	0
Closing value - depreciation	(70,641)	(31,404)	(182,095)	(38)	0	(284,178)	(6,210)
Net Book Value at 31 March 2021	19,499	475,728	91,191	3,447	30,030	619,895	75,741
Net Book Value at 31 March 2022	18,052	474,713	94,668	3,282	70,337	661,053	73,604
Net Book Value at 31 March 2022							
Assets deployed for GMCA activity	18,052	2,026	0	0	12,532	32,610	0
Assets deployed for Mayoral General activity	0	94,726	13,684	0	283	108,693	3,247
Assets deployed for Mayoral Police activity	0	241,960	46,245	3,283	52,181	343,669	70,356
Assets deployed for Waste activity	0	136,000	34,738	0	5,341	176,079	0
At 31 March 2022	18,052	474,712	94,668	3,282	70,337	661,053	73,604

Greater Manchester Combined Authority Draft Statement of Accounts 2021/22

Property, Plant and Equipment 2020/21	Infrastructure assets	Land and Buildings	Vehicles, Plant, Furniture and Equipment	Surplus Assets	Assets under Construction	Total Property Plant and Equipment	PFI in PPE
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation							
Asset values brought forward at 1 April 2020	81,251	479,447	252,406	2,566	23,262	838,932	78,432
Additions	5,371	7,399	3,879	0	15,877	32,526	0
Accumulated depreciation and impairment written off to cost or valuation	0	(18,910)	(5,070)	(1)	0	(23,981)	(1,777)
Revaluation increases/decreases recognised in the Revaluation Reserve	0	27,139	10,441	1,262	0	38,842	2,831
Revaluation increases/decreases recognised in the surplus or deficit on the provision of services	0	2,427	(1,517)	179	0	1,089	347
Derecognition - disposals	(264)	0	(4,526)	(525)	0	(5,315)	0
Derecognition - other	0	(4,794)	0	0	0	(4,794)	0
Assets reclassified to/from assets under construction	0	7,396	1,713	0	(9,109)	0	0
Cost or Valuation at 31 March 2021	86,358	500,103	257,326	3,481	30,030	877,298	79,833
Accumulated Depreciation & Impairment							
Accumulated depreciation values brought forward at 1 April 2020	(63,456)	(24,965)	(148,208)	(33)	0	(236,662)	(2,811)
Accumulated depreciation and impairment written off to cost or valuation	0	18,909	5,070	1	0	23,980	1,777
Depreciation Charge	(3,533)	(18,319)	(26,696)	(15)	0	(48,563)	(2,106)
Derecognition - disposals	130	0	3,699	13	0	3,842	0
Closing value - depreciation	(66,859)	(24,375)	(166,135)	(34)	0	(257,403)	(3,140)
Net Book Value at 31 March 2020	17,795	454,482	104,198	2,533	23,262	602,271	75,621
Net Book Value at 31 March 2021	19,499	475,728	91,191	3,447	30,030	619,895	76,693
Net Book Value at 31 March 2021							
Assets deployed for GMCA activity	19,499	0	0	0	68	19,567	0
Assets deployed for Mayoral General activity	0	96,785	13,400	0	648	110,833	4,391
Assets deployed for Mayoral Police activity	0	246,630	51,677	3,447	23,974	325,728	72,302
Assets deployed for Waste activity	0	132,312	26,114	0	5,341	163,767	0
At 31 March 2021	19,499	475,728	91,191	3,447	30,030	619,895	76,693

21 Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets are purchased licenses.

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

Assets attributable to the Fire and Rescue Services	3 to 10 years
Assets attributable to the Policing Service	5 years
Assets attributable to the Waste Disposal Services	5 years

The carrying amounts of intangible assets is amortised on a straight line basis. Amortisation has been charged to service headings in the cost of services as follows:

	£000s
Fire and Rescue Service	(56)
Policing Service	(4,485)
Waste disposal service	0
	(4,541)

The movement on intangible asset balances during the year is as follows:

2020/21 Intangible operational £000s	2020/21 Intangible Assets Under Construction £000s	2020/21 Intangible total £000s	Intangible Fixed Assets	2021/22 Intangible operational £000s	2021/22 Intangible Assets Under Construction £000s	2021/22 Intangible total £000s
33,085	0	33,085	Balance at start of year	33,213	235	33,448
(6,108)	0	(6,108)	Gross carrying amount	(11,069)	0	(11,069)
26,977	0	26,977	Net carrying amount at 1 April	22,144	235	22,378
			Additions:			
128	0	128	Purchases	1,436	0	1,436
0	235	235	Additions to assets under construction	0	4,698	4,698
0	0	0	Reclassified from assets under construction to operational	235	(235)	0
0	0	0	Other Changes	(1,254)	0	(1,254)
(4,961)	0	(4,961)	Amortisation for the year	(4,541)	0	(4,541)
22,144	235	22,378	Net carrying amount at 31 March	18,020	4,698	22,717
			Comprising			
33,213	235	33,448	Gross carrying amounts	33,630	0	33,630
(11,069)	0	(11,069)	Accumulated amortisation	(15,610)	0	(15,610)
0	0	0	Assets under construction	0	4,698	4,698
22,144	235	22,378	Balance at 31 March	18,020	4,698	22,717

There is one capitalised software suite that is individually material to the financial statements: The Information Services Transformation Programme had a carrying amount of £25.306m at 31 March 2022 and a remaining amortisation period of 2.5 years.

22 Short and Long Term Debtors

Short Term Debtors

These are amounts owed to the Authority, which will be repaid within a year.

31 March 2021 £000s	Short Term Debtors	31 March 2022 £000s
66,573	Central Government Bodies	71,647
62,967	Other Local Authorities and Police and Crime Commissioners	96,273
5,948	NHS Bodies	7,741
205	Public Corporations	3,086
13,687	Payments in Advance	15,697
189,212	Other entities and individuals	96,807
(43,627)	Impairment Allowance	(45,858)
294,965	Total Short Term Debtors	245,393

Long Term Debtors

These are amounts owed to the Authority, which are being repaid over various periods longer than one year.

31 March 2021 £000s	Long Term Debtors	31 March 2022 £000s
	Other entities and individuals	
89,341	Gross Book Value	130,025
(4,894)	Impairment Allowance	3,670
84,448	Total Long Term Debtors	133,695

23 Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

- Cash is represented by operating bank accounts (shown net of bank overdrafts), deposits with financial institutions for less than three months, cash in hand and petty cash balances.
- 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 an insignificant risk of change in value. These include interest bearing call accounts and money market funds with institutions that meet our required credit ratings.

31 March 2021 £000s	Cash and Cash Equivalents	31 March 2022 £000s
(1,144)	Bank current accounts	(1,352)
89,377	Bank call accounts	13,361
565	Cash held by the Authority	562
50,012	Short term deposits with central government and other institutions	232,363
138,810	Total Cash and Cash Equivalents	244,934

24 Short and Long Term Creditors

Short Term Creditors

The table below shows the amounts owed by the Authority but not yet paid:

31 March 2021 £000s	Creditors	31 March 2022 £000s
(20,045)	Central Government Bodies	(18,593)
(101,410)	Other Local Authorities and Police and Crime Commissioners	(101,186)
(769)	NHS Bodies	(2,881)
(47,520)	Public Corporations	(57,592)
(71,765)	Other entities and individuals	(62,877)
(10,428)	Prepaid Income / Receipt in Advance	(8,954)
(11,227)	Seized Cash	(8,611)
(263,163)	Total Creditors	(260,695)

25 Short and Long Term Provisions

Provisions are amounts set aside by the Authority to meet the cost of a future liability, for which, the timing of payment is uncertain. In line with the Code of Practice, the provision is charged to the service revenue account in the year it is established; when liability falls due it is charged directly to the provision.

Provisions	1 April 2021 £000s	Top Up of Provision in year £000s	Amounts released in year £000s	Use of Provision in year £000s	31 March 2022 £000s	Short Term Provision £000s	Long Term Provision £000s	31 March 2022 £000s
GMCA								
Trafford Park Metrolink Line Land Provision	0	0	0	0	0	0	0	0
Metrolink Compensation Provision	0	0	0	0	0	0	0	0
Quay West Parking Provision	0	0	0	0	0	0	0	0
Landcare Provision	770	0	(455)	0	313	313	0	313
	770	0	(455)	0	313	313	0	313
Mayoral General Fund								
Insurance Provision	664	0	0	0	664	110	553	664
Business Rates Appeals Provision	2,573	0	(65)	0	2,508	2,508	0	2,508
Bear Scotland v Fulton Provision	1,438	719	0	0	2,158	2,158	0	2,158
	4,676	719	(65)	0	5,330	4,776	553	5,330
Mayoral Police Fund								
Insurance Provision	10,376	5,548	(2,632)	0	13,292	2,886	10,406	13,292
Police Pension Lump Sum Provision	224	0	0	0	224	224	0	224
Capital Project Retentions Provision	158	0	0	0	158	158	0	158
	10,759	5,548	(2,632)	0	13,674	3,269	10,406	13,674
Total	16,203	6,268	(3,153)	0	19,317	8,358	10,960	19,317

The provisions held by the Authority are described below:

GMCA

- a) Landcare Provision - The GMWDA sold 18 sites to the private sector (Landcare (Manchester) Limited) 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. The Landcare provision represents the maximum amounts that GMCA would have to pay each year,

however as there is an overage clause if Landcare were to make money from one of the sites transferred to them, there is a mechanism to reduce the annual payment.

Mayoral General Fund

- b) Insurance Provision - This provision represents the value of an actuarial assessment of the remaining liability for all self-insured claims occurring in 2021/22, all prior policy years and a prudent margin added for emerging claim types.
- c) Business Rates Appeals Provision - This is the estimated amount required to cover the cost of successful appeals against local non-domestic rateable values, where the cost of these appeals is required to be met locally.
- d) Bear Scotland v Fulton - The Employment Appeals Tribunal has ruled in this case that non-contractual overtime needs to be included when calculating holiday pay paid to firefighter employees. This provision is the estimated amount required to pay backdated claims.

Mayoral Police Fund

- e) Insurance Provision - This provision represents the value of an actuarial assessment of the remaining liability for all self-insured claims occurring in 2021/22, all prior policy years and a prudent margin added for emerging claim types.
- f) Police Pension Lump Sum Provision - The Pensions Ombudsman determined there was an underpayment of lump sums, to pension scheme members who retired between December 2001 and August 2006. The Ombudsman concluded that commutation formulas to convert annual pensions payments to lump sums should have been updated between 2001 and 2006 and as a result, additional payments are due to those members who chose to commute pension for lump sum at retirement during these years.
- g) Capital Project Retentions Provision - This is a provision to hold a percentage of a projects total funding, which is retained during the contractual defects period.

26 Short and Long Term Leases including PFI

Fire Station

2021/22 was the twenty second year of a 25 year PFI contract (ending October 2024) for the construction, maintenance and provision of a Fire Station at Stretford, along with associated equipment.

The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards. The building and equipment will be transferred to the Authority at the end of the 25 year contract at nil value.

Over the remaining term of the contract, the Authority is committed to making gross payments of £1.868m (average payment per year is £0.723m). However, the net cost to the Authority after income from specific government grant is estimated at £0.625m (average payment per year is £0.242m).

Police Stations

2021/22 was the nineteenth year of a Private Finance Initiative (PFI) contract (ending in 2030) for the construction and maintenance of seventeen Police stations across the Greater Manchester area. The contractor will operate and service the stations for twenty-five years after which ownership will revert to the Authority, to be held on behalf of the Mayor, for nil consideration.

Over the remaining term of the contract, the Authority is committed to making gross payments of £128.424m (average payment per year is £16.053m). However, the net cost to the Authority after income from specific government grant is estimated at £85.905m (average payment per year is £10.738m).

Property Plant and Equipment

The Stations and Equipment provided under the contracts are recognised on the Authority's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property Plant and Equipment balance in the notes to the Balance Sheet.

Outstanding Liability

The PFI liability represents the current outstanding long term liability to the contractor for capital expenditure. A fair value disclosure has also been provided for the PFI liabilities in the Financial Instruments note. The current value of the liability held under each PFI arrangement is as follows:

2021/22

	PFI Arrangement Fire £000	PFI Arrangement Police £000	Total £000
Balance outstanding at 1 April 2021	1,122	43,295	44,417
Payments during the year	(270)	(3,389)	(3,659)
Balance outstanding at 31 March 2021	852	39,906	40,758

2020/21

	PFI Arrangement Fire £000	PFI Arrangement Police £000	Total £000
Balance outstanding at 1 April 2020	1,364	46,294	47,658
Payments during the year	(242)	(2,999)	(3,241)
Balance outstanding at 31 March 2021	1,122	43,295	44,417

Central Government Grant Subsidy

The grant received in the form of Central Government Subsidy to partly offset the cost of each PFI is credited to revenue accounts in the year of receipt.

Payments due under the PFI Contracts

The Authority makes monthly payments which comprise of a service charge, a repayment of liability and interest charge, a payment in respect of business rates and a payment to provide for lifecycle replacement costs (known as the 'Sinking Fund'). The payments into the sinking fund are treated initially as a prepayment by the Authority. The Service Provider throughout the contractual term will utilise the sinking fund for the repair and replacement of the premises, and fixture and fittings with the consent of the Authority. All payments made, other than the liability and interest charge, are subject to annual inflation increases and can be reduced if the contractor fails to meet availability and performance standards in any year. The Authority on behalf of the Mayor has the right to terminate the contact only if the contractor is compensated in full for costs incurred and lost future profits.

Future payments remaining to be made under the contracts (including an estimate of future inflation) are as follows:

Reimbursement of Capital Expenditure

	PFI Arrangement Fire £000	PFI Arrangement Police £000	Total £000
Payable within one year	301	3,781	4,082
Payable within two to five years	551	17,440	17,991
Payable within six to ten years	0	18,685	18,685
Total	852	39,906	40,758

Interest

	PFI Arrangement Fire £000	PFI Arrangement Police £000	Total £000
Payable within one year	80	6,455	6,535
Payable within two to five years	53	21,399	21,452
Payable within six to ten years	0	11,071	11,071
Total	133	38,925	39,058

Payment for Services

	PFI Arrangement Fire £000	PFI Arrangement Police £000	Total £000
Payable within one year	329	5,084	5,413
Payable within two to five years	554	24,483	25,037
Payable within six to ten years	0	20,026	20,026
Total	883	49,593	50,476

27 Short and Long Term Deferred Liabilities

This debt was created on 1 April 1986 when Greater Manchester Council was abolished and its debt was shared between the ten GM Authorities, the Police Authority, the Fire Authority, GMWDA and Greater Manchester Transport.

The debt is being repaid annually on an annuity basis over the 36 years to 31 March 2022.

