Public Document

GMCA GREATER MANCHESTER COMBINED AUTHORITY

GREATER MANCHESTER COMBINED AUTHORITY

AUDIT COMMITTEE

DATE: **Wednesday, 15th March, 2023**

TIME: **10.00 am**

VENUE: **GMCA, Tootal Buildings, 56 Oxford Street, Manchester M1 6EU**

AGENDA

FULL PACK INCLUDING SUPPLEMENTARY ITEMS

1. Apologies

2. Chair's Announcements and Urgent Business

3. Declarations of Interest

To receive declarations of interest in any item for discussion at the meeting. A blank form for declaring interests has been circulated with the agenda; please ensure that this is returned to the Governance & Scrutiny Officer at least 48 hours in advance of the meeting.

4. Minutes of the meeting held 25th January 2023 1 - 14

To consider the approval of the minutes of the meeting held on 25th January 2023 as a correct record.

BOLTON	**MANCHESTER**	**ROCHDALE**	**STOCKPORT**	**TRAFFORD**
BURY	**OLDHAM**	**SALFORD**	**TAMESIDE**	**WIGAN**

Please note that this meeting will be livestreamed via www.greatermanchester-ca.gov.uk, please speak to a Governance Officer before the meeting should you not wish to consent to being included in this recording.

5.	**Update from the Joint Audit Panel**	15 - 20
	To note the minutes of the Joint Audit Panel meeting held on 30th January 2023.	
6.	**Audit Committee Effectiveness**	21 - 34
	Report of Sarah Horseman, GMCA Deputy Director, Audit and Assurance.	
7.	**Risk Management Update**	35 - 48
	Report of Sarah Horseman, GMCA Deputy Director, Audit and Assurance.	
8.	**Internal Audit Progress Report**	49 - 80
	Report of Sarah Horseman, GMCA Deputy Director, Audit and Assurance.	
9.	**Audit Action Tracking**	81 - 104
	Report of Sarah Horseman, GMCA Deputy Director, Audit and Assurance.	
10.	**Internal Audit Effectiveness**	105 - 122
	Report of Steve Wilson, GMCA Treasurer.	
11.	**Internal Audit Plan 2023-2024**	123 - 142
	Report of Sarah Horseman, GMCA Deputy Director, Audit and Assurance.	
12.	**Review of Internal Audit Charter**	143 - 158
	Report of Sarah Horseman, GMCA Deputy Director, Audit and Assurance.	

13.	**Annual Governance Statement**	159 - 200

Report of Gillian Duckworth, GMCA Monitoring Officer and Solicitor and Steve Wilson, GMCA Treasurer.

14.	**Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2023/24**	201 - 242

Report of Steve Wilson, GMCA Treasurer.

15.	**Capital Strategy 2023-2024**	243 - 256

Report of Steve Wilson, GMCA Treasurer.

16.	**GMCA Statement of Accounts 2021-2022**	257 - 470

Report of Steve Wilson, GMCA Treasurer.

17.	**External Audit Progress Report**	471 - 538

Report of Mazars, External Auditor.

18.	**Audit Committee Work Programme**	539 - 548

To note the Audit Committee Work Programme.

19. Dates and Times of Future Meetings

To consider future meeting dates for the Committee.

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 Monday 13th March 2023 on behalf of Julie Connor, Secretary to the Greater Manchester Combined Authority, Broadhurst House, 56 Oxford Street, Manchester M1 6EU

MINUTES OF THE GREATER MANCHESTER COMBINED AUTHORITY AUDIT COMMITTEE, HELD ON WEDNESDAY 25th JANUARY 2023 AT THE GMCA OFFICES, TOOTAL BUILDINGS, MANCHESTER M1 6EU

PRESENT:

Councillor Sarah Russell	Manchester City Council (Chair)
Councillor John Walsh	Bolton Council
Councillor Tom McGee	Stockport Council (substitute Member)
Councillor Mary Whitby	Bury Council
Gwyn Griffiths	Independent Member
Grenville Page	Independent Member
Susan Webster	Independent Member

OFFICERS:

Gillian Duckworth	GMCA Solicitor and Monitoring Officer
Andrew Lightfoot	GMCA Deputy Chief Executive
Steve Wilson	GMCA Treasurer
Sarah Horseman	GMCA Deputy Director, Audit and Assurance
Laura Blakey	GMCA Investment Director
Damian Jarvis	GMCA Internal Audit Manager
Paul Harris	GMCA Senior Governance and Scrutiny Officer

AC/42/22 WELCOME, INTRODUCTIONS AND APOLOGIES

The Chair extended a welcome to all those present.

Apologies for absence were received and noted from Catherine Scivier (Independent Member); Councillor Christine Roberts, Wigan Council (Substitute Member)

Mark Dalton, Mazars and Daniel Watson, Mazars.

AC/43/22 CHAIR'S ANNOUNCEMENTS AND ITEMS OF URGENT BUSINESS

The Chair explained that in respect of the Audit Action Tracking item, Members would like to have a discussion in respect of the ICT actions and it was likely that as this discussion will include sensitive information, then that discussion will be held in Part B of the agenda.

AC/44/22 DECLARATIONS OF INTEREST

RESOLVED /-

There were no interests declared in relation to any item on the agenda, by any Member of the Committee.

AC/45/22 MINUTES OF THE PREVIOUS AUDIT COMMITTEE MEETING

The minutes of the previous Audit Committee meeting, held on 19th October 2022, were submitted.

A Member highlighted that there was a discussion in respect of the renumeration of Audit Committee, noting that the review of the Overview and Scrutiny Committee recommended that scrutiny members be renumerated. The discussion also noted that Independent members of this Audit Committee were renumerated. Concerns were raised that this disparity may potentially lead to problems in attracting members to the Audit Committee.

It was noted that the Chair was to step down as a Member at the end of the municipal year and the requests for renumeration of Council appointed members of this Committee and therefore has no personal interest in this matter, but is concerned that the matter will impact on the efficacy of the Audit Committee.

The member also highlighted that given that they were retiring as a member of the committee, there was no personal interest in making this request.

RESOLVED/-

1. That the minutes of the previous meeting of the Audit committee, held on 19th October 2022, be agreed as a correct record.
2. That the discussion in respect of renumeration of committee members, as set out above, be noted.

AC/46/22 UPDATE FROM THE JOINT AUDIT PANEL

Members received the minutes of the Joint Audit Panel meeting on 28th November 2022 which provided an update on the work of the Panel.

In noting the update, a Member highlighted that how the Metropolitan Police was under scrutiny for particular failings and there was a need to understand how the scrutiny of similar issues in Greater Manchester Police, should they occur, would be reported through the Joint Audit Panel.

RESOLVED/-

That the update from the Joint Audit Panel be noted.

AC/47/22 AUDIT COMMITTEE RESPONSIBILITIES

Gillian Duckworth, Solicitor and Monitoring Officer, GMCA, introduced report which provided Members with a further update on Audit Committee responsibilities, following the report to the Audit Committee on 19 October 2022, particularly in respect of the Committee's relationship with the Joint Audit Panel.

The repot explained that consultations with the Chair of the Joint Audit Panel have taken place and that the Chair of the Panel is agreeable to the following:

- To provide a brief written summary of each Joint Audit Panel meeting capturing the key issues discussed, the outcomes of the discussions and any issues that the Panel would like to bring to the attention of the audit committee.
- That the minutes of the meeting are appended to the summary.
- The Audit Committee is able to ask for further information or assurances when they receive the report.
- The Joint Audit Panel Chair will produce an annual report and attend the Audit Committee to present the report and answer questions.
- The Committee and the Panel consider periodic (suggested once a year) joint sessions between the two bodies.

A Member noted that don't want a committee to replicate what is happening elsewhere. The Committee is to ensure that there is correct governance and accountability within the system to address concerns. It was suggested that the recommended approach as set out in the report be trialled for a year and then be reviewed.

A Member commented that clear distinctions between the role and functions of the Independent Panel and this Committee were imperative. The Panel must be free to set its own agenda and work programme. A process of constant review is important.

The role of this Committee is to be assured that the Joint Audit panel is doing the right things. The provision of an Annual Report and minutes of the Joint Audit Panel was helpful. It was suggested that as part of the minute's summary, a level of assurance on those activities and policies undertaken be also included, which may provide a focus for the Committee to explore further.

In line with CIPFA guidance annual effectiveness reviews of the Panel are undertaken. A summary on this assurance will be provided to the Committee.

A Member suggested that a forward look of potential areas of Joint Audit Panel focus be included within the Annual Report.

Following a suggestion that the Committee has the ability to call-in areas of concern where significant issues have arisen within GMP, the role of the Deputy Mayor, the

existing Police and Crime scrutiny arrangements and Joint Audit Panel responsibilities were highlighted. It is fundamental to the process that the Joint Audit Panel is the accountable. The role of the Audit Committee will be to probe and question.

RESOLVED/-

1. That the report be noted.

2. That the Committee recommends to GMCA to adopt an amendment to the Audit Committee's Terms of Reference as follows:
    - Receive the annual report of the Chair of the Joint Audit Panel – Police and Crime, written summaries of and the minutes of meetings of the Panel as, amongst other things, a means of providing assurance with regard to GMP's internal control environment and risk management framework for the management of operational risk.

3. That the Chair of the Joint Audit Panel be invited to the Committee to present the Joint Audit Panel Annual Report.

4. That an assurance-based summary be introduced and will accompany the Joint Audit Panel minutes.

5. That a review of the procedures be undertaken after 12 months.

AC/48/22 RISK MANAGEMENT UPDATE

Sarah Horseman, Deputy Director, Audit and Assurance, GMCA informing Members of the changes in the GMCA Strategic and key operational risks and to provide an update on the risk management activities undertaken since the last meeting of the Committee.

It was noted that one notable change to this version of the risk register is that it has been reformatted to organise the Strategic Risks around GMCA's Corporate Objectives, as defined in the GMCA Corporate Plan 2022-25.

In welcoming the report, a Member suggested that the Committee should also see those risks that have high inherent scores but that are mitigated to a lower level to have sight of those high inherent risks and to understand what measures are in place to mitigate those risks. A separation on the Risk Register of these risks and their residual scores should be included for future reports.

RESOLVED/-

1. That the report be noted.
2. That following a request by Members, a section in the Risk Register Update report will provide details of risks with high inherent scores but that are mitigated to a score of <16, be included for future reports.

AC/49/22 RISK DEEP DIVE - GRANTS

Steve Wilson, GMCA Treasurer and Laura Blakely, GMCA Investment Director, introduced a presentation which provided Members with an opportunity to review the work done to improve processes associated with grant management with the Authority and address risks raised by external and internal auditors.

The presentation updated members on 2021/22 External Audit Feedback, Background to issues, Grants Checklist Introduction, Grants Register and the Latest Grant List.

Laura Blakely, GMCA, took members through case studies which included Housing Investment Loan Fund, Brownfield Housing Fund and Stockport Interchange.

Members noted that Grants make up 60% of the total annual income of GMCA (£1.1b in 20/21) and are often for one year rather than multi-year settlements, preventing long term planning and increasing risks to the CA.

In response to external audit recommendations, the Grant Register Procedure has been reviewed, to provide more meaningful information. Previously the Grant register was

produced at year-end and there was no clear process for recognising and recording grant awards received in year.

Grant income and expenditure should form part of the quarterly monitoring process as it will inform our forecast position for the year and flag up any potential funding shortfall or the need to move the unspent grant to Reserves or Receipts in Advance

Procedures are in place to ensure the grant conditions are fully understood by all involved including any required to commit and/or spend funds by a year-end or risk having to return the funding.

Following an enquiry from a Member regarding grant checklists, officers clarified how capital and revenue grants are treated.

In terms of avoiding miscoding matters, it was noted that a capital budget is established as part of the grant agreement and spend is monitored against this specific budget code. Work is taking place to review and improve general ledger coding processes.

A Member enquired if consultancy and staffing costs can be capitalised to particular capital programmes. In response it was noted that there is some ambiguity on what can be capitalised, particularly in respect of scheme developments that do not become capital schemes.

A Member noted that in terms of revenue grants, typically, these grants were generally quite small in comparison to capital grants. A more coordinated approach to the funding of Combined Authorities would avoid the need for so many revenue grants.

Following an enquiry from a Member, officers confirmed that conditions attached to grant funding are to be understood before any acceptance of the grant is confirmed. The purpose of having a completed grant checklist to capture any challenges was noted. Monitoring arrangements and programme managing processes were outlined. It was also noted that quarterly updates are provided to GMCA.

Clarification on how joint funding arrangements to deal with overspend and underspend arrangements was provided. The importance of understanding the grant conditions was noted.

RESOLVED/-

That the presentation on Grants be received with thanks and noted.

AC/50/22 AUDIT COMMITTEE EFFECTIVENESS SURVEY PROPOSAL

Sarah Horseman, Deputy Director, Audit and Assurance, GMCA introduced a report which set out a proposed process for undertaking an Effectiveness Review of the Audit Committee, based on guidance issued by CIPFA in the recently published “The Audit Committee Member in a Local Authority” guidance.

It was noted that as part of the guidance, CIPFA provided a suggested self-assessment questionnaire for Audit Committee members to complete. The survey covers the key principles of the guidance. A copy of the questionnaire was appended to the report.

The report proposed that prior to the next Audit Committee meeting, Audit Committee Members be invited to complete an on-line self-assessment questionnaire which will be based upon the CIPFA suggested tool.

Results will be compiled and shared for review and consideration at the next Audit Committee meeting. From this any areas for further development of the Committee can be identified and actions agreed. The survey can then be used annually to undertake an effectiveness review of the Committee.

A Member suggested that feedback from officers and GMCA members should also be invited to contributed to the survey.

A Member highlighted that there needed to be a distinction between the role of GMCA Scrutiny and GMCA Audit committees.

RESOLVED/-

That the approach to and timing of the Audit Committee effectiveness survey, as set out in the report, subject to the inclusion of officers and GMCA members in the framework, be supported.

AC/51/22 INTERNAL AUDIT PROGRESS REPORT AND AUDIT ACTION TRACKING

Sarah Horseman, Deputy Director, Audit and Assurance, GMCA introduced a report which informed Members of the progress made on the delivery of the Internal Audit Plan for Q3 2022/23. It is also used as a mechanism to approve and provide a record of changes to the internal audit plan.

The Chair also asked for the Audit Action tracking item to be considered with the Audit progress report which, advised members of the progress made to date in implementing the agreed actions from internal audit assignments.

Members noted that since the last report to the Audit Committee in October 2022, the following audit reports had been produced and three grants has been certified. The Executive summaries from the published audits were appended to the report:-

- **Budgetary Control**: **Reasonable Assurance opinion** on the overall budgetary control process operating within GMCA.

- **Treasury Management - Reasonable Assurance opinion** over the Authority's arrangements for Treasury Management following the establishment of the in-house function from 1 April 2022.

- **Maintenance and Testing of Operational Equipment (GMFRS)**: **Limited Assurance opinion** over controls in place for the maintenance and testing of operational equipment. This opinion was substantially driven by difficulty in linking individual physical assets to corresponding maintenance records to evidence compliance.

- **Performance Management and Reporting**: **Reasonable Assurance opinion** over the policy, procedure and processes which underpins the GMCA Performance Management and Reporting Framework.

Grant Certifications – Three grants were certified during the period with a further one ongoing: -

- **Green Homes Grant Phase 1b 31/5336.** A written certification was issued in November 2022.

- **Green Homes Grant Phase 2 20/21 31/5337**. A written certification was issued in December 2022.

- **Local Transport Capital Block Funding (City Deals Fund) £22.3m 31/5675.** A written certification of compliance was issued to DfT in December 2022.

Changes to the Internal Audit Plan were set out in Section 4 to the report and members noted that other than rescheduling the timing of planned work, no major changes to the plan were proposed.

In response to an enquiry from a Member, officers confirmed that where a limited assurance action plan is not met, respective officers would be invited to comment on why progress had not been made.

In terms of outstanding actions on the action tracker it was suggested that officers be invited to the next meeting to explain outstanding HR and cyber security actions.

RESOLVED/-

1. That the report be noted and the changes to the Audit Plan, as detailed in Section 4 to the report, be approved.

2. That the progress of the implementation of Internal Audit actions, as set out in the report, be noted.

3. That officers be invited to the next meeting to explain outstanding HR and cyber security actions.

AC/52/22 MID-YEAR TREASURY MANAGEMENT REPORT

Steve Wilson, GMCA Treasurer presented a report which set out the key Treasury Management issues for Members' to review and scrutinise the 2022/23 Treasury Management Mid-Year Review report, prior to its presentation to the GMCA on 27 January 2023

The report also provided an overview of Economics and Interest Rates, Interest Rate Forecasts, Treasury Management Strategy Statement and Annual Investment Strategy Update, The Authority's Capital Position, Borrowing, Debt Rescheduling, Compliance with Treasury and Prudential Limits and Annual Investment Strategy.

Member suggested that for future reports, a more up to date context be included.

A Member noted that GMCA has deposits with other local authorities, with the potential risk for default and enquired if these authorities were credit scored. Officers noted that all authorities were credit scored at the same level. Officers also clarified that where authorities were facing Section 141 challenges, there is specific assurance from Government that loaned monies were underwritten.

A Member asked what assessments were in place to understand the risk of defaulting and the government not underwriting any loans. In response, it was noted that there is a process in place to monthly review in place and would not make loan agreements where the review identified risk.

In respect of the Capital Programme, a Member highlighted the significant increase in capital programme borrowing for 2022/23. In response, it was noted that grant settlement funding had been received which had impacted the estimated funding. The capital programme is monitored by GMCA.

RESOLVED/-

1. That the Treasury Management Mid-Year Review, as set out in the report, be noted.

2. That the Committee recommends the Treasury Management activity for the first half of 2022/23 and the projected outturn position, revised Authorised Limit and Operational Boundary for external debt and the revised Capital Financing Requirement (CFR) to the GMCA, to be considered for approval.

AC/53/22 EXTERNAL AUDIT PROGRESS REPORT

In their absence, the report of the External Auditor was taken as read.

The Treasurer, GMCA provided an update on the work taking place to finalise the financial statements and it was anticipated that these financial statements will be considered at the meeting of the Committee in March 2023.

In light of the delays in receiving the financial statements for 2022, a Member enquired if there are any issues that may delay the final submission of the 2023 financial statements. In response, it was noted that timeline issues were to be considered with the external Auditor and it is anticipated that there may be a delay in considering the final accounts for 2023. A review of the process was needed.

RESOLVED/-

1. That the report of the External Auditor and update on Financial Statements be noted.

2. That an update be provided to an appropriate meeting of the Committee which will identify the process to enable the GMCA Financial Statements to be considered in a timely manner.

AC/54/22 FORWARD PLANNING - AUDIT COMMITTEE WORK PROGRAMME

Members considered the Committee Work Programme of proposed items, for the remainder of the year.

A Member suggested that future meeting should include items for Deep Dive discussions. A suggestion was made that “Inflation” would be a suitable topic for a deep Dive item.

A Member suggested that time be set aside for Committee visits to be undertaken. It was noted that as there will be changes to the Committee, the decision on timetabling committee visits will be made by the incoming Chair.

In response to an enquiry, officers noted that the re-appointment of independent members was to be considered by GMCA at the upcoming meeting.

RESOLVED/-

That the committee work programme be noted.

AC/55/22 DATE AND TIME OF THE NEXT MEETING

RESOLVED/-

That the next meeting of the GMCA Audit Committee will take place on Wednesday 15th March 2023, commencing at 10:00 am, be noted.

AC/56/22 EXCLUSION OF PRESS AND PUBLIC

RESOLVED/-

That, under section 100 (A)(4) of the Local Government Act 1972 the press and public should be excluded from the meeting on the grounds that discussions on elements of the report are likely to disclose of exempt information relating to the financial or business affairs of any particular person (including the authority holding that information), as set out in paragraph 3 of Part 1, Schedule 12A of the Local Government Act 1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

AC/57/22 AUDIT ACTION TRACKING

Members discussed matters arising from the audit action tracker in respect of cyber security and ICT matters.

RESOLVED/-

That an update on ICT and cyber security matters, including information on backup and data recovery processes, be shared with Members ahead of the next meeting of the Committee.

GMCA GREATER MANCHESTER COMBINED AUTHORITY

GMCA Audit Committee

Date: 15th January 2023

Subject: Update from the Joint Audit Panel

Report of: Peter Morris, Joint Audit Panel Chair and Steve Wilson, GMCA, Treasurer

PURPOSE OF REPORT

To provide the Committee with an update from the Joint Audit Panel

RECOMMENDATIONS:

The Audit Committee is requested to:

Note the update from the Joint Audit Panel

CONTACT OFFICERS:

Steve Wilson, GMCA Treasurer

steve.wilson@greatermanchester-ca.gov.uk

Equalities Impact, Carbon and Sustainability Assessment:

n/a

Risk Management

n/a

Legal Considerations

n/a

Financial Consequences – Revenue

n/a

Financial Consequences – Capital

n/a

Number of attachments to the report:

Comments/recommendations from Overview & Scrutiny Committee

n/a

Background Papers

- Previous updates to GMCA Audit Committee

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?

No

GM Transport Committee

n/a

Overview and Scrutiny Committee

n/a

MEETING: Joint Audit Panel
DATE OF MEETING: 30/01/2023
CHAIR OF MEETING: Peter Morris, Joint Audit Panel Chair

ITEMS APPROVED

Minutes of the previous meeting

The minutes of the meeting held on 28th November 2022 were approved as a true record of the meeting.

Terms of Reference

The terms of reference were reviewed and approved unchanged however there was a discussion on the relationship with the GMCA Audit Committee. The panel agreed to the approach set out to the GMCA Audit Committee in January including providing a chair's update after each meeting, an annual report from the panel chair to the GMCA Audit Committee which will be presented by the chair and the consideration of joint working and future training events.

Internal Audit Charter

The Internal audit charter was approved unchanged.

ASSURANCE RECEIVED

Current GMP Issues

The Panel received an update on the current issues and challenges facing GMP. This included an opportunity to meet ACO Dougie Henderson who is the new Director of IT and Digital for the force. ACO Henderson gave some details on his background and described the issues he has identified in his time to date with GMP.

The committee received assurance on the work ACO Henderson is leading and looks forward to receiving updates.

In additional to the detailed discussion on digital the committee was assured on progress in recruitment of new officers under the Police Uplift (PUP) programme.
Budget Update The Panel has asked for a budget update to be a standing item on the JAP agenda whilst the financial recovery programme is in place. The Panel consider financial risks to be at the upper end of the range in the very challenging economic environment. ACO Cosh and GMCA Treasurer Steve Wilson outlined the latest, improving position and the governance arrangements in place to oversee the delivery of the recovery plan including the role of the Deputy Mayor's Executive and the Chief Constable. ***The Panel look forward to an update at their next meeting.***
Risk Update The Panel noted the risk update and the ongoing work to review GMP risks. The Panel will be receiving the updated Strategic Risk Register at its next meeting.
External Audit Progress Report The Panel noted the expectation that the final audit position for 2021/22, the annual report and the VFM report will be reported to the next meeting due to delays in final audit sign off as a result of audit of pensions.
Internal Audit Progress Report The Panel received an update on progress of the internal audit plan for 2022/23 and the outcome of a limited assurance opinion on the specialist equipment uniform

ITEMS CONSIDERED IN PRIVATE
Inspection Reports and Other Sources of Assurance The Panel received a report from the GMP Force vetting officer in response to the HMICFRS report into vetting, misconduct and misogyny in the police service. The committee was provided with details of the recommendations from the HMIC report and the GMP response.

Other Private Items
The committee also received reports on the GMCA Police, Crime & Criminal Justice risk management framework and the JAP action tracker updates.

RISKS IDENTIFIED	
RISK	**MITIGATING ACTION**
Other than the risks identified on the risk register there were no additional risks identified at this stage	

ITEMS FOR ESCALATION TO THE GMCA AUDIT COMMITTEE
• The Joint Audit Panel agreed the approach to joint working set out at the GMCA meeting in January 2023. This will be reviewed by both the GMCA audit committee and the JAP in 12 months' time. • Work to review the GMP risk register

Peter Morris
Chair of Greater Manchester Joint Audit Panel (Police and Crime)

This page is intentionally left blank

GMCA Audit Committee

Date: 15 March 2023

Subject: Audit Committee Effectiveness – Self Assessment Results

Report of: Sarah Horseman – Deputy Director, Audit & Assurance

---

PURPOSE OF REPORT

This report sets the results of the self-assessment of Audit Committee effectiveness undertaken by Members and regular attendees of the Audit. The survey is based on guidance issued by CIPFA in the recently published "The Audit Committee Member in a Local Authority" guidance.

RECOMMENDATIONS:

Members are requested to agree any areas of development to further improve the effectiveness of the Committee.

CONTACT OFFICERS:

Sarah Horseman, Deputy Director, Audit and Assurance
sarah.horseman@greatermanchester-ca.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:

N/A

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?	No	
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

1 INTRODUCTION

In October 2022, CIPFA issued revised guidance for Audit Committee Members, entitled “The Audit Committee Member in a Local Authority”. This guidance explains the purpose of the Audit Committee, core functions, additional functions, independence and accountability considerations and guidance around membership and effectiveness.

Within the guidance, CIPFA recommends that an annual effectiveness review of Audit Committees is undertaken with the results being reflected in any annual report produced by the Committee.

It was agreed at the previous Audit Committee meeting on 25th January 2023 that Members and regular attendees of the Committee would complete an on-line self-assessment questionnaire based on the CIPFA suggested framework.

That exercise has been completed, with five responses to the questionnaire received. Appendix 1 shows the results for each question but the main body of this paper summarises the results of the survey and some proposed actions for consideration by Members.

2 SUMMARY RESULTS

Overall those who completed the survey provided an average score of 150/200 in terms of effectiveness of the Committee. The survey is split into three sections which are each considered below.

2.1 Audit Committee purpose and governance

Overall this section of the survey scored 35.4/50 (71%). Responses were strong in relation to the composition, purpose and positioning of the Committee (questions 1-4). Scores were not as strong in relation to the governing body (GMCA) holding the

Committee to account for its performance and escalation of issues and concerns from Audit Committee to the governing body (questions 5-7)

Scores were also lower for question 8 which related to the publication of an annual report in accordance with the 2022 CIPFA Guidance. An excerpt from the guidance in relation to audit committee reporting is provided below:

The audit committee annual report

The committee should prepare an annual report that provides assurance to all those charged with governance that it fulfils its purpose and can demonstrate its impact. This is a key output of the committee. The report should be publicly available, supporting the authority's accountability to wider stakeholders, including the public.

Suggested content for the report is set out below.

Alignment of the committee to recommended practice

- The report should briefly outline the extent to which it follows the CIPFA Position Statement in the following areas:
  - The size of the committee.
  - Structure and composition, including the number of independent members.
  - Reporting line and independence from other committees.
  - Whether its terms of reference include all the core functions of the committee.
- Results of the committee's annual evaluation of its effectiveness and assurance over key indicators should be reported. There should be disclosure over areas where the committee has concerns (which could link to the action plan in the AGS) and a statement of what the audit committee has done to escalate their concerns or make recommendations.
- The report should summarise how it has fulfilled its terms of reference and the key issues escalated to the leadership team or other committees during the year.
- The report should summarise the development work that will support the committee members, eg training.

The annual report should be timed to support the annual review of governance and preparation of the AGS. This enables the committee to take stock of the assurances it has received and the extent to which its own performance has contributed to governance arrangements.

The Audit Committee has not historically produced an Annual Report and this therefore could be an area for development for the Committee.

2.2 Functions of the Committee

This section of the survey scored on average 79.85 out of a possible 100 points (79.85%). There were 11 questions relating to functions of the Committee and most scored over 3.8/5. Exceptions to this were:

a) Question 9 in relation to whether the Committee's terms of reference explicitly addresses all the core areas identified in CIPFA's position statement scored 3.2/5 for the part that asked about the assurance framework. This is not entirely unexpected as assurance mapping is an area for development for GMCA identified in the Internal Audit Development plan as there isn't a formally documented assurance framework in place (although this is the responsibility of management, not Internal Audit). CIPFA is due to issue guidance around assurance frameworks and assurance mapping, it is therefore recommended that Internal Audit provide an update on that guidance to the Committee as soon as it is issued along with a proposal of how to develop the framework within GMCA and assist the Audit Committee in fulfilling its responsibilities in line with the CIPFA guidance.

b) Question 11 asked "Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?" The average score in response to this was 3.4.

   The wider functions set out in the guidance are:

   - Treasury Management (which is considered by the Audit Committee)
   - Supporting Corporate Improvement Programmes
   - Considering matters at the request of Statutory Officers or other Committees

The latter two points have not been undertaken by the Committee but that is not to say they wouldn't be if requested. The guidance provides some indication of the

expectation of members in relation to raising awareness of the committee's work which may lead to requests for additional activities.

> The committee should consider how it can improve understanding of its work and raise its profile among other elected members. By improving understanding and engagement, the influence of the committee is likely to grow. **CIPFA has produced a set of frequently asked questions about the work of the committee** that helps communicate its role and the value it brings.

c) Questions 15 and 16 relate to the evaluation of skills of the Committee and training and support mechanisms for members, scoring 2.25 and 2.8 respectively. The section of the guidance that relates to these questions states:

> **Training and development**
>
> Audit committees should have access to support to guide them in their roles, help them to understand the key agenda items, and to keep them informed of new developments. Guiding the audit committee includes a suggested training and support programme.
>
> New co-opted members may have technical knowledge and experience, but they will still need to understand the local government context with which they may not be familiar. Support should also be provided to help integrate them into the committee and familiarise them with the council's structure and processes.
>
> Audit committee members should review their knowledge and skills – for example, as part of an annual self-assessment process or training needs analysis. As well as shaping the training plan, evidence of the assessment and delivery of training will support the profile of the committee – for example, by including it in the annual report.

An action for GMCA Officers is therefore to ensure comprehensive training and support arrangements are in place for Members. In addition, a periodic review of the skills of the Committee should be undertaken.