2020/21 £000s	Deferred Liabilities	2021/22 £000s
(14,159)	Former Greater Manchester Council Debt	(7,302)
6,857	Balance brought forward 1 April	7,302
	Repayment in the year	
(7,302)	Balance carried forward 31 March	0
(7,302)	Due within 1 year	0
0	Due over 1 year	0

28 Unusable Reserves

31 March 2021 £000s	Unusable Reserves	31 March 2022 £000s
1,621,989	Capital Adjustment Account	1,606,368
(19,769)	Financial Instruments Adjustment Account	(16,794)
1,957,721	Pensions Reserve	1,931,954
(176,210)	Revaluation Reserve	(178,535)
(814)	Financial Instruments Revaluation Reserve	(599)
9,347	Collection Fund Adjustment Account	(486)
(134)	Deferred Capital Receipts Reserve	(33)
3,392,133	Total Unusable Reserves	3,341,875

The Capital Adjustment Account (CAA) absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The CAA is debited with the cost of the capital grants payable to TfGM, GM Authorities and other external organisations, the annual depreciation charge and any loss on disposal of assets. The CAA is credited with both the capital grants and contributions receivable and the amounts set aside by the Authority to directly finance the capital costs of acquisition, construction and enhancement of assets.

31 March 2021 £000s	Capital Adjustment Account	31 March 2022 £000s
1,666,420	Balance brought forward 1 April	1,621,989
48,563	Charges for depreciation and impairment of non-current assets	39,115
(1,089)	Revaluation (gains) / losses on non-current assets	1,953
4,961	Amortisation of intangible assets	4,541
285,498	Revenue expenditure funded from capital under statute	281,302
(2,041)	Capital bad debt provision movement	(3,095)
2,094	Revaluation and impairment of capital financial assets	3,010
0	Derecognition of assets	19,394
6,267	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,097
344,253	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	347,316
(3,783)	Adjusting Amounts written out of the Revaluation Reserve	(23,274)
340,469	Net written out amount of the cost of non-current assets consumed in the year	324,042
(97,271)	Use of Capital Receipts Reserve to finance new capital expenditure	(157,353)
(769)	Use of Capital Receipts applied in year to finance new capital expenditure	(894)
(220,630)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(232,049)
(85,529)	Statutory provision for the financing of capital investment charged against the General Fund balance	(82,314)
(6,860)	Repayment of inherited debt	0
(42,653)	Capital expenditure charged against the General Fund balance	(38,714)
(453,712)	Capital financing applied in year	(511,326)
68,812	Capital Receipts debited to the Capital Adjustment Account on Repayment of loans	171,660
1,621,989	Balance carried forward 31 March	1,606,368

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

31 March 2021 £000s	Financial Instruments Adjustment Account	31 March 2022 £000s
(23,946)	Balance brought forward 1 April	(19,769)
0	Interest incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0
4,177	Proportion of interest incurred to be charged against the General Fund Balance in accordance with statutory requirements	2,975
4,177	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	2,975
(19,769)	Balance carried forward 31 March	(16,794)

The movement in year is due to the Authority being in receipt of two loans from central government that are interest free for the purposes of HIF and City Deal. In accordance with statutory accounting requirements an effective interest rate has been calculated to enable the value of the financial assistance being provided to the GMCA on a net present value basis to be separated from the financing costs of the loan.

The effect of this in the accounts is to discount the value of the loans received using an interest rate at which the Authority could borrow from the Public Works Loan Board for a loan with similar terms. This will result in a lower figure for the fair value of the loan when it is initially recognised as received but each year an element of the full fair value discount will be written back. Thereby increasing the loan value on the balance sheet

annually over the loan term. This will continue until the full loan value advanced is reflected in the balance sheet, which is the year repayment of the loan falls due.

The Pension Reserve relates to the net pension asset as at 31 March 2022 in accordance with the actuary's report.

31 March 2021 £000s	Pension Reserve	31 March 2022 £000s
1,742,625	Balance brought forward 1 April	1,957,721
191,413	Remeasurements of the net defined benefit liability / (asset)	(56,152)
(60,360)	Employer's pension contributions and direct payments to pensioners payable	(62,412)
84,043	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.	92,797
1,957,721	Balance carried forward 31 March	1,931,954

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of Property, Plant and Equipment. The balance reduces when assets with accumulated gains are reduced through revaluation, impairment and depreciation or are disposed of.

31 March 2021 £000s	Revaluation Reserve	31 March 2022 £000s
(141,151)	Balance brought forward 1 April	(176,210)
(48,966)	Upward revaluation of assets	(45,320)
10,124	Impairment losses not charged to the Surplus/Deficit on the Provision of Services	19,721
(38,842)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	(25,599)
0	Adjusting amounts written out of the revaluation reserve	18,514
3,291	Difference between fair value depreciation and historical cost depreciation	4,529
492	Accumulated gains on assets sold or scrapped	231
3,783	Amount written off to the Capital Adjustment Account	23,274
(176,210)	Balance carried forward 31 March	(178,535)

The Financial Instruments Revaluation Reserve contains the gains made by the Authority arising from increases in the fair value of its investments that are measured at fair value through other comprehensive income.

The balance is reduced when investments with accumulated gains are:

- Revalued downwards, or impaired and gains are lost,
- Disposed of and the gains are realised.

31 March 2021 £000s	Financial Instruments Revaluation Reserve	31 March 2022 £000s
(725)	Balance brought forward 1 April	(814)
(125)	Upward revaluation of investments	0
36	Downward revaluation of investments	215
(814)	Balance carried forward 31 March	(599)

The Collection Fund Adjustment Account manages the differences arising from the recognition of the Authority's portion of council tax income and national non-domestic rates income in the CIES as it falls due from payers compared with statutory arrangements for paying across amounts due to the Authority from billing authorities.

31 March 2021 £000s	Collection Fund Adjustment Account	31 March 2022 £000s
(3,705)	Balance brought forward 1 April	9,347
13,052	Amount by which precept income and non-domestic rates income credited to the CIES is different from council tax income and non-domestic rates income calculated for the year in accordance with statutory requirements	(9,833)
9,347	Balance carried forward 31 March	(486)

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which the cash settlement has yet to take place.

31 March 2021 £000s	Deferred Capital Receipts Reserve	31 March 2022 £000s
(302)	Balance brought forward 1 April	(134)
168	Transfer to the Capital Receipts Reserve upon receipt of cash	101
(134)	Balance carried forward 31 March	(33)

29 Financial Instruments

Financial Instruments include the financial assets and liabilities of the Authority. These appear in different sections of the Balance Sheet depending on their characteristics.

Categories of Financial Instruments

The Authority is required to classify its financial assets into one of three categories.

- Financial Assets held at amortised cost. These assets relate to instruments where the amount received relating to them are solely principal and interest and they are held to generate cashflows. The amount presented in the balance sheet represents the outstanding principal plus any accrued interest. Interest credited to CIES is the amount receivable as per the instrument's agreement.
- Fair Value through Other Comprehensive Income (FVOCI). Amounts received relate to principal and interest but the business model for holding the asset includes the possibility of sale. These assets are measured and carried at fair value. All gains and losses due to changes in fair value are accounted for through a reserve account (the Financial Instruments Revaluation Reserve), with the balance debited or credited to CIES when the asset is disposed of.
- Fair Value Through Profit and Loss (FVPL) – all other instruments where the amounts received relating to them are not principal and interest, for example dividends as part of equity instruments. These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

The following tables show the categories of financial instruments which are carried in the Balance Sheet:

	Non-Current Financial Assets				
	Investments		Debtors		Total
	31 March 2021 £000s	31 March 2022 £000s	31 March 2021 £000s	31 March 2022 £000s	31 March 2022 £000s
Fair value through profit and loss	0	0	0	0	0
Amortised cost - soft loans	0	0	6,604	6,584	47,350
Amortised cost	0	0	72,512	121,822	121,822
Fair value through other comprehensive income - designated equity	7,501	40,766	0	0	0
Fair value through other	0	0	0	0	0
Total financial assets	7,501	40,766	79,117	128,406	209,937
Non-financial assets	0	0	5,332	5,289	5,289
Total	7,501	40,766	84,449	133,695	215,227

	Current Financial Assets						
	Investments		Debtors		Cash		Total
	31 March 2021 £000s	31 March 2022 £000s	31 March 2021 £000s	31 March 2022 £000s	31 March 2021 £000s	31 March 2022 £000s	31 March 2022 £000s
Fair value through profit and loss	0	0	0	0	0	0	0
Amortised cost - soft loans	0	0	191	0	0	0	0
Amortised cost - other	0	0	245,010	191,883	138,810	244,934	436,817
Fair value through other comprehensive income - designated equity instruments	0	0	0	0	0	0	0
Fair value through other comprehensive income - other	0	0	0	0	0	0	0
Total financial assets	0	0	245,201	191,883	138,810	244,934	436,817
Non-financial assets	0	0	49,764	53,510	0	0	53,510
Total	0	0	294,965	245,393	138,810	244,934	490,327

	Non-Current Financial Liabilities						
	Borrowings		Creditors		Other Long-Term Liabilities		Total
	31 March 2021 £000s	31 March 2022 £000s	31 March 2021 £000s	31 March 2022 £000s	31 March 2021 £000s	31 March 2022 £000s	31 March 2022 £000s
Fair value through profit and loss	0	0	0	0	0	0	0
Amortised cost	(1,366,546)	(1,338,733)	0	0	(313)	0	(1,338,733)
Amortised cost - PFI	0	0	0	0	(40,759)	(36,676)	(36,676)
Total financial liabilities	(1,366,546)	(1,338,733)	0	0	(41,072)	(36,676)	(1,375,409)
Non-financial liabilities	0	0	0	0	(81,095)	0	0
Total	(1,366,546)	(1,338,733)	0	0	(122,167)	(36,676)	(1,375,409)

	Current Financial Liabilities						
	Borrowings		Creditors		Other Short-Term Liabilities		Total
	31 March 2021 £000s	31 March 2022 £000s	31 March 2021 £000s	31 March 2022 £000s	31 March 2021 £000s	31 March 2022 £000s	31 March 2022 £000s
Fair value through profit and loss	0	0	0	0	0	0	0
Amortised cost	(130,280)	(87,175)	(193,981)	(209,733)	(9,579)	(2,854)	(299,763)
Amortised cost - PFI	0	0	0	0	(3,659)	(4,082)	(4,082)
Total financial liabilities	(130,280)	(87,175)	(193,981)	(209,733)	(13,238)	(6,936)	(303,845)
Non-financial liabilities	0	0	(69,182)	(50,962)	(181,814)	(231,544)	(282,505)
Total	(130,280)	(87,175)	(263,163)	(260,695)	(195,052)	(238,480)	(586,350)

The Authority provided two loans to the Growth Company in 2020/21 at less than market rates of interest (these are known as soft loans):

- a £1.5m loan for the Coronavirus Business Interruption Scheme (CBILS); and

- a £6m loan for the Bounceback Loan Scheme, where the Growth Company Business Finance division are administering financial support to businesses as an accredited loan provider.

Soft Loans made by the Authority	31 March 2021 £000s	31 March 2022 £000s
Opening balance	0	6,796
Nominal value of new loans granted in the year	7,500	0
Fair value adjustment on initial recognition	(704)	0
Loans repaid	0	(391)
Increase in discounted amount	0	180
Closing balance at end of year	6,796	6,584
Nominal value at 31 March	7,500	7,109

When the loans are made the amount of interest forgone over the life of the loan is charged to the CIES (debited to the appropriate service line) and the outstanding principal is reduced on the Balance Sheet. This represents the present value of the interest that will be forgone over the life of the loan agreement. Statutory provisions require that the impact of soft loans on the General Fund balance is the interest receivable in the year, so the amount of foregone interest is managed by a transfer from the Financial Instruments Adjustment Account to the Movement in Reserves Statement.

Income, Expenses, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are summarised in the table below:

	31 March 2021		31 March 2022	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£000s	£000s	£000s	£000s
Net gains/losses on:				
Financial assets measured at fair value through profit or loss	0	0	0	0
Financial assets measured at amortised cost	2,493	0	(216)	0
Investments in equity instruments designated at fair value through other comprehensive income	0	(89)	0	215
Financial assets measured at fair value through other comprehensive income	0	0	0	0
Financial liabilities measured at fair value through profit or loss	0	0	0	0
Financial liabilities measured at amortised cost	0	0	0	0
Total net gains/losses	2,493	(89)	(216)	215
Interest revenue:				
Financial assets measured at amortised cost	(8,889)	0	(4,549)	0
other financial assets measured at fair value through other comprehensive income	0	0	0	0
Total interest revenue	(8,889)	0	(4,549)	0
Interest expense	63,218	0	59,568	0

Fair Value of Assets & Liabilities

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Assets and liabilities are carried at amortised cost where part of their carrying amount (as per the balance sheet) will either be written down or written up via the Comprehensive Income and Expenditure Statement over the term of the financial instrument.

For the purposes of the notes to the accounts, all assets and liabilities are given a fair value, although this is only shown in the balance sheet for available for sale assets. For many financial instruments the fair value will be the same as the outstanding principal amount, but for others there could be a significant difference.

Fair Value Hierarchy

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

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

Set out below is a comparison by class of the carrying amounts and fair value of the Authority's financial assets and financial liabilities:

31 March 2021			31 March 2022	
Carrying Amount £000s	Fair Value £000s		Carrying Amount £000s	Fair Value £000s
		Financial Assets		
7,501	7,501	Equity Investments	40,766	40,766
324,317	327,222	Debtors	320,289	328,177
138,810	138,810	Cash	244,934	244,934
470,628	473,533	Total Financial Assets	605,988	613,876
		Financial Liabilities		
(567,494)	(847,445)	PWLB Debt	(546,199)	(847,445)
(929,332)	(1,259,424)	Non-PWLB debt	(879,709)	(1,259,424)
(44,418)	(44,418)	PFI Liability	(40,758)	(40,758)
(7,303)	(7,303)	Deferred Liabilities	0	0
(2,590)	(2,590)	Other Liabilities - Provisions (contractual based)	(2,853)	(2,853)
(193,794)	(193,794)	Creditors	(209,733)	(209,733)
(1,744,930)	(2,354,974)	Total Financial Liabilities	(1,679,253)	(2,360,213)

The fair values disclosed in the table above have been assessed using the following assumptions:

- The Authority holds £40,766m in equity investments for a number of businesses that previously held loans plus other direct investments in 2021/22. These shares are not traded in active markets. The shares are valued based on level 2 - observable input data from the companies, such as latest filed accounts and management accounting reports.

- There have been no transfers between input levels or changes in valuation techniques during 2021/22 for this class of asset.
- The fair value of cash and cash equivalents, short-term debtors and short-term creditors is taken to be their carrying amount as this is deemed to provide a reasonable approximation in accordance with the CIPFA Code of Practice.
- The fair value of soft loan short-term and long-term debtors has been calculated using an interest rate arrived at by taking the Authority's prevailing cost of borrowing and adding an allowance for the risk that the loans might not be repaid.
- The fair value of other long-term debtors has been evaluated and where these relate to loan advances greater than £3m, prevailing benchmark market rates have been applied to provide the fair value. All other long-term debtors are included at their carrying value.
- Fair value for PFI schemes cannot be obtained as there is no comparable information available, and these have therefore been shown at cost.
- PWLB loans – premature repayment loan rates from the PWLB have been applied to provide the fair value. In comparison, by applying PWLB new loan rates their fair value would be £682.266m.
- Non-PWLB loans – premature repayment loan rates from the PWLB have been applied to provide the fair value. In comparison, by applying PWLB new loan rates their fair value would be £1,003.138m.
- The valuation techniques used for PWLB and non-PWLB debt are level 2 – observable inputs. There have been no changes in valuation technique during the financial year.