2.3 Effectiveness of the Committee

This section of the survey scored lowest of the three sections, with a score of 34.4/50 (69%). Questions regarding the quality of chairing, level of discussion in the meetings and maintenance of a non-political approach to discussions all scored very highly however.

The areas with the lower scores were:

a) Q20 - Feedback on the performance of the Committee from those interacting with the Committee or relying on its work (2/5)
b) Q24 - Engagement with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with responsible officers (3/5)
c) Q26 - Audit actions having traction with those in leadership roles (2.6/5)
d) Q27 - Whether the Committee has evaluated whether and how it is adding value to GMCA (2.4/5)
e) Q28 - Development of an action plan to improve areas of weakness (2/5)

In relation to questions 20, 24 and 25, these relate to engagement between the Audit Committee and officers and the development of those relationships. Audit Committee members are requested to consider this point and how they may want to address/improve this area.

Questions 27 and 28 relate to the ongoing evaluation of Committee effectiveness. This exercise should hopefully be a good initial assessment, which can drive an action plan to improve where necessary. It is an exercise, that as the guidance suggests, should be repeated annually.

3 PROPOSED AUDIT COMMITTEE DEVELOPMENT PLAN

From the survey results, the following recommendations have been developed for consideration and approval by the Committee.

#	Recommendation	Responsible	Date
1	**Audit Committee Annual report** a) The Audit Committee will produce an annual report. The content being in line with CIPFA guidance b) GMCA Governance team will build the annual report into the forward plan for the Committee and provide support to the Chair in the development of the annual report.	Chair, Audit Committee GMCA Governance Team	Q1 2023/24 for 2022/23 Q1 2023/24
2	**Assurance mapping** Internal Audit to propose how the GMCA Assurance Framework and Assurance Mapping will be developed based on CIPFA guidance when it is issued	Deputy Director, Audit and Assurance	Q2 2023/24
3	**Wider functions of the Committee** In setting its work programme, to the extent wider functions are not already undertaken, the Audit Committee will consider any requirement or opportunity to schedule in work outside of their core functions.	Chair, Audit Committee	Q1 2023/24

4	**Audit Committee skills evaluation** On a regular basis, and particularly when new members of the Committee are due to be appointed, a skills assessment will be undertaken based on the skills identified in the CIPFA guidance which will be used to inform the recruitment/nomination process and drive the training agenda.	GMCA Governance Team	2023/24
5	**Training and Support** GMCA will develop a comprehensive training and support programme for Audit Committee members to ensure they are provided with the appropriate knowledge and awareness of GMCA structures, activities and priorities.	GMCA Governance Team	Q1-2 2023/24
6	**Engagement between Audit Committee and Officers** Consideration be given to how engagement with Officers can be broadened.	TBC	TBC
7	**Audit Committee Effectiveness reviews** The Audit Committee will repeat this assessment of effectiveness on an annual basis, leading to the development of an action plan that will address any areas of improvement.	GMCA Governance Team	Q4 2023/24 and annually thereafter.

APPENDIX 1 - DETAILED SURVEY RESULTS

#	Question	Response 1	2	3	4	5	Average Score
	Audit Committee purpose and governance						
1	Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?	5	5	5	5	5	5
2	Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?	5	3	3	3	3	3.4
3	Has the committee maintained its advisory role by not taking on any decision-making powers?	3	5	5	5	5	4.6
4	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?	5	3	5	5	5	4.6
5	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?	3	5	3	3	3	3.4
6	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?	5	5	2	5	3	4
7	Does the governing body hold the audit committee to account for its performance at least annually?	2	3	1	3	2	2.2
8	Does the committee publish an annual report in accordance with the 2022 guidance, including: - compliance with the CIPFA Position Statement 2022	3	5	1	5	1	3
	- results of the annual evaluation, development work undertaken and planned improvements	3	5	1	3	1	2.6
	- how it has fulfilled its terms of reference and the key issues escalated in the year?	3	5	1	3	1	2.6
	Sub total	**37**	**44**	**27**	**40**	**29**	**35.4**
	out of a possible	50	50	50	50	50	50

#	Question	Response 1	2	3	4	5	Average Score
	Functions of the Committee						
9	Do the Committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows? - Governance Arrangements	5	3	3	3	5	3.8
	- Risk management arrangements	5	3	3	3	5	3.8
	- Internal control arrangements, including: • financial management • value for money • ethics and standards • counter fraud and corruption	5	3	3	3	5	3.8
	Annual governance statement	5	5	3	3	5	4.2
	Financial reporting	5	5	3	3	5	4.2
	Assurance framework	3	3	2	3	5	3.2
	Internal audit	5	3	3	3	5	3.8
	External audit	5	5	3	5	5	4.6
10	Over the last year, has adequate consideration been given to all core areas?	5	5	3	3	3	3.8
11	Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?	3	3	3	3	5	3.4
12	Has the committee met privately with the external auditors and head of internal audit in the last year?	5	5	5	5	5	5
13	Has the committee been established in accordance with the 2022 guidance as follows : - Separation from executive?	5	5	5	5	5	5
	- A size that is not unwieldy and avoids use of substitutes?	5	3	5	3	5	4.2
	- Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation?	5	5	5	5	5	5
14	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?	5	5	5	3	5	4.6
15	Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?	2	3	2		2	2.25
16	Have regular training and support arrangements been put in place	3	3	2	3	3	2.8

#	Question	Response 1	2	3	4	5	Average Score
	covering the areas set out in the 2022 guidance?						
17	Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?	5	3	2	3	5	3.6
18	Is adequate secretariat and administrative support provided to the committee?	5	5	3	3	5	4.2
19	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	5	5	3	5	5	4.6
	Sub total	**91**	**80**	**66**	**67**	**93**	**79.85**
	out of a possible	100	100	100	100	100	100

#	Question	Response 1	2	3	4	5	Average Score
	Effectiveness of the Committee						
20	Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?	3	2	2	3	0	2
21	Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?	5	5	5	5	5	5
22	Are meetings effective with a good level of discussion and engagement from all the members?	5	5	5	5	5	5
23	Has the committee maintained a non-political approach to discussions throughout?	5	5	3	5	5	4.6
24	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	5	2	2	3	3	3
25	Does the committee make recommendations for the improvement of governance, risk and control arrangements?	5	5	2	3	5	4
26	Do audit committee recommendations have traction with those in leadership roles?	3	2	2	3	3	2.6
27	Has the committee evaluated whether and how it is adding value to the organisation?	3	2	2	3	2	2.4

#	Question	Response 1	2	3	4	5	Average Score
28	Does the committee have an action plan to improve any areas of weakness?	3	2	1	2	2	2
29	Has this assessment been undertaken collaboratively with the audit committee members?	5	2	5	2	5	3.8
	Sub total	**42**	**32**	**29**	**34**	**35**	**34.4**
	out of a possible	50	50	50	50	50	50

Grand total	**170**	**156**	**122**	**141**	**157**	**149.65**
out of a possible	200	200	200	200	200	200
% Effective	85%	78%	61%	71%	79%	**75%**

This page is intentionally left blank

GMCA GREATER MANCHESTER COMBINED AUTHORITY

GMCA Audit Committee

Date: 15 March 2023

Subject: Risk Management Update Report

Report of: Sarah Horseman, Deputy Director - Audit and Assurance

---

PURPOSE OF REPORT:

The purpose of this report is to inform Members of the Audit Committee of changes in the GMCA Strategic and key operational risks and to provide an update on the risk management activities undertaken since the last Meeting.

RECOMMENDATIONS:

Audit Committee is requested to note the report.

CONTACT OFFICERS:

Sarah Horseman, Deputy Director, Audit and Assurance
sarah.horseman@greatermanchester-ca.gov.uk

Paul Chase, Corporate Risk Manager
paul.chase@greatermanchester-ca.gov.uk

1.1 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: N/A

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?	No	
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

2 Introduction

This report provides an overview of risk management activity since the last update to the Committee in January 2023.

3 Activity in the period

3.1 Over the period all directorates have submitted and had approved their priorities for the year ahead as part of the 2023/24 GMCA Business Planning process. Risk review sessions began in March to help directorates reflect on whether their priorities in the business plan require significant changes to their directorate risk profile. This process is likely to complete by the end of March.

3.2 Early examples of risks that may be subject to change include the include the potential changes being proposed by Defra to how we collect waste under the National Waste and Resources Strategy. Under one scenario this could require a significant vehicular investment. A second example covers the very tight spending window in place to successfully deliver new activity in support of our homelessness and rough sleeping objectives.

3.3 All teams continue to be subject to dynamic market forces. Examples include, GMFRS continues to manage the potential impact from Industrial Action as well as the impact on their budget of rising utility prices.

3.4 To continue our work to mitigate against the harmful effects of climate change. A risk workshop took place on 6th March to encourage colleagues to consider how changing climate will impact our organisation and the directorates in which they work. It will support ongoing management of our strategic risk *SR8 Climate Change.*

4 Movements in risks

4.1 This section provides a summary of the movements in directorate risks in the last quarter. Please note that the latest round of risk reviews remains in progress.

Examples of significant updates to risk definitions and/or risk actions:

- **Improvement - DIR-ENV-19: Deliver Public Sector Decarbonisation Scheme Phase 3a.** Following continuing engagement with partners the risk of failure to deliver within timescales has reduced.
- **Decline - DIR-WR-02: National Waste Strategy (Waste)** – where our response to Defra plans to introduce a new waste collection regime will be discussed with leaders in March. It is likely that the risk score will increase.
- **NEW - Internal resources (Low Carbon):** Where we will widen our recruitment channels in order to fill vacant positions created due to a growth in delivery activity. (Environment)

Top Organisational and Operational Risks

In line with previous reports, Appendix 2 provides an overview of the highest rated risks at an organisational and directorate level.

Highlights:-

- Reflecting the same trend seen at the strategic risk level in the last period. A number of escalated ‘directorate’ risks reflect continuing uncertainty over future funding together with the impact of multiple economic factors.
- As agreed at the last Audit Committee meeting, Appendix 2 now shows all risks with an inherent risk score of 16 or more. The Directorate risks are split into 2

tables, one where the residual score remains at 16 or more and one where the residual score is managed to <16.

5 Risk Management Action Plan 2023/24

5.1 The risk management action plan continues to be implemented, with the following activities to be undertaken this quarter:

- SLT risk workshop to review and update (as necessary) Organisational Risks.
- Re-assess the organisation's risk management maturity, using the same assessment criteria as used previously to demonstrate progress.
- A review of the PCCJF risk register to review and identify which are GMCA and which are GMP risks, so they fall within the appropriate governance and oversight arrangements.
- A series of new introduction to risk management learning videos will be developed and piloted in early 2023/24 for roll out to staff via the GMCA Intranet.
- Work with any Directorates that do not currently fall within the "Conforming" range to develop their risk management arrangements.
- Support all directorates in the ongoing maintenance and development of risk. registers and associated risk management activities, including ensuring their risk actions are SMART; and
- Move to a point where greater consideration of performance against risk appetite can be held starting with strategic risks.

6. Recommendations

6.1 The recommendations are set out at the front of the report.

Appendix 1 - Summary of Strategic Risks (at 03/03/23 - with the last review conducted in January 2023)

Ref	Risk	Current Score	Target Score	Risk Actions
Corporate Objective 1: Deliver Core/ Devolved services for the public				
SR3	Economic factors such as energy prices, inflation, interest rates and supply chain issues impact the Combined Authority's ability to deliver planned services and programmes for the public.	15	10	Use of a dynamic cost-of-living dashboard to inform decision-making, for example on service provision. Economic insight anticipates and informs practical strategies to support continuity within programmes and challenge within contracting.
SR7	Significant financial risk to transport (bus and Metrolink) resulting from reduced patronage levels (caused by behaviour changes as a legacy of the pandemic), increases in operating costs and uncertainty over longer term government funding support.	16	12	Department for Transport (DfT) funding has mitigated impact of revenue losses with funding confirmed into Quarter 4 2022. TfGM Recovery Plan for Metrolink with ongoing lobbying with Government encompassing market renewal and efficiency work to support request for additional funding. Seeking cost saving measures within overall transport budgets. Rephasing of capital spend, to fund renewals programme.
SR9	Insufficient and/ or ineffective governance and scrutiny over Greater Manchester Police fails to identify and address areas of underperformance in the service provided to victims of crime, residents and communities.	15	10	Continuing work with GMP to monitor implementation of outstanding improvement actions. Plan / prepare any necessary work ahead of the next HMICFRS inspection. For example, by engaging with city-

				region and national bodies to anticipate and understand potential areas of focus.
Corporate Objective 2: Secure, and manage, funding and investment at a Greater Manchester level for agreed activity				
SR1	Changes in central government affects the devolution agenda meaning that devolved powers (including those from being a trailblazer city region) are not further developed or are reduced, access to funding is reduced and/or our ability to influence the devolution agenda is reduced.	15	10	Continuous discussions with departments - lobbying to develop a Memorandum of Understanding for a devolution agreement.
SR5	Factors such including inflation, energy costs, covid legacy and uncertainty around government funding have a major impact on districts ability to deliver public services.	12	9	CA continues to lobby government for more District funding. Creating a bigger voice with Government. Complete 2023/24 budget position through close engagement with all stakeholders.
Corporate Objective 3: Work with the ten local authorities to drive collective activity that puts Greater Manchester at the forefront of tackling social, economic and environmental issues				
SR6	Economic, social, behavioural and financial impacts such as COVID and the cost of living affect the timescales of delivery of GMS outcomes.	8	6	GMS has been refreshed, as a 10-year strategy, to reflect long term strategy learning from Covid, IIC etc with a strong focus on the system wide actions needed to achieve a greener, fairer, more prosperous GM in all parts of the conurbation. This includes 3-year commitments, targets and ways of working, with some neighbourhood floor targets. Monitored by a cross agency/sector Delivery Support Group to ensure the GM system as a whole is delivering the changes needed to achieve GM's social, economic and environmental aspirations.

SR8	GMCA is unable to deliver its responsibilities in relation to climate change initiatives due to insufficient funding, capacity, support and behaviour change as well as supply chain issues. This results in long term climate change risks to population, business, biodiversity and infrastructure.	12	9	Mission based approach - Challenge Groups and T&F groups reviewed and re-constituted – responsible for driving increased scale of the challenge and ensuring appropriate joined up actions by all partners Bids submitted for external funding to deliver programmes at scale and development of innovative policy and finance mechanisms. Progress towards targets regularly reviewed through Green City Region Partnership Six monthly updates on GMCA actions in response to its declared Climate Emergency to be reported to CA Review and upscale our communications strategy with districts - to drive stimulate behaviour change, e.g. Bee Net Zero. Development of Strategic Outline Business Case to increase level of private sector investment
Corporate Objective 4: Ensure Greater Manchester is speaking with one voice – developing, leading & implementing our evidence-based strategies, building our networks and partnerships and influencing policy				
SR2	GMCA fails to further develop trust, cohesion and credibility with and between local GM systems and partners due to ineffective stakeholder engagement, poor GMCA performance or ineffective decision making resulting in failure to deliver outcomes of GMS and failure to develop and share good practice.	9	6	GMCA Performance Framework uses corporate health indicators to monitor and enhance performance. Best practice in the Assurance Framework helps mitigate against adverse inspections by the likes of the ORR and HMICFRS and maintains strong relationships with the ten districts.

Appendix 2 - Escalated Risks

Organisational Risks (at 03/03/23)

There are no organisational risks with a residual risk score of 16 or more. There are four risks with an inherent risk score of 16 or more that have successfully implemented risk actions that bring down their residual scores below 16:

Ref	Risk Title	Description	Inherent Score	Residual Score
OR1	Covid-19 reduces staff availability through absence, sickness, self-isolation.	Increased risk of staff absence in GMCA/GMFRS due to Covid-19 and/or caring responsibilities due to ongoing lockdown restrictions.	20	8
OR4	Staff Mental and Physical Wellbeing	Post-covid altered working arrangements may affect staff health, wellbeing and morale.	16	6
OR9	Funding and grants not spent in line with timescales / conditions	Capital programme and grant funding is not spent in line with spending profile or grant conditions.	20	9
O10	Data Protection Act 2018 compliance	Failure to comply with the requirements of the Data Protection Act 2018 (Inc. GDPR).	20	12

A review of organisational risks, similar to that undertaken for Strategic Risks will be undertaken in Q1 2023/24

Escalated / "Top" Directorate Risks (at 03/03/23)

There are a number of high scoring directorate risks, some of these link directly to Strategic or Organisational risks but some are discrete and specific to the directorate. Of these high scoring risks, 14 cite risk mitigations that bring the current risk score to below 16, whilst others (8) remain >=16. The two tables below show firstly those with a residual risk score of 16 or more and secondly those with a residual score of <16

Table 1: Directorate Risks with a residual risk score of 16 or more

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
Digital	DIR-DIG-01	Digital Services capacity pressures	Digital Services does not have sufficient capacity to meet both organisational demand and GM demand for project related support, leading to organisational frustrations, shadow ICT, and mental health pressures on the team	20	16
Digital	DIR-DIG-02	Full fibre network programme delivery	GM Full Fibre grant funding awarded to GMCA by DCMS is not spent in line with spending profile and this impacts programme delivery	16	16
Digital	DIR-DIG-04	Cyber Security	GMCA is subject to a Cyber attack	25	20
Environment	Environ ment	Internal resources (Low Carbon)	Unable to fill vacant positions created due to a growth in delivery activity, required by the 5 Year Environment Plan	20	20
GMFRS	RR11	Industrial Action	Potential of future strike action by operational staff over proposed changes to firefighter's terms and conditions, fire fighter pension schemes and the current status of the national pay negotiations	12*	20
GMFRS	RR39	Spending Review	Spending Review and funding - funding supporting the 2022/23 Budget represents a one-year settlement, there is a significant risk that future funding will be affected,	12*	20

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
			and also that one off funding (Protection) will not continue beyond 2022/23. New round of austerity expected with anticipated need for spending reductions as part of Spending Plans for 2023/24 budget year. Spending Review for 2023/24 currently on hold		
GOVIG	GOV-9	Major inquiry	Inquiry / Inquest into GMCA (or related) activity requires major change within GMCA	20	16
HROD	DIR-HR-05	Pension Detriment	Risk of legal action arising relating to remedy benefits for retired members and serving members due to retire. There are a number of financial risks to individuals and GMFRS which are currently being considered by LGA/ FBU/Home Office to amend previously agreed MoU	25	25

*Risk owner has been advised to amend Inherent risk score in light of their residual (current) score.

Table 2: Directorate risks with a residual risk score of less than 16

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
Digital	DIR-DIG-03	Digital Services' core service delivery	GMCA experience disruption to their IT services	20	15
Education, Work and Skills	DIR-EWS-02	Skills for Jobs White Paper	National legislative changes linked to Skills for Jobs White Paper will impact on GM's ability to deliver its devolved skills functions via programmes such as the Adult Education Budget (AEB).	16	12
Environment	DIR-ENV-25	Environment Fund	Risk of scaling up project and secure funding	16	12
GOVIG	GOV-8	Legal change	Successful legal challenge threatens delivery of a major programme (and outcomes)	25	15
GOVIG	IGR-10	Information Governance - Legislative Change	Legal changes mean existing information governance processes and procedures are incorrect or do not deliver the necessary legal, operational, or strategic assurance	16	12
PCCJF	DIR-PCCJF-06	Commissioning Victim Services	Commissioning a 'hybrid' victim care services integrated with GMP	16	9
PCCJF	DIR-PCCJF-07	SARC contracting, funding and therapeutic support	No contract in place and the financial allocation has been disputed	16	12
PCCJF	DIR-PCCJF-09:	Confidence in GMP (Functionality)	Sub-optimal functionality of the police records management system	16	6
PCCJF	DIR-PCCJF-10:	Confidence in GMP (Procurement)	Procurement of a replacement records management system	16	9

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
PCCJF	DIR-PCCJF-11:	Resourcing of Strategic priorities	Lack of alignment of funding to sufficiently resource strategic priorities	20	9
Place	DIR-PLA-03	Places for everyone resource capacity	Inability to efficiently process and deliver major actions for Places for Everyone during EiP process	16	12
Reform	DIR-PSR-01	Delivery of outcomes (within funding timeframes)	Failure to achieve outcomes targeted across a range of strategies including Homelessness Prevention, Children & Young People, Ageing and other cross-cutting programmes	16	12
WASTE	DIR– ER- 02	National Waste and Resources Strategy	DEFRA proposing new waste collection approach by March 2025 that may require substantial, unbudgeted investment across districts	16	12
WASTE	DIR–ER-01	GM Waste & Recycling Contract	Difficulties arise from contractor(s) failure to deliver, construction of new facilities being delayed, the value of recyclable materials reduces or delays from Brexit related change	16	9

This page is intentionally left blank

GMCA GREATER MANCHESTER COMBINED AUTHORITY

GMCA Audit Committee

Date: 15 March 2023

Subject: Internal Audit Progress Report

Report of: Sarah Horseman, Deputy Director Audit and Assurance, GMCA

PURPOSE OF REPORT

The purpose of this report is to inform Members of the Audit Committee of the progress made on the delivery of the Internal Audit Plan for Q4 2022/23. It is also used as a mechanism to approve and provide a record of changes to the internal audit plan.

RECOMMENDATIONS:

Audit Committee is requested to:

- Consider and comment on the progress report
- Approve the changes to the Audit Plan (Section 3)

CONTACT OFFICERS:

Sarah Horseman, Deputy Director of Audit and Assurance - GMCA

sarah.horseman@greatermanchester-ca.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: N/A

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?	No	
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

1 Introduction

1.1 The Internal Audit strategic three-year plan for GMCA was presented to the Audit Committee in April 2022 and this set out the planned assurance activity to be conducted during 2022/23 based on our understanding of the organisation's strategic and operational risks.

1.2 The GMCA Internal Audit Plan comprises a range of audits agreed by the Senior Leadership Team and Audit Committee. Each audit assignment concludes with the issue of an audit report and agreed actions for implementation. Each action has a named responsible officer and a target implementation date.

1.3 Separate plans are approved by Transport for Greater Manchester (TfGM) and Greater Manchester Police (GMP) / Police and Crime Functions with reporting to their respective Audit, Risk and Assurance Committee (ARAC) and Joint Audit Panel.

1.4 The purpose of this progress report is to provide Members with an update against the GMCA audit plan for 2022/23.

2 Progress against the 2022/23 Internal Audit Plan

Internal Audit work completed since the last meeting of the Audit Committee

2.1 Since we last reported to Audit Committee on 17 January 2023, we have issued one audit report and certified three grants. The Executive Summary from the published audit is appended to this report.

2.2 There are several pieces of work at the fieldwork stage and these will extend into quarter 1 and we aim to conclude and report on these at the next Audit Committee meeting.

2.3 **Adult Education Budget – Provider Contract Monitoring**: This report provided a **reasonable assurance opinion** over the key controls for contract compliance and performance monitoring in ensuring there is effective use of funding and delivery of learning provision by providers. Standard performance management practices were paused during 2021/22 academic year due to pandemic restrictions and an interim process utilised, with the reinstatement of formal performance monitoring from 2022/23. The report provides two minor recommendations.

2.4 **Grant Certifications –** Three grants were certified during the period

- **NO2 Plan Implementation Fund 2019 Support for a Charging Clean Air Zone 31/3799 of £36m.** A written certification was issued in February 2023 to certify expenditure incurred of £21.1m with £9.8m of repurposed funding.
- **NO2 Plan Clean Air Fund Grant 2021 31/5480 £83.6m.** A written certification was issued in February 2023 to certify expenditure incurred of £1.7m.
- **NO2 Plan Clean Air Fund Grant 2021 31/5762 £3.2m.** A written certification was issued in February 2023 to certify expenditure incurred of £1.2m

3 Internal Audit work in progress 2022/23

3.1 A summary on the status of ongoing audit work is as follows:

Planning Stage	
External Loans	Planning discussions are underway for this audit.

Fieldwork Stage	
Brownfield Housing Fund Grant	Initial discussions and assessment have taken place to facilitate the certification of this grant in May 2023
CCTV Policy and Practice	Agreed terms of reference have been issued for this audit and fieldwork has commenced.

Fieldwork Stage	
Safeguarding and DBS Checks	Agreed terms of reference have been issued for this audit and fieldwork has commenced.
Supporting Families Framework	Agreed terms of reference have been issued for this audit and fieldwork has commenced.
Non-AR Income	Agreed terms of reference have been issued for this audit and fieldwork has commenced.
GM Road Safety Partnership Effectiveness	Agreed terms of reference have been issued for this audit and fieldwork has commenced.
Use of Contractors and Temporary Staff	Agreed terms of reference have been issued for this audit and fieldwork has commenced.
GM One Network Project	Agreed terms of reference have been issued for this audit and fieldwork has commenced.

Reporting Stage	
Waste Estates – Asset Compliance	A draft report has been issued and we are awaiting a management response prior to finalisation.

Details of our progress in respect of the 2022/23 Audit Plan is shown in **Appendix B.**

4 Changes to the Internal Audit Plan

4.1 The internal audit plan is regularly reviewed and can be amended to reflect changing risks and/or objectives. In line with the Internal Audit Charter, any significant changes to the plan must be approved by the Audit Committee.

4.2 We are proposing the deferral of several planned audits and these are shown at **Appendix C** to this report.

5 Other Activities

5.1 Aside from delivery of the internal audit plan, since the last meeting internal audit have undertaken the following additional activities.

5.2 **Whistleblowing and Counter Fraud Activities** – There was one new whistleblowing report received by Internal Audit during the period and we are progressing this with the service.

5.3 **Anti-Fraud Training –** We are seeking an e-learning provider to purchase a suite of online training tools which can be rolled out to staff.

5.4 The revised GMCA Whistleblowing Policy was approved at GMCA Standards Committee in February 2023. There have been no significant changes to the Policy.

5.5 **National Fraud Initiative (NFI) 2022/23** – Data matches for Payroll, Pensions and Trade Creditors were received in January 2023. We are working with colleagues in the Payroll and Pensions team to complete the necessary checks.

5.6 We continue to hold ongoing quarterly engagement discussions with Service Directors to understand emerging risks/issues and help inform audit planning for 2023/24.

6 Internal Audit Performance and Development

Internal Audit Improvement Plan

6.1 As the internal audit function within GMCA matures, areas for future development are identified through our internal and external quality assessments, the work we undertake and feedback from audit sponsors and the Committee. Areas for future development are included in the Internal Audit Improvement Plan.

The current status of the Plan is noted in **Appendix D**

GMCA GREATER MANCHESTER COMBINED AUTHORITY

Appendix A - Summary of Internal Audit Reports issued 2022/23

The table below provides a summary of the internal audit work completed. This will inform the annual Internal Audit opinion for the year 2022/23.

Audit	Assurance Level	Audit Findings					Coverage		
		Critical	High	Medium	Low	Advisory	GMCA	GMFRS	Waste
Mandatory Firefighter Training and CPD (b/f)	Reasonable	-	-	3	-	-	-	✓	-
Grant Funding Management and Reporting	Reasonable	We made no recommendations in this audit.					✓	✓	✓
Public Sector Decarbanisation (Phase 1) Summary Report (Grant)	Positive	-	-	-	-	1	✓	✓	-
Budgetary Control	Reasonable	-	-	3	1	-	✓	✓	-

Audit	Assurance Level	Audit Findings					Coverage		
		Critical	High	Medium	Low	Advisory	GMCA	GMFRS	Waste
Treasury Management	Reasonable	-	-	3	2	-	✓	-	-
GMFRS Maintenance and Testing of Operational Equipment	Limited	-	4	-	-	-	-	✓	-
GMCA Performance Management and Reporting – Follow Up	Reasonable	-	-	4	-	-	✓	-	✓
Adult Education Budget – Provider Contract Management	Reasonable	-	-	1	1	-	✓	-	-

Grant Certifications				
BEIS Growth Hub Funding 2021/22	Positive	✓		
Peer Networks March 2022 Claim	Positive	✓		
Peer Networks Grant – Annual Sign Off 2021/22 £607k	Positive	✓		

Public Sector Decarbonisation Scheme – Phase1 (Section 31) 31/3535	Positive	✓	✓	
Local Transport Capital Block Funding (Pothole Fund) Specific Grant Determination (2021/22) (Section 31) 31/5506	Positive	✓		
Brownfield Housing Fund Grant 2021/22 (Section 31) £ 31/6020 & 31/5706 £49.2m	Positive	✓		
LOCAL TRANSPORT CAPITAL BLOCK FUNDING (CITY DEALS FUND) £22.3m 31/5675.	Positive	✓		
Green Homes Grant Phase 1b 31/5336	Positive	✓		
Green Homes Grant Phase 2 20/21 31/5337	Positive	✓		
NO2 Plan Implementation Fund 2019 Support for a Charging Clean Air Zone 31/3799	Positive	✓		
NO2 Plan Clean Air Fund Grant 2021 31/5480	Positive	✓		
NO2 Plan Clean Air Fund Grant 2021 31/5762	Positive	✓		

The following tables show definitions for the Assurance Levels provided to each audit report and the ratings attached to individual audit actions.

Assurance levels

	DESCRIPTION	SCORING RANGE	DESCRIPTION
	SUBSTANTIAL ASSURANCE	1-6	A sound system of internal control was found to be in place. Controls are designed effectively, and our testing found that they operate consistently. A small number of minor audit findings were noted where opportunities for improvement exist. There was no evidence of systemic control failures and no high or critical risk findings noted.
	REASONABLE ASSURANCE	7-19	A small number of medium or low risk findings were identified. This indicates that generally controls are in place and are operating but there are areas for improvement in terms of design and/or consistent execution of controls.
	LIMITED ASSURANCE	20-39	Significant improvements are required in the control environment. A number of medium and/or high-risk exceptions were noted during the audit that need to be addressed. There is a direct risk that organisational objectives will not be achieved.
	NO ASSURANCE	40+	The system of internal control is ineffective or is absent. This is as a result of poor design, absence of controls or systemic circumvention of controls. The criticality of individual findings or the cumulative impact of a number of findings noted during the audit indicate an immediate risk that organisational objectives will not be met and/or an immediate risk to the organisation's ability to adhere to relevant laws and regulations.

Audit Finding Classification

Risk Rating	Description/characteristics	Score
Critical	• Repeated breach of laws or regulations • Significant risk to the achievement of organisational objectives / outcomes for GM residents • Potential for catastrophic impact on the organisation either financially, reputationally or operationally • Fundamental controls over key risks are not in place, are designed ineffectively or are routinely circumvented • Critical gaps in/disregard to governance arrangements over activities	**40**
High	• One or more breaches of laws or regulation • The achievement of organisational objectives is directly challenged, potentially risking the delivery of outcomes to GM residents • Potential for significant impact on the organisation either financially, reputationally or operationally • Key controls are not designed effectively, or testing indicates a systemic issue in application across the organisation • Governance arrangements are ineffective or are not adhered to. • Policies and procedures are not in place	**10**
Medium	• Minor risk that laws or regulations could be breached but the audit did not identify any instances of breaches • Indirect impact on the achievement of organisational objectives / outcomes for GM residents	**5**

	• Potential for minor impact on the organisation either financially, reputationally or operationally • Key controls are designed to meet objectives but could be improved or the audit identified inconsistent application of controls across the organisation • Policies and procedures are outdated and are not regularly reviewed	
Low	• Isolated exception relating to the full and complete operation of controls (e.g. timeliness, evidence of operation, retention of documentation) • Little or no impact on the achievement of strategic objectives / outcomes for GM residents • Expected good practice is not adhered to (e.g. regular, documented review of policy/documentation)	**1**
Advisory	Finding does not impact the organisation's ability to achieve its objective but represent areas for improvements in process or efficiency.	**0**

Appendix B – Progress against the Internal Audit Plan 2022/23

The table below shows progress made in delivery of the 2022/23 Internal Audit Plan.

Key: ○ Not Yet started ⦿ Scheduled ◉ In progress ● Complete

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Corporate Services	Grants	Mandatory Grant Certifications	Q1-Q4	67	◉	◉	◉	◉		Ongoing
Corporate Services	Grants	BEIS Growth Hub Funding 2021/22	Q1	-	●	●	●	●	July 2022	Completed
Corporate Services	Grants	Peer Networks March claim	Q1	-	●	●	●	●	July 2022	Completed
Corporate Services	Finance	Grant Funding Management and Reporting	Q1	10	●	●	●	●	July 2022	Completed

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Corporate Services	Grants	Public Sector Decarbonisation	Q1	-	●	●	●	●	October 2022	Completed
Corporate Services	Grants	Peer Networks Grant – Annual Sign Off	Q2	-	●	●	●	●	October 2022	Completed
Corporate Services	Grants	Brownfield Housing Fund Grant 31/6020 & 31/5706	Q1	-	●	●	●	●	October 2022	Completed
Corporate Services	Grants	Local Transport Capital Block Funding (Pothole Fund) 31/5506	Q2	-	●	●	●	●	October 2022	Completed
Corporate Services	Grants	Local Transport Capital Block Funding (Pothole	Q3	-	●	●	●	●	Jan 2023	Completed

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
		Fund) (City Deals Fund) 31/5675.								
Corporate Services	Grants	Green Homes Grant Phase 1b 31/5336	Q3	-	●	●	●	●	Jan 2023	Completed
Corporate Services	Grants	Green Homes Grant Phase 2 20/21 31/5337	Q3	-	●	●	●	●	Jan 2023	Completed
Corporate Services	Grants	Brownfield Housing Fund Grant	Q1 23/24	-	●					Preliminary work undertaken
Corporate Services	Grants	NO2 Plan Implementation Fund 2019 Support for a Charging	Q4	-	●	●	●	●	March 2023	Completed

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
		Clean Air Zone 31/3799								
Corporate Services	Grants	NO2 Plan Clean Air Fund Grant 2021 31/5480	Q4	-	●	●	●	●	March 2023	Completed
Corporate Services	Grants	NO2 Plan Clean Air Fund Grant 2021 31/5762	Q4	-	●	●	●	●	March 2023	Completed
ICT	Governance	ICT Audit Needs Assessment (External)	Q1	2	○	○	○	○		Defer to 2023/24
Corporate Services	Finance	Budgetary Control	Q2	30	●	●	●	●	Jan 2023	Completed
Corporate Services	Finance	Treasury Management	Q2	20	●	●	●	●	Jan 2023	Completed
GMFRS	Front Line Services	Maintenance and Testing of	Q2	20	●	●	●	●	Jan 2023	

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
		Operational Equipment								Completed
Waste	Assets	Waste Estates Management	Q2	15	●	●	●	○		Draft Report
Environment	TBC	Capital Programme 'Deep Dive'	Q2	25	○	○	○	○		To merge with GM One Network Project
Corporate Services	Governance	Performance Management (Follow Up)	Q2	15	●	●	●	●	Jan 2023	Completed
Education, Work and Skills	Contracts	AEB	Q2	20	●	●	●	●	March 2023	Completed
Corporate Services	Finance	BWO Access Rights	Q3	20	○	○	○	○		Defer to 2023/24

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
ICT	Application management	User Acceptance Testing (External)	Q3	2	○	○	○	○		Defer to 2023/24
Corporate Services	Procurement and Contracting	Commercial	Q3	20	○	○	○	○		Cancel
ICT	Information Systems	GM One Network Project	Q3	20	●	◉	○	○		Fieldwork
People Services	Compliance	Investigation Processes	Q3	25	○	○	○	○		Cancel
ICT	Assets	IT Asset Management (External)	Q3	2	○	○	○	○		Defer to 2023/24
Corporate Services	Finance	Non-AR Income	Q3	20	●	◉	○	○		Fieldwork
GMFRS	Front Line Services	Safeguarding and DBS	Q3	20	●	◉	○	○		Fieldwork

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
GMFRS	Front Line Services	Station Standards Framework	Q3	20	○	○	○	○		Defer to 2023/24
Public Sector Reform	Compliance	Supporting Families Programme	Q3	10	●	◉	○	○		Fieldwork
Governance and Scrutiny	Information Governance	CCTV	Q4	20	●	◉	○	○		Fieldwork
Core Investment Team	Loans and Investments	External Loans	Q4	20	◉	○	○	○		Scoping
GMFRS	Prevention and Protection	Road Safety Partnership	Q4	20	●	◉	○	○		Fieldwork
People Services	Workforce	Use of Consultants	Q4	25	●	◉	○	○		Fieldwork
Total Plan Days				468						

Other Audit Activity		**Quarter**
Information Governance	Head of IA is a member of the IG Board, ongoing advice, and oversight of IG risks through this forum.	All
Audit action tracking	Internal audit will monitor and report on a quarterly basis the implementation of agreed audit actions	All
Whistleblowing investigations	Receipt and investigation of whistleblowing reports	As needed
Ad-hoc advice and support	Advice and reviews requested in-year in response to new or changing risks and activities.	As needed

Appendix C - Changes to the Internal Audit Plan

The internal audit plan is designed to be flexible and can be amended to address changes in the risks, resources and/or strategic objectives. Similarly, management and the board may request additional audit work be performed to address particular issues. In line with Public Sector Internal Audit Standards (PSIAS) the Audit Committee should approve any significant changes to the plan.

This Section records any changes to the current internal audit plan since it was originally approved in April 2022.

Audit Area	Audit	Timing	Days	Change requested	Rationale	Approved by Audit Committee
ICT	ICT Audit Needs Assessment (External)	Q1	2	Defer to 2023/24	An ICT audit provider was appointed in December 2022. Introductory discussions have taken place and proposals for risk-based ICT / Digital audit delivery plan will be agreed covering the next 12 months.	
ICT	User Acceptance Testing (External)	Q3	2	Defer to 2023/24		
ICT	IT Asset Management (External)	Q3	2	Defer to 2023/24		

Audit Area	Audit	Timing	Days	Change requested	Rationale	Approved by Audit Committee
GMFRS	Station Standards Framework	Q3	20	Defer to 2023/24	Timing of the review isn't right due to a move to Sharepoint online by April 2023. Audit deferred to Q2 2023/24.	
Corporate Services	Procurement and Contracting - Commercial	Q3	20	Cancel	To cancel this proposed audit to allow for the new Commercial and Contract Manager to review and develop the new GMCA Contract Management framework and standards.	
People Services	Investigations Processes	Q3	25	Cancel	To cancel this work and to include as part of the development of a fraud response plan in 2023/24.	
Corporate Services	BWO Access Rights	Q3	20	Defer to 2023/24	To defer whilst GMCA recruit to the vacant Systems Manager post.	

Appendix D - Internal Audit Improvement Plan

PSIAS Ref	Ref	Action Required	Responsible	Action	Target date	Status
1130	EQA1	In future, assurance arrangements over which the Head of Audit and Assurance also has operational responsibility should be overseen by somebody outside of the internal audit activity. This could be done via a peer review arrangement (NWCAE group members have undertaken these in the past) or external provider.	Head of Audit and Assurance	Assurance over risk management arrangements will be overseen by a party outside of the internal audit function. Consideration will be given to establishing arrangements for peer review from another local or combined authority. No assurance work over risk management is in the scope of the Audit Plan for 2021/22 so these arrangements will be sought to be effective for 2022/23 and beyond.	30/04/2022	Noted for future action when appropriate

PSIAS Ref	Ref	Action Required	Responsible	Action	Target date	Status
2010	EQA7	A formal assurance framework should be developed in consultation with relevant stakeholders.	Head of Audit and Assurance	Develop and document Assurance framework for GMCA, in line with the "three lines" model	31/12/2021	On hold – capacity of the team
2050	EQA8	An assurance mapping exercise should be undertaken to identify and determine the extent to which the Head of Audit and Assurance can place reliance on other sources of assurance.	Internal Audit Manager	After the development of the Assurance Framework (7) an assurance mapping exercise will be undertaken. This can be used to inform HoIA opinion for 21/22 as well as the planning process for 22/23.	31/03/2022	On hold – capacity of the team
2050	AC1	When developing the assurance framework, consider the use of controls self-assessments for areas of GMCA that are not subject to Internal Audit.	Head of Audit and Assurance	Consider introducing controls self-assessments as a line 2 assurance mechanism across GMCA. Will	1/4/23	On hold – capacity of the team

PSIAS Ref	Ref	Action Required	Responsible	Action	Target date	Status
				require some education and awareness activity to roll out.		
1210	EQA18	The use of data analytical tools should be explored and introduced, with relevant training provided.	Head of Audit and Assurance	In line with the action from Recommendation 2 above. Data analytics skills will also be considered for development within the team and budget requested as necessary.	30/04/2022	c/f to 2022/23 development plan. For consideration in future budget setting exercises.

Appendix E – Executive Summaries

Adult Education Budget – Provider Contract Management

GMCA GREATER MANCHESTER COMBINED AUTHORITY

Internal Audit Report

Adult Education Budget – Provider Contract Management

FINAL

Issue Date 7 March 2023

Audit Team	
Sarah Horseman	Head of Audit and Assurance
Damian Jarvis	Audit Manager
Stuart Richardson	Principal Auditor

Report Distribution	
For Action	
Lisa Quigley	Principal Performance Contract Monitoring Manager
Wendy Wood	Performance and Contracts Manager
Sharon Kelly	Senior Principal Skills Manager
For Information	
Audit Committee - **Executive Summary Only**	
Eamonn Boylan	Chief Executive
Steve Wilson	GMCA Treasurer
Gillian Duckworth	GMCA Monitoring Officer
Andrew Lightfoot	Deputy Chief Executive
Gemma Marsh	Director, Education Work and Skills
Mazars	External Auditor

1. EXECUTIVE SUMMARY

AUDIT OBJECTIVE

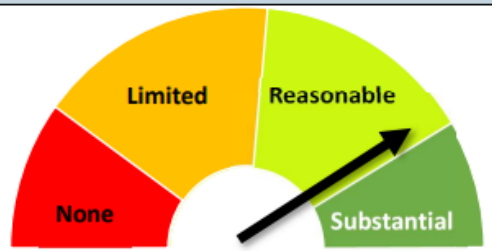
The objective of this audit was to provide assurance over Adult Education Budget (AEB) provider contract compliance and performance monitoring ensuring there is effective use of funding and delivery of learning provision by providers.

KEY RISKS IF CONTROLS ARE NOT IN PLACE AND/OR OPERATING

- **DIR-FIN-03** – Contract management practices across the organisation fails to optimise commercial performance, guarantee compliance with legal regulations, support delivery of programme/project outcomes or provide foresight into potential supplier collapse.
- **DIR-EWS-01-** Continued impact of Covid 19 on the delivery of EWS' Externally Funded Programmes supporting GM Residents.

ASSURANCE LEVEL

REASONABLE ASSURANCE



AUDIT FINDINGS

Critical	High	Medium	Low	Advisory	Total
-	-	1	1	-	2

BASIS OF AUDIT OPINION

This is based on the scoring mechanism outlined in **Section 5 & 6** of this report.

AUDIT OPINION AND SUMMARY CONCLUSION

We provide a **Reasonable Assurance opinion** over controls for contract compliance and performance monitoring in ensuring there is effective use of funding and delivery of learning provision by providers. Our review of the design of the performance control framework has identified that key controls are in place to manage provider contract compliance and to ensure performance is monitored. During the 2021/22 academic year and in response to the Covid-19 pandemic, formal performance management measures were suspended, and an interim process utilised to ensure provision whilst adhering to various restrictions in place. Our audit reviewed activity during this period and as such our assurance is restricted to the activities carried out in this period rather than standard activity. However, our findings have taken into consideration the design of the standard monitoring framework to ensure that they are relevant to this process which has now been reinstated.

Our report identified a small number of findings (medium and low level) to improve the design of controls and to inform best practice around recording of information and consistency in approach.

AREAS OF GOOD PRACTICE

- There is a dedicated contract team and all four Performance and Contract Officers interviewed had strong knowledge of performance, compliance and monitoring procedures and a clear understanding and focus on value for money in delivering the learning provision.
- Our sample testing of ten provider contracts (five grant and five procured) for 2022/23 showed that:
  - Signed contracts existed for each provider for the 2022/23 academic year.
  - Compliance reviews had been performed in 2021/22, with sample testing performed for all providers selected. Compliance reviews were generally consistent between providers, however two were completed by email rather than the use of the standard template.
- Performance Rules for 2022/23 were designed effectively. There were quarterly monitoring points in place as part of the annual process and a clearly defined four-level performance management process in place, with the level of performance management required linked to the result of RAG rating following compliance visits. The compliance process considers relevant factors around the delivery of education/training, data quality, outcomes and ESFA requirements.
- We confirmed that payments for 2021/22 were based on performance (delivery against profile) per the contract performance monitoring spreadsheet and that no payments are made prior to receipt of a signed contract from the provider.
- We confirmed that the AEB team track and monitor the status of contracts to ensure these are signed and in place for the academic year and this is regularly reviewed and followed up on when this does not occur.
- There is an appropriate range of performance monitoring and reporting to both internal and external stakeholders.

AREAS FOR IMPROVEMENT AND LIMITATIONS OF SCOPE

The reinstatement of formal performance management for the 2022/23 academic year.

In the 2021/22 academic year, provider payments were made based on achievement against profiled targets. We have confirmed this was in place through reference to spreadsheets. As a result of these changes, only one compliance visit per provider was undertaken in 2021/22 to assign RAG ratings, despite the Performance and Funding Rules stating that the number compliance visits should be based on each providers RAG rating.

As such, it has not been possible to test the effectiveness of controls in place around standard performance management practices and our assessment has been limited to a review of compliance visits undertaken in 2021/22 and the design of controls for the 2022/23 financial year.

Identified areas for improvement related to the following:

- Whilst the performance management/compliance process is clearly defined and generally well designed, there is not guidance around sampling of learner data or a scoring mechanism that determines RAG rating (e.g. points based).

- There has not been a 'standard' year of performance management since devolved AEB in 2019/20. In 2019/20 and 2020/21, providers were paid per profile to ensure financial sustainability of providers in the sector. In 2021/22 there was an element of financial performance management in terms of delivery, but not the full formal process as outlined in the Funding Rules for 2021/22 and 2022/23. Therefore, it is not possible to offer an opinion on the effectiveness of full performance management procedures, as this has not been performed.
- The AEB Contract Officers have introduced monthly meetings with providers, however these are not currently formally recorded. In addition, we noted that for two of the sample of 10 compliance visits, these were communicated via email rather than on the standard template, though the content communicated was appropriate.
- For compliance visits, only one visit was performed per provider for 2021/22 due to Covid restrictions, whereas the funding and performance management rules would have required further visits for non-green RAG ratings.

2. EXECUTIVE SUMMARY

	Finding	Risk Rating	Action	Target Date
1	Compliance Visits	MEDIUM	• Introduce a scoring mechanism to determine sample size for testing on compliance visits. • Develop a scoring mechanism for RAG ratings as part of compliance visits. • Ensure that in the 2022/23 academic year, compliance reviews are completed in line with the schedule of visits outlined in the Funding and Performance Management rules. • Ensure that all compliance reviews are recorded using the standard template.	31 May 2023
2	Performance Monitoring	LOW	• Ensure that Performance Management rules are followed in 2022/23 • Ensure that summary notes from monthly meetings between Contract Officers and providers are recorded.	31 March 2023

AUDIT SPONSOR COMMENTS
The areas highlighted for improvement are all relevant, and certainly the team have identified some if not all in some way, as areas to improve. Some of the actions outlined have already been implemented and if not, relevant reviews of how some areas are carried out, will be undertaken and this will mean appropriate changes undertaken within funding and performance management rules for 2023/2024 onwards.

This audit has been undertaken in accordance with Public Sector Internal Audit Standards

This page is intentionally left blank

GMCA GREATER MANCHESTER COMBINED AUTHORITY

GMCA Audit Committee

Date: 15 March 2023

Subject: Audit Action Follow up

Report of: Sarah Horseman, Deputy Director Audit and Assurance, GMCA

PURPOSE OF REPORT

This report advises Audit Committee of the progress made to date in implementing the agreed actions from internal audit assignments.

RECOMMENDATIONS:

Members are asked to review the progress of the implementation of Internal Audit actions.

CONTACT OFFICERS:

Sarah Horseman, Deputy Director Audit and Assurance - GMCA,
sarah.horseman@greatermanchester-ca.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:

N/A

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?	No	
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

1 Introduction

1.1 The GMCA Internal Audit Plan comprises a range of audits agreed by Senior Leadership Team and Audit Committee. Each audit assignment concludes with the issue of an audit report and agreed actions for implementation. Each action has a named responsible officer and an agreed target implementation date.

1.2 Internal Audit has responsibility for the follow up of all audit actions and reporting to Audit Committee on progress made.

1.3 This report provides an overview on the status of outstanding of Internal Audit actions.

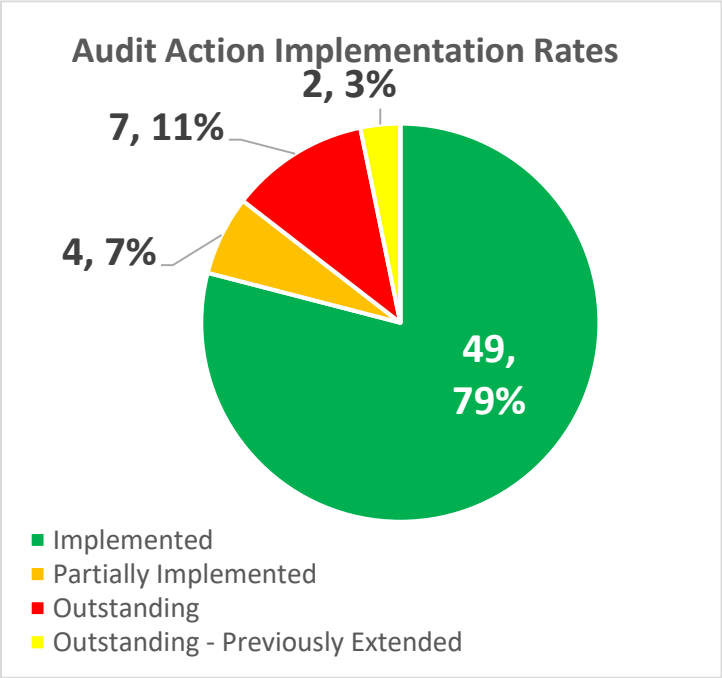
2 Agreed Process

2.1 It is the responsibility of management to implement audit actions on time and provide updates for the tracker. To aid facilitation of this, Internal Audit maintains the action tracker which is shared with risk owners to capture updates on progress of outstanding actions.

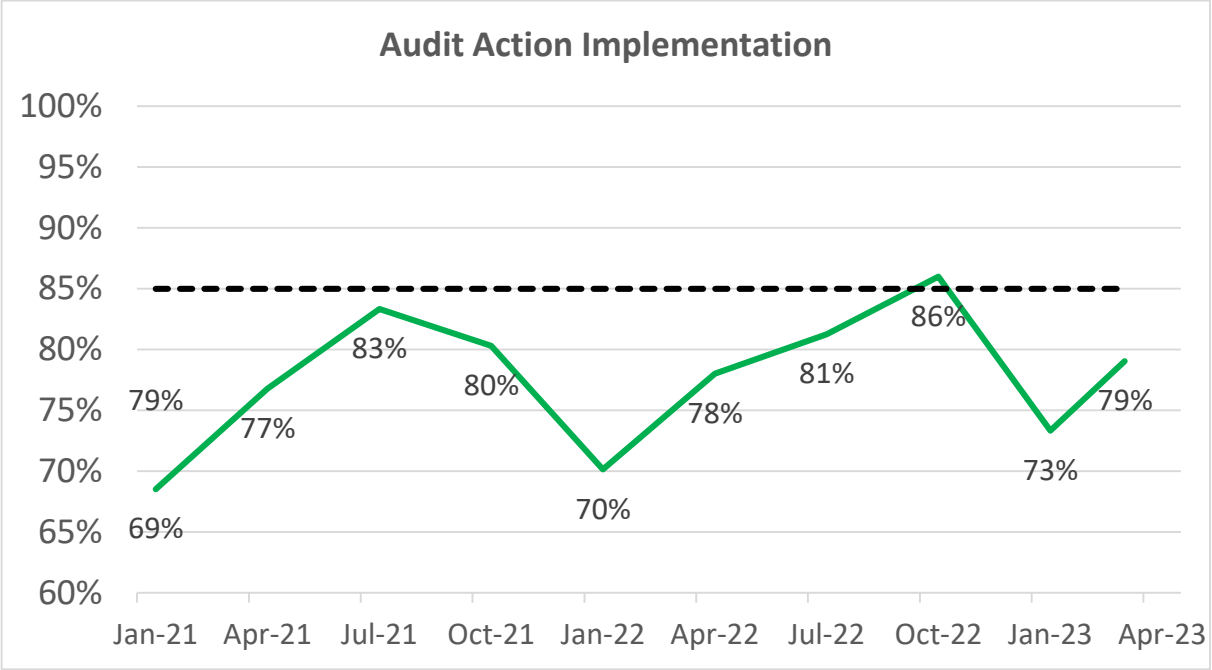
2.2 GMCA Senior Leadership Team retains responsibility for overseeing the timely implementation of all audit actions and assessing the impact on risk.

3 Current Status

3.1 As at March 2023, **79%** of Internal Audit actions due in the last 2 years have been implemented, against the target rate of 85%.

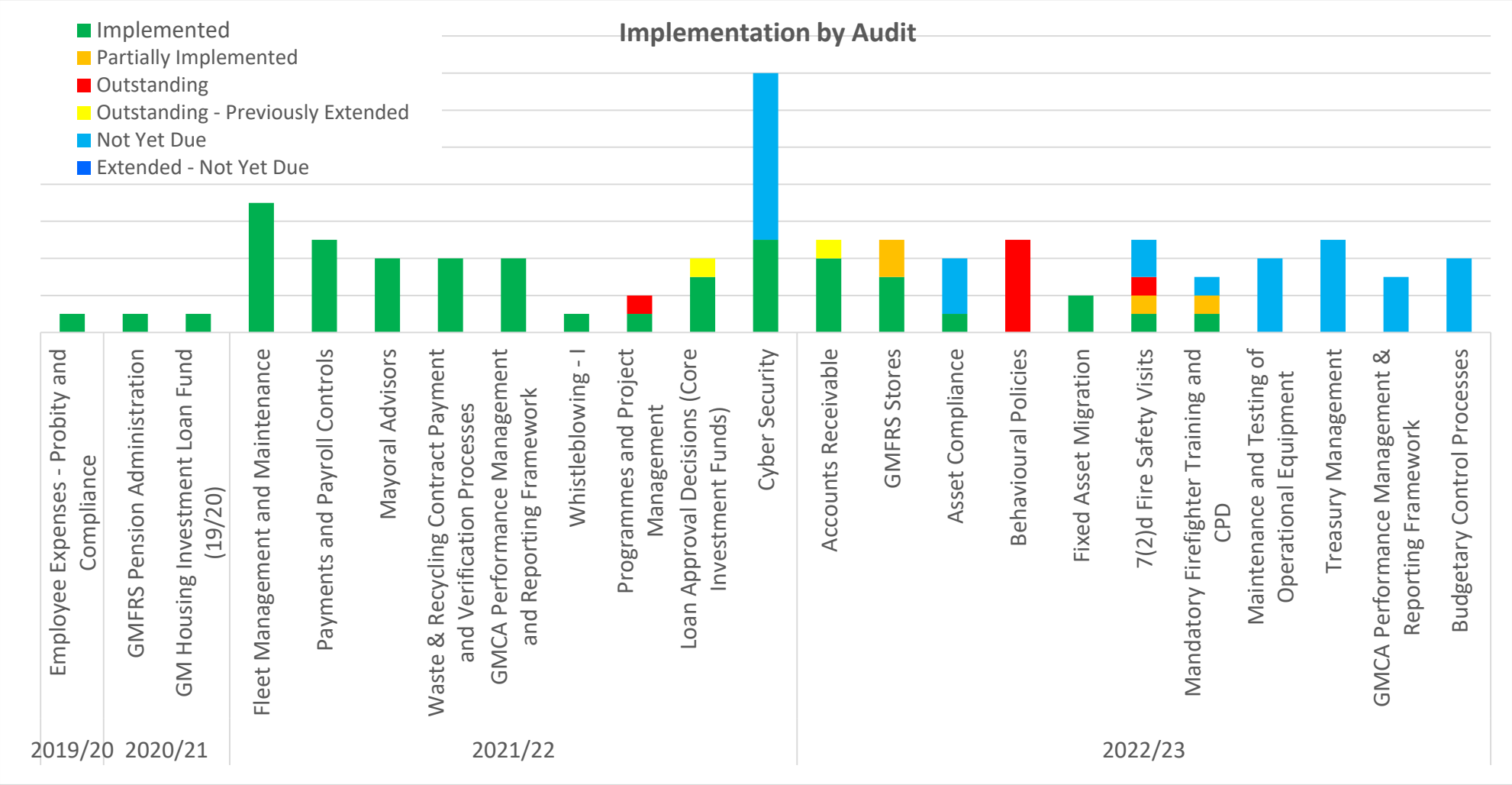


3.2 As expected, this represents a slight increase on implementation rates since our report in January.



4 Analysis of Audit Actions – by Audit

4.1 The chart below shows the status of implementation of audit actions by audit.



4.2 Since our last report six outstanding actions are now considered fully implemented including LTSC Fleet Services actions. Three new actions have become due relating to Audit reports previously shared with Audit Committee.

4.3 There are five actions from the Behavioural Policies and Procedures Audit and two related outstanding actions. There is work which is being led by the People Services Team to explore a systems-based solution for the reporting, recording and storing all declarations of interest and gifts and hospitality returns within MiPlace. We have met with action owners to understand the reason for delays and requested a Management update paper for Audit Committee in June 2023. There remain some actions outstanding which relate to LTSC Central Stores, but we are satisfied that good progress is being made to implement these.

4.4 Details of all overdue actions and management updates on progress have been included at **Appendix A** to allow Members opportunity to consider these.

4.5 External Audit recommendations are excluded from the calculation of implementation rates but they are captured in the action tracking process to ensure these remain visible and allow External Audit to monitor progress. **Appendix B.**

5 Analysis of Audit Actions – by Risk Rating

5.1 The table below shows the status of audit actions by the risk rating of the associated audit finding.

Action Status	Total	Critical	High	Medium	Low
Implemented	49	1	7	27	14
Partially Implemented	4	0	1	1	2
Outstanding	7	0	1	5	1
Not Yet Due	31	0	9	15	7
Extended - Not Yet Due	0	0	0	0	0
Outstanding - Previously Extended	2	0	0	0	2
Total	**93**	**1**	**18**	**48**	**26**

5.2 The number of actions being tracked this quarter has increased from 87 to 93 based on final reports issued. Our policy is to remove from the tracker any completed actions over two years old. One completed action has been removed in the current period.

5.3 Any actions that are over two years old but have not been fully implemented will remain on the tracker until the actions have been completed and reported as implemented for at least one period.

6. Recommendations

6.1 The recommendations are set out at the front of the report.

Status of Overdue Actions at February 2023

Audit Title.	Risk Rating	Audit Finding and Agreed Management Action (Summarised version from Audit Report)	Target Date	Responsible Officer	Internal Audit Status	Audit Committee Update (March 2023)
Programmes and Project Management 18/11/2021	Medium	**Audit Finding:** There is no consistent suite of programme and project management guides, process flows, tools, and templates **Management Action:** We will develop and produce a project control framework against which programmes, and projects would expected to be delivered. In the first instance this should consist of a simplified but robust methodology for delivery and include a suite of guidance and process flow documents, including templates for key stages such as Business Cases and approval, project delivery, risk escalation, monitoring of progress, and performance reporting. These should be developed and made available centrally to all PMs across the organisation.	October 2022	Extended Leadership Team (via Core Process Review)	Outstanding	Action owner to be reassigned - Management update to follow.