The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value, which includes accrued interest as at the balance sheet date. The Authority has therefore included accrued interest in the fair value calculation.

The discount rates used for the evaluation were obtained by the Authority from Link Asset Services. The Link Asset Group is a leading and independent provider of capital financing, treasury advisory and strategic advisory consulting services to the public sector.

Assumptions used, which do not have a material effect on the fair value evaluation are: interest is calculated using a 365 day basis; interest is paid on the maturity date; no adjustment is made to the interest value and date where a relevant date occurs on a non-working day.

Loans and Borrowings are set out by type of loan and by maturity in the table below:

Borrowings	Range of interest rates payable in 21/22		Average Interest 2020/21	Average Interest 2021/22	Total Outstanding 31 March 2021	Total Outstanding 31 March 2022
	from	to	%	%	£000s	£000s
	%	%				
a) Analysis of loans by type:						
Public Works Loans Board	1.44	9.75	4.57	4.64	(562,526)	(541,319)
Other Loans	0.00	4.58	2.90	2.87	(865,454)	(857,303)
TfGM - Interbank					(61,780)	(20,291)
Accrued Interest Payable:						
PWLB					(4,968)	(4,880)
Others					(2,098)	(2,115)
Total as at 31 March					(1,496,826)	(1,425,909)
b) Analysis of loans by maturity						
Maturing:						
Due within 1 year: accrued interest payable						
PWLB					(4,968)	(4,880)
Others					(2,098)	(2,115)
Due within 1 year: principal						
PWLB					(21,206)	(18,516)
Others					(40,227)	(41,373)
Due within 1 year: TfGM - Interbank					(61,780)	(20,291)
Due within 1 year					<u>(130,280)</u>	<u>(87,175)</u>
In 1 to 2 years					(30,679)	(38,696)
In 2 to 5 years					(129,288)	(143,177)
In 5 to 10 years					(396,139)	(378,592)
In over 10 years					(810,440)	(778,268)
Due over 1 year					<u>(1,366,546)</u>	<u>(1,338,733)</u>
Total as at 31 March					(1,496,826)	(1,425,909)

30 Nature and Extent of 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;
- Market Risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates or stock market movements.

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.

The procedures for risk management are set out through a legal framework, based on the Local Government Act 2003 and associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- by approving annually in advance prudential indicators for the following three years limiting:
 - The Authority's overall borrowing;
 - Its maximum and minimum exposures in the maturity structure of its debt;
 - Its management of interest rate exposure;
 - Its maximum and minimum exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year, setting out its criteria for both investing and selecting Investment counter parties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Authority's annual setting of the budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The annual treasury management strategy which incorporates the prudential indicators was approved by the Combined Authority on 12/02/2021 and is available on the Greater Manchester Combined Authority website.

Risk management is carried out by a central treasury team, under policies approved by the Authority in the annual treasury management strategy. The Authority maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed periodically.

Specified Investments

Specified Investments are investments in sterling denomination, with maturities up to a maximum of 1 year. All specified investments meet the minimum 'high' ratings criteria where applicable.

- Term deposits – Other local authorities: Credit Criteria high security;
- Term deposits – Banks and building societies; Credit Criteria Varied;
- Debt Management Agency Deposit Facility & UK Nationalised Banks – UK Government Backed;
- Certificates of deposits issued by banks and building societies covered by UK Government guarantees – UK Government explicit guarantee;
- Money Market Funds, credit criteria AAA;
- Non-UK Banks / Building Societies – Domiciled in a country which has a minimum sovereign Long Term rating of AAA;
- Treasury Bills – UK Government backed;
- Covered Bonds – Credit Criteria AAA.

Non-Specified Investments

Non-specified investments are any other type of investment not defined as specified above. Any proposals to use any non-specified investments will be reported to members for approval.

Investment Limits

The financial investment limits of banks and building societies are linked to their Fitch long-term ratings (or equivalent), as follows:

- Banks and Building Societies
 - Fitch AA+ and above AAAM £25m
 - Fitch AA+/AA- £15m
 - Fitch A+/A £15m
 - Fitch A- £10m
 - Fitch BBB+ £10m

The GMCA will only utilise institutions that have a short term rating of F2 or higher (Fitch or equivalent).

- Debt Management Office £200m
- Manchester City Council £50m
- Other local authorities £20m

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's debtors and creditors.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch and Moody's Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. All investments held as at 31 March 2022 were with the HM Treasury Debt Management Office, other local authorities or UK banks and building societies.

The Authority has not used any non-credit rated institutions (for instance smaller building societies or bank subsidiaries where the parent has a satisfactory rating). In these circumstances, these investments would have been classified as other counterparties.

The following significant inputs, assumptions and estimation techniques have been used in calculating impairment loss allowances:

- The Authority assesses each loan it provides individually in terms of likelihood and quantum of recovery, taking a forward-looking approach to the assessment from two different aspects:
 - Performance - reviewing portfolio and management information to assess business risk from a performance perspective.

- Security - reviewing the strength of the Authority's security in a loan recovery situation to allow this to be factored into the loss allowance assessment.

Loss Allowance by Asset Class: Amortised Cost				
	12 month expected credit loss £000s	Lifetime expected credit losses – credit impaired £000s	Purchased or originated credit impaired financial assets £000s	Total £000s
Opening Balance as at 1 April 2021	339	12,518	1,887	14,743
New financial assets originated or purchased	201	0	375	576
Amounts written off	201	(3,996)	0	(3,795)
Financial assets that have been derecognised	201	(29)	0	172
Changes due to modifications that did not result in derecognition	201	0	0	201
Changes in models/risk parameters	201	98	(309)	(10)
Other changes	201	0	0	201
As at 31 March 2022	1,545	8,590	1,952	12,087

- The Authority's debtors relate primarily to claims on central and local government departments. Other non-trade debtors include HMRC and RGF/GPF, HIF, City Deal and Growth Deal loans.

The RGF/GPF, HIF, City Deal, Growth Deal and other stand-alone loans have had individual risk profiles assessed, resulting in a 'lifetime expected loss allowance' of £8.590m being included within the accounts, as per the table above.

Of the total debtors past their due date for payment, the estimated exposure to default for trade debtors is £0.1m.

- The Authority's trade creditors relate primarily to capital and revenue amounts payable in relation to Waste Disposal and Police Fund.

Credit Ratings Used:

Banks and Building Societies - as a minimum, institutions must have the following Fitch (or equivalent) credit ratings (where rated):

- Long Term - Fitch BBB+
- Short Term - Fitch F2 or higher

Monitoring of credit ratings:

This Authority will not use the approach of using the lowest rating from all three rating agencies to determine creditworthy counterparties. The Link Asset Services creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system does not give undue preponderance to just one agency's ratings.

All credit ratings will be monitored daily and re-assessed weekly. The Authority is alerted to changes to ratings of all three agencies through its use of the Link Asset Services creditworthiness service.

- If a downgrade results in the counterparty/investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately;
- In addition to the use of Credit Ratings, the Authority will be advised of information in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in the downgrade of an institution or removal from the Authority's lending list;
- Sole reliance will not be placed on the use of this external service. In addition this Authority will also use market data and market information, information on government support for banks and the credit ratings of that government support.

Liquidity Risk

The Authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available as needed.

If unexpected movements happen, the Authority has ready access to borrowings from the money market and the Public Works Loans Board. The Authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures listed above are considered against the refinancing risk procedures, longer term risk to the Authority relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The Authority has £50m lender option borrower option (LOBO) loans. These have fixed rates of interest but the lender may seek to increase interest rates at which point the Authority has the option to repay the loan. As there is no certainty as to whether these loans will be repaid early, the Authority has treated them as fixed loans which will run to maturity. In forming this judgement the Authority has taken account of its ability to refinance through PWLB.

The table below shows the liquidity risk to the Authority based on maturity analysis:

Liquidity Risk	31 March 2021 £000s	31 March 2022 £000s
Less than one year	123,214	80,180
Between one and two years	30,679	38,696
Between two and five years	129,288	143,177
More Than 5 Years	396,139	378,592
More Than 10 years	810,440	778,268
	1,489,760	1,418,913

Refinancing and maturity risk

The Authority maintained a significant debt and investment portfolio. Whilst the cash flow procedures were considered against the refinancing risk procedures, longer term risk to the Authority related to managing the exposure to replacing financial instruments as they mature.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority approved treasury and investment strategies address the main risks, these include:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of existing debt;
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs;
- All trade creditors are due to be paid in less than one year.

Market Risk

The Authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – The interest expense charged to the Deficit / (Surplus) on the Provision of Services will rise;
- Borrowings at fixed rates - The fair value of the borrowing liability will fall;
- Investments at variable rates - The interest income credited to the Deficit / (Surplus) on the Provision of Services will rise; and
- Investments at fixed rates - The fair value of the assets will fall.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Deficit / (Surplus) 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 Deficit on the Provision of Services and effect the General Fund Reserve.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Authority's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From

this Strategy, a prudential indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market interest rates and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns.

The Authority tries to maximise its income on temporary investment and minimise its interest costs on temporary and long-term borrowing.

The maximum interest rate increase that could be expected in the current climate is assessed at 2%. This would only apply to our net short term investments. The Authority also has a number of LOBO loans that can be called at periods. There is the risk that these may have to be refinanced at a higher rate. The financial effect of these variable rate changes would be:

Market Risk - Interest Rate Risk	31 March 2021	31 March 2022
	£000s	£000s
	0.5% movement	2% movement
Increase in interest payable on variable rate borrowings	1,071	4,239
Increase in interest receivable on variable rate investments	(697)	(2,788)
Increase in LOBO risk (loans with call options within 12 months)	75	300
Impact on Surplus or Deficit on the Provision of Services	449	1,751

31 Related Party Transactions

The Authority is required to disclose material transactions with related parties. These are 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. In this context the organisations in which members (The Mayor and leaders of the GM Authorities) and chief officers of the Authority have an influence or interest include;

- Central Government
- Greater Manchester Authorities
- Transport for Greater Manchester

Central Government

2020/21 £000s	Central Government	2021/22 £000s
(1,353,483)	Income	(1,528,699)
0	Expenditure	7,858
(234,170)	Creditors / Receipts in Advance	(25,707)
(189,767)	Borrowings	(28,934)
40,797	Debtors	39,334
(1,736,623)	Total	(1,536,148)

Borrowings in 21/22 are entirely attributable to Homes England relating to City Deal.

Greater Manchester Authorities

2020/21 £000s	Greater Manchester Authorities	2021/22 £000s	Manchester £000s	Bolton £000s	Bury Council £000s	Oldham £000s	Rochdale £000s	Salford City £000s	Stockport £000s	Tameside £000s	Trafford £000s	Wigan £000s
(501,389)	Income	(622,102)	(110,845)	(66,448)	(43,290)	(54,509)	(48,634)	(60,765)	(73,154)	(51,912)	(59,400)	(53,144)
269,635	Expenditure	227,822	46,582	21,300	11,440	12,393	12,059	56,265	32,387	11,346	8,235	15,815
30,826	Debtors	53,267	13,927	4,779	1,503	2,386	3,143	5,109	2,422	11,653	3,426	4,919
(106,578)	Creditors	(104,254)	(29,053)	(11,985)	(3,668)	(4,870)	(5,403)	(18,282)	(11,664)	(6,295)	(3,921)	(9,113)
0	Short Term Investments	0	0	0	0	0	0	0	0	0	0	0
(7,303)	Short Term Borrowings	0	0	0	0	0	0	0	0	0	0	0
(314,808)	Total	(445,267)	(79,389)	(52,354)	(34,015)	(44,600)	(38,835)	(17,672)	(50,009)	(35,209)	(51,660)	(41,525)

Transport for Greater Manchester

The decisions of the Authority are implemented by TfGM. The net expenditure of TfGM after taking into account all sources of income and expenditure is financed by way of a revenue grant from the Authority. The corporate objectives of TfGM are derived from the Authority's policy priorities, stakeholder consultation and its principal statutory obligations.

TfGM also manage the maintenance, repair and schemes of the Authority traffic signals asset base on behalf of the Authority. These transactions appear as related party expenditure and income, along with the end of year balances, which are reported as follows:

The yearly transactions, and year end balances were as follows:

2020/21 £000s	Transport for Greater Manchester	2021/22 £000s
225,999	Expenditure	289,305
(554)	Income	(554)
1,119	Debtors	1,119
(48,552)	Creditors	(48,552)
61,779	Borrowings	61,779

Members and Chief Officers

Members of the Authority (the Mayor and leaders of the GM Authorities) have direct control over the Authority's financial and operating policies.

No members allowances are payable; the remuneration of the Mayor and Deputy Mayor for Police and Crime are disclosed in Senior Employees Remuneration note.

Details of member's interest, both pecuniary and non-financial are recorded in the register of member's interest (available for public inspection).

During the year there were no reported material transactions with related parties advised by members or officers.

Chief Constable for Greater Manchester

Under the legislative framework and local arrangements, the Authority under sole instruction from the Mayor, is responsible for the finances of the Mayoral Police Fund including assets, liabilities and reserves. The Authority has responsibility for entering into contracts and establishing the contractual framework under which the Chief Constable's officers and staff operate. The Authority receives all income and funding and makes all the payments for the policing activity from the Mayoral Police Fund.

32a Cash Flow Statement - Adjustments to Net Cash Flows from Operating Activities

2020/21 £000s	Operating Activities	2021/22 £000s
4,177	Finance Costs calculated in accordance with the code	2,975
(2,094)	Impairment of Equity Investment	(3,010)
(42,134)	Increase / (Decrease) in Debtors	33,686
(119,920)	Decrease / (Increase) in Creditors	(118,650)
2,599	Decrease / (Increase) in Provisions	(3,115)
1,089	Revaluation adjustment	(1,953)
(250)	Increase / (Decrease) in Inventories	268
0	(Increase) in impairment of debt	0
(6,267)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(21,746)
(53,524)	Annual depreciation and amortisation charge	(43,656)
(23,683)	Pensions Liability	(30,385)
(1,680)	(Increase) / Decrease in Interest Debtors	3,427
(288)	Increase / (Decrease) in Interest Creditors	(71)
(1,010)	Other non-cash movements	(7,014)
(242,985)	Adjustments to net surplus / deficit on the provision of services for non-cash movements	(189,242)
246,309	Capital grants and contributions receivable	241,942
246,309	Adjust for items included in the net deficit on the provision of services that are investing and financing activities	241,942

32b Cash Flow Statement - Investing Activities

2020/21 £000s	Investing Activities	2021/22 £000s
32,889	Purchase of Property, Plant and Equipment	83,253
97,271	Long and Short Term Loans paid out	157,353
(68,812)	Long Term Loans repaid / impaired	(171,660)
(601)	Proceeds from the sale of property plant and equipment	(794)
(246,309)	Capital grants and contributions received	(241,942)
(185,562)	Net Cash Inflow / (Outflow) from Investing Activities	(173,790)

32c Cash Flow Statement - Financing Activities

2020/21 £000s	Financing Activities	2021/22 £000s
6,856	Repayment of inherited debt	7,303
3,241	Reduction of the outstanding liability relating to a finance lease and on-balance sheet PFI contracts	3,660
(279,524)	Cash receipts of short and long term borrowing	(270,896)
340,457	Repayments of short and long term borrowing	344,897
71,030	Net Cash Inflow / (Outflow) from Financing Activities	84,964

32d Cash Flow Statement – Reconciliation of Liabilities Arising from Financing Activities

Financing Activities	1 April 2021	Financing cash flows	Non-cash changes		31 March 2022
			Acquisition	Other non-cash changes	
	£000s	£000s	£000s	£000s	£000s
Long term borrowing	(1,366,546)	33,483	0	(5,670)	(1,338,733)
Short term borrowing	(130,280)	40,518	0	2,586	(87,176)
On balance sheet PFI liabilities	(44,417)	3,659	0	0	(40,759)
Repayment of former GMC Debt	(7,302)	7,302	0	0	0
Total liabilities from financing activities	(1,548,546)	84,962	0	(3,084)	(1,466,668)

33 Defined Benefit Pension Schemes

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

Employees of the Authority are divided between two separate defined benefit pension schemes:

The Firefighters' Pension Scheme for its uniformed firefighters - this is an unfunded scheme, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Local Government Pension Scheme for its other employees - this is a funded scheme, meaning that the Authority and employees pay its contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against grant and precept income is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Comprehensive Income and Expenditure Account in the Movement in Reserves Statement.