Loan Approval Decisions (Core Investment Funds) 7/12/2021	Low	**Audit Finding:** Any declarations of interests by CEX ASG members and CIT staff are made as and when they arise. There is no formal register of personal or business interests maintained. **Management Action:** A declaration of interests register will be put in place for CIT and CEX ASG to record any personal, pecuniary, or business-related conflicts of interest. This will include annual declarations being made by Officers and External Members of the group to ensure identified interests can be managed.	January 2022 **(Extended to March 2023)**	Investment Director	Outstanding **To review as part of the work on Behavioural Policies.**	A template for this has now been drafted and the team are awaiting confirmation with HR that that there are no issues with the form. **This is linked to a wider IA review of GMCA Behavioural policies and codes of conduct**.
Accounts Receivable 12/4/2022	Low	**Audit Finding:** Declaration of Interest forms are not completed by Finance Staff. **Management Action:** A declaration of interests register will be put in place for Finance, Commercial and Internal Audit staff to record any personal, pecuniary, or business-related conflicts of interest. This will include annual declarations being made by all Officers to ensure identified interests can be managed.	April 2022 **(Extended to March 2023)**	Deputy Treasurer	Outstanding **To review as part of the work on Behavioural Policies.**	This is linked to a wider IA review of GMCA Behavioural policies and codes of conduct.
GMFRS Stores 8/6/22	High	**Stores Strategy and overarching management requires review**. Management will review the delivery model for the operation of LTSC Central Stores to	30 September 2022	Head of Fleet and Logistics	Partially Implemented	Review of Stores and Logistics Delivery Model is currently underway and will be

		demonstrate robust governance is in place and value for money at critical points in core processes and activities. This will include: • Setting out in the business development plan the aims and objectives for Central stores aligned to wider service requirements. Including a review of current key operational activities and practices. • Develop written procedures to support consistent processes. This will build on the initial work undertaken by BWO Systems Team to document systems. • Develop performance measures against which the quality and competency of the service can be measured. • Re-examine workplace risk assessments to ensure these are sufficient. • Review delegated authority and workflow within BWO to ensure there is appropriate separation of duties within key financial processes, so staff don't have autonomy to make buying decisions. • Develop performance measures against which the quality and competency of the service can be measured. • Re-examine workplace risk assessments to ensure these are sufficient. • Review delegated authority and workflow within BWO to ensure there is appropriate separation of duties within key financial processes, so staff don't have autonomy to make buying decisions.				presented as part of an update on the Fleet and Stores review to the Fire Project Board in April 2023. The model itself is due for completion by mid-March.

		• Review of overtime usage and any capacity issues for key activities. • Identify any disruption to supply chain around critical product lines, stock management and re-order levels as part of BCM arrangements.				
GMFRS Stores 8/6/2022	Low	**Audit Finding:** Improvements are need to the control and secure disposal of branded firefighter uniform to prevent potential misuse. **Management Action:** Use of individual officer uniform records held in BWO will be reviewed to ensure that records are accurately maintained and used effectively. We will trial a system of recording the number and type of items sent for destruction to determine the level of work involved against the benefits of tracking branded items through to disposal.	September 2022 **Revised target date of June 2023 agreed to allow current trial to be completed and results reviewed.**	Stores and Logistics Manager	Outstanding	The trial around the way uniform is distributed and collected is nearing completion and the results are being collated. Final results will be shared with Senior Management to determine the way forward with this.

GMCA Behavioural Policies and Codes (July 2022)	High	**Codes of Conduct -** Employee behavioural policies and Codes of Conduct require review and update to address weaknesses in process and consistency. **Audit Finding:** Existing behavioural policies and codes of conduct including procedures and rules around declaration of financial, pecuniary, business, and personal related interests and the acceptance of gifts and hospitality lacked detail in some areas and these were not widely accessible or promoted across the organisation. There is no requirement for staff to confirm compliance with the Code of Conduct. There was no standardised format or consistent approach for gathering and holding this information for all GMCA Employees (including GMFRS Grey book staff) and responsibility for policy ownership in this area remained unclear. **Management Action** To review the existing Codes of Conduct for GMCA as part of the annual review of the GMCA Constitution. The review will seek to introduce a proportionate approach which reflects best practice. The aim is to: i) Implement a single overarching employee Code of Conduct for GMCA/GMFRS staff which incorporates the key principles of conduct and behaviour which apply to all staff. Below this will sit specific rules or	Dec 2022 **Revised target date of March 2023**	i) Assistant Director – Workforce Strategy and Talent (Rules covering Green/Grey Book) ii) **As above**: (Information on Code of Conduct and expectations on officers to be included in new Starter Induction training). iii) As above, Policy	Outstanding	Work is underway exploring a systems-based solution for reporting, recording, and storing all declarations of interest, gifts and hospitality within MiPlace. It is anticipated that once this systems solution is in place, we will be able to cover both GMCA and GMFRS staff in a consistent way.

		actions relating to both Green and Grey book staff. ii) Consider how staff confirm compliance with this on induction and at regular intervals. iii) Establishing ownership and responsibility for the registers and processes. iv) Establishing responsibility for review and oversight for Officer Code of Conduct and the effectiveness of these arrangements (e.g. Standards Committee/Resources Committee) v) **GMFRS** – In a Fire context, the development and roll out of the GMFRS Code of Conduct and Ethics policy for Grey book staff to be completed in 2022.		Development Area belongs to the People Team. iv) As above Head of Organisational Development leading on the roll out of GMFRS Ethics Policy. Will also explore options for the introduction of an GMFRS Ethical Pledge June/July 22.		

GMCA Behavioural Policies and Codes (July 2022)	Medium	**Audit Finding:** Gifts and Hospitality registers are not maintained in all areas (Employees & Members). **Management Action** To develop a stand-alone policy and procedural guidance for the acceptance of **Gifts and Hospitality – Employees and Members**. This will include: i) Publicising procedures and rules for managing the acceptance of Gifts and Hospitality. ii) Introducing a standardised process and format for recording information across the organisation. iii) Ensuring sufficient oversight is maintained over the appropriateness of Gifts and Hospitality accepted and any emerging trends. iv) Ensuring registers are openly available (Elected Members only – checking with other CA's re Senior Officers) v) In addition, a protocol is being developed around International visits for Members and Officers, with the intention of implementing this during 2022. Note: **Elected Members** ○ To establish stand-alone G&H Register for circulation to all members undertaking	i) Dec 2022 ii)Dec 2022 iii)Dec 2022 iv) July 2022 v) July 2022	i) Assistant Director-Workforce Operations (Employees Policy Area) & Head of Governance and Scrutiny (Members Policy area). ii) As above iii) As Above iv) Head of Governance and Scrutiny (Members Policy area).	Outstanding	**Employees:** A policy for employees is in draft for Gifts and Hospitalities currently under review. Once complete we will then roll out an e-learning module for this. **Elected Members:** Standard Form, including guidance from the Constitution produced for all Elected Members undertaking duties of behalf of the GMCA – C**ompleted June 2022.** Elected Members Registers of Gifts & Hospitality have been established and registers have been published on the website against

		work behalf of GMCA & AGMA. This will be completed at least bi-annually. ○ We will include a procedure for Mayoral Advisors. **Employees** ○ To establish G&H registers for Senior Leadership and Directorate Functional areas. (linked to feasibility of managing these in MiPlace).				individual members. A quarterly reminder is also sent to Elected Members – **Completed June 2022.** Protocol produced and with GMCA legal team for review.
GMCA Behavioural Policies and Codes (July 2022)	Medium	**Audit Finding: Declarations of Interest (Employees) -**There is no standardised or consistent approach for recording or managing declarations in compliance with the GMCA employee code of conduct. **Management Action:** The development of a stand-alone **declaration of interest** policy and procedural guidance will: • Introduce a requirement to complete annual declarations of Interest return for all staff. This is to be managed at Directorate level with responsibility placed on Directors to ensure completed returns are submitted and any declared interests managed. • Introduce a standardised process and format for recording information across the organisation.	Dec 2022 **Revised target date of March 2023**	Assistant Director-Workforce Operations.	Outstanding	See comments on development of a systems-based solution.

		• Ensuring sufficient oversight is maintained over declared interests and where conflicts arise • SLT will take responsibility for improving awareness amongst staff, and ensuring staff understand what they need to declare. • Link and refer to the declaration process within the annual staff PRA process.				
GMCA Behavioural Policies and Codes (July 2022)	Medium	**Audit Finding: Promoting Awareness (Employees)** - Further work is required to raise awareness of GMCA behavioural policies and codes to strengthen compliance with process and rules. **Management Action:** Officers and Operational Firefighters will be made aware of the relevant Code of Conduct/Code of Ethics, what they are expected to declare, and the process for doing so. i. SLT/ELT will have responsibility for taking this forward and raising awareness amongst staff in their Directorates. ii. It will be incorporated into the new starter/firefighter recruit induction process and contracts of employment. Consideration of online training session delivered through Mi-Learning portal. iii. Referenced in consultant contracts.	Dec 2022	**Assistant Director-Workforce Operations.** (Employee Behavioural policies to be made available on the Intranet – supported by e-learning and new starter induction training) Head of Organisational Development. (GMFRS	Outstanding	See comments on development of a systems- based solution. A code of Ethics E-learning module was launched at the beginning of October 2022. Completion rate for GMFRS staff as of the 30

				Code of Ethics – Policy aspects)		November 2022 stands at 61%. The slight delay to the launch of the e-learning was to allow time to incorporate staff feedback. In addition, awareness raising of the Core Code has been incorporated into other Learning opportunities, for example the Inclusive Culture Training. An Ethical Pledge for GMFRS Supervisory Managers is in final draft, with a view to launching early 2023. http://insidegmca.gmfs.local/key-info/new-starters/welcome-pack/our-values-and-code-of-conduct/ Induction now includes a section on our code of conduct see attached.

GMCA Behavioural Policies and Codes (July 2022)	Low	**Audit Finding: System & Process (Employees) -** There is no single central repository for holding DoI and G&H information which would allow for easy access, monitoring and reporting. **Management Action:** To develop a simple system which will allow for this information to be held digitally. To consider the use of MiPlace for the uploading and storing of relevant Declaration of Interest and Gifts and Hospitality returns. This will provide: • A secure and confidential space for collation of records from across the Authority. • Standardised design format for returns. • issue prompts to staff at regular intervals (linked to the PRA process). • Allow responsibilities to be managed by line managers • Greater transparency to meet management oversight and reporting requirements.	Dec 2022	Assistant Director-Workforce Operations. In conjunction with HR Systems and Information Manager & Digital Solutions Manager ICT. (Note: To look at the feasibility of utilising MiPlace for self-declaration and approval).	Outstanding	Review of creating forms on MiPlace currently underway.

7(2)d Fire Safety Visits 29/9/2022	Medium	**Audit Finding:** Underlying Assurance Strategy required **Management Action:** To implement and embed the quality assurance process for 7 (2)(d) visits as part of the policy roll out. GMFRS will produce an underlying assurance strategy or mapping process on an annual basis, where audit sampling is based on an assurance programme which covers contemporary, thematic, and recurring topics.	January 2023	Head of Protection and Building Safety Reform OIS and Water Manager	Outstanding	Awaiting Management update
7(2)d Fire Safety Visits 29/9/2022	Low	**Audit Finding:** Monitoring of Performance **Management Action:** To ensure that guidance is updated to promote consistent management of performance across station areas. This will be achieved through the implementation and embedding of the underlying assurance strategy.	January 2023	Head of Protection and Building Safety Reform OIS and Water Manager	Partially Implemented	Guidance has been updated but the risk footprint guidance is currently undergoing a trial period in the Rochdale Oldham and Bury Boroughs ahead of being rolled out across all station areas.
Mandatory Firefighter Training and CPD 29/9/2022	Medium	**Audit Finding:** No clear policy implemented around promotion or Progression **Management Action:** (i) We will launch and implement the Promotions Framework. (ii) We will consider introducing a mechanism	October 2022	(i)Talent and Resourcing Manager (ii) OD and Culture Manager	Partially Implemented	Promotions Framework has been launched. Awaiting management response on remaining actions.

		to formally and objectively identify high potential individuals through the PRA process. (iii) We will continue to develop the People Strategy, ensuring that this is aligned to key areas of the NFCC's People Strategy. This will facilitate collaboration between resourcing, training, talent and learning and development teams to work effectively in partnership to achieve GMFRS's strategic objectives and priorities.		(iii) Assistant Director of Workforce Strategy and Talent		

External Audit Action Tracking

To streamline the process for audit action tracking, internal audit has included external audit actions in the tracking spreadsheet and process. External Audit will provide their own assessment of the completion of those recommendations but as an indicator until such time that formal work is undertaken as part of the external audit, Internal Audit provide an informal assessment of the status of those actions where they have been able to obtain a view.

Audit Title.	Risk Rating	Audit Finding and Agreed Management Action (Summarised version from Audit Report)	Target Date	Responsible Officer	Internal Audit Status	Audit Committee Update (Jun 2022)
External Audit 20-21 accounts 24/11/2021	Medium	**Audit Finding:** Segregation of Duties in Accounts Receivable weak as individuals can both raise and approve sales invoices on the system **Management Action:** We will review roles following the recent restructure and ensure this is in place, this will be assessed as part of an upcoming internal audit review of accounts receivable	March 2022	Head of Finance Corporate and Technical	Implemented (subject to EA verification)	**IA View:** New role profiles have been set up within the Accounts Receivable system and were launched at the beginning of March. This ensures that there is both segregation and approval of invoices within the system. IA testing in the quarter has shown that the system now has segregated roles in place and utilised.

External Audit 20-21 accounts 24/11/2021	Medium	**Audit Finding:** No disaster recovery test had been performed by the organisation within the period. **Management Action:** We will consider the GMCA approach to disaster recovery testing alongside the creation of a backup policy and EBS.	March 2022	Digital Solutions Manager	Outstanding	**IA View:** The disaster recovery procedures were also picked up as part of the recent Cyber Security audit, as part of this management provided a detailed plan of action with a target date of Mar 2023.
External Audit 20-21 accounts 24/11/2021	Low	**Audit Finding:** Testing of journals identified a write off processed to clear an imbalance between petty cash records and the financial systems, this could not be matched to supporting documents. Amount written off was of low value (£311) **Management Action:** We will ensure petty cash policies and procedures reflect this as well as commencing a review of the requirement for petty cash to be held by the CA.	March 2022	Head of Finance Capital and Treasury Management	Outstanding	

External Audit 20-21 accounts 24/11/2021	Low	**Audit Finding:** No formal back up policy in effect at the Authority **Management Action:** GMCA will produce a formal back-up policy and is currently developing proposals for an Enterprise Back Up Solution (EBS) to be implemented in early 2022 if agreed.	March 2022	Digital Solutions Manager	Implemented (subject to EA verification)	**IA View:** This was also picked up as part of the recent Cyber Security audit and action has now been completed. A policy has been put in place and has been published to the organisation.
External Audit 20-21 accounts 24/11/2021	Low	**Audit Finding:** No formal change management policy in effect at the organisation. **Management Action:** Whilst there is no formal change management policy in place the external auditor acknowledged that the GMCA change management controls are very strong. We will consolidate the process into a formal policy.	March 2022	Digital Solutions Manager	Outstanding	**IA View:** The recent Cyber Security audit identified the need to update several corporate policies in this area. Management had also recognised the need to do this and had set a target date of March 2023 for completion of all required policy updates.

GMCA Audit Committee

Date: 15 March 2023

Subject: Internal Audit Effectiveness

Report of: Steve Wilson, Treasurer

PURPOSE OF REPORT

As the Officer responsible for the effective functioning of the Internal Audit Team, the Treasurer must be satisfied that the Internal Audit Service is operating effectively.

The Deputy Director, Audit and Assurance conducts an annual review of the effectiveness of its system of internal audit as part of its governance assurance processes and presents this to the Treasurer and Audit Committee. This process is designed to provide assurance to the Audit Committee over the system of internal audit including the role, function and performance of the internal audit service.

This report sets out the assessment for 2022/23 and actions proposed to ensure ongoing effectiveness and quality of the GMCA Internal Audit service.

RECOMMENDATIONS:

Members are requested to note the report.

CONTACT OFFICERS:

Steve Wilson, GMCA Treasurer
Steve.wilson@greatermanchester-ca.gov.uk

Sarah Horseman, Deputy Director, Audit and Assurance
sarah.horseman@greatermanchester-ca.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:

N/A

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?	No	
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

1. Introduction

1.1 Internal Audit is one of the means by which GMCA assesses the adequacy and effectiveness of its governance and risk management arrangements, ensuring that an effective internal control system is in place. It is a key source of independent assurance to management and those charged with governance and its work helps inform the Annual Governance Statement

1.2 It is important that the effectiveness of the internal audit function is regularly assessed to ensure that the service is effective and fulfilling its remit, as defined in the Internal Audit Charter; is adding value to the Authority and complies with the Public Sector Internal Audit Standards (PSIAS).

1.3 This report provides the assessment of the effectiveness of the GMCA Internal Audit service for 2021/22 and sets out the plans for monitoring and measuring effectiveness of the service going forwards.

2. Assessment of Internal Audit Effectiveness for 2022/23

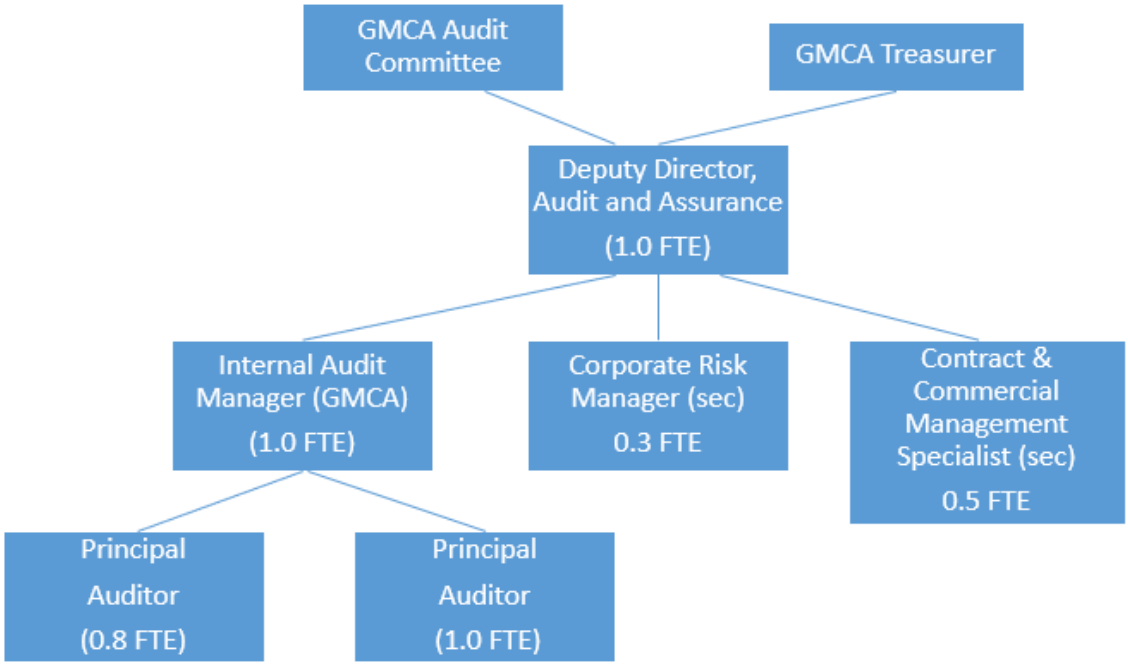
2.1 The following attributes have been considered when assessing effectiveness of the Internal Audit service:

- Structure and resourcing.
- Progress on implementing the recommendations arising from the External Quality. Assessment (EQA) undertaken in 2021-22 that assessed conformance with PSIAS.
- Delivering audit work in the most appropriate areas on a prioritised (risk) basis.
- Audit Committee reporting.
- Implementation of Internal Audit recommendations.

2.2 The conclusion of the assessment is that the work undertaken by internal audit in 2022/23 has been effective insofar that it has focused on key areas of risk and has been undertaken in line with PSIAS. Details of the assessment for each of these attributes is provided below in Sections 3-9

3. Internal Audit Structure and Resourcing

3.1 The Structure of the Internal Audit service in 2022/23 is shown below:



3.2 The Internal Audit team of 2.8 FTE are dedicated to delivering the GMCA Internal Audit Service and also have responsibility for Counter Fraud arrangements within GMCA. The size of the team is small and the plan has no capacity for "contingency" days to allow for ad-hoc work (for example response to whistleblowing reports) to be undertaken without impacting another part of the plan.

3.3 A review of the resource levels within the Internal Audit Team is required and will be influenced by any changes brought about by the outcome of the devolution trailblazer.

3.4 The "second line assurance" roles of the Corporate Risk Manager and Contract & Commercial Management Specialist, both seconded from TfGM also report to the Deputy Director, Audit and Assurance and provide "2nd line" assurance to GMCA.

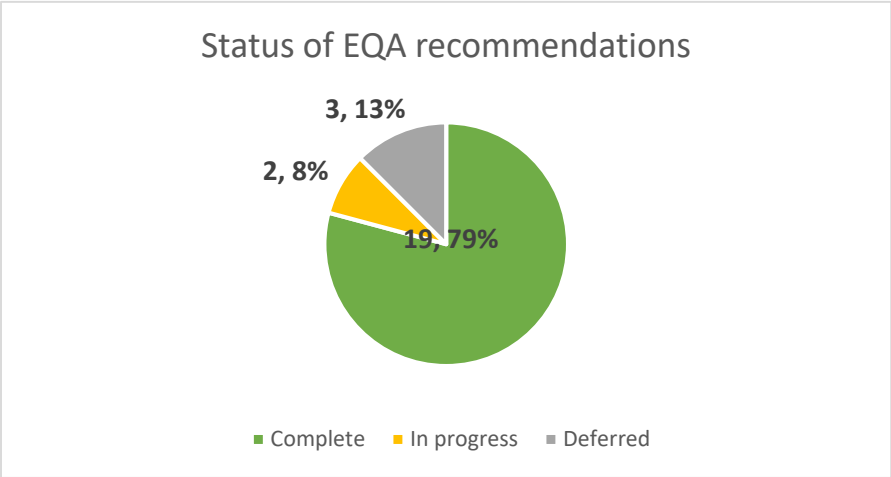
3. The Extent of Conformance with the PSIAS in Producing Quality Work

4.1 An external assessment of compliance with PSIAS was undertaken in 2021/22. The conclusion of that work was that the Internal Audit Team conforms with PSIAS.

4.2 A number of recommendations were raised, progress with implementing those recommendations in 2022/23 is shown below, with the detail of all the recommendations provided in Appendix 1.

4.3 A small number of recommendations have been deferred, due to capacity constraints. These relate to the development of an assurance mapping framework and its subsequent maintenance. CIPFA is due to issue guidance on assurance mapping in 2023, which will be used to help shape the framework. The other recommendation relates to the introduction of data analytics in the audit plan. This is likely to incur some degree of investment in tools and training and will be considered as a development opportunity for member(s) of the team if sufficient budget is available.

4.4 The two in-progress recommendations relate to the development and implementation of a fraud risk strategy and the implementation of the records retention policy. As the Audit team was only established in 2019, audit records do not extend back a significant period of time but the policy will be applied as appropriate.



4. The extent of conformance with the Internal Audit Quality Assurance and Improvement Plan

5.1 A self-assessment of the team's conformance with the QAIP has been undertaken. Each of the types of internal and external assessments specified in the QAIP have been assessed. Areas of conformance are shown below:

5.1.2 Ongoing Reviews

- All engagements are appropriately supervised. Weekly team meetings provide updates on progress of each audit assignment and provide an opportunity to discuss audit findings and subsequent work to be undertaken.
- The Internal Audit Manager reviews the working papers for all engagements.
- The Internal Audit Manager and Deputy Director, Audit and Assurance review all draft reports before they are issued.
- The Deputy Director, Audit and Assurance reviews all final reports, agreed actions and levels of assurance prior to issue.
- Internal Quality Control checklists are used to ensure consistency in process and compliance with standards.
- Feedback from audit clients is sought in post-audit questionnaires.

5.1.3 Periodic Reviews

- Performance against Internal Audit KPIs is reported annually to the Audit Committee. New KPIs were developed in 2021/22 and have been reported against in 2022/23.
- Internal Audit regularly reports progress against the Internal Audit plan to SLT and Audit Committee
- Internal Audit undertake a formal risk assessment process annually to develop the Internal Audit Plan.
- The Deputy Director, Audit and Assurance undertakes an annual review of the effectiveness of Internal Audit, compliance with the QAIP and a self-assessment of compliance with PSIAS.
- Formal Performance Review process in place for the team where objectives and development activities are identified.
- Feedback on the effectiveness of Internal Audit and of the Deputy Director, Audit and Assurance requested from the Treasurer, Chief Executive and Audit Committee Chair.
- Any significant areas of non-compliance with the PSIAS that are identified through internal assessment will be reported in the Deputy Director, Audit Assurance's Annual Report and used to inform the Annual Governance Statement (AGS). No significance areas of non-compliance have been identified for 2022/23.

5.1.4 External Assessments

An external quality assessment (EQA) was undertaken in 2021/22. Recommendations arising from the EQA have been monitored in 2022/23 and progress regularly reported to the GMCA Audit Committee. See Section 4 above.

5. Delivering audit work in the most appropriate areas on a prioritised (risk) basis.

6.1 The internal audit plan for 2022/23 was developed in early 2022 after undertaking a detailed risk assessment. The plan was kept under review with changes being reported to Audit Committee as required.

6. Audit Committee reporting

7.1 Internal Audit have provided progress updates to each Audit Committee meeting. The reports include updates on the team structure and resources, work undertaken during the period, a summary of the findings from reports issued and details of any significant changes to the audit plan.

7.2 Key Performance Indicators are presented to Audit Committee on a regular basis. The purpose of these is to focus on audit outcomes as opposed to what had been traditional, input focused KPIs. There is an ongoing challenge however in collecting feedback from audit clients as responses to the client survey are rarely received. This makes it challenging to report on a number of the indicators. An action will be included in the Internal Audit Development Plan to review the method of collecting feedback in 23/24.

7.3 Other KPIs include:

- Completion of the Audit Plan – at the time of writing, 47% of the audits (including grants) in the plan had been completed (final reports or certifications issued) with a further 33% in progress. The forecast completion rate for the audits that were in the original 2022/23 plan is 80%. Five of the six audits not yet started are proposed to be rolled forward into Q1 2023/24 with one (Investigation Processes) to be considered for inclusion later in the year.
- Elapsed time – the aim of this KPIs is that audits do not span more than 3 months from the commencement of fieldwork to reporting. For the audits completed in the 2022/23 audit plan, the achievement of this KPI is 71% of audits achieving this. This is a significant improvement on the prior year, but will maintain a continued focus in 23/24.

7. Implementation of Internal Audit Recommendations

8.1 Internal Audit monitor the implementation of audit actions and report results to the Audit Committee on a quarterly basis. Officers responsible for actions that are overdue by more than 6 months are required to present the reasons for the delayed implementation to Audit Committee.

8.2 Internal Audit will continue to monitor and report on the progress of audit actions.

8. Looking Ahead – Internal Audit Development Plan 2023/24

9.1 The Deputy Director, Audit and Assurance has developed an Internal Audit Development Plan (Appendix 2) which identifies areas for improvement, based on this assessment of Internal Audit Effectiveness. The plan will be monitored throughout the year and progress reported to the Audit Committee.

9.2 The Internal Audit Development Plan will work in conjunction with the Quality Assurance and Improvement Plan (QAIP) which is designed to provide reasonable assurance to stakeholders that Internal Audit:

- Performs its work in line with the Internal Audit Charter (approved annually by the Audit Committee). The charter incorporates the definition of internal auditing as set out is PSIAS.
- Operates in an effective and efficient manner.
- Is perceived by stakeholders as adding value to GMCA.

10 Recommendations

10.1 The recommendations are set out at the front of the report.

APPENDIX 1

Internal Audit EQA Recommendation Tracking

PSIAS Ref	Rec No.	Action Required	Responsible	Action	Target date	Status
1130	1	In future, assurance arrangements over which the Head of Audit and Assurance also has operational responsibility should be overseen by somebody outside of the internal audit activity. This could be done via a peer review arrangement (NWCAE group members have undertaken these in the past) or external provider.	Head of Audit and Assurance	Assurance over risk management arrangements will be overseen by a party outside of the internal audit function. Consideration will be given to establishing arrangements for peer review from another local or combined authority. No assurance work over risk management is in the scope of the Audit Plan for 2021/22 so these arrangements will be sought to be effective for 2022/23 and beyond.	30/04/2022	Noted for future action when appropriate
1210	2	Consideration should be given to the development of counter fraud arrangements including buying in external resource, specific counter fraud training, or joint reviews.	Head of Audit and Assurance	Agreement with another Local Authority to be able to enter into call off agreement if additional fraud support is required.	31/12/2021	Complete
1220	3	The Internal Audit Manual should be updated to include reference to internal auditors considering and documenting the cost of assurance in relation to potential benefits when undertaking consulting engagements.	Head of Audit and Assurance	Audit Manual will be updated in line with the recommendation.	31/12/2021	Complete
1300	4	The QAIP should be reviewed on an annual basis and presented to the Audit & Governance Committee.	Head of Audit and Assurance	Complete – Review date of QAIP changed to April 2022	30/09/2021	Complete

PSIAS Ref	Rec No.	Action Required	Responsible	Action	Target date	Status
1311	5	Future performance targets should be developed in consultation with appropriate parties and included in any future service level agreement developed.	Head of Audit and Assurance	New outcome focussed KPIs to be developed and approved by Audit Committee.	31/12/2021	Complete
1311	6	As a minimum a formal annual update on performance should be presented to the Audit Committee, with regular updates on a quarterly basis.	Internal Audit Manager	a) Once new KPIs have been agreed (as per 5 above) they will be reported to Audit Committee as part of the regular progress update reports – From December 2021.	31/12/2021 Extended to March 22	Complete
		As a minimum a formal annual update on performance should be presented to the Audit Committee, with regular updates on a quarterly basis.	Internal Audit Manager	b) Annual review of performance in line with KPIs presented as part of the annual review of effectiveness of Internal Audit. Target Date – April 2022.	30/04/2022	Complete
2010	7	A formal assurance framework should be developed in consultation with relevant stakeholders.	Head of Audit and Assurance	Develop and document Assurance framework for GMCA, in line with the "three lines" model	31/12/2021	Deferred – resource limited
2050	8	An assurance mapping exercise should be undertaken to identify and determine the extent to which the Head of Audit and Assurance can place reliance on other sources of assurance. An exercise is currently being undertaken with the NWCAE group to develop this area around assurance mapping so we would advise tapping into this group to gain areas of best practice that can be used in the future.	Internal Audit Manager	After the development of the Assurance Framework (7) an assurance mapping exercise will be undertaken. This can be used to inform HoIA opinion for 21/22 as well as the planning process for 22/23.	31/03/2022	Deferred – resource limited

PSIAS Ref	Rec No.	Action Required	Responsible	Action	Target date	Status
2120	9	In order to manage fraud risk more effectively, a risk assessment of fraud risks should be undertaken as part of the annual planning process. This will help determine whether resources are needed to provide assurance in any given high-risk fraud area (for example via completion of proactive counter fraud reviews).	Head of Audit and Assurance	Fraud risks will be considered in the annual planning process for 2022/23	31/03/2022	Complete but further development required to formalise and embed.
2210	10	The results of any risk assessments of individual activity should be highlighted in the scoping document. The results of the assessment should feed through to the objectives.	Internal Audit Manager	We will review the planning document templates and incorporate a risk assessment section to ensure that it is clearly documented.	31/12/2021	Complete
2210	11	Guidance should be provided to internal auditors in order to ensure that internal auditors use criteria established by management to evaluate governance, risk and control, whether met or inadequate, and formally documented as part of the scoping exercise. This should also form part of management review of auditor documentation.	Head of Audit and Assurance	Audit manual to be updated to include reference to specifying what criteria are being audited against. If criteria don't already exist then guidance around how to develop them will be included.	31/12/2021	Complete
2330	12	The Head of Audit and Assurance should develop and implement a process for the retention of engagement records. This	Head of Audit and Assurance	Document retention policy will be drafted in consultation with relevant stakeholders including IG and Legal.	31/12/2021 Revised to 30/6/2022	Policy exists. Will require ongoing application

PSIAS Ref	Rec No.	Action Required	Responsible	Action	Target date	Status
		document should be reviewed on a regular basis.				over time as records age.
2340	13	Internal audit procedures should be updated to include the requirement for a consistent approach around highlighting and evidencing supervisory review of working papers.	Internal Audit Manager	A practical and efficient way to consistently evidence review will be determined and included in the IA manual for immediate implementation.	31/12/2021	Complete
2	14	In order to formally demonstrate that Internal Auditors display objectivity whilst performing services in accordance with the PSIAS, a reference should be made to this in every Internal Audit report produced.	Head of Audit and Assurance	Complete: Report template for 2021/22 has been updated to include reference to conformance with PSIAS.	30/09/2021	Complete
1000	15	The Counter Fraud Strategy and Policy should be reviewed and published on the website.	Head of Audit and Assurance, Internal Audit Manager	Counter fraud activities are built into the audit plan for 21/22. The policies will be reviewed, refreshed, approved by Audit Committee and published	31/03/2022	Complete
1100	16	A formal process should be introduced to ensure that threats to objectivity are identified and managed at engagement level by highlighting this in the Audit Charter and scoping documentation.	Head of Audit and Assurance	a) Section 9.7 of IA Charter has been updated to reflect engagement level objectivity will be confirmed and documented at the planning stage. Complete - July 2021.	31/07/2021	Complete
			Internal Audit Manager	b) Template planning documents will be updated to allow for objectivity to be confirmed at that stage within each engagement. December 2021.	31/12/2021	Complete

PSIAS Ref	Rec No.	Action Required	Responsible	Action	Target date	Status
1130	17	A process for the rotation of audit assignments should be introduced and documented within the Internal Audit Charter.	Head of Audit and Assurance	a) Section 9.7 of IA Charter has been updated to refer to rotation of duties. Complete - July 2021.	31/07/2021	Complete
			Internal Audit Manager	b) IA manager will wherever possible ensure rotation of auditor responsibilities within the audit plan.	Ongoing	Complete
1210	18	The use of data analytical tools should be explored and introduced, with relevant training provided.	Head of Audit and Assurance	In line with the action from Recommendation 2 above. Data analytics skills will also be considered for development within the team and budget requested as necessary.	30/04/2022	c/f to 2023/24 development plan
1230	19	A formal process to individually assess internal auditors against pre-determined skills and competencies should be introduced and highlighted in the Audit Manual.	Head of Audit and Assurance, Internal Audit Manager	The PRA process at GMCA will be used to assess performance. By its nature this will assess how auditors are performing against their objectives. IA Manual will be updated to reflect.	31/12/2021	Complete
1300	20	The Head of Audit and Assurance should formalise the period assessment for evaluating conformance with the PSIAS, such as highlighting the results in the Head of Audit and Assurance annual opinion.	Head of Audit and Assurance	Complete – the 2020/21 audit opinion summarised the results of the internal audit effectiveness assessment which includes conformance with PSIAS and reference to the QAIP.	30/06/2021	Complete

PSIAS Ref	Rec No.	Action Required	Responsible	Action	Target date	Status
2450	21	In the annual report and opinion, the Head of Audit and Assurance should include reference to any scope limitations in the opinion, or if there were no scope limitations this should be clearly documented, and clearly identify which audits completed in the year formed part of the originally agreed internal audit plan.	Head of Audit and Assurance	Reference to whether there were any scope limitations will be included in the 2021/22 opinion	30/06/2022	Complete

Internal Audit Development Plan 2022/23

This plan has been developed to enhance the effectiveness of the GMCA Internal Audit Function. Regular progress reports will be provided to Audit Committee.

Ref	Action	Source	Responsibility	Measure	Status
1	Policies and Procedures: Keep IA processes and methodology under regular review and refresh as necessary based on current IA guidance, feedback from team and clients.	EQA	HoAA	Evolving and improving audit methodology and supporting documentation.	This is an ongoing activity. Introduced a new report template in 2022/23 to simplify and make reports more impactful.
2	Internal Audit Skills: Assess current skills of the team particularly in relation to data analytics, fraud and treasury management to ensure auditor skills are adequate and allow for development of the service.	IA Effectiveness – resources	HoAA/ IA Manager	Internal Audit Training and Development Plan	Ongoing activity undertaken in line with PRA activities.
3	Develop a more formal engagement plan with Directorates to ensure Internal Audit is kept up to date with current activities, priorities and risks	IA Effectiveness Review	HoAA / IA Manager	IA Engagement Activities	Quarterly meetings with Directors now in place. Close this action for 23/24 as it is now established.
4	Work to increase response rates to post audit questionnaires and identify other sources of feedback to inform the new internal audit KPIs which are outcome focused as opposed to input based. The quality and meaningfulness of the new KPIs is largely dependent on feedback received from audit “customers”.	IA Effectiveness Review	HoAA / IA Manager	Quantity of feedback received that informs audit KPIs.	Responses to online surveys are still low. In 23/24 feedback will be sought through the quarterly update meetings with Directors.

5	Work with Audit Sponsors to reduce the elapsed time of audit work (time between fieldwork commencement and report issue) to be < 3 months.	IA Effectiveness Review	HoAA / IA Manager	Improvement in KPI for 22/23	Still requires improvement
6	Formalise and embed counter fraud awareness and arrangements	IA Effectiveness Review	HoAA / IA Manager	Roll out of counter fraud training to the organisation and embedded fraud risk management procedures.	Ongoing activity. Refreshed policies published in 22/23, fraud awareness training to be introduced in 23/24.

This page is intentionally left blank

GMCA GREATER MANCHESTER COMBINED AUTHORITY

GMCA Audit Committee

Date: 15 March 2023

Subject: Emerging Internal Audit Plan 23/24

Report of: Sarah Horseman, Head of Audit and Assurance

PURPOSE OF REPORT

The purpose of this report is to share with Members of the Audit Committee the three-year internal audit plan and the operational internal audit plan for 2023/24.

RECOMMENDATIONS:

Members are requested to approve the Internal Audit Plan.

CONTACT OFFICERS:

Sarah Horseman - Deputy Director, Audit and Assurance
sarah.horseman@greatermanchester-ca.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:

N/A

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?	No	
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

GMCA Internal Audit Plan 2023/24

1. Introduction

1.1 This document sets out the three-year strategic internal audit plan and the emerging 2023/24 internal audit plan for GMCA. The planning process is based on Internal Audit's understanding of GMCAs current strategic and operational risks and as such is designed to provide assurance over key risk areas.

1.2 The emerging plan will be kept under review and refreshed on a quarterly basis as required depending on any local or national policy changes, emerging risks and priorities. For example, the Trailblazer devolution deal could have a significant impact on GMCA. Depending on the deal, a review of governance and assurance arrangements may be required.

2. Approach

2.1 Internal Audit services will be provided in line with the Internal Audit Charter. Our approach to developing the plan is set out below.

Understand Strategic Objectives and Risks	•Understand the operating environment, strategic objectives and priorities and potential future activities •Understand GMCA's strategic risks as well as key operational risks
Identify the Audit Universe	•Identify the auditable units, these can be Directorates, activities, geographies or organisational structures.
Assess risks	•Assess the impact and likelihood of risks occurring within each auditable unit •Using cumulative knowledge and audit evidence, assess the effectiveness of the control environment for each auditable unit
Determine audit frequency	•Based on the total risk score, determine the frequency that each auditable unit should be audited
Develop three-year strategic IA plan	•Based on the calculated audit frequency, determine a strategic internal audit plan for the next three years
Develop annual plan for forthcoming year	•Consult with senior management and other stakeholders to identify audits for the forthcoming year that will address key risks •Determine whether internal audit resources are sufficient to fulfil the audit requirements – if not, flex the audit frequency calculation to match audit resources. Make it clear to stakeholders that the approach has been flexed.

Details of the risk assessment criteria are provided in Appendix 1.

2.2 Key planning principles

The process above has been followed in order to undertake a risk-assessment and develop an audit plan. However, the following principles are also applied:

Risk Assessment: The "Audit Universe" has been identified as each of the Directorates within GMCA, supported by a number of cross-cutting activities. The Universe is shown in Section 4 below. Each auditable area in the Audit Universe has been assessed to determine its Inherent Risk which is determined by assessing the financial and reputational risk of each directorate or activity. Cumulative audit knowledge and recent internal audit evidence is also used to assessed the strength of the control environment which may increase or decrease the overall risk score. This results in a risk score which drives the frequency of audits within each unit, over a 3-5 year period. Scores over 40 are audited annually, 31-40 every two years, 21-30 every three years. Anything 20 or below is

considered for inclusion every 5 years. The audit universe and risk assessment are reviewed annually to ensure they remain current given any changes in structure or activities.

Alignment to Strategic and Operational Risk: GMCA has an established risk management process, and as such there are identified strategic, organisational and directorate risks. The audit plan takes consideration of identified risks to ensure that our work is able to test the effectiveness of the actions put in place to mitigate risk.

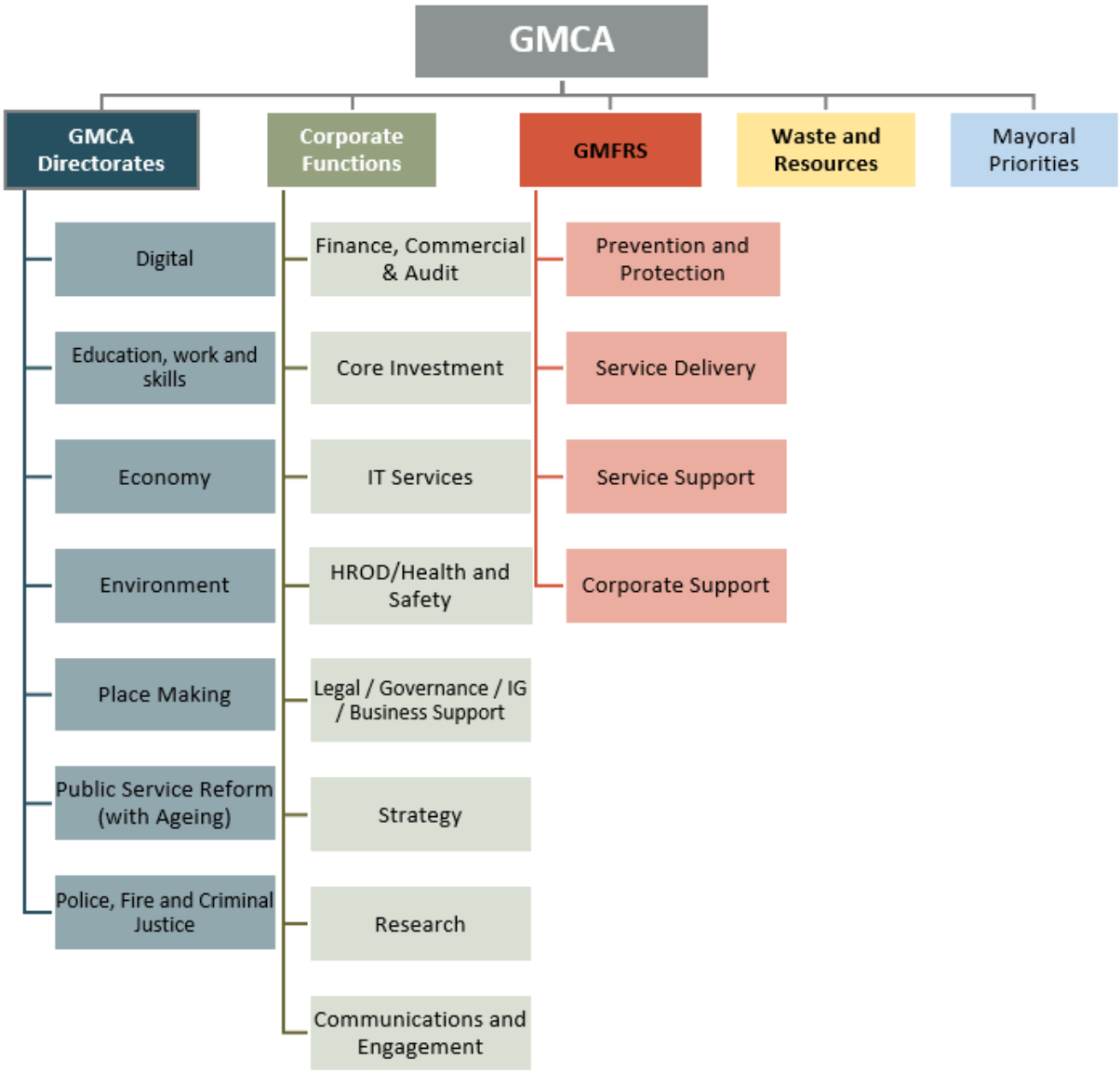
It is important to note that internal audit will not provide assurance over all key risks in any given year. The plan in Section 6 shows the linkage of the audit plan to GMCA's Strategic Risks and key organisational and operational risks. This demonstrates how over time, assurance over the mitigating activities put in place to manage strategic risks is gathered.

Agility and Relevance: As recent years have demonstrated, the need for regular review of the internal audit plan and risk assessment is essential due to the nature and pace of change. The plan will be kept under review, with regular updates provided to Audit Committee of any changes proposed.

Other sources of assurance: When determining the internal audit plan, other sources of assurance available are considered. Assessments undertaken by external parties (eg inspectorate/regulator audits such as HMICFRS or the ICO) as well as the work undertaken by external audit and any Line 2 assurance provided by other internal activity such as the Operational Assurance Team within GMFRS. Continued focus will be maintained on coordinating Line 2 and Line 3 activities to ensure an integrated approach to audit and assurance.

3. Audit Universe

For planning purposes the Audit Universe has been defined as follows


GMCA
GMCA Directorates
Corporate Functions
GMFRS
Waste and Resources
Mayoral Priorities
Digital
Education, work and skills
Economy
Environment
Place Making
Public Service Reform (with Ageing)
Police, Fire and Criminal Justice
Finance, Commercial & Audit
Core Investment
IT Services
HROD/Health and Safety
Legal / Governance / IG / Business Support
Strategy
Research
Communications and Engagement
Prevention and Protection
Service Delivery
Service Support
Corporate Support
Cross Cutting activities
Risk Management
Planning & Performance
Grant Management
Capital Programmes
Programme and Project Management

4. Risk Assessment and Strategic Internal Audit Plan

4.1 The Internal Audit risk assessment has been reviewed for 23/24 taking into consideration any changes in activities undertaken and risks as well as any assurance over control environment obtained from the results of 2022/23 internal audit work. This informs the frequency of audit activity. The table has been ordered in descending order of risk and shows the number of audits to be undertaken each year for each Directorate/activity.

Directorate / Activity	Risk Score	Audit frequency	Number of audits		
			23/24	24/25	25/26
Cross cutting: Capital Programmes	50	Annual	2	2	2
Police, Crime, Fire & Criminal Justice*	50	Annual	0	0	0
GMFRS	48	Annual	4	4	4
EWS: Education	48	Annual	1	1	1
Waste and Resources	48	Annual	1	1	1
Corp Services: Finance	45	Annual	2	2	2
Digital: ICT Services	44	Annual	3	3	3
Corp Services: Information Governance	40	Every 2 years	1		1
Corp Services: Legal/Governance	40	Every 2 years	1		1
Place: Land and Estates	40	Every 2 years	1	1	
Corp Services: HROD / H&S	36	Every 2 years	1	1	1
Environment	36	Every 2 years		1	1
Mayoral Priorities (inc Bus Reform)	36	Every 2 years	1		1
Corp Services: Commercial	36	Every 2 years	1		1
Cross cutting: Grant management and reporting	32	Every 2 years	1	1	
Cross cutting: Programmes and Project Management	30	Every 3 years		1	1
Cross cutting: Business Continuity	30	Every 3 years	1		
Corp Services: Core Investment	28	Every 3 years			1
Digital: GM Digital	28	Every 3 years			1
Economy	28	Every 3 years	1		

Directorate / Activity	Risk Score	Audit frequency	Number of audits		
			23/24	24/25	25/26
Cross Cutting: Risk Management	24	Every 3 years		1	
EWS: Work & Skills	24	Every 3 years	1		
Place: Development	24	Every 3 years		1	
Public Service Reform	24	Every 3 years	1	1	1
Cross cutting: Planning and Performance	21	Every 3 years			1
Corp Services: Comms and Engagement	18	Every 5 years			
Corp Services: Research	18	Every 5 years			
Corp Services: Strategy	18	Every 5 years	1		
Corp Services: Audit	12	Every 5 years			1
		TOTAL	**23**	**22**	**22**

*Audits for Police, Crime, Fire and Criminal Justice are undertaken by the GMP audit team and reported to the Joint Audit Panel (Police and Crime).** IT Audits are undertaken by an external service provider

5. 2023-24 Internal Audit Plan

5.1 The emerging Internal Audit Plan for 2023/24 is detailed below. It is stressed that at the time of writing the plan is emerging as the outcome of the Trailblazer devolution deal is not yet known, similarly guidance on the national Waste and Resources Strategy is awaited which may impact the audit plan around Waste. During the year, other such national and local policy issues may impact the plan and as such it will be regularly reviewed, refreshed and reported to Audit Committee.

5.2 The extent of work undertaken will inherently be limited by available Internal Audit resource. It is unlikely with current resource levels that the whole of this plan will be able to be delivered. Audits will be therefore be prioritised based on the risk assessment as shown in Section 4 above. An indicative assessment, based on the previous years experience, is that approximately 50-60% of the audits in the plan would be deliverable with current resource levels. As an indication of priority, in the table below, areas with a risk score of >40 have been designated high priority, 31-40 medium priority and 30 or below low priority. Any ad-hoc work (for example fraud or whistleblowing investigations) would further restrict available audit resources.

5.3 Progress against the plan will be monitored against available resource and any concerns or limitations reported to the GMCA Treasurer and GMCA Audit Committee.

Directorate / Activity		Audit	Link to Corporate Risk Register	Priority
GMFRS	Front Line Service Delivery	**GMFRS BLOCK**: Audit work covering Prevention, Detection and Service Delivery. Scope of work will be agreed with the Chief Fire Officer.	GMFRS RR - Multiple risks	High
GMFRS	Governance	**Station Standards Framework (b/f)**– an audit of the Station Standards framework and its application.	-	High
Cross cutting: Capital Programmes	Programme Monitoring and Evaluation	**Deep Dive**: Monitoring and evaluation of programme / project deliverables. Focus on the GMFRS Capital Programme.	OR9- Funding and grants not spent in line with timescales or conditions	High
Corporate Services: Procurement and Commercial	Commercial	**Social Value Model:** Social value aspects for procured and commissioned contracts **Subsidy Control Act:** Audit of the processes and controls in place to comply with the Act.	DIR-WR-03 – Failure to meet the social value expectations of Members/GM Mayor	Medium
Corporate Services: Finance	Core Financial Systems	**BLOCK**: Annual requirement to review the effectiveness of key financial processes. Scope areas to be agreed in year.	DIR-FIN-02 – systems and processes do not adequately support compliance with statutory requirement and accounting code of practice	High
Corporate Services: Finance	Core Financial Systems	**BWO access rights** – An audit to assess processes and controls in place over access to the		High

Directorate / Activity		Audit	Link to Corporate Risk Register	Priority
		finance system (BWO) including a review of current users.		
Corporate Services: Finance	Core Financial Systems	**Corporate Recharge Model:** A review of the process for recharging of costs to support programme delivery	DIR-PCCJF-11 – Lack of alignment of funding to sufficiently resource strategic priorities	High
Corporate Services: Finance	Grants	**Grant Management Process – Follow up Audit** – Assessment of the effectiveness and efficiency of the grant management process.	OR9- Funding and grants not spent in line with timescales or conditions	Medium
Corporate Services: Finance	Grants	**Grant Certification -** Ongoing certification of grants as required by grant conditions.	OR9- Funding and grants not spent in line with timescales or conditions	Medium
Corp Services: Waste and Resources	Contract Compliance	**Behavioural Change and Communication Plan-Waste:** Assessment of the effectiveness of activities linked to this strategy	DIR-WR-05 – Failure to deliver on the outputs and outcomes of the behavioural change comms strategy	High
Corp Services: Waste and Resources	Contract Compliance	**Fleet Assets:** Controls in place for Maintenance and testing of GM Waste vehicle fleet and equipment.	-	High

Directorate / Activity		Audit	Link to Corporate Risk Register	Priority
Corp Services: People Services	HR Systems	**Attraction and Recruitment:** Review of process and controls over the attraction and recruitment of staff **Q4**	OR3 – Failure to attract and retain equal, diverse and inclusive workforce.	Medium
Corp Services: Information Governance	IG Systems	**Information Governance Arrangements:** To review IG arrangements for DPA/GDPR /information security.	OR10- Failure to comply with Data Protection Act 2018 (GDPR)	Medium
Education, Work and Skills	Programme Appraisal / Evaluation	**BLOCK:** Devolved skills programmes including Adult Education Budget. Scope to be agreed in year pending outcome of Trailblazer deal.	DIR-02-EWS – National legislative changes impact on GMCA's ability to deliver on its devolved skills programmes including AEB	High
Digital: ICT Services	Governance	**ICT Audit Needs assessment** – a risk-based evaluation of current arrangements which will identify areas of future focus for internal audit resources and the development of a 3year plan.	DIR-DIG03 – Core Service Delivery DIR-DIG04 – Cyber Security	High
Digital: ICT Services	ICT Systems	**IT Asset Management** – An audit of the processes in place around the management of assets (issue, tracking, return, disposal)	DIR-DIG03 – Core Service Delivery DIR-DIG04 – Cyber Security	High
Digital: ICT Services	ICT Systems	**User Acceptance Testing:** An audit of the arrangements for User Acceptance Testing when	DIR-DIG03 – Core Service Delivery	High

Directorate / Activity		Audit	Link to Corporate Risk Register	Priority
		new applications are implemented or upgrades applied.	DIR-DIG04 – Cyber Security	
Cross-cutting	Business Continuity	**Business Continuity Planning -** An audit of BC arrangements across GMCA, with a focus on disruption to ICT and Digital services.	OR6- Failure to have adequate organisational wide BC plan for GMCA to respond to a major incident or low level service disruption DIG-04 Impact resulting from service disruption	Medium
Mayoral Priorities	Programme Delivery	**Bus Franchising:** An audit of the arrangements in place between GMCA and TfGM to ensure as the contracting authority, GMCA has appropriate arrangements, governance and oversight in place over Bus Franchising, including assets and performance.	SR7 – Significant financial risk relating to transport network (Metrolink and Bus)	Medium
Environment	Programme Delivery	**Net Zero achievement**: linked to Climate Change agenda and programme of work.	DIR-PLA-02 Failure to achieve publicly stated strategic environmental targets.	Medium
Place: Land and Estates	Asset Management	**Estate Management:** Management and maintenance of the GMCA Estate (including	-	Medium

Directorate / Activity		Audit	Link to Corporate Risk Register	Priority
		GMFRS, Bus and Waste responsibilities where relevant).		
Economy and Strategy	Governance	**Shared Prosperity Fund:** An assessment of programme delivery elements.	SR1 – Devolution/Levelling Up – National politics significantly impacts the devolution agenda, funding, timeline and powers of GMCA.	Low
Economy and Strategy	Governance	**Trailblazer Devolution Deal:** An assessment of the programme elements and emerging assurance framework (Development).		Low
Public Sector Reform	Programme Management	**Supporting Families:** As in previous years, GMCA will collate the work undertaken in districts in relation to the Supporting Families programme and report the results.	DIR-PSR-01 – Failure to achieve outcomes across a range of strategies.	Low
Counter Fraud	Governance	**Anti-Money Laundering Policy:** Review and update of the AML policy and procedures.	-	High
Counter Fraud	Governance	**Fraud Response Plan:** Development of the procedures for responding to and investigating allegations of fraud and wrongdoing.	DIR-FIN-10 – inadequate counter fraud measures within GMCA to identify, report and investigate fraud and other inappropriate activity.	High

6. Other Internal Audit Activities

6.1 In addition to the audits outlined above, Internal Audit also undertake the following activities.

- Whistleblowing and Counter Fraud Response.
- Counter Fraud Policy maintenance.
- Audit action tracking.
- Assurance mapping.

6.2 Due to the ad-hoc and unpredictable nature of whistleblowing and counter fraud response, there may be a requirement to revisit the rest of the audit plan (or the resourcing model) to allow resource to be dedicated to investigations as required.

7. Recommendation

7.1 The recommendation is set out at the front of the report.

Appendix 1 – Planning Methodology and Rating Criteria

Risk assessment within the Internal Audit planning process is carried out in a number of steps which are set out as follows:

Step 1 – Impact

Assess the impact of a risk crystallising in each auditable unit against a number of financial, operational and strategic criteria. The rating mechanism used is set out below:

Impact	1 = Low	2 = Medium	3 - High
Materiality	Not a material financial amount associated with the activity. Revenue AND capital budgets < 10m	Revenue OR Capital budget 10-50m	Revenue or Capital budget > 50m
Pervasiveness or Statutory Function	Impact isolated to specific activity/funding stream Not a statutory function	Risk affects delivery within one or more directorates OR Risk of isolated breach of statutory requirement	Pervasive impact across either all functions of the GMCA that would impact operations OR repeated breach of statutory requirement / failure to deliver function (eg Fire/Waste/AEB)
Corporate Risk Register	Not linked to a risk on corporate risk register (strategic, organisational or escalated risk)	Indirect link to a risk on Corporate Risk Register	Direct link to risk on the Corporate Risk Register
Reputational	None or isolated complaints.	Poor local publicity curtails ability to operate effectively without active stakeholder engagement.	Serious poor publicity. Affects trust in GMCA

Step 2 - Calculate the Inherent Impact Score.

This is the sum of each of the scores for the four criteria. The range of impact scores is 4 to 12.

Step 3 – Likelihood

Assess the likelihood of a risk crystallising. This assessment is based on the frequency of transactions, complexity of activity, stability of environment and policy. Rating mechanism is as follows:

Score	Description	% Likelihood
5	Risk is frequently encountered	80-100%
4	Likely to happen in the next year	60-80%
3	Likely to happen in the next two years	40-60%
2	May occur in the next three years	20-40%
1	May occur in exceptional circumstances	0-20%

Step 4 – Calculate the Inherent Risk Score.

Inherent Risk Score = (Inherent Impact Score) x (Likelihood)

Inherent Risk Scores range from 4 to 60.

Step 5 – Assess the Control Environment

Internal Audit may have prior knowledge and experience of the control environment within auditable units. This could be through previous audit work or other sources of assurance. The control environment factor will apply a factor to the risk

score that will increase the risk if it is known that the control environment is weak or reduce the risk score if it is known that the control environment is strong. If there is no knowledge (or no recent knowledge) of the control environment then no factor is applied. The following criteria are used to determine what control environment factor should be applied.

Score	**Criteria**	**Control Environment Factor**
1	Evidence that control environment requires improvement through previous audit work and/or issues	2
2	Cumulative Audit Knowledge that CE requires improvement or older evidence where improvements were required	1
3	No recent evidence that would influence knowledge of control environment	0
4	Older evidence supporting adequate control environment OR Recent evidence showing generally OK CE but with some areas for improvement (eg report rating of Major/Significant)	-1
5	Recent (last 12 months) IA evidence supporting adequate control environment OR Recent assurance provided from other sources (eg external sources)	-2

Step 6 – Calculate the Resultant Risk Score

The resultant risk score applies the Control Environment Factor determined above.