The Authority also has responsibility for the Police Pension Scheme for police officers although this scheme is administered by the Chief Constable (Greater Manchester Police) on behalf of the Authority. The entries related to this scheme are disclosed in the group accounts.

In accordance with proper practices, the Authority has fully complied with the International Financial Reporting Standard IAS19 (Employee Benefits). Both Pension schemes are classified as 'defined benefit' schemes under IAS19 and the accounting principles and their effect on the Financial Statements are explained below. Employer contribution rates for the current and next year for both schemes are provided below:

Employer Contribution Rates	2020/21	2021/22
Firefighters Pension Scheme		
1992 Scheme	37.3%	37.3%
2006 Scheme	27.4%	27.4%
2015 Scheme	28.8%	28.8%
Modified Scheme	37.3%	37.3%
Local Government Pension Scheme	21.2%	21.2%

The Local Government Pension Scheme

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

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

Liabilities are discounted to their value at current prices, (based on the indicative rate of return on high quality corporate bonds).

The assets of the Greater Manchester 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 pension's liability is analysed into seven components:

1. **Current service cost** – the increase in liabilities as a result of years of service earned this year. This is allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
2. **Past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.
3. **Interest cost** – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. This is debited to Financing and Investment Income and Expenditure Line in the Comprehensive Income and Expenditure Statement.
4. **Gains/losses on settlements and curtailments** – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees. This is debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.

5. **Interest on scheme assets** – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return. This is credited to Financing and Investment Line in the Comprehensive Income and Expenditure Statement.
6. **Actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.
7. **Contributions paid to the pension fund** – cash paid as employer's contributions to the fund.

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, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Under IAS19 any obligation arising from other long-term employee benefits that depend on length of service need to be recognised when service is rendered, which for the Authority now includes Injury Awards.

The McCloud / Sargeant Judgement

Firefighters scheme

Claims of age discrimination were brought in relation to the terms of transitional protection by groups of firefighters and members of the Judiciary in the McCloud / Sargeant legal case (referred to as "McCloud") and the Court of Appeal handed down its judgement of this claim on 20 December 2018, ruling that the transitional protection arrangements were discriminatory on the basis of age. As a result, the cost control element of the 2016 valuation was paused whilst the Government addressed the need to remedy this discrimination across all public service pension schemes.

Past service costs were included in the 2018/19, 2019/20 and 2020/21 accounts and the 2021/22 service costs allow for the higher expected cost of accrual under McCloud.

Local Government Schemes

The previous allowance within the balance sheet has been rolled forward and included in the balance sheet.

No additional adjustment for McCloud has been added to the current service cost for 2021/22.

Comprehensive Income and Expenditure Statement

2020/21 LGPS £000s	2020/21 Fire £000s	2020/21 Total £000s		2021/22 LGPS £000s	2021/22 Fire £000s	2021/22 Total £000s
8,255	36,600	44,855	Cost of Services:			
123	0	123	Current service cost	14,010	39,510	53,520
8,378	36,600	44,978	Past service cost (including curtailments)	201	0	201
			Total Service Cost	14,211	39,510	53,721
			Financing and Investment Income & Expenditure:			
(3,879)	0	(3,879)	Interest income on plan assets	(4,119)	0	(4,119)
5,064	37,880	42,944	Interest cost on defined benefit obligation	5,895	37,300	43,195
1,185	37,880	39,065	Total Net Interest	1,776	37,300	39,076
9,563	74,480	84,043	Total Post Employment Benefit Charged to the (Surplus)/Deficit on the Provision of Services	15,987	76,810	92,797
			Remeasurements of the Net Defined Liability Comprising:			
(32,183)	0	(32,183)	Return on assets excluding amounts included in net interest	(15,994)	0	(15,994)
1,363	0	1,363	Actuarial gains/losses arising from changes in demographic assumptions	(1,845)	0	(1,845)
63,802	174,880	238,682	Actuarial gains/losses arising from changes in financial assumptions	(21,899)	(22,470)	(44,369)
(2,559)	(13,890)	(16,449)	Other	606	5,450	6,056
30,423	160,990	191,413	Total Remeasurements Recognised in Other in the CIES	(39,132)	(17,020)	(56,152)
39,986	235,470	275,456	Total Post Employment Benefit Charged to the CIES	(23,145)	59,790	36,645

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Movement in Reserves Statement

2020/21 LGPS £000s	2020/21 Fire £000s	2020/21 Total £000s		2021/22 LGPS £000s	2021/22 Fire £000s	2021/22 Total £000s
(9,563)	(74,480)	(84,043)	Reversal of net charges made to the (surplus)/deficit on the provision of	(15,987)	(76,810)	(92,797)
5,480	0	5,480	Employers' contributions payable to the scheme	5,712	0	5,712
0	54,880	54,880	Retirement benefits payable to pensioners	0	56,700	56,700
(4,083)	(19,600)	(23,683)	Actual amount charged against the General Fund Balance for Pensions in the year	(10,275)	(20,110)	(30,385)

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

31 March 2021 LGPS £000s	31 March 2021 Fire £000s	31 March 2021 Total £000s		2021/22 LGPS £000s	2021/22 Fire £000s	2021/22 Total £000s
(290,108)	(1,873,100)	(2,163,208)	Present value of the defined benefit obligation	(282,611)	(1,876,190)	(2,158,801)
205,487	0	205,487	Fair value of employer assets	226,847	0	226,847
(84,621)	(1,873,100)	(1,957,721)	Net Liability Arising from the Defined Benefit Obligation	(55,764)	(1,876,190)	(1,931,954)

Reconciliation of the present value of the scheme liabilities (Defined Benefit Obligations)

2020/21 LGPS £000s	2020/21 Fire £000s	2020/21 Total £000s		2021/22 LGPS £000s	2021/22 Fire £000s	2021/22 Total £000s
(218,208)	(1,692,510)	(1,910,718)	Opening fair value of scheme liabilities	(290,108)	(1,873,100)	(2,163,208)
(8,255)	(36,600)	(44,855)	Current Service Cost	(14,010)	(39,510)	(53,520)
(123)	0	(123)	Past Service Costs	(201)	0	(201)
(5,064)	(37,880)	(42,944)	Interest Cost	(5,895)	(37,300)	(43,195)
(1,859)	0	(1,859)	Contributions from scheme participants	(1,967)	0	(1,967)
			Remeasurement gain			
(1,363)	0	(1,363)	Actuarial gains/losses arising from change in demographic assumptions	1,845	0	1,845
(63,802)	(174,880)	(238,682)	Actuarial gains/losses arising from change in financial assumptions	21,899	22,470	44,369
2,559	13,890	16,449	Other	(606)	(5,450)	(6,056)
6,007	54,880	60,887	Benefits Paid	6,432	56,700	63,132
(290,108)	(1,873,100)	(2,163,208)	Closing fair value of scheme liabilities	(282,611)	(1,876,190)	(2,158,801)

Reconciliation of movements in the fair value of the scheme assets

2020/21 LGPS £000s		2021/22 LGPS £000s
168,093	Opening fair value of scheme assets	205,487
3,879	Interest Income	4,119
	Remeasurement gain	
32,183	Return on assets excluding amounts included in net interest	15,994
5,480	Contributions from employer	5,712
1,859	Contributions from employees into the scheme	1,967
(6,007)	Benefits Paid	(6,432)
205,487	Closing fair value of scheme assets	226,847

Local Government Pension Scheme assets comprised:

2020/21					2021/22			
Quoted prices in active markets £000s	Quoted prices not in active markets £000s	Total £000s	Percentage of Total Assets %		Quoted prices in active markets £000s	Quoted prices not in active markets £000s	Total £000s	Percentage of Total Assets %
				Equity Securities				
18,031	0	18,031	9%	Consumer	17,652	0	17,652	8%
16,059	0	16,059	8%	Manufacturing	15,777	0	15,777	7%
9,965	0	9,965	5%	Energy and Utilities	10,743	0	10,743	5%
21,586	0	21,586	11%	Financial Institutions	23,718	0	23,718	10%
10,270	0	10,270	5%	Health and Care	12,102	0	12,102	5%
10,854	0	10,854	5%	Information Technology	12,123	0	12,123	5%
3,320	0	3,320	2%	Other	2,773	0	2,773	1%
				Debt Securities				
9,932	0	9,932	5%	Corporate Bonds (investment grade)	9,064	0	9,064	4%
0	0	0	0%	UK Government	3,895	0	3,895	2%
2,669	0	2,669	1%	Other	6,727	0	6,727	3%
				Private Equity				
0	12,230	12,230	6%	All	0	16,027	16,027	7%
0	0	0		Real Estate				
0	7,678	7,678	4%	UK Property	0	8,788	8,788	4%
				Investment Funds and Unit Trusts				
18,463	0	18,463	9%	Equities	15,018	0	15,018	7%
26,041	0	26,041	13%	Bonds	23,408	0	23,408	10%
0	10,475	10,475	5%	Infrastructure	0	13,160	13,160	6%
4,454	19,540	23,994	12%	Other	4,583	25,738	30,322	13%
				Derivatives				
(165)	0	(165)	0%	Other	(1,542)	0	(1,542)	-1%
				Cash and Cash Equivalents				
4,084	0	4,084	2%	All	7,094	0	7,094	3%
155,564	49,923	205,487	100%	Totals	163,134	63,713	226,847	100%

Basis for Estimating Assets and Liabilities

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

The Local Government Pension Scheme liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2022. The Firefighters' Pension Scheme liabilities have been assessed by the Government Actuary's Department (GAD) based on data supplied for the 2022 valuation.

The significant assumptions used by the actuary have been:

2020/21 LGPS	2020/21 Fire		2021/22 LGPS	2021/22 Fire
20.5 years	21.4 years	Longevity at 65 for current pensioners:*	20.3 years	21.5 years
23.3 years	21.4 years	Male	23.0 years	21.5 years
		Female		
21.9 years	23.1 years	Longevity at 65 for future pensioners:*	21.6 years	23.2 years
25.3 years	23.1 years	Male	25.1 years	23.2 years
		Female		
		Rate of Inflation (Price Increases)		
3.60%	4.15%	Rate of increase in salaries (Salary Increases)	3.95%	4.75%
2.85%	2.40%	Rate of increase in pensions (Pension Increases)	3.20%	3.00%
2.00%	2.00%	Rate of discounting scheme liabilities (Discount Rate)	2.70%	2.65%

*Life Expectancy is based on the Fund's VitaCurves.

An allowance is included for future retirements to elect to take 55% of the maximum additional tax-free cash up to the HMRC limits for pre-April 2008 service and 60% of the maximum tax-free cash for post-April 2008 service.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Sensitivity Analysis

Local Government Pension Scheme	Approximate % increase to Employer Liability	Approximate monetary amount
Change in Assumption at 31 March 2022		£000s
0.1% decrease in Real Discount Rate	2.00%	5,965
0.1% increase in the Salary Increase Rate	0.00%	516
0.1% increase in the Pension Increase Rate (CPI)	2.00%	5,403
1 year increase in member life expectancy	4.00%	11,304

Fire Fighters Pension Scheme	Approximate % increase to Employer Liability	Approximate monetary amount
Change in Assumption at 31 March 2022		£000s
0.5% increase in Real Discount Rate	(9.00%)	(168,000)
0.5% increase in the Salary Increase Rate	1.50%	26,000
0.5% increase in the Pension Increase Rate (CPI)	7.50%	140,000
1 year decrease in members and adult dependants assumed age	3.50%	67,000

As at the date of the most recent valuation, the duration of the Employer's funded liabilities is 21 years.

The weighted average duration of the defined benefit obligation for the firefighters' scheme members is approximately 19 years.

Impact on Authority's cash flow – Local Government Pension Scheme

The objectives of the scheme are to keep employer's contributions at as constant a rate as possible and agree a funding strategy to ensure future employers contributions meet the Administering Authority's funding objectives. Following the latest triennial valuation completed on 31 March 2019, the LGPS was assessed as being 102% funded. Funding levels are monitored on an annual basis.

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

Authority contribution to pension schemes

The Authority expects to pay £13.361m to the Firefighters' Pension Scheme and £5.824m to the Local Government Pension Scheme in 2021/22.

34 Mayoral General Fund

The functions of the Greater Manchester Fire and Rescue Authority (GMFRA) that are exercisable in relation to the area of the Authority were transferred by Parliamentary Order to the Greater Manchester Combined Authority (GMCA) with effect from 8 May 2017. The GMCA is the Fire and Rescue Authority for the area and the Fire and Rescue functions of the GMCA are exercisable by the elected Mayor with all staff, properties, rights and liabilities transferring to the Authority.

Under the Order, all functions and decisions relating to such properties, rights and liabilities are to be exercised and made by the Mayor. Any payments and receipts arising from such properties, rights and liabilities are to be paid from and into the Mayoral General Fund.