Resultant Risk Score = (Inherent Impact Score) x ((Likelihood) + (Control Environment Factor))

Applying the control environment factor could increase a risk score to a maximum of 84

Step 7 – Determine the Audit Frequency

Based on the Resultant Risk Score, the audit frequency for each auditable unit can be determined. The following ranges are applied :

Resultant Risk score	***Frequency***
>40	Annual
31-40	Every 2 years
21-30	Every 3 years
0-19	For consideration every 5 years

Step 8 – Align audit requirements to available resources

Based on the frequency of audits within each auditable unit, an initial assessment of resources can take place. If the audit team does not have sufficient resources to undertake the audit programme then the Audit Frequency range can be flexed. This is achieved by changing the ranges for each frequency, for example instead of annual audits taking place for anything with a score of 45 or more, this could be flexed to anything over 50 or more, which may reduce the number of annual audits.

If this approach is used, in line with PSIAS, the Head of Internal Audit must communicate the impact of resource limitations to senior management and the Audit Committee - as a sub-optimal amount of audit work will be proposed.

This page is intentionally left blank

GMCA GREATER MANCHESTER COMBINED AUTHORITY

GMCA Audit Committee

Date: 15 March 2023

Subject: Internal Audit Progress Report

Report of: Sarah Horseman, Head of Audit and Assurance, GMCA

PURPOSE OF REPORT:

The Internal Audit charter establishes the framework within which the Internal Audit Service operates to best serve the independent assurance requirements of the GMCA Audit Committee and also to meet its professional obligations under applicable professional standards.

In line with the Public Sector Internal Audit Standards, the charter is a mandatory document that must be in place and reviewed on a regular basis. It is proposed that this review is undertaken by the Head of Audit and Assurance and the charter presented to the Audit Committee annually for approval.

The Charter was considered by the external reviewers during the External Quality Assessment of the Internal Audit function in May 2021. The assessment concluded that the existing charter conforms to the requirements under the Public Sector Internal Audit Standards (PSIAS).

One minor addition to the charter was recommended to ensure independence and objectivity are managed at an engagement level. Paragraph 9.8 has therefore been added: “At an engagement level, auditor independence and objectivity will be confirmed and documented at the planning stage. Wherever feasible within a small team, rotation of auditors will take place to ensure that objectivity can be maintained”.

RECOMMENDATIONS:

That the Audit Committee approve the Internal Audit Charter.

CONTACT OFFICERS:

Sarah Horseman, Head of Audit and Assurance - GMCA,

sarah.horseman@greatermanchester-ca.gov.uk

Equalities Impact, Carbon and Sustainability Assessment:

N/A

Risk Management

See Section

Legal Considerations

N/A

Financial Consequences - Capital

N/A

Financial Consequences - Revenue

N/A

Number of attachments included in the report:

BACKGROUND PAPERS: N/A

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?	No

TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

Greater Manchester Combined Authority (GMCA) Internal Audit Charter

1 Introduction

1.1 This charter establishes the framework within which the Internal Audit Service operates to best serve the independent assurance requirements of the GMCA Audit Committee and also to meet its professional obligations under applicable professional standards.

1.2 The charter defines the mission, purpose, authority and principle responsibilities of the Internal Audit Service. It establishes the Internal Audit Service's position within the organisation; authorises access to records, personnel and physical properties relevant to the performance of audit engagements; and defines the scope of internal audit activities.

1.3 The charter will be subject to periodic review by the Deputy Director, Audit and Assurance and presented to senior management and the Audit Committee for approval.

2 Mission Statement

2.1 Internal Audit aims to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

3 Purpose

3.1 The Internal Audit Service provides independent assurance to the Audit Committee on the effectiveness of the governance, risk management and internal control arrangements in place within GMCA and GM Fire and Rescue Service (GMFRS). It objectively evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

4 Definitions

Internal Auditing:	"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes." – Public Sector Internal Audit Standards 2017.
Board:	Greater Manchester Combined Authority
Senior Management:	Members of the Chief Executive's Management Team (CEMT)
Chief Audit Executive:	Deputy Director, Audit and Assurance
Responsible Financial Officer:	GMCA Treasurer

5 Statutory Requirements

5.1 Internal Audit is a statutory service in the context of the Accounts and Audit Regulations 2015, which state "A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".

5.2 This statutory role is recognised and endorsed in GMCA's Constitution and Financial Regulations.

6 Professional Standards

6.1 The Internal Audit Service adheres to the Public Sector Internal Audit Standards (PSIAS), published by the Chartered Institute of Public Finance and Accountancy (CIPFA), which is the relevant standard setter for internal audit in local government in the United Kingdom.

6.2 The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- Definition of Internal Auditing

- Code of Ethics, and
- International Standards for the Professional Practice of Internal Auditing (including interpretations and glossary).

6.3 PSIAS also requires that Internal Auditors who work in the public sector must have regard to the Committee on Standards of Public Life Seven Principles of Public Life.

7 Reporting Lines

7.1 The Internal Audit Service sits within the Corporate Services Directorate. The Chief Audit Executive ("CAE") reports to the GMCA Treasurer on all corporate governance, performance matters and on all matters affecting the day to day administration and operation of the service.

7.2 The CAE also reports to the Treasurer as GMCA's 'Responsible Financial Officer' on all matters of internal financial control, fraud and irregularity and protection of assets. In recognition of the statutory duties of the 'Responsible Financial Officer' and the views of CIPFA on that person's relationship with internal audit, a formal protocol has been adopted to form the basis for a sound and effective working relationship. The protocol is attached to this Charter at Appendix 1.

8 Access and Authority

8.1 The CAE, or their representative, has authority to enter all of GMCA's property at any time and have access to all documents and other records that appear necessary for the purpose of an audit. Such access shall be granted on demand and need not be subject to prior notice. The CAE is entitled to such information and explanations as appear necessary. The CAE can require any employee to produce any GMCA property under his or her control. This will include access to records relating to services provided by or on behalf of other organisations and management should consult with the CAE when contracts are drafted to ensure rights of access are included.

8.2 The CAE has free and confidential access to the Chair of the Audit Committee and reports to Audit Committee meetings as set out in the Committee's terms of reference.

8.3 The CAE shall have right of access to the Chief Executive Officer.

8.4 Internal Auditors respect the value and ownership of information they receive and the reports they produce, and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so. They are prudent in the use and protection of information acquired in the course of their duties and shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to GMCA's legitimate and ethical objectives.

9 Independence and Objectivity

9.1 The PSIAS define independence as "freedom from conditions that threaten the ability of the Internal Audit Service to carry out its responsibilities in an unbiased manner". To assist Internal Audit to carry out the role and constructively challenge senior managers of GMCA, the CAE holds a sufficiently senior position.

9.2 The Internal Audit Service remains independent of other functions of GMCA, and with the exception of its support to management in relation to counter fraud and risk management work, no member of the Internal Audit Service has any executive or operational responsibilities.

9.3 Auditors are expected to deploy impartial and objective professional judgement in all their work, whether on audit work or investigations.

9.4 The Internal Audit Service's work programme and priorities are determined in consultation with senior management and the Board, but remain a decision for the CAE. The CAE has direct access to and freedom to report in their own name and without fear or favour.

9.5 The independence of the CAE is further safeguarded by ensuring that their remuneration and performance assessment are not inappropriately influenced by those subject to audit.

9.6 All auditors make an annual declaration of their interests and update this during the year as necessary, and where any auditor has a real or perceived conflict of interest this is managed to maintain the operational independence of the service as a whole. If independence or objectivity are impaired in fact or appearance, then the nature of the impairment is disclosed as appropriate.

9.7 Internal Audit team members who have transferred into the department will not be asked to review any aspects of their previous work within 12 months of them having left that area.

9.8 At an engagement level, auditor independence and objectivity will be confirmed and documented at the planning stage. Wherever feasible within a small team, rotation of auditors will take place to ensure that objectivity can be maintained.

9.9 The CAE makes an annual declaration that the internal audit function is operationally independent.

10 Internal Audit Responsibilities

10.1 The scope for internal audit is “the control environment comprising risk management, control and governance”. The scope of internal audit therefore includes all of GMCA and GMFRS operations, resources, services and responsibilities in relation to other bodies. This description shows the very wide potential scope of internal audit work. In order to prioritise the allocation of internal audit coverage a risk-based approach is used.

10.2 Internal Audit responsibilities include the following:

- Examining and evaluating the adequacy of GMCA's system of internal control;
- Reviewing the procedures in place for ensuring that projects are properly managed and that decision making processes are robust;
- Reviewing the integrity and reliability of financial and operating information and the means to identify, measure, classify and report such information;

- Reviewing the systems established by management to ensure compliance with those policies, procedures, laws and regulations which could have a significant impact on operations and reports and determining whether GMCA is compliant;
- Reviewing the extent to which GMCA's assets and interests are accounted for and safeguarded against loss of all kinds arising from fraud and other offences. Where appropriate verifying the existence of assets;
- Appraising the economy, efficiency and effectiveness with which resources are employed;
- Reviewing operations, projects or programmes to ascertain whether results are consistent with established objectives and whether the operations, projects or programmes are being carried out as planned;
- Reviewing the extent to which risks to GMCA's key objectives and fraud and corruption risks are assessed and appropriately mitigated and managed; and
- Providing assurance to other parties in relation to grant funding certifications.

10.3 Directors are responsible for ensuring that internal control arrangements are sufficient to address the risks facing their Directorate, and for responding to Internal Audit requests and reports within agreed timescales.

11 Consultancy Services

11.1 The Internal Audit Service provide independent and objective advice to help management improve their risk management, governance and internal control arrangements. This is primarily achieved by the planned programme of assurance assignments. Consultancy work driven by risk-based planning may typically be on those areas of the organisation's business where risk and control are not in existence or not well established. This could also relate to new systems or areas undergoing significant change where there is no system of risk management or control framework to assure. Consultancy work adds to Internal Audit's knowledge base and can contribute to the overall Internal Audit opinion and/or assurance rating.

11.2 In relation to consultancy services, the CAE must:

- consider the effect on the opinion work before accepting consultancy services over and above any already agreed as part of the Internal Audit plan. Approval will be sought from the Audit Committee for any significant additional consultancy services not already included in the Internal Audit Plan if it is deemed that taking on the work could impact the delivery of the agreed Internal Audit Plan or annual opinion.
- decline the consulting engagement or obtain competent advice and assistance if the Internal Auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.
- consider if consultancy work contributes to the overall annual opinion.

11.3 The standard of work that is delivered in consultancy services will be the same as that in assurance work. The mandatory requirements of the PSIAS relate to standard of performance in both assurance and consultancy activities.

12 Fraud and Corruption

12.1 The responsibility for the prevention and detection of fraud and corruption lies with management. Audit procedures alone cannot guarantee that fraud or corruption will be detected. Internal Audit will however be alert in all of their work to risks and exposures that could allow fraud or corruption.

12.2 The role of Internal Audit with regard to fraud investigation is detailed in GMCA's Anti-Fraud and Corruption Policy Statement. Any suspected fraud or irregularities will be reported to the CAE so that investigation work can be carried out and the adequacy of relevant controls considered.

13 Risk Management

13.1 The CAE has responsibility for the development and roll out of the Risk Management Framework within GMCA. Whilst the CAE may have some part (directly or indirectly through the management of others) in the facilitation of the ongoing maintenance of risk registers within GMCA it is clearly established within the Risk Management Framework that management and Officers own the risks both within Directorates and at a Strategic Risk level. The CAE or Internal Audit do not own risks outside of the Internal Audit function, neither do they make decisions relating to risk.

13.2 Management accept that these arrangements present an impairment to the independence of Internal Audit in relation to the assessment of risk management arrangements. Periodic, independent external assurance of risk management arrangements will be required.

14 Resourcing

14.1 Internal Audit should be appropriately resourced in terms of numbers, grades, qualification levels and experience, having regard to its objectives and to the Standards. Internal Auditors should be properly trained to fulfil their responsibilities and should maintain their professional competence through an appropriate on-going development programme.

14.2 The CAE is responsible for ensuring that the resources of the Internal Audit Service are sufficient to meet its responsibilities and achieve its objectives. If the CAE concludes that resources were insufficient they would report this to the GMCA Treasurer and the Audit Committee. The CAE is responsible for appointing staff to the Internal Audit Service and ensuring that there is the appropriate mix of qualifications, experience and audit skills.

15 Reporting

15.1 The CAE will issue to the Audit Committee:

- An annual Strategic Internal Audit Plan – This will be a risk-based plan prepared in conjunction with management that will take into consideration:
  - Strategic risks

- Key operational risks
- Previous audit opinions
- Other sources of assurance
- Internal Audit resources

- For each meeting of the Audit Committee, reports on progress of the Internal Audit work, encompassing:
  - Progress on delivery of the agreed Internal Audit Plan.
  - Any significant resourcing issues affecting the delivery of Internal Audit Objectives.
  - Key findings from Internal Audit work performed.
  - Progress on the implementation of Internal Audit recommendations.
  - Progress on the delivery of any additional consulting services not included in the Internal Audit Plan.
  - Proposed changes to the Internal Audit Plan for approval by the Audit Committee.
  - Counter fraud and investigation activity.
- An annual report which will include:
  - A summary of the work undertaken in the period.
  - The CAE's overall assurance opinion.
  - A statement of conformity with PSIAS.
  - The results of the quality assurance and improvement programme (QAIP).

15.2 All audit engagements will be the subject of formal Internal Audit reports. Copies of all final reports will be shared with:

- Audit Sponsor
- Key Audit Contacts
- Chief Executive Officer
- Treasurer
- External Auditor

15.3 Executive Summaries will be shared with Audit Committee members, with full reports being made available to Members on request.

16 External Audit

16.1 The work of External Audit is factored into the Internal Audit work plan, and Internal Audit and External Audit meet formally and informally during the year in order to share key audit findings and/or areas of potential focus. Whilst GMCA's current External Auditors do not place any reliance on Internal Audit's work all internal audit reports are shared with the External Auditors to provide visibility of audit conclusions and findings.

17 Other Sources of Assurance

17.1 Internal Audit is one source of assurance but there are also other sources of assurance that are either routinely provided or are provided on an ad-hoc basis due to specific circumstances. The "Lines of Defence" model helps understand where and how assurance is achieved:

- First line – Day to day operational activities that establish systems, processes and controls across all activities.
- Second line – Oversight and management review. It is separate from those people who undertake those responsibilities on a day to day basis, as part of their normal duties.
- Third line – This relates to independent, objective assurance obtained through Internal Audit, which, through an approved programme of work, is able to provide an objective opinion on the effectiveness of governance, risk management and internal control arrangements.
- Fourth line – This relates to other external sources of assurance that are independent and removed from the chain of command. Examples include the Health and Safety Executive (HSE), HMICFRS, and other external sources of assurance.

17.2 The CAE will work with management to understand sources of assurance across all lines of defence in order to ensure that an effective, integrated assurance framework is established. This will assist in the efficient and effective deployment of Internal Audit resource and reduce duplication of assurance provision.

18 Quality Assurance and Improvement

18.1 The CAE operates a Quality Assurance and Improvement Programme (QAIP) that both monitors the on-going performance of Internal Audit activity and periodically assesses the Internal Audit Service's compliance with PSIAS. This includes both internal and external assessments.

18.2 The results of the QAIP, including any areas of non-conformance with PSIAS, are reported annually to senior management and the Audit Committee.

APPENDIX 1: Protocol governing the Relationship between the Section 73 Officer (the Chief Financial Officer) and Internal Audit at GMCA.

In recognition of the statutory duties of the 'Chief Financial Officer' (CFO) and the view of CIPFA on his relationship with Internal Audit, the following protocol has been adopted at GMCA to form the basis for a sound and effective working relationship:

The CAE will seek to maintain a positive and effective working relationship with GMCA's CFO (GMCA Treasurer).

Internal Audit will review the effectiveness of GMCA's system of internal controls and report on whether the controls operate effectively in practice.

The Treasurer will be asked to comment on those elements of the Internal Audit Service's programme of work that relate to the discharge of his statutory duties. In devising the Audit Plan and in carrying out internal audit work, the CAE will give full regard to the comments of the Treasurer.

The CAE will regularly monitor the performance of the Internal Audit Service against the Audit Plan and will notify the Treasurer if there are any major deviations.

The Treasurer will, on request, be provided with appropriate assurance that the audit staff are competent, well trained and effective in their work.

The Treasurer will be specifically informed by the CAE where any matter is identified that impacts on his Section 73 role.

The Treasurer will specifically make the CAE aware of any concerns that he has about internal control that might lead to the need for an internal audit investigation or review.

The Internal Audit Service will operate in accordance with the March 2017 Public Sector Internal Audit Standards.

This page is intentionally left blank

GMCA GREATER MANCHESTER COMBINED AUTHORITY

GMCA AUDIT COMMITTEE

Date: 15 March 2022

Subject: GMCA – 2021/22 Annual Governance Statement

Report of: Gillian Duckworth, GMCA Monitoring Officer and Steve Wilson, GMCA Treasurer

---

PURPOSE OF REPORT

To provide the Committee with the GMCA 2021/2022 Annual Governance Statement (AGS), attached at Appendix A, to accompany the GMCA Statement of Accounts.

The draft AGS was considered and endorsed by the Audit Committee at its meeting on 27 July 2022 (Item AC 19/22). Subsequent to the draft, an additional section on the Manchester Arena Inquiry outcomes has been incorporated and further minor amendments have been made.

RECOMMENDATIONS:

The Audit Committee is requested to:

> Approve the GMCA 2021/22 Annual Governance Statement which is to be signed by the Mayor and the Chief Executive of the GMCA and published with the GMCA's Statement of Accounts for 2021/22.

CONTACT OFFICERS:

Gillian Duckworth, Monitoring Officer, GMCA,
gillian.duckworth@greatermanchester-ca.gov.uk

Steve Wilson, Treasurer to GMCA,
steve.wilson@greatermanchester-ca.gov.uk

Gwynne Williams, Deputy Monitoring Officer, GMCA,
williamsg@manchesterfire.gov.uk

Lee Teasdale, Senior Governance & Scrutiny Officer, GMCA,
lee.teasdale@greatermanchester-ca.gov.uk

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 –
Document GMCA Constitution 2022 - Greater Manchester Combined Authority (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 exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?	No	
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

This page is intentionally left blank

GMCA GREATER MANCHESTER COMBINED AUTHORITY

ANNUAL GOVERNANCE STATEMENT 2021-22

CONTENTS

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):

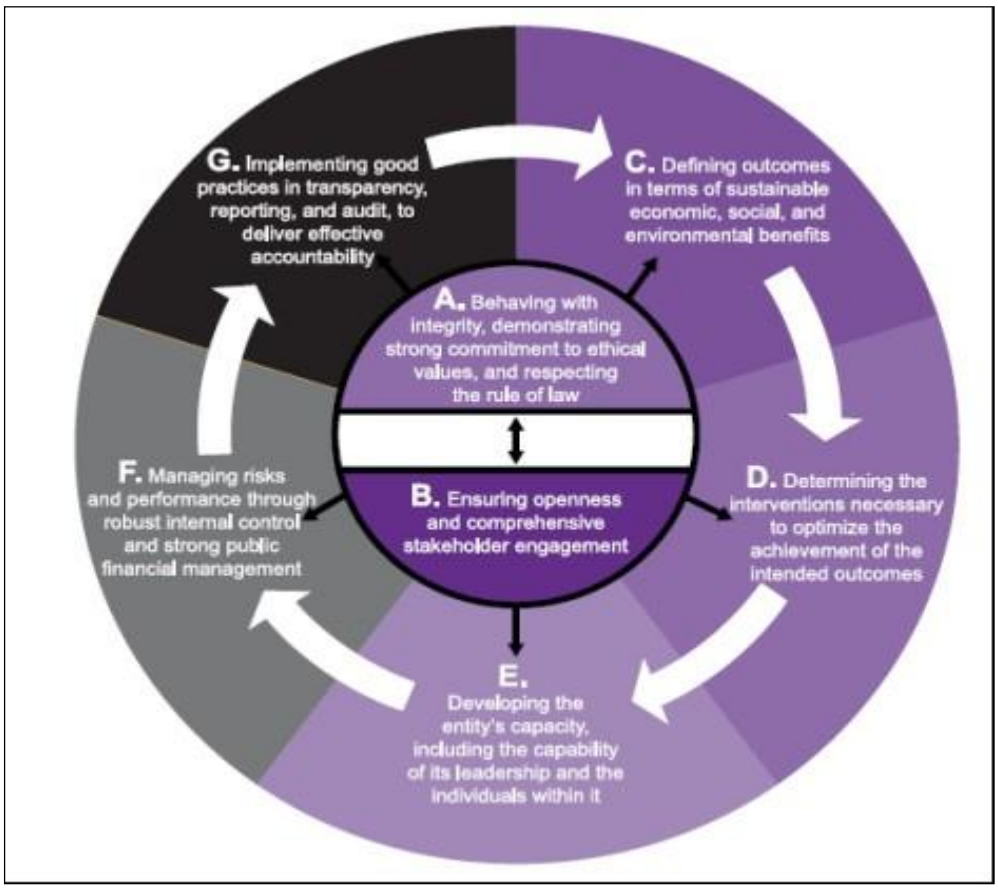


Fig.1 Seven Principles of Good Governance

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. Listed below is the current leadership structure in Greater Manchester following the May 2022 elections (Previous Leaders where applicable shown in italics):

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 *(Leader 21/22 – Sir Richard Leese)*	Manchester	Economy, Business & International
Cllr Amanda Chadderton *(Leader 21/22 – Cllr Arooj Shah)*	Oldham	Equalities, Inclusion & Cohesion
Cllr Neil Emmott	Rochdale	Culture
Mayor Paul Dennett	Salford	Homelessness, Healthy Lives & Quality Care
Cllr Mark Hunter *(Leader 21/22 – Cllr Elise Wilson)*	Stockport	Young People

Cllr Gerald Cooney *(Leader 21/22 – Cllr Brenda Warrington)*	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).

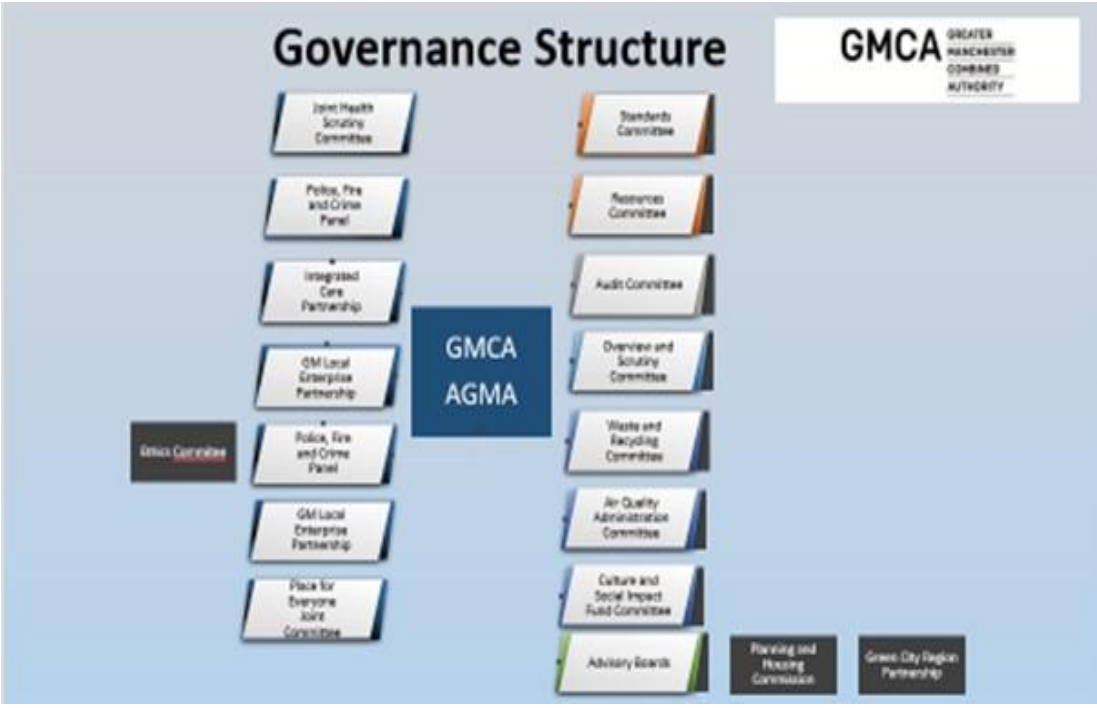


Fig.2 Governance Structure

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 inquoracy 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]

HMICFRS POSITION UPDATE (GMP & GMFRS)

5.1 GMP's latest updates to the GMCA's Police, Fire & Crime Panel had advised that in total 174 of HMICFRS's areas for improvement and recommendations had been progressed and closed, superseded or 'no further actioned' since December 2020. The Force had reduced its open recommendations from the start of HMICFRS engagement in December 2020 by almost three quarters, from over 120 to now just 32 recommendations. A Force wide HMICFRS revisit with regard to engagement and special measures provision of the standards of investigation across GMP had taken place during September 2022 – this visit would assess progress against improving investigation standards and delivering improved victim focus will and would evaluate progress against engagement concerns and GMP being placed into special measures. It was hoped that the outcomes from this would be another

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

significant step towards GMP being removed completely from special measures.

5.2 Following the HMICFRS inspection of GMFRS in April and May 2021 a Cause for Concern letter was received informing that GMFRS should have in place its own marauding terrorist attack (MTA) response that was both resilient, timely and cost effective. It stated that the service should ensure it was properly prepared as part of a multi-agency response to terrorist incidents. This included the provision of a timely response to ensure public safety. Response procedures that were understood by all staff and properly exercised and tested – and that this should not come at the cost of wider fire cover for the public.

5.3 On 1st November 2021, GMFRS provided HMICFRS with a comprehensive business case detailing how the service intended to improve the capacity and capability of its response to terrorist incidents, as well as how much it would cost. It detailed how all staff in the service would be trained, equipped and supported to carry out agreed MTA activity in accordance with the MTA joint operating principles. In April 2022, the service the service signed a collective agreement with the Fire Brigades Union, which had contractual effect by way of incorporation into the contracts of employment of firefighters, for the provision of a specialist MTA response capability. HMICFRS had been in regular contact since the issuing of the cause of concern and on 15th May 2022, HMICFRS revisited the service and provided their initial findings. On 29th July 2022, GMFRS were sent a final draft of a letter HMICFRS then subsequently publishing on 2nd September 2022, which detailed the complete removal of the Cause for Concern.

5.4 The GMCA's Police, Fire & Crime Panel (PFCP) continues to hold the Deputy Mayor, Chief Fire Officer and Chief Constable to account on both the improvements at GMP and GMFRS. It was agreed that as of 2022/23 the PFCP would scale up to a bi-monthly meeting (from a previous quarterly arrangement) to ensure that it had the scope to scrutinise all issues raised. The PFCP is also supported by a Steering Group.

Manchester Arena Inquiry

5.5 The Manchester Arena Inquiry began on 7 September 2020. Evidence hearings for matters relating to the emergency response to the attack ran from January 2021 to March 2022.

5.6 Volume Two which considers and makes findings in relation to the emergency response was published on 3 November 2022. The report also contains both recommendations and monitored recommendations for the future that the Chair will monitor for progress.

5.7 There are five monitored recommendations that relate to GMFRS, as follows:

1. R32 Greater Manchester Fire and Rescue Service and North West Fire Control should conduct a joint review of the circumstances in which it is appropriate for Greater Manchester Fire and Rescue Service personnel to check the North West Fire Control incident log. Policies should be written by both organisations to reflect the outcome of this review. Training should be delivered to embed it into practice.

2. R36 Greater Manchester Fire and Rescue Service should ensure that its commanders are adequately trained in the use of operational discretion.

3. R37 Greater Manchester Fire and Rescue Service should review the policy by which the Incident Commander takes up the role, in light of the shortcomings identified in the policy in operation on 22nd May 2017.

4. R38 Greater Manchester Fire and Rescue Service should review its guidance and policies on how it receives and passes on information during a Major Incident. It is important that, for any update given, it is established when the last time the person receiving the update was provided with information, to ensure that they are completely up to date.

5. R39 Greater Manchester Fire and Rescue Service should reflect on its approach to record-making during and immediately following a Major Incident, with a view to improving the current practice.

5.8 GMFRS must provide a written update to Inquiry Legal Team on Monitored Recommendations by 3 February 2023 (three months after publication of Vol. 2) as to progress made.

5.9 Witness Evidence from a corporate GMFRS witness is required to be served on the Inquiry by 1 May 2023 (six months after publication of Vol. 2). This evidence must set out what steps have been taken to address the monitored recommendations. The statement will be published on the Inquiry website.

5.10 Evidence Hearings – The Chairman proposes to convene further evidence hearings in the Summer 2023 and will notify GMFRS if its corporate witness is required to give evidence on progress

SCOPE OF RESPONSIBILITY

6.1 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]

6.2 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

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

Statement as part of the assessment of their value for money responsibilities.

6.3 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.

6.4 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

7.1 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.

7.2 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

7.3 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

7.4 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

7.5 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
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	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.
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	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

adaptable to the needs of all staff within the organisation	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.
Robust arrangements to put in place to monitor delivery, performance and risk to ensure the successful delivery of the Greater Manchester Strategy	The publication of the Greater Manchester Strategy 2021-2031 was supported by the concurrent publication of the GMS Performance Framework: Our Progress Monitoring (aboutgreatermanchester.com)

	The choice of indicators to sit within the Greater Manchester Strategy performance framework has been informed by a detailed series of underlying principles. 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.
Implementation of the CIPFA Financial Management Code of Practice by: • 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.	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: • 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

• Reflecting the code in update to AGS.	Regulations and Contract Procedures; • 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. Following the latest self-assessment the priorities for 2022/23 are: • 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;

	• Further emphasis needs to be placed on the code of ethics to ensure that it is embedded across the organisation supported by training materials.
Development of a protocol to improve the consistency and transparency of arrangements for Mayoral Advisors.	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

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 *Monitoring Officer*
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 *Monitoring Officer*
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 *Monitoring Officer*
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 *Monitoring Officer*
G: Implementing Good Practices in Transparency, Reporting, and Audit, to Deliver Effective Accountability	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	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

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 has 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 2022/23: • 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

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.

<u>Areas for Focus in 2022/23:</u>
• 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.

This page is intentionally left blank

GMCA GREATER MANCHESTER COMBINED AUTHORITY

GMCA Audit Committee

Date: 15 March 2023

Subject: Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2023/24

Report of: Steve Wilson, Treasurer

Purpose of Report

To set out the proposed Treasury Management Strategy Statement, Borrowing Limits and Prudential Indicators for 2023/24 to 2025/26 for the Authority. The strategy reflects the 2022-2026 capital programme for Transport, Economic Development, Fire and Rescue, Waste and Police.

Recommendations:

The GMCA is requested to:

Approve the proposed Treasury Management Strategy Statement and Annual Investment Strategy to apply from the 1 April 2023, in particular:

a) The Treasury and Prudential Indicators listed in Section 2.

b) The Minimum Revenue Provision (MRP) Strategy in Section 2.

c) The Treasury Management Scheme of Delegation at Appendix F.

d) The Borrowing Strategy outlined in Section 3.

e) The Annual Investment Strategy detailed in Section 4.

f) Delegation to the Treasurer to step outside of the investment limits to safeguard the GMCA's position as outlined in section 4.7

Contact Officers

Steve Wilson

Treasurer

07725 481067

Steve.Wilson@greatermanchester-ca.gov.uk

Rachel Rosewell

Deputy Treasurer

07976 571973

Rachel.Rosewell@greatermanchester-ca.gov.uk

Report authors must identify which paragraph relating to the following issues:

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

This report fulfils the statutory requirements to have the necessary prudential indicators to be included in a Treasury Management Strategy.

Financial Consequences – Revenue

Financial revenue consequences are contained within the body of the report.

Financial Consequences – Capital

Financial capital consequences are contained within the body of the report.

Number of attachments to the report:

None

Comments/recommendations from Overview & Scrutiny Committee

N/A.

Background Papers

Treasury Management Strategy Statement 2022/23, GMCA 11 February 2022

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? No

GM Transport Committee

N/A

Overview and Scrutiny Committee

N/A

1. Background

1.1 Introduction

1.1.1 The Authority is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Authority's low risk appetite, providing adequate liquidity initially before considering investment return.

1.1.2 The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning, to ensure that it can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.

1.1.3 The contribution the treasury management function makes to the Authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

1.1.4 CIPFA defines treasury management as: "The management of the local authority's borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.1.5 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

1.2 Reporting Requirements

1.2.1 Capital Strategy

1.2.1.1 The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report which will provide the following:

a) a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
b) an overview of how the associated risk is managed; and
c) the implications for future financial sustainability

1.2.1.2 The aim of the strategy is to ensure that all the Authority's elected Members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

1.2.2 Treasury Management Reporting

1.2.2.1 The Authority is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

a) Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report is forward looking and covers:
    - the capital plans, (including prudential indicators);
    - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
    - the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
    - an Annual Investment Strategy, (the parameters on how investments are to be managed).
b) mid-year treasury management report – This is primarily a progress report and will update Members on the capital position, amending prudential indicators as necessary, and whether any policies require revision. In addition, this Authority will receive quarterly update reports.
c) An annual treasury report – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

1.2.2.2 Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Full Authority. This role is undertaken by the Audit Committee.

1.2.2.3 Quarterly reports

In addition to the three major reports detailed above, from 2023/24 quarterly reporting (end of June/end of December) is also required. However, these additional reports do not have to be reported to Full Authority but do require to be adequately scrutinised. This role is undertaken by the Audit Committee. (The reports, specifically, should comprise updated Treasury/Prudential Indicators.)

1.3 Treasury Management Strategy for 2023/24

1.3.1 The strategy for 2023/24 covers two main areas:

Capital issues

a) the capital expenditure plans and the associated prudential indicators
b) the minimum revenue provision (MRP) policy

Treasury management issues

a) the current treasury position
b) treasury indicators which limit the treasury risk and activities of the Authority
c) prospects for interest rates
d) the borrowing strategy
e) policy on borrowing in advance of need
f) debt rescheduling
g) the investment strategy
h) creditworthiness policy; and
i) the policy on use of external service providers

1.3.2 These elements cover the requirements of the Local Government Act 2003, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

1.4 Training

1.4.1 The CIPFA Treasury Management Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny.

1.4.2 Furthermore, pages 47 and 48 of the Code state that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.

1.4.3 The scale and nature of this will depend on the size and complexity of the organisation’s treasury management needs. Organisations should consider how to assess whether treasury management staff and Members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

1.4.4 As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

a) Record attendance at training and ensure action is taken where poor attendance is identified.
b) Prepare tailored learning plans for treasury management officers and Members.
c) Require treasury management officers and Members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
d) Have regular communication with officers and Members, encouraging them to highlight training needs on an ongoing basis.”

1.4.5 In further support of the revised training requirements, CIPFA’s Better Governance Forum and Treasury Management Network have produced a ‘self-assessment by Members responsible for the scrutiny of treasury management’, which is available from the CIPFA website to download.

1.4.6 Our treasury advisors, Link, have provided treasury management training on 22 June 2022 and further training will be arranged as required.

1.4.7 The training needs of treasury management officers are periodically reviewed.

1.4.8 A formal record of the training received by officers central to the Treasury function will be maintained by the Head of Finance – Capital and Treasury Management. Similarly, a formal record of the treasury management/capital finance training received by Members will also be maintained by the Head of Finance – Capital and Treasury Management.

1.5 Treasury Management Consultants

1.5.1 The Authority uses Link Group, Link Treasury Services Limited as its external treasury management advisors.

1.5.2 The Authority recognises 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, our treasury advisers.

1.5.3 It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Authority 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.

2. The Capital Prudential Indicators 2023/24 – 2025/26

2.1 The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans.

2.2 Capital Expenditure and Financing

2.2.1 This prudential indicator is a summary of the Authority's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital Expenditure £m	**2021/22 Actual**	**2022/23 Estimate**	**2023/24 Estimate**	**2024/25 Estimate**	**2025/26 Estimate**
Capital Expenditure	526.924	500.669	629.334	598.732	473.370

2.2.2 The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of capital expenditure £m	**2021/22 Actual**	**2022/23 Estimate**	**2023/24 Estimate**	**2024/25 Estimate**	**2025/26 Estimate**
Capital receipts	158.247	69.264	175.547	110.475	59.819
Capital grants and other contributions	234.278	288.371	230.327	309.701	329.008
Revenue	36.485	6.597	45.916	18.811	2.830
Net financing need for the year	**97.914**	**136.437**	**177.544**	**159.745**	**81.713**

2.2.3 Other long-term liabilities - the above financing need excludes other long-term liabilities, such as Private Finance Initiative (PFI) and leasing arrangements that already include borrowing instruments.

2.3 The Authority's Borrowing Need (the Capital Financing Requirement)

2.3.1 The second prudential indicator is the Authority's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Authority's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

2.3.2 The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

2.3.3 The CFR includes any other long-term liabilities (e.g., PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Authority's borrowing requirement, these types of schemes include a borrowing facility by the PFI, Public-Private Partnership (PPP) lease provider and so the Authority is not required to separately borrow for these schemes. The Authority currently has £43.349m of such schemes within the CFR.

2.3.4 The Authority is asked to approve the CFR projections below:

£m	**2021/22 Actual**	**2022/23 Estimate**	**2023/24 Estimate**	**2024/25 Estimate**	**2025/26 Estimate**
Capital Financing Requirement	2,360.237	2,407.841	2,486.166	2,534.398	2,502.813
Movement in CFR	15.178	47.604	78.325	48.233	(31.585)
Net financing need for the year (above)	97.914	136.437	177.544	159.745	81.713
Less MRP/VRP and other financing movements	(82.736)	(88.833)	(99.219)	(111.512)	(113.298)
Movements in CFR	15.178	47.604	78.325	48.233	(31.585)

2.4 Liability Benchmark

2.4.1 A third and new prudential indicator for 2023/24 is the Liability Benchmark (LB). The Authority is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

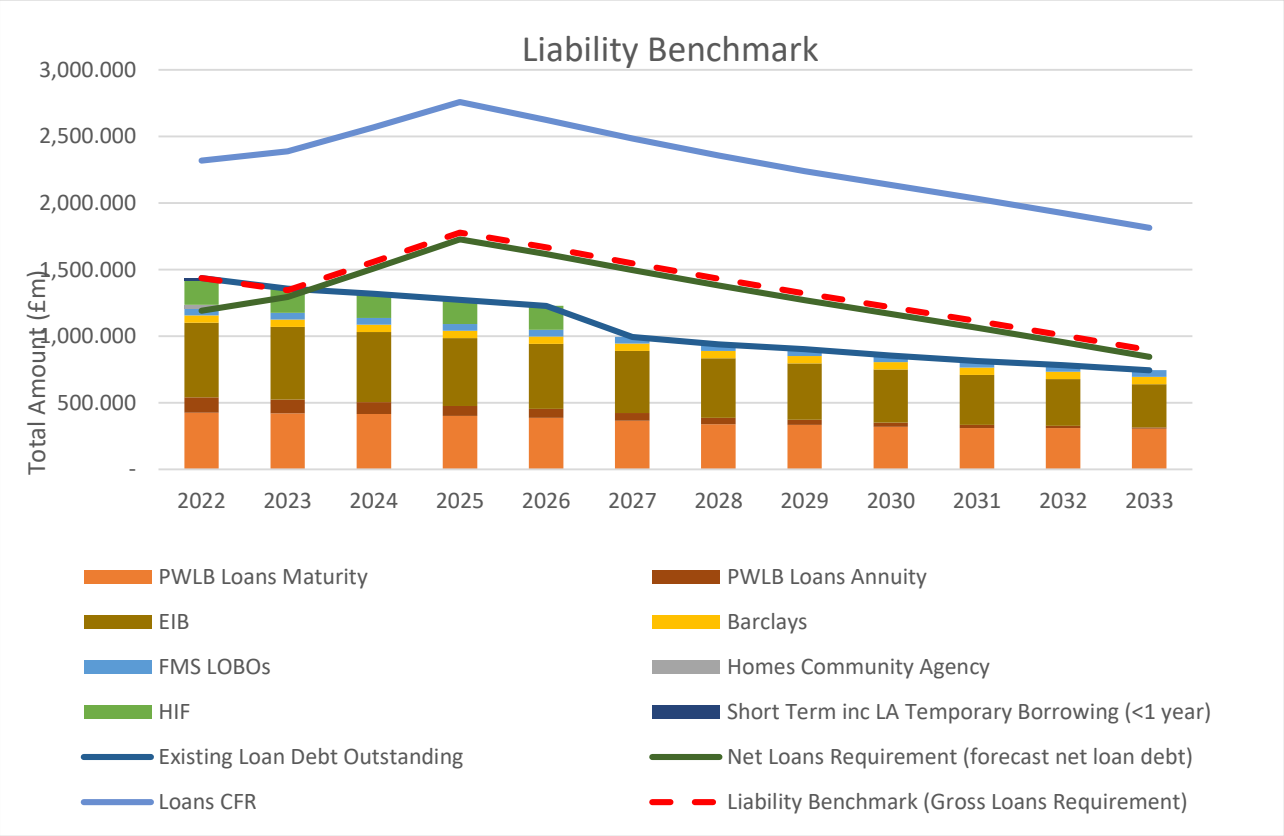
2.4.2 There are four components to the LB: -

a) Existing loan debt outstanding: the Authority's existing loans that are still outstanding in future years.

b) Loans CFR: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.

c) Net loans requirement: this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.

d) Liability benchmark (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



2.5 Minimum Revenue Provision (MRP) Policy Statement

2.5.1 Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Authority has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP).

2.5.2 The Authority is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The MRP Guidance (2018) gives four ready-made options for calculating MRP, but the Authority can use any other reasonable basis that it can justify as prudent.

2.5.3 The MRP policy statement requires full authority approval (or closest equivalent level) in advance of each financial year.

2.5.4 The Authority is recommended to approve the following MRP Statement:

a) For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- MRP will be calculated using an Asset Life annuity basis over 50 years.

b) From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- 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.

2.5.5 Capital expenditure incurred during 2022/23 will not be subject to an MRP charge until 2023/24, or in the year after the asset becomes operational.

3 Borrowing

3.1 The capital expenditure plans set out in Section 2 provide details of the service activity of the Authority. The treasury management function ensures that the Authority's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Authority's Capital Strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions, and the Annual Investment Strategy.

3.2 Current Portfolio Position

3.2.1 The overall treasury management portfolio as at 31 March 2022 and for the position as at 28 February 2023 are shown below for both borrowing and investments.

	Actual 31 March 2022	Actual 31 March 2022	Current 28 February 2023	Current 28 February 2023
Treasury investments	**£m**	**%**	**£m**	**%**
Banks	13.358	5.4	58.850	17.8
Local authorities	171.000	69.6	105.000	31.9
Money Market Funds	0.000	0.0	115.350	35.0
DMADF (HM Treasury)	61.300	25.0	50.250	15.3
Total Treasury Investments	**245.658**	**100**	**329.450**	**100**
External borrowing				
PWLB	546.199	38.3	**529.011**	**37.3**
Market	879.710	61.7	**889.034**	**62.7**
Total External Borrowing	**1,425.909**	**100**	**1,418.045**	**100**
Net Borrowing	**1,179.432**		**1,088.595**	

3.2.2 The Authority's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£m	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Debt as 1 April	1,496.826	1,425.909	1,333.089	1,457.676	1,722.540
Expected change in Debt	(70.917)	(92.820)	124.587	264.864	285.924
Other Long-term liabilities (OLTL)	44.418	40.759	36.676	32.998	28.644
Expected change in OLTL	(3.659)	(4.082)	(3.678)	(4.354)	(4.699)
Actual gross debt as at 31 March	1,541.244	1,369.766	1,490.674	1,751.184	2,032.409
The Capital Financing Requirement	2,360.24	2,407.84	2,486.17	2,534.40	2,502.81
Under/ (over) borrowing	818.993	1,038.075	995.492	783.214	470.404

3.2.3 Within the range of prudential indicators there are several key indicators to ensure that the Authority operates its activities within well-defined limits. One of these is that the Authority needs to ensure that its gross debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

3.2.4 The Treasurer reports that the Authority complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes account of current commitments, existing plans and the proposals in this budget report.

3.3 Treasury Indicators: Limits to Borrowing Activity

3.3.1 **The Operational Boundary**. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational Boundary £m	**2022/23 Estimate**	**2023/24 Estimate**	**2024/25 Estimate**	**2025/26 Estimate**
Debt	2,533.049	2,615.446	2,666.187	2,632.959
Other Long-term liabilities	40.759	36.676	32.998	28.644
Total	**2,573.808**	**2,652.122**	**2,699.185**	**2,661.603**

3.3.2 The Authorised Limit for external debt. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Full Authority. It reflects the level of external debt which, while not desired, could be afforded in the short-term, but is not sustainable in the longer-term.

a) This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all local authority plans, or those of a specific authority, although this power has not yet been exercised.

b) The Authority is asked to approve the following Authorised Limit:

Authorised Limit £m	**2022/23 Estimate**	**2023/24 Estimate**	**2024/25 Estimate**	**2025/26 Estimate**
Debt	2,648.625	2,734.782	2,787.838	2,753.094
Other Long-term liabilities	40.759	36.676	32.998	28.644
Total	**2,689.384**	**2,771.458**	**2,820.836**	**2,781.738**

3.4 Prospects for Interest Rates

3.4.1 The Authority has appointed Link Group as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. Link provided the following forecasts on 7 February 2023. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

	Mar-23	**Jun-23**	**Sep-23**	**Dec-23**	**Mar-24**	**Jun-24**	**Sep-24**	**Dec-24**	**Mar-25**	**Jun-25**	**Sep-25**	**Dec-25**	**Mar-26**
Bank Rate	4.25	4.50	4.50	4.25	4.00	3.75	3.25	3.00	2.75	2.75	2.50	2.50	2.50
3 month ave earning	4.30	4.50	4.50	4.30	4.00	3.80	3.30	3.00	2.80	2.80	2.50	2.50	2.50
6 month ave earning	4.40	4.50	4.40	4.20	3.90	3.70	3.20	2.90	2.80	2.80	2.60	2.60	2.60
12 month ave earning	4.50	4.50	4.40	4.20	3.80	3.60	3.10	2.70	2.70	2.70	2.70	2.70	2.70
5 yr PWLB	4.00	4.00	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20	3.10	3.10	3.10
10 yr PWLB	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.50	3.40	3.30	3.30	3.20
25 yr PWLB	4.60	4.60	4.40	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.40	3.40
50 yr PWLB	4.30	4.30	4.20	4.10	3.90	3.80	3.60	3.60	3.40	3.30	3.20	3.20	3.10

a) Link central forecast for interest rates was previously updated on 19 December and reflected a view that the Monetary Policy Committee (MPC) would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened but the

Government's continued policy of emphasising fiscal rectitude will probably mean Bank Rate will not need to increase to further than 4.5%.

b) Further down the road, Link anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged. Link best judgment is that there will be scope for an early Christmas present for households with a December rate cut priced in, ahead of further reductions in 2024 and 2025.

c) The CPI measure of inflation looks to have peaked at 11.1% in Q4 2022 (currently 10.5%). Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market.

d) Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started and will focus on the short, medium and longer end of the curve in equal measure.

e) In the upcoming months, Link forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)

f) On the positive side, consumers are still estimated to be sitting on significant excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

3.4.2 PWLB RATES

a) The yield curve movements have become less volatile of late and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 3.75% to 4.75%.

b) Link view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

3.4.3 The balance of risks to the UK economy:

The overall balance of risks to economic growth in the UK is to the downside.

3.4.4 Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

a) Labour and supply shortages prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).

b) The Bank of England acts too quickly, or too far, over the coming year to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.

c) UK / EU trade arrangements – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.

d) Geopolitical risks, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

3.4.5 Upside risks to current forecasts for UK gilt yields and PWLB rates:

a) The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to remain elevated for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project or even necessitates a further series of increases in Bank Rate later in the year or in 2024.

b) The pound weakens because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.

c) Longer-term US treasury yields rise strongly if inflation remains more stubborn than the market currently anticipates, pulling gilt yields up higher consequently.

d) Projected gilt issuance, inclusive of natural maturities and QT, could be too much for the markets to comfortably digest without higher yields compensating.

3.4.6 Borrowing advice: Link long-term (beyond 10 years) forecast for Bank Rate stands at 2.5%. As all PWLB certainty rates are currently above this level, borrowing strategies will need to be reviewed in that context. Better value can generally be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive whilst the market waits for inflation, and therein gilt yields, to drop back later in 2023.

3.4.7 Link's suggested budgeted earnings rates for investments up to about three months' duration in each financial year are rounded to the nearest 10bps as follows:

Average earnings in each year	
2022/23 (remainder)	4.30%
2023/24	4.30%
2024/25	3.20%
2025/26	2.60%
2026/27	2.50%
Years 6 to 10	2.80%
Years 10+	2.80%

3.4.8 As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

3.4.9 Link's interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

3.5 Borrowing Strategy

3.5.1 The Authority is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate increases over the first half of 2023.

3.5.2 Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The GMCA Treasurer will monitor

interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

a) if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.

b) if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

3.5.3 Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

3.6 Policy on Borrowing in Advance of Need

3.6.1 The Authority will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Authority can ensure the security of such funds.

3.6.2 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.7 Rescheduling

3.7.1 Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a large difference between premature redemption rates and new borrowing rates.

3.7.2 If rescheduling is to be undertaken, it will be reported to the Audit Committee, at the earliest meeting following its action.

3.8 New Financial Institutions as a Source of Borrowing and/ or Types of Borrowing

3.8.1 Currently the PWLB Certainty Rate is set at gilts + 80 basis points. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

a) Local authorities (primarily shorter dated maturities out to 3 years or so – generally still cheaper than the Certainty Rate).

b) Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).

3.8.2 Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

3.9 Approved Sources of Long and Short-term Borrowing

3.9.1

On Balance Sheet	Fixed	Variable
PWLB	✓	✓
UK Municipal Bond Agency	✓	✓
Local Authorities	✓	✓
Banks	✓	✓
Pension Funds	✓	✓
Insurance Companies	✓	✓
UK Infrastructure Bank	✓	✓
Market (long-term)	✓	✓
Market (Temporary)	✓	✓
Market (LOBOs)	✓	✓
Stock Issues	✓	✓
Local Temporary	✓	✓
Local Bonds	✓	
Local Authority Bills	✓	✓
Overdraft		✓

Negotiable Bonds	✓	✓
Internal (capital receipts and revenue balances	✓	✓
Commercial Paper	✓	
Medium Term Notes	✓	
Finance Leases	✓	✓

4 Annual Investment Strategy

4.1 Investment Policy – Management of Risk

4.1.1 The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Strategy, (a separate report).

4.1.2 The Authority's investment policy has regard to the following:

a) DLUHC's Guidance on Local Government Investments ("the Guidance")
b) CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
c) CIPFA Treasury Management Guidance Notes 2021

4.1.3 The Authority's investment priorities will be security first, portfolio liquidity second and then yield (return). The Authority will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with regard to the Authority's risk appetite.

4.1.4 In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider "laddering" investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated, as well as wider range fund options.

4.1.5 The above guidance from the DLUHC and CIPFA places a high priority on the management of risk. This Authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

a) Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.

b) Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Authority will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.

c) Other information sources used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

d) This Authority has defined the list of types of investment instruments that the treasury management team are authorised to use. There are two in Appendix D under the categories of ‘specified’ and ‘non-specified’ investments. Specified investments are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity, if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year.

   Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by Members and officers before being authorised for use.

e) Lending limits, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 4.2.

f) Transaction limits are set for each type of investment in 4.2.

g) This Authority will set a limit for its investments which are invested for longer than 365 days, (see paragraph 4.4).

h) Investments will only be placed with counterparties from countries with a specified minimum sovereign rating, (see paragraph 4.3).

i) This Authority has engaged external consultants, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Authority in the context of the expected level of cash balances and need for liquidity throughout the year.

j) All investments will be denominated in sterling.

k) As a result of the change in accounting standards for 2022/23 under IFRS 9, this Authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31 March 2023. At the current juncture it has not been determined whether a further extension to the over-ride will be agreed by Government.)

4.1.6 However, this Authority will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

4.2 Creditworthiness Policy

4.2.1 This Authority applies the creditworthiness service provided by the Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays: -

a) "watches" and "outlooks" from credit rating agencies;

b) CDS spreads that may give early warning of changes in credit ratings;

c) sovereign ratings to select counterparties from only the most creditworthy countries.

4.2.2 This modelling approach combines credit ratings, and any assigned Watches and Outlooks, in a weighted scoring system which is then combined with an overlay of CDS spreads. The end-product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are

used by the Authority to determine the suggested duration for investments. The Authority will, therefore, use counterparties within the following durational bands:

a)	Yellow	5 years
b)	Dark pink	5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
c)	Light pink	5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
d)	Purple	2 years
e)	Blue	1 year (only applies to nationalised or semi nationalised UK Banks)
f)	Orange	1 year
g)	Red	6 months
h)	Green	100 days
i)	No colour	not to be used

4.2.3 The Link creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

4.2.4 The Link creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

4.2.5 Typically, the minimum credit ratings criteria the Authority uses will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

4.2.6 All credit ratings will be monitored weekly. The Authority is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

a) 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.

b) in addition to the use of credit ratings the Authority will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Senior Financials benchmark and other market data on a daily

basis via its Passport website, provided exclusively to it by Link. Extreme market movements may result in downgrade of an institution or removal from the Authority's lending list.

4.2.7 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, as well as information on any external support for banks to help support its decision-making process.

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

	Colour (and long-term rating where applicable)	**Money and/or % limit**	**Time limit**
Banks	Yellow	£25m / 100%	5yrs
Banks	Purple	£25m / 100%	2 yrs
Banks	Orange	£25m / 100%	1 yr
Banks – part nationalised	Blue	£25m / 100%	1 yr
Banks	Red	£25m / 100%	6 mths
Banks	Green	£25m / 100%	100 days
Banks	No Colour	Not to be used	
Limit 3 category – Authority's banker (where "No Colour")		£25m /100%	1 day
DMADF	UK sovereign rating	unlimited	6 months
Local authorities	n/a	£25m / 100%	1 yr
Money Market Funds	AAA	£25m / 100%	liquid

4.2.8 Creditworthiness.

Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, more recently the UK sovereign debt rating has been placed on Negative Outlook by the three major rating agencies in the wake of the Truss/Kwarteng unfunded tax-cuts policy. Although the Sunak/Hunt government has calmed markets, the outcome of the rating

agency reviews is unknown at present, but it is possible the UK sovereign debt rating will be downgraded. Accordingly, when setting minimum sovereign debt ratings, this Authority will not set a minimum rating for the UK.

4.2.9 CDS prices

Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the days of the Truss/Kwarteng government, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Authority has access to this information via its Link-provided Passport portal.

4.3 Limits

4.3.1 Due care will be taken to consider the exposure of the Authority's total investment portfolio to non-specified investments, countries, groups and sectors.

a) Non-specified treasury management investment limit. The Authority has determined that it will not invest for periods longer than 12 months.

b) Country limit. The Authority has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA- from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix E. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

4.4 Investment Strategy

4.4.1 **In-house funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that is the case at present, but there is the prospect of Bank Rate peaking in the first half of 2023 and possibly reducing as early as the latter part of 2023 so an agile investment strategy would be appropriate to optimise returns.

4.4.2 Accordingly, while most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

4.4.3 Investment returns expectations.

The current forecast shown in paragraph 3.4, includes a forecast for Bank Rate to reach 4.5% in Q2 2023.

4.4.4 The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

Average earning in each year	
2022/23 (remainder)	4.30%
2023/24	4.30%
2024/25	3.20%
2025/26	2.60%
2026/27	2.50%
Years 6 – 10	2.80%
Years 10+	2.80%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

4.4.5 For its cash flow generated balances, the Authority will seek to utilise its business reserve instant access and notice accounts, Money Market Funds and short-dated deposits, (overnight to 100 days), in order to benefit from the compounding of interest.

4.4.6 The Authority does not expect to have sums available for investment longer than 365 days.

4.5 Investment Performance / Risk Benchmarking

4.5.1 This Authority will use an investment benchmark to assess the investment performance of its investment portfolio.

4.6 End of Year Investment Report

4.6.1 At the end of the financial year, the Authority will report on its investment activity as part of its Annual Treasury Report.

4.7 Delegation to the Treasurer to Safeguard the Authority's Position

4.7.1 It may be prudent, depending on circumstances, to temporarily increase the limits shown in paragraph 4.2.7 if it becomes increasingly difficult for officers to place funds. If this is the case officers will seek approval from the Treasurer for such an increase and approval may be granted at the Treasurer's discretion. Any increase in the limits will be reported to Members of the Audit Committee as part of the normal treasury management reporting process.

Appendix A – The Capital Prudential and Treasury Indicators 2023/24 – 2025/26

The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

1. Capital Expenditure

Capital expenditure £m	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Transport	193.942	260.451	346.419	388.641	356.036
Economic Development & Regeneration	269.558	173.290	215.407	140.211	56.849
Fire & Rescue Service	6.861	13.375	23.177	26.759	18.414
Waste & Resources Service	15.554	14.935	6.780	5.570	4.520
Police Service	41.009	38.618	37.551	37.551	37.551
Total	**526.924**	**500.669**	**629.334**	**598.732**	**473.370**

2. Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Authority's overall finances. The Authority is asked to approve the following indicators.

Ratio of Financing Costs to 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 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Ratio of Financing Costs to Net Revenue Stream	17.2%	15.3%	16.7%	16.3%	15.9%

Maturity Structure of Borrowing

Maturity structure of borrowing. These gross limits are set to reduce the Authority's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Authority is asked to approve the following treasury indicators and limits:

Maturity structure of fixed interest rate borrowing 2023/24		
	Lower	**Upper**
Under 12 months	0%	40%
12 months to 2 years	0%	40%
2 years to 5 years	0%	40%
5 years to 10 years	0%	40%
10 years to 20 years	0%	50%
20 years to 30 years	0%	50%
30 years to 40 years	0%	50%
40 years to 50 years	0%	50%

Appendix B – Interest Rate Forecasts 2022 – 2025

Link Group Interest Rate View 7 February 2023

	Mar-23	**Jun-23**	**Sep-23**	**Dec-23**	**Mar-24**	**Jun-24**	**Sep-24**	**Dec-24**	**Mar-25**	**Jun-25**	**Sep-25**	**Dec-25**	**Mar-26**
Bank Rate	4.25	4.50	4.50	4.25	4.00	3.75	3.25	3.00	2.75	2.75	2.50	2.50	2.50
3 month ave earnings	4.30	4.50	4.50	4.30	4.00	3.80	3.30	3.00	2.80	2.80	2.50	2.50	2.50
6 month ave earnings	4.40	4.50	4.40	4.20	3.90	3.70	3.20	2.90	2.80	2.80	2.60	2.60	2.60
12 month ave earnings	4.50	4.50	4.40	4.20	3.80	3.60	3.10	2.70	2.70	2.70	2.70	2.70	2.70
5 yr PWLB	4.00	4.00	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20	3.10	3.10	3.10
10 yr PWLB	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.50	3.40	3.30	3.30	3.20
25 yr PWLB	4.60	4.60	4.40	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.40	3.40
50 yr PWLB	4.30	4.30	4.20	4.10	3.90	3.80	3.60	3.60	3.40	3.30	3.20	3.20	3.10

Appendix C – Economic Background

1 Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022.

2 Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, Eurozone (EZ) and United States (US) 10-year yields all rising by over 200 basis points (bps) in 2022. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	UK	**Eurozone**	**US**
Bank Rate	4.0%	2.5%	4.5% - 4.75%
Gross Domestic Product	-0.3%q/q Q3 (1.9%y/y)	+0.1%q/q Q4 (1.9%y/y)	2.9% Q4 Annualised
Inflation	10.5%y/y (Dec)	8.5%y/y (Jan)	6.5%y/y (Dec)
Unemployment Rate	3.7% (Nov)	6.6% (Dec)	3.4% (Jan)

3 Q2 of 2022 saw UK GDP revised upwards to +0.2% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Nevertheless, CPI inflation picked up to what should be a peak reading of 11.1% in October, although with further increases in the gas and electricity price caps pencilled in for April 2023, and the cap potentially rising from an average of £2,500 to £3,000 per household, there is still a possibility that inflation will face some further upward pressures before dropping back slowly through 2023 to finish the year in the range of 4% - 5%.