The statements below set out the movements in the Mayoral General Fund and assets deployed for fire and rescue services for 2021/22:

Mayoral General Fund Income and Expenditure:

	Gross Expenditure 2021/22 £000s	Gross Income 2021/22 £000s	Net Expenditure 2021/22 £000s
Fire and Rescue Services	108,798	(16,586)	92,212
Mayor's Office	125,654	(101,036)	24,618
Net cost of services	234,452	(117,622)	116,831
(Gains) / losses on the disposal of non current assets	20	0	20
Other operating expenditure	20	0	20
Interest payable	74	0	74
Interest element of PFI unitary payments	112	0	112
Pensions Interest cost	38,762	0	38,762
Expected return on pensions assets	0	(1,021)	(1,021)
Financing and investment income and expenditure	38,948	(1,021)	37,926
Precepts	0	(69,664)	(69,664)
Non Domestic Rates Income	0	(48,903)	(48,903)
Taxation and non specific grant income	0	(118,567)	(118,567)
(Surplus) / deficit on provision of services	273,420	(237,210)	36,210
Items that will not be reclassified to the surplus/deficit on provision of services			
Revaluation gains and losses			(4,207)
Remeasurement of (gains)/losses on pension assets/liabilities			(26,723)
Other income and expenditure			(30,931)
Total income and expenditure			5,279

Movement in Mayoral General Fund Reserves:

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

Earmarked Reserves and Balances	1 April 2021	Transfers in/out	31 March 2022
	£000s	£000s	£000s
Mayoral General Fund			
Capital Reserve	(10,600)	985	(9,615)
Earmarked Budgets Reserve	(3,186)	(3,392)	(6,578)
Revenue Grants Unapplied	(12,463)	3,850	(8,612)
Insurance Reserve	(2,849)	(0)	(2,849)
Business Rates Reserve	(1,605)	191	(1,414)
Restructuring Reserve	(418)	(0)	(418)
Innovation and Partnership CYP	(127)	(0)	(127)
Transformation Fund	(3,604)	0	(3,604)
Total Earmarked Reserves	(21,002)	1,634	(33,218)
Mayoral General Fund Balance	(12,092)	(0)	(12,093)
Capital Grants Unapplied Reserve	(2,050)	1,751	(299)
Total Mayoral General Fund Reserves	(32,617)	3,385	(45,610)

Assets deployed in provision of Mayoral Fire and Rescue Services:

	Land and Buildings	Vehicles ,Plant, Furniture and Equipment	Assets Under Construction	Total Property Plant and Equipment	PFI in PPE
	£000s	£000s	£000s	£000s	£000s
Cost or Valuation					
Asset values brought forward at 1 April 2021	105,927	38,300	648	144,875	4,063
Additions	804	804	0	1,608	0
Accumulated depreciation and impairment written off to cost or valuation	(1,385)	0	0	(1,385)	0
Revaluation increases/decreases recognised in the Revaluation Reserve	4,207	0	0	4,207	0
Revaluation increases/decreases recognised in the surplus or deficit on the provision of services	266	0	0	266	0
Derecognition - disposals	0	(859)	0	(859)	0
Derecognition - other	(804)	0	0	(804)	0
Assets reclassified to/from assets under construction	(283)	2,235	0	1,952	0
Cost or Valuation at 31 March 2022	108,732	40,480	648	149,860	4,063
Accumulated Depreciation & Impairment					
Accumulated depreciation values brought forward at 1 April 2021	(9,143)	(24,899)	0	(34,042)	328
Accumulated depreciation and impairment written off to cost or valuation	0	0	0	0	0
Depreciation Charge	(6,249)	(2,605)	0	(8,854)	(191)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	1,385	0	0	1,385	0
Derecognition - disposals	0	839	0	839	0
Other adjustments - depreciation	0	(131)	0	(131)	0
GF Closing value - depreciation	(14,007)	(26,796)	0	(40,803)	137
Net Book Value at 31 March 2021	96,784	13,401	648	110,185	4,391
Net Book Value at 31 March 2022	94,725	13,684	648	109,057	4,200

35 Mayoral Police Fund

The functions of the Greater Manchester Police and Crime Commissioner (PCC) were transferred by Parliamentary Order to the elected Mayor of Greater Manchester with effect from 8 May 2017.

Under Section 3 of the Order “the Mayor is to be treated, in relation to the Mayor’s PCC functions, as a Police and Crime Commissioner for the purposes of all Police and Crime Commissioner enactments, wherever passed or made, subject to schedule 1 of the Order”.

The transfer of the PCC functions to the Elected Mayor means that the legal entity known as the Greater Manchester Police and Crime Commissioner ceased to exist as of 8 May 2017. All properties, rights and liabilities (including contracts of employment) transferred to the Greater Manchester Combined Authority (GMCA) on 8 May 2017.

Under the Order, all functions and decisions relating to such properties, rights and liabilities are to be exercised and made by the Mayor. Any receipts arising from such properties, rights and liabilities are to be paid into the Police Fund kept by the mayor by virtue of section 21 of the Police Reform and Social Responsibility Act 2011.

The Chief Constable of Greater Manchester Police (GMP) Statement of Accounts has been consolidated into GMCA’s group accounts since 8 May 2017. The Mayor is responsible for the formal oversight of GMP, including provision of all funding, budget setting, performance scrutiny and strategic policy development, and for ensuring GMP is run efficiently and effectively. Operational decision-making on day-to-day policing including the employment of police staff remains the responsibility of the Chief Constable.

Under the legislative framework and local arrangements, GMCA, under sole instruction from the Mayor, is responsible for the finances of the Mayoral Police Fund including assets, liabilities and reserves. The GMCA has responsibility for entering into contracts and establishing the contractual framework under which the Chief Constable’s officers and staff operate. The GMCA receives all income and funding and makes all the payments for the policing activity from the Mayoral Police Fund. The movement on the Police Fund is disclosed in note 35.

In compliance with legislation, the Police Fund is accounted for in the group accounts of the GMCA. In the interests of transparency, the statements below set out how the Police Fund was spent and funded, movements in the Mayoral Police Fund reserves and assets deployed for policing in 2021/22.

Police Fund Income and Expenditure:

	Gross Expenditure 2021/22 £000s	Gross Income 2021/22 £000s	Net Expenditure 2021/22 £000s
Policing Services	809,448	(116,408)	693,039
Net cost of services	809,448	(116,408)	693,039
(Gains) / losses on the disposal of non current assets	1,628	(476)	1,152
Home Office grant payable towards the cost of retirement benefits	108,795	(108,795)	0
Other operating expenditure	110,423	(109,271)	1,152
Interest payable	2,337	0	2,337
Interest element of PFI unitary payments	8,015	0	8,015
Pensions interest cost	195,222	0	195,222
Expected return on pensions assets	0	(20,220)	(20,220)
Interest income	0	0	0
Financing and investment income and expenditure	205,573	(20,220)	185,353
Precepts	0	(167,080)	(167,080)
Police grant	0	(507,421)	(507,421)
Capital grants and contributions	0	(1,573)	(1,573)
Taxation and non specific grant income	0	(676,075)	(676,075)
(Surplus) / deficit on provision of services	1,125,444	(921,974)	203,470
Items that will not be reclassified to the surplus/deficit on provision of services			
Revaluation gains and losses	0	4,057	4,057
Remeasurement of (gains)/losses on pension assets/liabilities	0	(248,974)	(248,974)
Other income and expenditure	0	(244,917)	(244,917)
Total income and expenditure			(41,447)

Movement in Mayoral Police Fund Reserves:

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

Earmarked Reserves and Balances	1 April 2021 £000s	Transfers £000s	31 March 2022 £000s
Mayoral Police Fund			
Revenue Expenditure Reserve	(11,322)	(12,334)	(23,656)
Insurance Reserve	(15,233)	2,684	(12,549)
Police and Crime Commissioner Earmarked	(47,992)	2,950	(45,041)
PFI Reserve	(10,606)	726	(9,880)
Mayoral Police Fund Balances	(15,398)	577	(14,821)
Total Mayoral Police Fund	(100,551)	(5,396)	(105,946)

Assets deployed in the provision of Policing Services:

	Land and Buildings £000s	Vehicles ,Plant, Furniture and Equipment £000s	Long Term Surplus Assets £000s	Assets under Construction £000s	Total Property Plant and Equipment £000s	PFI in PPE £000s
Cost or Valuation						
Asset values brought forward at 1 April 2021	261,535	185,012	3,481	23,972	474,000	75,770
Additions	1,120	7,373	0	30,565	39,058	0
Accumulated depreciation and impairment written off to cost or valuation	(4,809)	0	0	0	(4,809)	0
Revaluation increases/decreases recognised in the Revaluation Reserve	(4,057)	0	0	0	(4,057)	0
Revaluation increases/decreases recognised in the surplus or deficit on the provision of services	6,445	0	0	0	6,445	0
Derecognition - disposals	(91)	(1,840)	(160)	0	(2,091)	0
Derecognition - other	(1,120)	(2)	(2)	(6)	(1,130)	0
Assets reclassified to/from held for sale	0	0	0	0	0	0
Assets reclassified to/from assets under construction	0	2,350	0	(2,350)	0	0
Other movements in cost or valuation	0	0	0	0	0	0
Cost or Valuation at 31 March 2022	259,023	192,893	3,319	52,181	507,416	75,770
Accumulated Depreciation & Impairment						
Accumulated depreciation values brought forward at 1 April 2021	(14,901)	(133,337)	(34)	0	(148,272)	(3,467)
Accumulated depreciation and impairment written off to cost or valuation	4,809	0	0	0	4,809	0
Depreciation Charge	(6,974)	(14,893)	(11)	0	(21,878)	(1,947)
Derecognition - disposals	3	1,580	7	0	1,590	0
Other movements in depreciation and impairment	0	0	0	0	0	0
GF Closing value - depreciation	(17,063)	(146,650)	(38)	0	(163,751)	(5,414)
Net Book Value at 31 March 2021	246,634	51,675	3,447	23,972	325,728	72,303
Net Book Value at 31 March 2022	241,960	46,243	3,281	52,181	343,665	70,356

Police Fund Intangible Assets:

2020/21 Intangible operational £000s	2020/21 Intangible Assets Under Construction £000s	2020/21 Intangible total £000s		2021/22 Intangible operational £000s	2021/22 Intangible Assets Under Construction £000s	2021/22 Intangible total £000s
			Balance at 1 April:			
31,934	0	31,934	Gross carrying amounts	32,014	235	32,248
(5,100)	0	(5,100)	Accumulated amortisation	(9,990)	0	(9,990)
26,834	0	26,834	Net carrying amount at 1 April	22,024	235	22,258
			Additions:			
79	235	314	Purchases	1,432	0	1,432
0	0	0	Additions to assets under construction	0	1,002	1,002
0	0	0	Reclassified to operational from assets under construction	235	(235)	0
(4,890)	0	(4,890)	Amortisation for the period	(4,485)	0	(4,485)
22,024	235	22,258	Net carrying amount at 31 March	19,205	1,002	20,207
			Comprising:			
32,014	235	32,248	Gross carrying amounts	33,680	1,002	34,682
(9,990)	0	(9,990)	Accumulated amortisation	(14,475)	0	(14,475)
22,024	235	22,258	Balance at 31 March	19,205	1,002	20,207

Firefighters' Pension Fund

There is a requirement in the Code of Practice to produce a Pension Fund Account and Net Assets Statement in respect of the Firefighter's Pension Scheme. The purpose of the Funds is to provide a basis for demonstrating the balance of cash based transactions taking place over the year and for identifying the arrangements needed to close the balance for the year. The primary objective is to separate the cost of providing pensions from the cost of running services.

This is an unfunded scheme, which is administered in accordance with Home Office regulations. For such schemes as there are no investment assets, IAS19 requires recognition of the liability and pension reserve in the Balance Sheet and transactions in the Income and Expenditure Account for movements in the liability and reserve.

Firefighters' Pension Fund Account

2020/21 £000s	Firefighters' Pension Fund Account	2021/22 £000s
0	Opening balance at 1 April	0
	Contributions Receivable	
(12,954)	From Employer	(13,361)
(5,662)	From Employee	(5,949)
(295)	Ill Health Retirements	(160)
	Transfers In	
(352)	Individual transfers in from other schemes	(214)
	Benefits Payable	
46,138	Pensions	46,800
6,992	Commutations and lump sum retirement benefits	7,666
	Payments to and on account of leavers	
0	Individual transfers out to other schemes	593
33,867	Net Amount Payable for the year	35,376
(33,867)	Top-up grant receivable from the Government	(35,376)
0	Closing balance at 31 March	0

Net asset statement

31 March 2021 £000s	Net Assets Statement	31 March 2022 £000s
4,484	Pension Top-Up Grant receivable from the Home Office	6,098
0	Payments in Advance	0
0	Creditor	0
0	Debtor	0
(4,484)	Amount due from the Mayoral General Fund	(6,098)
0	Net Assets	0

The funding arrangements for the Firefighters' Pension Scheme in England changed on 1 April 2006. Before 1 April 2006 these schemes did not have a percentage of pensionable pay type of employer's contribution - rather each authority was responsible for paying the pensions of its own former employees on a pay as you go basis. Under the new arrangements the schemes remain unfunded but Authorities will pay an employer's pension contribution based on a percentage of pay into the Pension Fund.

Each authority in England is required by legislation to operate a Pension Fund and the amounts that must be paid into and out of the Fund are specified by regulation under the Firefighters' Pension Scheme (Amendment) (England) Order 2006.

Employees' and employers' contribution levels are based on percentages of pensionable pay set nationally by the Government Actuary Department (GAD) and are subject to triennial revaluation.

There are no investment assets and the fund is balanced to nil each year by receipt of pension top-up grant from the Home Office or by paying over any surplus to the Home Office. The fund's financial statements do not take into account liabilities to pay pensions and other benefits after the period end.

The accounting policies adopted for the production of the pension fund account are in line with recommended practice and follow those that apply to the Authority's primary statements.

The Fund's financial statements do not take into account liabilities to pay pensions after 31 March 2022. Liabilities to pay future payments are included in the IAS19 charges and notes to the Financial Statements.

Glossary of Financial Terms

Accounting Policies

Within the range of possible methods of accounting, a policy is a statement of the actual methods chosen locally and used to prepare these accounts.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuarial Gains and Losses

This Re-measurement of the net defined benefit liability comprises actuarial gains and losses, the return on plan assets and any change in the effect of the asset ceiling. Actuarial gains and losses are changes in the present value of the defined benefit obligation arising from the effects of differences between the previous actuarial assumptions and what has occurred and the effects of changes in the actuarial assumptions

Agency Services

Services that are performed by or for another authority or public body, where the authority responsible for the service reimburses the authority carrying out the work for the cost of that work.

Amortisation

A charge to the comprehensive income and expenditure statement spread over a number of years.

Assets

Items of worth that are measurable in terms of value. Current assets are ones that may change in value on a day-to-day basis (i.e. inventory). Non-current assets are assets that yield benefit to the Authority and Group for a period of more than one year (i.e. Metrolink trams).

Assets Held for Sale

Assets which are being actively marketed and expected to sell within the next 12 months.

Bad (and doubtful) debts

Debts/income which may be uneconomic to collect or un-enforceable.

Balances

The reserves of the Authority and Group, which include the accumulated surplus of income over expenditure.

Balance sheet

A statement of the recorded assets, liabilities and other balances at the end of an accounting period.

Budget

A statement defining in financial terms the Authority's plans over a specified period. The budget is prepared as part of the process of setting the precept.

Capital Adjustment Account

This provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital control system.

Capital Expenditure

Expenditure on the acquisition or enhancement of property, plant and equipment that have a long-term value to the Authority and Group. This includes grants or advances paid to third parties to assist them in acquiring or enhancing their own property, plant and equipment.

Capital Financing Costs

Each service is charged with an annual capital charge to reflect the cost of non-current assets used in the provision of services.

Capital Financing Requirements

This measures the underlying need to borrow to finance capital expenditure.

Capital Grants

Grants received towards capital expenditure either generally or for a particular project.

Capital Grants Unapplied

Proceeds received from Government Grants, Other Grants and Contributions, which have not yet been used to finance capital expenditure.

Capital Receipts

Money received from the sale of property, plant and equipment or repayment of a capital advance.

Carrying Amount

The balance sheet value recorded of an asset or a liability.

Cash and Cash Equivalents

This comprises cash in hand, cash overdrawn and short-term investments, which are readily convertible into known amounts of cash.

CIPFA (The Chartered Institute of Public Finance and Accountancy)

CIPFA is the leading professional accountancy body for public services.

Consolidated

Added together with adjustments to avoid double counting of income, expenditure or to avoid exaggeration.

Contingent Assets

Sums due from individuals or organisations that may arise in the future but which cannot be determined in advance.

Contingent Liabilities

Sums due to individuals or organisations that may arise in the future but which cannot be determined in advance.

Creditors

Amounts owed by the Authority and Group for goods and services provided by the balance sheet date, where payment has not been made at that date.

Current Assets

An asset where the value changes because the volume held varies from day to day, for example, stock. It is reasonable to expect that these assets will either be consumed or realised during the next accounting period.

Current Liabilities

An amount which will become payable or could be called in within the next accounting period.

Current Service Cost

The increase in present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current financial year.

Curtailments

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces the accrual of defined benefits for a number of employees for some or all of their future service.

Debtors

Sums of money owed to the Authority and Group at the balance sheet date but not received at that date.

Deferred Capital Receipts

Amounts derived from asset sales, which will be received in instalments over a period of years.

Defined Benefit Pension Scheme

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

Defined Benefit Contribution Scheme

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

Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of property, plant and equipment.

Remeasurement of the Net Defined Benefit Liability

Remeasurement of the Net Defined Benefit Liability (asset) comprises:

- a) actuarial gains and losses

- b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and
- c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Expenditure

Amounts paid by the Authority and Group for goods received or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment - expenditure is deemed to have been incurred once the goods or services have been received even if they have not been paid for.

External Audit

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

Fair Value

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

Fees and Charges

Income arising from the provision of services, e.g. the use of premises.

Finance Lease

A finance lease is one that transfers substantially all the risks and rewards of ownership of items of property, plant and equipment to a lessee.

Financial Instruments

This is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another. The term covers both financial assets (e.g. loans receivable) and financial liabilities (e.g. borrowings).

Historical Cost

The actual cost of assets, goods or services, at the time of their acquisition.

Impairment

A reduction in the value of a property, plant and equipment below its carrying amount in the balance sheet.

Income

Amounts due to the Authority and Group for goods supplied or services rendered of either a capital or revenue nature. This does not necessarily involve cash being received - income is deemed to have been earned once the goods or services have been supplied even if the cash has not been received.

Infrastructure Assets

These are inalienable assets, expenditure on which is recoverable only by continued use of the asset created. Examples of such assets are traffic signals.

Intangible Assets

These are assets that have no physical substance, for example, the purchase of computer software licences.

Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

International Financial Reporting Standards (IFRS)

These are statements prepared by the International Accounting Standards Board to ensure consistency in accountancy matters. Many of these standards now apply to local authorities and any departure from these must be disclosed in the published accounts.

Inventory

Raw materials and consumable items the Authority's Group has purchased to use on a continuing basis and has not used by the end of the financial year.

Investment Properties

These are property or land that is held solely to earn rentals or for capital appreciation or both.

Investments

Items such as company shares, other securities and money deposited with financial institutions (other than bank current accounts).

Liabilities

Amounts due to individuals or organisations that will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

Long-term Contracts

A contract entered into for the design, manufacture or construction of a single substantial asset or service where the time taken to complete the contract is such that the contract activity falls into different accounting periods.

Material

The concept that any omission from or inaccuracy in the statements of account should not be large enough to affect the understanding of those statements by a reader.

Minimum Revenue Provision (MRP)

This is the amount that is charged to the Authority's Movement in Reserves Statement each year and set aside as a provision for credit liabilities.

Net Book Value

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

Net Realisable Value

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 which have value to the Authority for more than one year. These can be tangible (e.g. land, buildings, equipment) or intangible (e.g. Software or licences) assets.

Non-Operational Assets

Non-current assets held by the Authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements pending sale or redevelopment.

Business Rates

These are a levy on business properties based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines that national rate poundage, local authorities collect the sums due, with distribution made in accordance with rules governing the business rates retention scheme.

Operating Lease

A lease other than a finance lease.

Past Service Cost

For a defined benefit pension scheme, the increase in present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Payments in Advance

Amounts actually paid in an accounting period prior to the period in which they are due

Pension Funds

The Authority is required to set up a separate fund from the rest of its operation for transactions relating to firefighters' and police pension arrangements. The funds are balanced to nil each year by the receipt of a pensions top-up grant from the Department for Communities and Local Government.

Precept

An amount of money levied by one authority (the precepting authority) which is collected by another authority (the collecting authority) as part of the council tax. The Authority is the precepting authority and the GM Authorities are the collecting authorities.

Prior Year Adjustments

Material adjustments to the accounts of earlier years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Private Finance Initiative (PFI)

A partnership between the private and public sectors that uses private sector financing to provide public sector assets. The partnership has to meet certain criteria to qualify for Central Government subsidy.

Provisions

These are sums set aside to meet liabilities or losses that have been incurred but where the amount and/or timing of such costs are uncertain.

Public Works Loan Board (PWLB)

A Government agency that lends money to local authorities. Local authorities are able to borrow some or all of their requirements to finance capital expenditure from this source.

Receipts in Advance

Amounts actually received in an accounting period prior to the period in which they are due.

Residual Value

The net realisable value of property, plant or equipment at the end of its useful life.

Reserves

These are sums set aside to meet possible future costs where there is no certainty about whether or not these costs will be incurred.

Revenue Contributions

The method of financing capital expenditure directly from revenue.

Revenue Expenditure

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

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

These are items of capital expenditure that do not result in, or remain matched by, the Authority's property, plant and equipment.

Settlement

An irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligations and the assets used to effect the settlement

Unfunded Pension Scheme

This is one in which liabilities for pension benefits are charged to the employer's revenue account in the year in which they arise and are not financed from investments held. The Authority operates such a scheme for its firefighters.

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Audit Committee

Date: 27th July 2022
Subject: Annual Treasury Outturn 2021/22
Report of: Steve Wilson, GMCA Treasurer

Purpose of Report

This Authority is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2021/22. This report meets the requirements of both the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

During 2021/22 the minimum reporting requirements were that the full Authority should receive the following reports:

- an annual treasury strategy in advance of the year
- a mid-year, (minimum), treasury update report
- an annual review following the end of the year describing the activity compared to the strategy, (this report)

The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Authority's policies previously approved by Members.

This Authority confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit Committee before they were reported to the full Authority.

Recommendations:

The Audit Committee is requested to:

1. Note the contents of the report.

Contact Officers

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Equalities Impact, Carbon and Sustainability Assessment:

N/A

Risk Management

There are considerable risks to the security of the GMCA's resources if appropriate Treasury Management strategies and policies are not adopted and followed. The GMCA has established good practice in relation to Treasury Management

Legal Considerations

The Authority has adopted the clauses within the CIPFA Treasury Management Code of Practice, the second of which is that the organisation will receive reports on its treasury and investment management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close. This annual outturn report therefore meets this requirement.

Financial Consequences – Revenue

Financial consequences are contained in the body of the report.

Financial Consequences – Capital

Financial Consequences are contained in the body of the report.

Number of attachments to the report: n/a

Comments/recommendations from Overview & Scrutiny Committee

N/A

Background Papers

GMCA, 12 February 2021, Treasury Management Strategy Statement and Annual Investment Strategy 2021/22

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution?

No

Exemption from call in

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

N/A

GM Transport Committee

N/A

Overview and Scrutiny Committee

N/A

1. Introduction and Background

1.1 This report summarises the following:

- a) Capital activity during the year;
- b) Impact of this activity on the Authority's underlying indebtedness, (the Capital Financing Requirement);
- c) The actual prudential and treasury indicators;
- d) Overall treasury position identifying how the Authority has borrowed in relation to this indebtedness, and the impact on investment balances;
- e) Summary of interest rate movements in the year;
- f) Detailed debt activity; and
- g) Detailed investment activity.

2. The Authority's Capital Expenditure and Financing

2.1 The Authority undertakes capital expenditure on long-term assets. These activities may either be:

- a) Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Authority's borrowing need; or
- b) If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

2.2 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

£m	31 March 2021	2021/22	31 March 2022
	Actual	Budget	Actual
Capital expenditure	416.381	457.069	526.153
Financed in year	(361.337)	(329.039)	(429.011)
Unfinanced capital expenditure	55.044	128.030	97.142

3. The Authority's Overall Borrowing Need

- 3.1 The Authority's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Authority's indebtedness. The CFR results from the capital activity of the Authority and resources used to pay for the capital spend. It represents the 2021/22 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.
- 3.2 Part of the Authority's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Authority's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, (such as the Government, through the Public Works Loan Board (PWLB), or the money markets), or utilising temporary cash resources within the Authority.
- 3.3 Reducing the CFR – the Authority's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Authority is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.
- 3.4 The total CFR can also be reduced by:
- a) the application of additional capital financing resources, (such as unapplied capital receipts); or
 - b) charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).
- 3.5 The Authority's 2021/22 MRP Policy, (as required by Department for Levelling Up, Housing and Communities (DLUHC) Guidance), was approved as part of the Treasury Management Strategy Report for 2021/22 on 12 February 2021 and subsequently revised on 11 February 2022.
- 3.6 The Authority's CFR for the year is shown below and represents a key prudential indicator. It includes Private Finance Initiative (PFI) and leasing schemes on the

balance sheet, which increase the Authority's borrowing need. No borrowing is required against these schemes as a borrowing facility is included in the contract.

CFR (£m)	31 March 2021 Actual	2021/22 Budget	31 March 2022 Actual
Opening balance	2,382.404	2,396.554	2,345.059
Add unfinanced capital expenditure (as above)	55.044	128.030	97.142
Less MRP/VRP	(89.127)	(87.641)	(81.224)
Less PFI & finance lease repayments	(3.262)	(3.659)	(1.090)
Closing balance	2,345.059	2,436.943	2,359.887

3.7 Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.

3.8 Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Authority should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2021/22) plus the estimates of any additional capital financing requirement for the current (2022/23) and next two financial years. This essentially means that the Authority is not borrowing to support revenue expenditure. This indicator allowed the Authority some flexibility to borrow in advance of its immediate capital needs in 2021/22. The table below highlights the Authority's gross borrowing position against the CFR. The Authority has complied with this prudential indicator.

£m	31 March 2021 Actual	2021/22 Budget	31 March 2022 Actual
Gross borrowing position	1,541.244	1,521.603	1,466.670

CFR	2,345.059	2,436.943	2,359.887
Under / (over) funding of CFR	803.815	915.340	893.220

3.9 The authorised limit - the authorised limit is the 'affordable borrowing limit' required by s3 of the Local Government Act 2003. Once this has been set, the Authority does not have the power to borrow above this level. The table below demonstrates that during 2021/22 the Authority has maintained gross borrowing within its authorised limit.

3.10 The operational boundary – the operational boundary is the expected borrowing position of the Authority during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

3.11 Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

	2021/22
Authorised limit	£2,685.069m
Maximum gross borrowing position during the year	£1,496.620m
Operational boundary	£2,563.021m
Average gross borrowing position	£1,461.393m
Financing costs as a proportion of net revenue stream	9.9%

4. Treasury Position as at 31 March 2022

4.1 The Authority's treasury management debt and investment position is organised by the treasury management service to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and

through officer activity detailed in the Authority's Treasury Management Practices. At the end of 2021/22 the Authority's treasury, (excluding borrowing by PFI and finance leases), position was as follows:

DEBT PORTFOLIO	31 March 2021 Principal	Rate/ Return	Average Life yrs	31 March 2022 Principal	Rate/ Return	Average Life yrs
PWLB	£567.494m	4.57%	16	£546.199m	4.64%	16
Market	£929.332m	2.71%	20	£879.710m	2.81%	20
Total debt excl PFI liabilities	£1,496.826m	3.41%	19	£1,425.909m	3.51%	18
CFR	£2,345.058m			£2,359.887m		
Over / (under) borrowing	£803.815m			£893.220m		
Total investments	£138.810m	0.0549%	0	£244.934m	0.2816%	0
Net debt	£665.005m			£648.286m		

DEBT PORTFOLIO	31 March 2021 actual	31 March 2022 actual
Under 12 months	£130.280m	£87.175m
12 months and within 24 months	£30.679m	£38.696m
24 months and within 5 years	£129.288m	£143.177m
5 years and within 10 years	£396.139m	£378.592m
10 years and within 20 years	£423.601m	£457.099m
20 years and within 30 years	£223.663m	£161.993m
30 years and within 40 years	£73.176m	£69.176m

40 years and within 50 years	£90.000m	£90.000m
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INVESTMENT PORTFOLIO	31 March 2021 Actual £m	31 March 2021 Actual %	31 March 2022 Actual £m	31 March 2022 Actual %
Treasury investments				
Banks	89.376	64.1%	13.358	5.4%
Local authorities	50.000	35.9%	171.000	69.6%
DMADF (HM Treasury)	-	0.0%	61.300	25.0%
TOTAL TREASURY INVESTMENTS	139.376	100.0%	245.658	100.0%
Non-Treasury investments				
Third party loans	244.815	97.0%	217.387	84.2%
Equity	7.501	3.0%	40.766	15.8%
TOTAL NON-TREASURY INVESTMENTS	252.316	100%	258.153	100%

Treasury investments	139.376	35.6%	245.658	48.8%
Non-Treasury investments	252.316	64.4%	258.153	51.2%
TOTAL OF ALL INVESTMENTS	391.692	100%	503.811	100%

	31 March 2021	31 March 2022
	Actual	Actual
	£m	£m
Investments		
Longer than 1 year	75.347	130.407
Up to 1 year	316.345	373.404
Total	391.692	503.811

5. The Strategy for 2021/22

5.1 Investment strategy and control of interest rate risk

- 5.1.1 Investment returns remained close to zero for much of 2021/22. Most local authority lending managed to avoid negative rates and one feature of the year was the continued growth of inter local authority lending. The expectation for interest rates within the treasury management strategy for 2021/22 was that Bank Rate would remain at 0.1% until it was clear to the Bank of England that the emergency level of rates introduced at the start of the Covid-19 pandemic were no longer necessitated.
- 5.1.2 The Bank of England and the Government also maintained various monetary and fiscal measures, supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the various lockdowns/negative impact on their cashflow. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates remained low until towards the turn of the year when inflation concerns indicated central banks, not just the Bank of England, would need to lift interest rates to combat the second-round effects of growing levels of inflation (Consumer Price Inflation (CPI) was 6.2% in February 2022).
- 5.1.3 While the Authority has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial

institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

5.1.4 Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the charts shown above and below. Such an approach has also provided benefits in terms of reducing counterparty risk exposure, by having fewer investments placed in the financial markets.

5.2 Borrowing strategy and control of interest rate risk

5.2.1 During 2021/22, the Authority maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were very low and minimising counterparty risk on placing investments also needed to be considered.

5.2.2 A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.

5.2.3 The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

5.2.4 Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Treasurer therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks:

- a) if it had been felt that there was a significant risk of a sharp FALL in long- and short-term rates, (for example, due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings

would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.

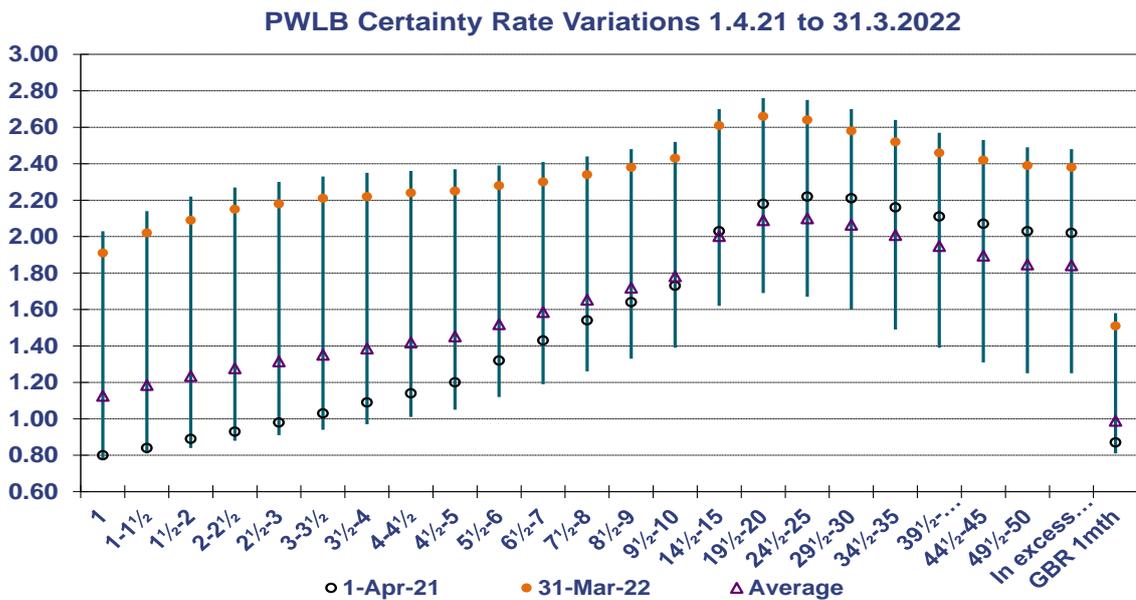
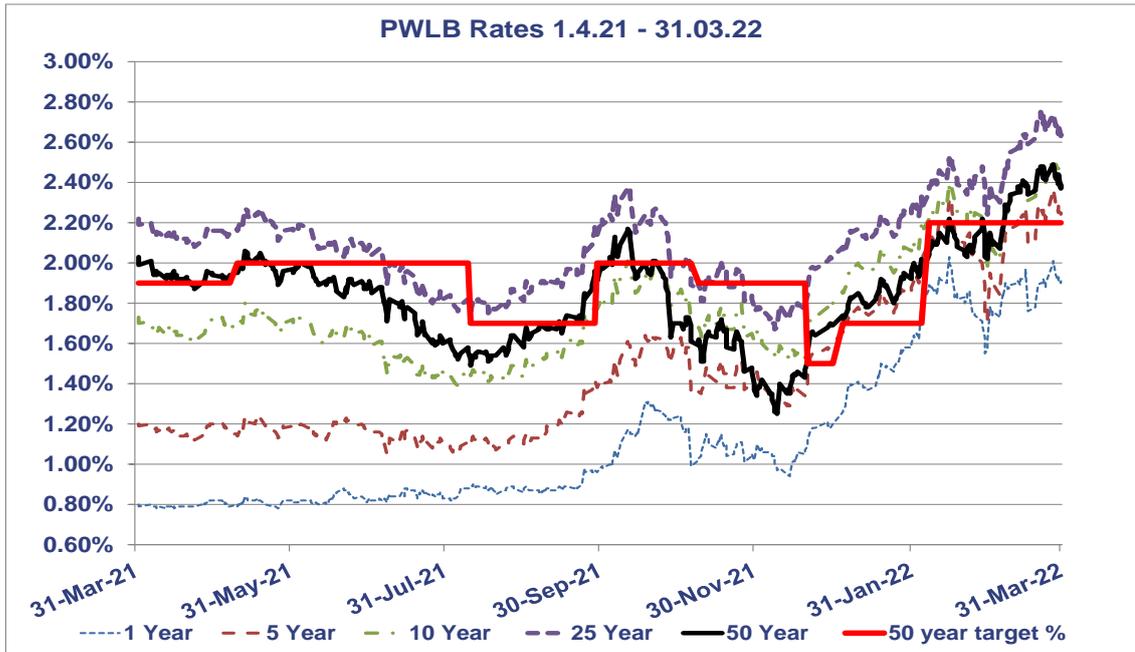
- b) if it had been felt that there was a significant risk of a much sharper RISE in long- and short-term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised. Most likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.

5.2.5 Interest rate forecasts expected only gradual rises in medium and longer-term fixed borrowing rates during 2021/22 and the two subsequent financial years until the turn of the year, when inflation concerns increased significantly. Internal, variable, or short-term rates, were expected to be the cheaper form of borrowing until well in to the second half of 2021/22.

5.2.6 Forecasts at the time of approval of the treasury management strategy report for 2021/22 were as follows:

Link Group Interest Rate View		8.2.21											
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.90	0.90	0.90	0.90	1.00	1.00	1.10	1.10	1.10	1.20	1.20	1.20	1.20
10 yr PWLB	1.30	1.30	1.30	1.30	1.40	1.40	1.50	1.50	1.50	1.60	1.60	1.60	1.60
25 yr PWLB	1.90	1.90	1.90	1.90	2.00	2.00	2.10	2.10	2.10	2.20	2.20	2.20	2.20
50 yr PWLB	1.70	1.70	1.70	1.70	1.80	1.80	1.90	1.90	1.90	2.00	2.00	2.00	2.00

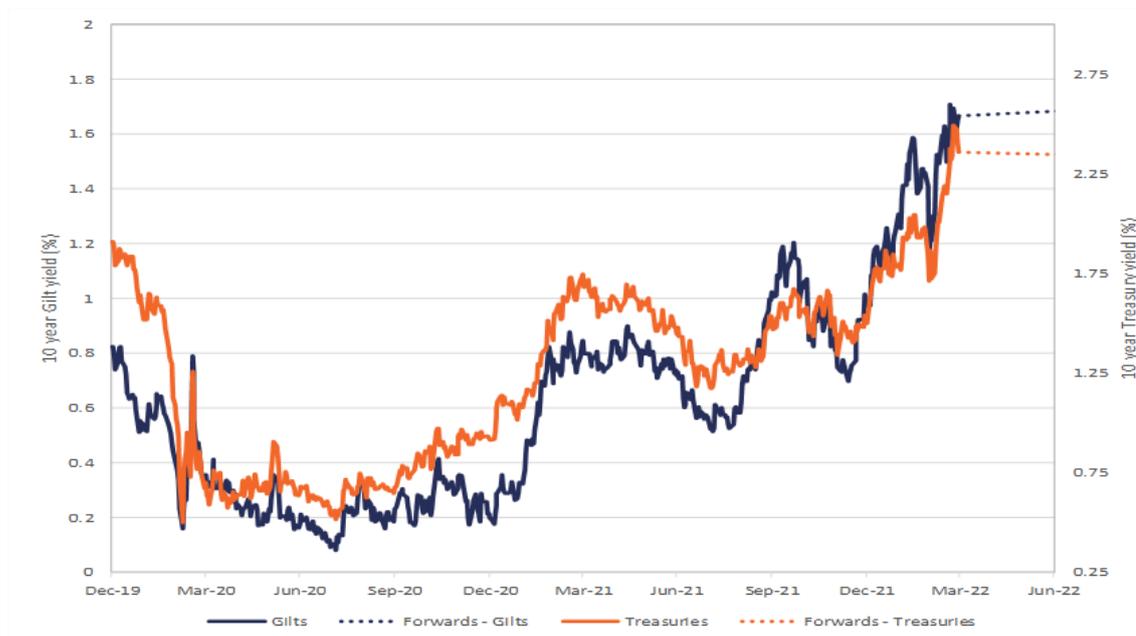
5.2.7 PWLB rates 2021/22



High/low/average PWLB rates for 2021/22

	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2021	0.80%	1.20%	1.73%	2.22%	2.03%
31/03/2022	1.91%	2.25%	2.43%	2.64%	2.39%
Low	0.78%	1.05%	1.39%	1.67%	1.25%
Low date	08/04/2021	08/07/2021	05/08/2021	08/12/2021	09/12/2021
High	2.03%	2.37%	2.52%	2.75%	2.49%
High date	15/02/2022	28/03/2022	28/03/2022	23/03/2022	28/03/2022
Average	1.13%	1.45%	1.78%	2.10%	1.85%
Spread	1.25%	1.32%	1.13%	1.08%	1.24%

5.2.8 PWLB rates are based on gilt (United Kingdom (UK) Government bonds) yields through HM Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in United States (US) treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. We have seen, over the last two years, many bond yields up to 10 years in the Eurozone turn negative on expectations that the European Union (EU) would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession. Recently, yields have risen since the turn of the year on the back of global inflation concerns.



5.2.9 Gilt yields fell sharply from the spring of 2021 through to September 2021 and then spiked back up before falling again through December 2021. However, by January 2022 sentiment had well and truly changed, as markets became focussed on the embedded nature of inflation, spurred on by a broader opening of economies post the pandemic, and rising commodity and food prices resulting from the Russian invasion of Ukraine.

5.2.10 At the close of the day on 31 March 2022, all gilt yields from 1 to 5 years were between 1.11% – 1.45% while the 10-year and 25-year yields were at 1.63% and 1.84%.

5.2.11 Regarding PWLB borrowing rates, the various margins attributed to their pricing are as follows:

- PWLB Standard Rate is gilt plus 100 basis points (G+100bps)
- PWLB Certainty Rate is gilt plus 80 basis points (G+80bps)
- PWLB HRA Standard Rate is gilt plus 100 basis points (G+100bps)
- PWLB HRA Certainty Rate is gilt plus 80bps (G+80bps)
- Local Infrastructure Rate is gilt plus 60bps (G+60bps)

5.2.12 There is likely to be a further rise in short dated gilt yields and PWLB rates over the next three years as Bank Rate is forecast to rise from 0.75% in March 2022 to 1.25% later this year, with upside risk likely if the economy proves resilient in the light of the cost-of-living squeeze. Medium to long dated yields are driven primarily by inflation concerns but the Bank of England is also embarking on a process of Quantitative Tightening when Bank Rate hits 1%, whereby the Bank's £895bn stock of gilt and corporate bonds will be sold back into the market over several years. The impact this policy will have on the market pricing of gilts, while issuance is markedly increasing, is an unknown at the time of writing.

6. Borrowing Outturn

6.1 Borrowing - Due to investment concerns, both counterparty risk and low investment returns, no borrowing was undertaken during the year.

6.2 Borrowing in advance of need - the Authority has not borrowed more than, or in advance of its needs, purely to profit from the investment of the extra sums borrowed.

6.3 Rescheduling - No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

7. Investment Outturn

7.1 Investment Policy – the Authority's investment policy is governed by DLUHC investment guidance, which has been implemented in the annual investment

strategy approved by the Authority on 12 February 2021. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

7.2 The investment activity during the year conformed to the approved strategy, and the Authority had no liquidity difficulties.

7.3 Resources – the Authority’s cash balances comprise revenue and capital resources and cash flow monies. The Authority’s core cash resources comprised as follows:

Balance Sheet Resources (£m)	31 March 2021	31 March 2022
Balances	44.951	45.115
Earmarked reserves	422.560	497.677
Provisions	16.044	19.159
Usable capital receipts	54.265	68.572
Total	537.820	630.522

7.4 Investments held by the Authority

- a) The Authority maintained an average balance of £504.089m of internally managed funds.
- b) The internally managed funds earned an average rate of return of 0.0506%.
- c) Total investment income was £0.251m

7.5 Investments held by the Authority as at 31 March 2022

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default
Barclays Bank Plc (NRFB)	8,348,673	0.00%		Call	A	0.000%
Bank of Scotland Plc (RFB)	5,009,607	0.01%		Call	A+	0.000%
Cornwall Council	20,000,000	0.35%	16/02/2022	01/04/2022	AA-	0.000%
DMO	61,300,000	0.50%	31/03/2022	01/04/2022	AA-	0.000%
Telford & Wrekin Council	5,000,000	0.07%	24/11/2021	06/04/2022	AA-	0.000%
Westminster City Council	5,000,000	0.40%	07/03/2022	07/04/2022	AA-	0.000%
Suffolk County Council	5,000,000	0.07%	09/12/2021	11/04/2022	AA-	0.001%
East Dunbartonshire Council	5,000,000	0.04%	19/10/2021	19/04/2022	AA-	0.001%
Suffolk County Council	10,000,000	0.04%	07/12/2021	19/04/2022	AA-	0.001%
South Somerset District Council	7,000,000	0.04%	20/12/2021	20/04/2022	AA-	0.001%
Telford & Wrekin Council	5,000,000	0.04%	21/10/2021	21/04/2022	AA-	0.001%
Cheshire East Council	5,000,000	0.17%	24/01/2022	22/04/2022	AA-	0.001%
South Somerset District Council	3,000,000	0.04%	23/12/2021	25/04/2022	AA-	0.002%
Conwy County Borough Council	3,000,000	0.06%	26/10/2021	26/04/2022	AA-	0.002%
Middlesborough Council	5,000,000	0.18%	27/01/2022	27/04/2022	AA-	0.002%
South Somerset District Council	3,000,000	0.10%	27/01/2022	27/04/2022	AA-	0.002%
Telford & Wrekin Council	5,000,000	0.06%	27/10/2021	27/04/2022	AA-	0.002%
Lancashire County Council	10,000,000	0.17%	28/01/2022	28/04/2022	AA-	0.002%
Surrey County Council	20,000,000	0.11%	24/01/2022	29/04/2022	AA-	0.002%
Suffolk County Council	5,000,000	0.05%	05/01/2022	05/05/2022	AA-	0.002%
Aberdeen City Council	5,000,000	0.26%	07/02/2022	09/05/2022	AA-	0.002%
Somerset West and Taunton Council	10,000,000	0.45%	17/02/2022	17/05/2022	AA-	0.003%
Kirklees Borough Council	5,000,000	0.45%	18/02/2022	18/05/2022	AA-	0.003%
Cheltenham Borough Council	5,000,000	0.45%	21/02/2022	23/05/2022	AA-	0.003%
Medway Council	10,000,000	0.48%	25/02/2022	25/05/2022	AA-	0.004%
PCC for Merseyside	15,000,000	0.40%	21/02/2022	11/07/2022	AA-	0.007%
Total Investments	£245,658,279	0.28%				0.001%

8. The Economy and Interest Rates

- 8.1 **UK Economy.** Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16 December 2021, 0.50% at its meeting of 4 February 2022 and then to 0.75% in March 2022.
- 8.2 The UK economy has endured several false dawns through 2021/22, but with most of the economy now opened up and nearly back to business-as-usual, the Gross Domestic Product (GDP) numbers have been robust (9% y/y Q1 2022) and sufficient for the Monetary Policy Committee (MPC) to focus on tackling the second-round effects of inflation, now that the CPI measure has already risen to 6.2% and is likely to exceed 8% in April 2022.
- 8.3 Gilt yields fell towards the back end of 2021, but despite the war in Ukraine gilt yields have shot higher in early 2022. At 1.38%, 2-year yields remain close to their recent 11-year high and 10-year yields of 1.65% are close to their recent six-year high. These rises have been part of a global trend as central banks have suggested they will continue to raise interest rates to contain inflation.

- 8.4 Historically, a further rise in US Treasury yields will probably drag UK gilt yields higher. There is a strong correlation between the two factors. However, the squeeze on real household disposable incomes arising from the 54% leap in April 2022 utilities prices as well as rises in council tax, water prices and many phone contract prices, are strong headwinds for any economy to deal with. In addition, from 1 April 2022, employees also pay 1.25% more in National Insurance tax. Consequently, inflation will be a bigger drag on real incomes in 2022 than in any year since records began in 1955.
- 8.5 **Average inflation targeting.** This was the major change in 2020/21 adopted by the Bank of England in terms of implementing its inflation target of 2%. The key addition to the Bank's forward guidance in August 2020 was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That mantra now seems very dated. Inflation is the 'genie' that has escaped the bottle, and a perfect storm of supply side shortages, labour shortages, commodity price inflation, the impact of Russia's invasion of Ukraine and subsequent Western sanctions all point to inflation being at elevated levels until well into 2023.
- 8.6 **USA.** The flurry of comments from Fed officials following the mid-March 2022 Federal Open Market Committee (FOMC) meeting – including from Chair Jerome Powell himself – hammering home the hawkish message from the mid-March 2022 meeting, has had markets pricing in a further 225bps of interest rate increases in 2022 on top of the initial move to an interest rate range of 0.25% - 0.5%.
- 8.7 In addition, the Fed is expected to start to run down its balance sheet. Powell noted that the rundown could come as soon as the next meeting in May 2022.
- 8.8 The upward pressure on inflation from higher oil prices and potential knock-on impacts on supply chains all argue for tighter policy (CPI is estimated at 7.8% across Q1), but the hit to real disposable incomes and the additional uncertainty points in the opposite direction.
- 8.9 More recently, the inversion of the 10y-2y Treasury yield spread at the end of March 2022 led to predictable speculation that the Fed's interest rate hikes would quickly push the US economy into recession. Q1 GDP growth is likely to be only between 1.0% and 1.5% annualised (down from 7% in Q4 2021). But, on a

positive note, the economy created more than 550,000 jobs per month in Q1, a number unchanged from the post-pandemic 2021 average. Unemployment is only 3.8%.

- 8.10 **EU.** With euro-zone inflation having jumped to 7.5% in March 2022 it seems increasingly likely that the European Central Bank (ECB) will accelerate its plans to tighten monetary policy. It is likely to end net asset purchases in June 2022 – earlier than the Q3 date which the ECB targeted in March 2022. And the market is now anticipating possibly three 25bp rate hikes later this year followed by more in 2023. Policymakers have also hinted strongly that they would re-start asset purchases if required. In a recent speech, Christine Lagarde said “we can design and deploy new instruments to secure monetary policy transmission as we move along the path of policy normalisation.”
- 8.11 While inflation has hit the headlines recently, the risk of recession has also been rising. Among the bigger countries, Germany is most likely to experience a ‘technical’ recession because its GDP contracted in Q4 2021, and its performance has been subdued in Q1 2022. However, overall, Q1 2022 growth for the Eurozone is expected to be 0.3% q/q with the y/y figure posting a healthy 5.2% gain. Finishing on a bright note, unemployment fell to only 6.8% in February 2022.
- 8.12 **China.** After a concerted effort to get on top of the virus outbreak in Q1 of 2020, economic recovery was strong in the rest of the year; however, 2021 has seen the economy negatively impacted by political policies that have focussed on constraining digital services, restricting individual freedoms, and re-establishing the power of the One-Party state. With the recent outbreak of Covid-19 in large cities, such as Shanghai, near-term economic performance is likely to be subdued. Official GDP numbers suggest growth of c4% y/y, but other data measures suggest this may be an overstatement.
- 8.13 **Japan.** The Japanese economic performance through 2021/22 is best described as tepid. With a succession of local lockdowns throughout the course of the year, GDP is expected to have risen only 0.5% y/y with Q4 seeing a minor contraction. The policy rate has remained at -0.1%, unemployment is currently only 2.7% and inflation is sub 1%, although cost pressures are mounting.
- 8.14 **World growth.** World growth is estimated to have expanded 8.9% in 2021/22 following a contraction of 6.6% in 2020/21.

- 8.15 **Deglobalisation.** Until recent years, world growth has been boosted by increasing globalisation, specifically, countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last 30 years, which now accounts for 18% of total world GDP (the US accounts for 24%), and Russia's recent invasion of Ukraine, has unbalanced the world economy. In addition, after the pandemic exposed how frail extended supply lines were around the world, both factors are now likely to lead to a sharp retrenchment of economies into two blocs of western democracies v. autocracies. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China (and to a much lesser extent Russia) to supply products and vice versa. This is likely to reduce world growth rates.
- 8.16 **Central banks' monetary policy.** During the pandemic, the governments of western countries have provided massive fiscal support to their economies which has resulted in a big increase in total government debt in each country. It is therefore very important that bond yields stay low while debt to GDP ratios slowly subside under the impact of economic growth. This provides governments with a good reason to amend the mandates given to central banks to allow higher average levels of inflation than we have generally seen over the last couple of decades. Both the Fed and Bank of England have already changed their policy towards implementing their existing mandates on inflation, (and full employment), to hitting an average level of inflation. Greater emphasis could also be placed on hitting subsidiary targets for example, full employment before raising rates. Higher average rates of inflation would also help to erode the real value of government debt more quickly.

9. Non-Treasury Management Investments

- 9.1 The Authority's non-treasury management investments are managed by the Core Investment team.
- 9.2 The Housing Investment Fund is to be invested into housing schemes to create new homes. The £300m Fund, of which £180m is currently drawn, was created by a loan from central government of which 80% is underwritten by the Authority. It is on track to achieve its target of delivering 10,000 new homes across GM and has

been recycled twice. The Fund will close to new commitments in 2025 with a runoff to 2028.

- 9.3 £70m of Core Funds which was originally sourced from regional Regional Growth Fund and Growing Places Fund monies in 2011/12 and 2012/13. The Fund is invested across business and commercial property as debt or equity and can be recycled and retained for a similar purpose. The fund has to date created and supported 9,345 jobs.
- 9.4 There are three European Regional Development Fund (ERDF) investments. Evergreen 1 was established under the 2007-13 ERDF Operational Programme and consists of £60m commercial property debt focussed on office buildings, infrastructure and industrial developments. Evergreen 2 was established under the 2014-20 ERDF Operational Programme and consists of £45m of commercial property debt focussed on research and innovation office/laboratory space and energy efficiency in buildings. The Low Carbon Fund was established under the 2014-20 ERDF Operational Programme and is aimed at renewable energy generation and distribution of assets. These funds are managed by an external fund manager.
- 9.5 There are two Life Sciences Funds managed by external fund managers. Fund 1 is an investment of £10m in a total fund of £31m and is now closed to new investments. Fund 2 is an investment of £10m in a total fund of up to £25m.

10. IFRS16

- 10.1 Following its emergency consultation on exploratory proposals for changing the Code of Practice on Local Authority Accounting in the United Kingdom, CIPFA Local Authority (Scotland) Accounts Advisory Committee (LASAAC) issued its preliminary decision and feedback statement. This preliminary decision was subsequently considered by the government's Financial Reporting Advisory Board (FRAB). FRAB advised CIPFA LASAAC that it agreed with the deferral of IFRS 16 Leases until 1 April 2024. FRAB also advised CIPFA LASAAC that the Code had to allow and should encourage local authorities to adopt the standard before this date should they wish to.
- 10.2 Conrad Hall, Chair, CIPFA LASAAC said:
"CIPFA LASAAC is of the view that IFRS 16 remains the best form of reporting local authority leases and shares FRAB's objective of promoting excellence in

financial reporting. The decision to defer IFRS 16 is a pragmatic response due to the severe delays in the publication of audited local authority financial statements in England. The decision should not be viewed as a commentary on the usefulness of the information derived from the implementation of the standard.”

CIPFA LASAAC has therefore followed its preliminary decision with its formal decision: to defer the implementation of IFRS 16 until 1 April 2024 (and therefore in the 2024/25 Code). However, both the 2022/23 and the 2023/24 Codes will allow for adoption as of 1 April 2022 or 2023.

10.3 Rob Whiteman, CIPFA CEO said:

“CIPFA is supportive of the decision to delay the implementation of IFRS 16 Leases until 2024. This decision is a necessary one and has been made in the interests of the sector. The deferral should reduce resource pressures in the local audit framework while there are ongoing audit timeliness issues.”

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GMCA AUDIT COMMITTEE

Date: 27 July 2022

Subject: GMCA Audit Committee Work Programme 2022/2023

Report of: Steve Wilson, GMCA, Treasurer

PURPOSE OF REPORT

To provide the Committee with the draft 2022/23 Committee Work Programme of proposed items, for their review and comment.

RECOMMENDATIONS:

The Audit Committee is requested to:

- (1) consider and comment on the draft Committee Work Programme.

CONTACT OFFICERS:

Paul Harris, Senior Governance & Scrutiny Officer, GMCA,

paul.harris@greatermanchester-ca.gov.uk

Equalities Implications: N/A

Climate Change Impact Assessment and Mitigation Measures: N/A

Risk Management – N/A.

Legal Considerations – N/A

Financial Consequences – Revenue – There are no specific revenue considerations contained within the report.

Financial Consequences – Capital – There are no specific capital considerations contained within the report.

Number of attachments included in the report: One (draft work programme)

BACKGROUND PAPERS: GMCA Constitution –

TRACKING/PROCESS	
Does this report relate to a major strategic decision, as set out in the GMCA Constitution	No
EXEMPTION FROM CALL IN	
Are there any aspects in this report which means it should be considered to be	No

exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

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GMCA Audit Committee – Work Programme 22/23

28 September 2022

Standing Items

1	Apologies	Governance	1 min
2	Chairs Announcements and Urgent Business	Chair	2 mins
3	Declarations of Interest	Governance	2 mins
4	Minutes of the previous Audit Committee Meeting	Governance	5 mins
5	Minutes of the Joint Audit Panel	Governance	2 mins
6	Annual Governance Statement (final)	Governance	10 mins

Risk and Assurance

7	Risk Management Update	Head of Audit and Assurance	15 mins
8	Risk deep dive	Head of Audit and Assurance	30 mins

Internal Audit and Counter Fraud

9	Internal Audit Progress Report	Head of Audit and Assurance	15 mins
10	Audit Action Tracking	Head of Audit and Assurance	10 mins

Financial Reporting

	Final Audited Statement of Accounts	Treasurer	
11	Assessment of Going Concern	Treasurer	

External Audit

12	External Audit Progress Report	External Audit	
	Final Statement of Accounts – report of the External Auditors	External Audit	
13	Annual Audit Letters	External Audit	

Forward planning

14	Audit Committee Work Programme	Chair	5 mins
15	Date and time of next meeting	Governance	

19 October 2022

Private session with External Auditors following the meeting.

Standing Items

1	Apologies	Governance	1 min
2	Chairs Announcements and Urgent Business	Chair	2 mins
3	Declarations of Interest	Governance	2 mins
4	Minutes of the last meeting	Governance	5 mins
	Minutes of the Joint Audit Panel	Governance	2 mins

Risk and Assurance

5	Risk Management Update	Head of Audit and Assurance	
	Risk Deep Dives	Head of Audit and Assurance	
	Reviewing the effectiveness of the GMCA Audit Committee	Questionnaire from Head of Audit and Assurance	

Internal Audit and Counter Fraud

6	Internal Audit Progress Report	Head of Audit and Assurance	15 mins
7	Audit Action Tracking	Head of Audit and Assurance	10 mins

Financial Reporting

8	Treasury Management Strategy	Treasurer	10 mins
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External Audit

9	External Audit Progress Report	External Audit	15 mins
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Forward planning

11	Audit Committee Work Programme	Chair	5 mins
12	Date and time of next meeting	Governance	

25 January 2023

Standing Items

1	Apologies	Governance	1 min
2	Chairs Announcements and Urgent Business	Chair	2 mins
3	Declarations of Interest	Governance	2 mins
4	Minutes of the previous Audit Committee meeting	Governance	5 mins
5	Minutes from the Joint Audit Panel	Governance	5 mins

Risk and Assurance

6	Risk Management Update	Head of Audit and Assurance	10 mins
7	Risk Deep Dive	Risk Owner	20 mins
	Full review of Corporate Risk Register (part B)	Head of Audit and Assurance	

Internal Audit and Counter Fraud

8	Internal Audit Progress Report	Head of Audit and Assurance	15 mins
9	Audit Action Tracking	Head of Audit and Assurance	10 mins
10	Planning for the 2022/23 Audit Opinion	Chief Executive	

Financial Reporting

13	Treasury Management Strategy	Treasurer	
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External Audit

14	External Audit Progress Report	External Audit	10 mins
15	Audit Strategy Memorandum	External Audit	10 mins

Forward planning

17	Audit Committee Work Programme	Chair	5 mins
18	Date and time of next meeting	Governance	5 mins

15 March 2023

Standing Items

1	Apologies	Governance	1 min
2	Chairs Announcements and Urgent Business	Chair	2 mins
3	Declarations of Interest	Governance	2 mins
4	Minutes of the previous Audit Committee meeting	Governance	5 mins
5	Minutes from the Joint Audit Panel	Governance	5 mins
6	Audit Committee Effectiveness	Head of Audit and Assurance / Chair	10 mins

Risk and Assurance

7	Risk Management Update	Head of Audit and Assurance	10 mins
8	Risk Deep Dive	Head of Audit and Assurance	30 mins

Internal Audit and Counter Fraud

9	Internal Audit Progress Report	Head of Audit and Assurance	15 mins
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10	Audit Action Tracking	Head of Audit and Assurance	10 mins
11	Review of effectiveness of Internal Audit	Treasurer	10 mins
12	Internal Audit Plan 23/24	Head of Audit and Assurance	10 mins
13	Review of Internal Audit Charter	Head of Audit and Assurance	5 mins
14	PART B: Annual Whistleblowing and Fraud Report	Head of Audit and Assurance	10 mins
15	Counter Fraud Strategy and Plan	Head of Audit and Assurance	10 mins

Financial Reporting

16	Accounting Policies and Critical Judgements	Treasurer	10 mins
17	Treasury Management Practices	Treasurer	

External Audit

18	External Audit Progress Report	External Audit	10 mins
	Value for Money Report	External Audit	

Forward planning

19	Audit Committee Work Programme	Chair	5 mins
20	Date and time of next meeting	Governance	