4 The UK unemployment rate fell to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact is that with many economic participants registered as long-term sick, the UK labour force actually shrunk by c500k in the year to June 2022. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at over 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food and energy that have endured since Russia's invasion of Ukraine on 22 February 2022.

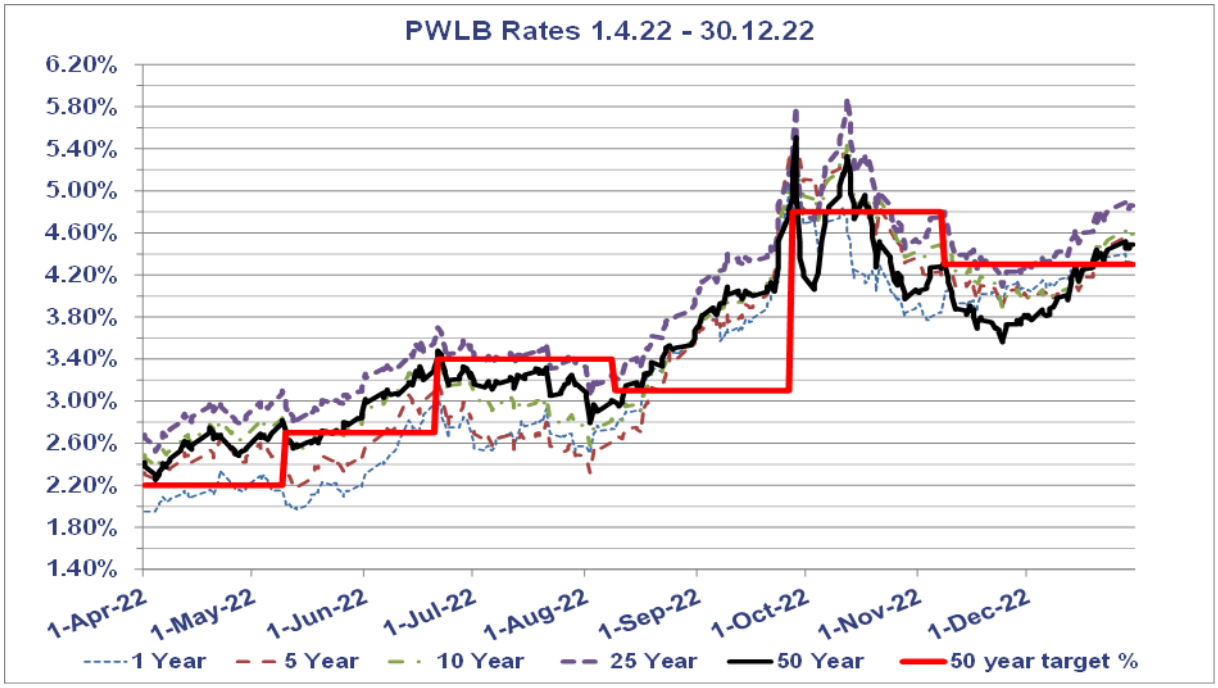
5 Throughout Q3 Bank Rate increased, finishing the quarter at 2.25% (an increase of 1%). Since then, rates rose to 3.5% in December 2022 and 4% in February 2023 and the market currently expects Bank Rate to hit 4.5% by June 2023.

6 Following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September 2022 and October 2022. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of the 17 November 2022 gave rise to a net £55bn fiscal tightening, although much of the "heavy lifting" has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have completely reversed the increases seen under the previous tenants of No10/11 Downing Street.

7 Globally, though, all the major economies are expected to struggle in the near term. The fall below 50 in the composite Purchasing Manager Indices for the UK, US, EZ and China all point to at least one, if not more, quarters of GDP contraction in 2023. In November 2022, the MPC projected eight quarters of negative growth for the UK lasting throughout 2023 and 2024, but with Bank Rate set to peak at lower levels than previously priced in by the markets and the fiscal tightening deferred to some extent, it is not clear that things will be as bad as first anticipated by the Bank. Indeed, their February 2023 Monetary Policy Report suggests five quarters of negative growth, albeit a shallow recession with GDP expected to shrink 0.5% in 2023 and 0.25% in 2024.

8 The £ has remained resilient of late, recovering from a record low of $1.035, on the Monday following the Truss government's "fiscal event", to $1.22. Notwithstanding the £'s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

9 In the table below, the rise in gilt yields, and therein Public Works Loan Board (PWLB) rates, through the first nine months of 2022/23 is clear to see.



10 However, the peak in rates on 28 September 2022 as illustrated in the table covering April 2022 to December 2022 below, has been followed by the whole curve shifting ever lower. PWLB rates at the front end of the curve are generally over 1.25% lower now whilst the 50 years is over 1% lower.

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	1 April 2022	13 May 2022	4 April 2022	4 April 2022	4 April 2022
High	5.11%	5.44%	5.45%	5.88%	5.51%

Date	28 September 2022	28 September 2022	12 October 2022	12 October 2022	28 September 2022
Average	3.26%	3.41%	3.57%	3.85%	3.51%
Spread	3.16%	3.26%	3.09%	3.36%	3.26%

11 The S&P 500 and FTSE 100 have climbed in the early weeks of 2023, albeit the former finished 19% down in 2022 whilst the latter finished up 1%.

Central Bank Concerns – November 2022

12 In December 2022, the Fed decided to push up US rates by 0.5% to a range of 4.25% to 4.5%, whilst the MPC followed by raising Bank Rate from 3% to 3.5%, in line with market expectations. EZ rates have also increased to 2% with further tightening in the pipeline.

13 Having said that, the press conferences in the US and the UK were very different. In the US, Fed Chair, Jerome Powell, stated that rates will be elevated and stay higher for longer than markets had expected. Governor Bailey, here in the UK, said the opposite and explained that the two economies are positioned very differently so you should not, therefore, expect the same policy or messaging.

14 At the start of February 2023, US rates have further increased by 0.25% to a range of 4.5% - 4.75%, whilst UK Bank Rate increased 0.5% to 4%.

15 Regarding UK market expectations, although they now expect Bank Rate to peak within a lower range of 4.25% - 4.5%, caution is advised as the Bank of England Quarterly Monetary Policy Reports have carried a dovish message over the course of the last year, only for the Bank to have to play catch-up as the inflationary data and labour market have proven stronger than expected.

16 In addition, the Bank's central message that GDP will fall for five quarters starting with Q1 2023 may prove to be a little pessimistic. Will the excess savings accumulated by households through the Covid lockdowns provide a spending buffer for the economy – at least to a degree? Ultimately, however, it will not only be inflation data but also employment data that will mostly impact the decision-

making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

Appendix D – Treasury Management Practice (TMP) 1 – Credit and Counterparty Risk Management

1. **SPECIFIED INVESTMENTS:** All such investments will be sterling denominated, with **maturities up to a maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable. (Non-specified investments which would be specified investments apart from originally being for a period longer than 12 months, will be classified as being specified once the remaining period to maturity falls to under twelve months.)

2 **NON-SPECIFIED INVESTMENTS**: These are any investments which do not meet the specified investment criteria. The Authority does not invest for periods longer than 1 year and therefore does not have any non-specified investments.

3 A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made, it will fall into one of the above categories.

4 The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria / colour band	Max % of total investments / £ limit per institution	Max. maturity period
Debt Management Account Deposit Facility (DMADF) – UK Government	yellow	100%/ unlimited	6 months (max. is set by the Debt Management Office (DMO)
UK Government gilts	yellow	Not used	5 years
UK Government Treasury bills	yellow	Not used	364 days (max. is set by the DMO*)
Bonds issued by multilateral development banks	yellow	Not used	5 years
Money Market Funds	AAA	100%/ £25m	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA	Not used	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	Not used	Liquid

Local authorities	yellow	100%/ £25m	5 years
Term deposits with housing associations	Blue Orange Red Green No Colour	Not used	12 months 12 months 6 months 100 days Not for use
Term deposits with banks and building societies	Blue Orange Red Green No Colour	100%/ £25m	12 months 12 months 6 months 100 days Not for use
CDs or corporate bonds with banks and building societies	Blue Orange Red Green No Colour	100%/ £25m	12 months 12 months 6 months 100 days Not for use
Gilt funds	UK sovereign rating	Not used	

Appendix E – Approved Countries for Investments

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link creditworthiness service.

Based on lowest available rating

AAA

a) Australia
b) Denmark
c) Germany
d) Netherlands
e) Norway
f) Singapore
g) Sweden
h) Switzerland

AA+

a) Canada
b) Finland
c) U.S.A.

AA

a) Abu Dhabi (UAE)
b) France

AA-

a) Belgium
b) Qatar
c) U.K.

Appendix F – Treasury Management Scheme of Delegation

Full Authority

a) receiving and reviewing reports on treasury management policies, practices and activities;
b) approval of annual strategy.

Audit Committee

a) approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
b) budget consideration and approval;
c) approval of the division of responsibilities; and
d) receiving and reviewing regular monitoring reports and acting on recommendations.

Treasurer

a) reviewing the treasury management policy and procedures and making recommendations to the responsible body.

Appendix G – The Treasury Management Role of the Section 151 Officer

The S151 (responsible) officer

a) recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
b) submitting regular treasury management policy reports;
    i. submitting budgets and budget variations;
c) receiving and reviewing management information reports;
d) reviewing the performance of the treasury management function;
e) ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
f) ensuring the adequacy of internal audit, and liaising with external audit; and
g) recommending the appointment of external service providers.

GMCA GREATER MANCHESTER COMBINED AUTHORITY

GMCA Audit Committee

Date: 15 March 2023

Subject: Capital Strategy

Report of: Steve Wilson, Treasurer

Purpose of Report

The Capital Strategy sets out the over-arching principles and processes by which the capital and investment decisions set out in the Capital Programme will be prioritised against the key aims of the Greater Manchester Strategy (GMS).

In addition, the Capital Strategy considers the funding implications of the Capital Programme and where borrowing is required, the Treasury Management Strategy sets out how this will be managed during the year along with the policy for managing investments. The Treasury Management Strategy also incorporates the statutory prudential indicators along with the Minimum Revenue Provision Policy to be adopted for 2023/24.

The Capital Strategy also provides an overview of the governance arrangements for capital investment decisions and outlines the Authority's arrangements for managing risk.

Recommendations:

The Audit Committee is asked to note and comment on the contents of the report and recommend its approval by GMCA.

Contact Officers

Steve Wilson, Treasurer

Steve.Wilson@greatermanchester-ca.gov.uk

Rachel Rosewell, Deputy Treasurer

Rachel.Rosewell@greatermanchester-ca.gov.uk

Equalities Impact, Carbon and Sustainability Assessment:

N/A

Risk Management

The GMCA's approach to risk is included in section 9

Legal Considerations

This report fulfils the statutory requirements to have the necessary prudential indicators to be included in a Treasury Management Strategy.

Financial Consequences – Revenue

Financial revenue consequences are contained within the body of the report.

Financial Consequences – Capital

Financial capital consequences are contained within the body of the report.

Number of attachments to the report:

None

Comments/recommendations from Overview & Scrutiny Committee

N/A

Background Papers

N/A

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? No

GM Transport Committee

N/A

Overview and Scrutiny Committee

N/A

1. Introduction/Background

1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to approve and publish an annual Capital Strategy. The Capital Strategy provides:

a) a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
b) an overview of the management of associated risks; and
c) the implications for future budgets and financial sustainability.

1.2 The Capital Strategy maintains a strong link to the aims of the Greater Manchester Strategy (GMS). The overall vision set out in the GMS is to make Greater Manchester a place where everyone can live a good life, growing up, getting on and growing old in a greener, fairer more prosperous city region. This will be delivered by the following shared commitments:

a) Create a carbon neutral city region by 2038, with better air quality and natural environment.

b) Deliver a low carbon London-style fully integrated public transport system across bus, tram, train, and bike.

c) Enable the delivery of world-class smart digital infrastructure.

d) Realise the opportunities from our world-class growth and innovation assets, enabled by specific plans including the Places for Everyone plan, Local Growth Plans, and Industrial Strategy to open up opportunities in all parts of the city-region.

e) Support our businesses to grow sustainably, to become as prosperous as they can be.

f) Support the creation of better jobs and good employment that has a purpose beyond growing shareholder value, utilising the opportunity to make a positive difference to our communities.

g) Ensure businesses are able to access the skills and talent they need, by providing high quality learning, and wrapping support around individuals, enabling them to realise their potential – with access to good employment for those who can work, support for those who could work and care for those who can't.

h) Give our children and young people good education and training so they are ready for career success, with a balance of academic, technical, and 'life ready' skills.

i) Guarantee digital inclusion for everyone, including getting under 25s, over 75s, and disabled people online.

j) Provide safe, decent, and affordable housing, with no one sleeping rough in Greater Manchester.

k) Tackle food and fuel poverty experienced by Greater Manchester residents.

l) Reduce health inequalities and improve both physical and mental health.

m) Drive investment into our growth locations and use that to create opportunities in adjacent town and local centres.

n) Enable resilient, safe, and vibrant communities where everyone has access to essential services, with local centres and high streets which are successful and reflective of their populations, and access to high quality leisure spaces.

o) Ensure our local communities, neighbourhoods, villages, towns, cities, and districts are protected and strengthened through the Places for Everyone plan and Stockport Local Plan, with new homes delivered in line with our carbon neutral commitments and Housing Strategy

1.3 The Capital Strategy covers the following key topics and should be read alongside the Treasury Management Strategy Statement, Borrowing Limits and Annual Investment Strategy 2023/24 also on the agenda for this meeting.

a) The Capital Strategy;
b) Governance, reporting and scrutiny arrangements;
c) The capital programme
d) Asset Management;
e) Commercial Investment;
f) The approach to borrowing and financial investments as set out in the Treasury Management Strategy;
g) The policy for setting aside amounts to repay debt as set out in the Minimum Revenue Provision Policy;
h) The financial indicators required by the Prudential Code;
i) The approach to risk;
j) The extent of other long-term liabilities; and

k) Current knowledge and skills to deliver the Capital Strategy.

2. THE CAPITAL STRATEGY

2.1 The overarching Capital Strategy for the Greater Manchester Combined Authority (GMCA) is to ensure that all resources are directed towards achieving the outcomes contained within the Greater Manchester Strategy (GMS) by maximising the use of external funding to deliver the highest impact affordable programme.

2.2 The following are priority investment areas for the GMCA and are reflected in the capital programme:

a) Transport. The Authority is significantly investing in Metrolink enhancements and renewals, cycling, walking and buses. This is to achieve the GMS priorities of creating a carbon neutral city by 2038 and delivering a low carbon London-style fully integrated public transport system across bus, tram, train, and bike.

b) Economic Development and Regeneration. Alongside the Non-Treasury Investments in Section 5 of the report the Authority is significantly investing in public sector decarbonisation, green and brownfield sites funded by grants from UK central government. This is to achieve the GMS priorities of creating a carbon neutral city region by 2038, realising the opportunities from our world-class growth and innovation assets, supporting our businesses to grow sustainably, supporting the creation of better jobs and good employment, providing safe, decent, and affordable housing, driving investment into our growth locations, enabling resilient, safe, and vibrant communities and ensuring our local communities, neighbourhoods, villages, towns, cities, and districts are protected and strengthened.

c) Fire & Rescue Service. A rolling programme of vehicles and equipment renewals alongside a refreshed estates programme funded mainly from borrowings. This is to achieve the GMS priority of ensuring our local communities, neighbourhoods, villages, towns, cities, and districts are protected and strengthened.

d) Waste & Resources Service. Investment in improvements to current facilities enabling waste to be processed more efficiently. This links to the GMS priority to create a carbon neutral city region by 2038.

e) Police Service. Significant investment in Information and Communications Technology (ICT), fleet vehicles and further service improvements funded by borrowings. This is to achieve the GMS priority of ensuring our local

communities, neighbourhoods, villages, towns, cities, and districts are protected and strengthened.

3. GOVERNANCE AND RISK MANAGEMENT FRAMEWORK

3.1 The GMCA's capital programme involves the expenditure and financing of £2.2 billion of capital schemes over the period 2022/23 to 2025/26. It is important therefore that the risks surrounding the delivery and financing of the capital projects are understood and appropriate governance arrangements are in place. For the authority these governance arrangements are:

a) The Capital Strategy itself which is scrutinised by Audit Committee prior to approval by the GMCA.

b) The Greater Manchester Combined Authority which approves the Capital Programme and capital schemes;

c) The Overview and Scrutiny Committee which has the remit for budget oversight and other financial matters is responsible for scrutinising the Capital Programme;

d) In relation to Police and Crime Commissioner (PCC) functions the Mayor is responsible for setting the Force's capital and revenue budget allocating funds and assets to the Chief Constable. The annual Police Fund Revenue and Capital budget is reported to the Police, Fire and Crime Panel for information.

e) The GMCA constitution sets out the powers of officers with regard to capital expenditure;

f) The GMCA receives quarterly capital monitoring reports which identifies any variation to the approved programme;

g) All capital expenditure follows the GMCA's financial accounting framework which ensures expenditure is treated in a manner compliant with accounting convention / statutory guidance; and

h) The capital programme is subject to both internal and external audit scrutiny.

3.2 Risk is inherent with any investment or commercial activity and whilst it cannot be eliminated, the authority will adopt a strategic approach to risk management. The GMCA's approach to managing risk is that any risks will be appropriate for the authority to take and proportionate to benefits derived, in terms of delivery of Capital Strategy and GMS objectives, both for individual projects and cumulatively. In this way, the authority has a clear understanding of the adverse aspects of risk and can take steps to mitigate it when making decisions.

4. CAPITAL PROGRAMME

4.1. Schemes are included in the capital programme with the aim of delivering the 10 key priorities of Greater Manchester. The proposed capital programme is shown below along with the along with the associated financing.

Capital expenditure £m	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Transport	193.942	260.451	346.419	388.641	356.036
Economic Development and Regeneration	269.558	173.290	215.407	140.211	56.849
Fire and Rescue Service	6.861	13.375	23.177	26.759	18.414
Waste & Resources Service	15.554	14.935	6.780	5.570	4.520
Police Service	41.009	38.618	37.551	37.551	37.551
Total	**526.924**	**500.669**	**629.334**	**598.732**	**473.370**

Financing of capital expenditure £m	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Capital receipts	158.247	69.264	175.547	110.475	59.819
Capital grants	234.278	288.371	230.327	309.701	329.008
Revenue Contribution	36.485	6.597	45.916	18.811	2.830
Borrowing Requirement	**97.914**	**136.437**	**177.544**	**159.745**	**81.713**

4.2. The capital programme is subject to regular review with quarterly monitoring reports presented to the authority. Estimates of capital grant allocations in the financing section above are known to be subject to variation.

4.3 Longer term plans of the GMCA contain rolling programmes of replacement of vehicles for transport, police and fire. The future capital plans of the GMCA are heavily influenced by central government and the Comprehensive Spending Review. Key capital priorities for GMCA include:

a) New programmes of investment through the City Region Sustainable Transport Scheme and Bus Franchising;

b) Investment to support low carbon transport such as electric buses, cycling and walking and Clean Air plans; and

c) Other programmes such as Public Sector Decarbonisation Scheme, Brownfield Land Fund, etc to deliver an integrated and extensive

infrastructure pipeline which will create liveable, sustainable and well-connected places.

5. NON-TREASURY MANAGEMENT REGENERATION INVESTMENTS

5.1 The GMCA does not make commercial investments, to the extent that it does not make investments purely to make a financial return. Where the GMCA has and does make capital investments, it is for strategic or regeneration purposes. The investments below align with the GMS priorities of a thriving and productive economy in all parts of Greater Manchester and safe, decent and affordable housing.

5.2. Growing Places Fund and Regional Growth Fund

5.2.1 The Growing Places Fund (GPF) originally secured by the GM in 2012/13 totalled £34.5m of capital grant funding which is being used to provide up front capital investment in schemes. The GPF has three overriding objectives:

a) to generate economic activity in the short term by addressing immediate constraints:

b) to allow Local Enterprise Partnerships (LEPs) to prioritise infrastructure needs, empowering them to deliver their economic priorities; and

c) to establish sustainable recycled funds so that funding can be reinvested.

5.2.2 The Regional Growth Fund (RGF) of £65m was secured by GM through two rounds of bidding for UK Central Government funding in 2012/13 and 2013/14. The RGF has supported eligible projects and programmes raising private sector investment to create economic growth and lasting employment, with over 6,000 jobs being either created or safeguarded.

5.2.3 The original GPF and RGF allocations have now been fully committed and the GMCA is in the recycling phase. Given that both investment funds were funded through government grant there are no direct impact on the revenue budget should any loans default.

5.2.4 There is likely to be opportunities to passport similar property investments using GMCA's own funds (prudential borrowing) to allow freeing up of GM wide Evergreen Funds for further investments.

5.3 Housing Investment Fund (HIF)

5.3.1 The Greater Manchester Housing Investment Fund has been designed to accelerate and unlock housing schemes. It will help build the new homes to support the growth ambitions across Greater Manchester.

5.3.2 Projects greater than £2m are recommended for approval to the GMCA by the Gateway Panel who review all the detailed information. This results in two separate committees reviewing the detailed proposals. Loans for less the £2m are subject to review and approval by the Credit Committee.

5.4 Greater Manchester Loan Fund (GMLF)

5.4.1 The GMLF was established in June 2013 in response to market constraints which significantly reduced the availability of debt finance.

5.4.2 The GMLF was set up to provide debt finance of between £0.1m and £0.5m to small and medium enterprises in the Greater Manchester region, with the objective of generating business growth, creating and safeguarding jobs. A maximum of £10m has been approved for use by the Fund.

5.5 Protos Finance Limited

5.5.1 In order to create capacity, GMCA has purchased a £12.1m loan committed by Evergreen to Protos Finance Limited. Protos Finance Limited is a subsidiary of Peel established to deliver the development of an industrial site in Cheshire for a variety of uses including waste to energy, biomass and environmental technology facilities. This has freed up resources in the Evergreen Fund for further investments in Greater Manchester.

6. COMMERCIAL INVESTMENTS

6.1 As the Government has introduced measures to actively discourage authorities from engaging in speculative commercial investment, principally by introducing access controls to future PWLB borrowing, then the Capital Strategy for 2023/24 does not allow for any investments to be undertaken solely for commercial purposes.

6.2 If the Authority wishes to engage in such activity, then it will need to prepare a strategy for considering such investments which is to be approved by GMCA. In addition, such activity will also have implications for the Authority’s future ability to

borrow from the PWLB thereby adding considerable financing risk to the authority's capital expenditure plans.

6.3 As such the Treasurer declares that the Authority plans for capital investment as outlined in the capital programme do not contain any investments solely for commercial yield purposes.

7 BORROWING, REVENUE CONSEQUENCES AND THE TREASURY MANAGEMENT STRATEGY STATEMENT (TMSS)

7.1 Capital Financing

7.1.1 Wherever possible the financing of the capital programme will utilise and maximise external funding provided by central government or other third-party sources. The net financing requirement shown in the table in section 4 above is after application of capital receipts, capital grants and revenue contributions.

7.1.2 The capital programme is reliant on prudential borrowing totalling £555m between 2022/23 and 2025/26. This method of financing involves the GMCA borrowing from external sources and results in additional revenue costs of interest and borrowing plus a statutory charge known as the Minimum Revenue Provision (MRP). All prudential borrowing is undertaken in full compliance with the CIPFA Prudential Code which requires authorities to approve their own borrowing limits for the year with indicators to measure the affordability and sustainability of the capital programme.

7.2 Treasury Management Strategy Statement

7.2.1 The Treasury Management Strategy Statement (TMSS) is covered in a separate accompanying report and is closely linked to this capital strategy. The capital programme identifies the borrowing need of the authority whilst the TMSS considers how the GMCA will manage these cash requirements. This may involve arranging loans and taking decisions on whether these loans should be short or long term having regard to prevailing and forecast interest rates. The TMSS will also consider the GMCA's cash surpluses and how these should be managed. At times it may be beneficial to defer borrowing and use these cash surpluses to avoid borrowing and thereby saving interest expenditure.

7.2.2 The Authority has successfully pursued a policy of internal borrowing using its cash surpluses over the last few years whilst keeping interest rates under review

for signs they may increase. In times of increasing interest rates the authority may borrow early and then invest the surplus cash until it is required.

7.3 Borrowing Limits

7.3.1 At the end of 2022/23 it is forecast that the GMCA's external debt will be £1.370 billion (including PFI liabilities) and this is forecast to increase to £1.491 billion by the end of 2023/24 based on the borrowing needs of the capital programme.

7.3.2 The Prudential Code requires the GMCA to set two limits for external debt each year.

a) The Authorised Limit – this represents the maximum limit for external debt, including PFI liabilities, taking account of fluctuations in day to day cash requirements.

b) The Operational Boundary – this is the limit beyond which external debt is not normally expected to exceed. The GMCA is currently under borrowed as a result of pursuing an internal borrowing policy and thereby reducing financing costs.

7.3.3 Based on the forecast capital programme, the limits in the TMSS are:

£m	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Operational Boundary	2,573.808	2,652.122	2,699.185	2,661.603
Authorised Limit	2,689.384	2,771.458	2,820.836	2,781.738

8. ASSET MANAGEMENT

8.1. The Estates Strategy Group (ESG) adopts an integrated approach to share best practice and optimise all assets to ensure best use of public money.

8.2. The ESG oversees a broad range of assets to ensure GMCA maintains a fit-for-purpose estate that is responsive to change and enables the delivery of organisational objectives.

8.3 The focus of the ESG is to:

a) Drive improvement in the asset management of the GMCA's property, utilising it to meet the GMS priorities and targeting resources across the GMCA;

b) Oversee, through the GM Estates Strategy, the strategic management of the whole of the GMCA estate and how it can work constructively with its partners;

c) Overseeing and managing investment programmes within the GMCA; and

d) Managing strategic property asset related risks.

8.4 Assets no longer required will be disposed of and the capital receipt used to fund the capital programme. The GMCA constitution sets out the powers of officers with regards to the disposal of assets.

9 APPROACH TO RISK

9.1 Risk is inherent with any investment or commercial activity and whilst it cannot be eliminated entirely the authority will adopt a strategic approach to risk management. The GMCA's approach to risk is to balance risk with the achievement of its priorities.

9.2 There is a clear distinction between capital investments, where the achievement of strategic aims will be considered and treasury management investments which are made for the purpose of cash flow management. The risk appetite for these two distinct types of investment may differ given the difference in expected outcomes.

9.3 For treasury management investments and debt the GMCA's risk appetite is extremely low with security of funds the primary concern. The Authority seeks to invest surplus cash in instruments with high credit quality and for relatively short periods and to have alternative debt options available.

10 OTHER LONG-TERM LIABILITIES: PRIVATE FINANCE INITIATIVE (PFI)

10.1 The Authority has two PFI contracts: Stretford Fire Station and 17 Police Stations. In financial terms, PFIs are regarded as a form of debt financing and included within the Authority's borrowing limits.

10.2 Under the terms of the PFI contracts, the Authority makes regular payments which cover the service cost associated with facilities management and the asset itself. The PFI contracts are due to end as follows:

a) Stretford Fire Station: 2024/25

b) 17 Police Stations: 2030/31

11 KNOWLEDGE AND SKILLS

11.1 Both the capital programme and the Treasury Management Strategy are managed by teams of professionally qualified, local government experienced accountants. Officers maintain and develop their knowledge through Continuous Professional Development and by attending courses offered by CIPFA and other sector experts.

11.2 The Treasurer has overall responsibility for ensuring the proper management of the GMCA's capital programme, assets and treasury management activities. The Treasurer is also a professionally qualified accountant.

11.3 The Audit Committee is the body that scrutinises all aspects of the Capital Strategy. Internal and external training is available to members of the committee to ensure they have the relevant skills, knowledge and understanding to undertake this role.

11.4 When required internal skills and knowledge will be supplemented by external advisors. The Authority's treasury advisors are Link.

This page is intentionally left blank

GMCA GREATER MANCHESTER COMBINED AUTHORITY

Date: **15th March 2023**

Subject: **Final 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) roup accounts for 2021/22.

The report updates the committee on the changes since the draft accounts were published and confirms, subject to the committee's approval of the accounts and the unadjusted misstatements, that the final accounts expect to receive an unqualified opinion from the authority's external auditors subject to outstanding issues set out in the report.

RECOMMENDATIONS:

Audit Committee members are requested to note the final statement of accounts 2021/22 and to note the changes to accounts during the audit period and to approve the unadjusted misstatements contained within this report.

Audit Committee members are requested to delegate to the GMCA Treasurer, in consultation with the Audit Committee chair, the publication of the final accounts following audit completion.

CONTACT OFFICERS:

Name: Steve Wilson
Position: Treasurer, GMCA
Tel: 07725 481067
E-mail: steve.wilson@greatermanchester-ca.gov.uk

Name: Rachel Rosewell
Position: Deputy Treasurer, GMCA
Tel: 07725 482865
E-mail: rachel.rosewell@greatermanchester-ca.gov.uk

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 which may have an impact on the Authority and Mayoral General / PCC reserves.

Legal Considerations – included in Section 2

Financial Consequences – Revenue – N/A

Financial Consequences – Capital – N/A

Number of attachments included in the report: 2

BACKGROUND PAPERS:

2021/22 Draft Statement of Accounts – Audit Committee 27th July 2022

TRACKING/PROCESS		
Does this report relate to a Key Decision, as set out in the GMCA Constitution or in the process agreed by the AGMA Executive Board		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 AGMA Scrutiny Pool on the grounds of urgency?	No	
AGMA Commission	TfGMC	Scrutiny Pool
N/A	N/A	N/A

1. INTRODUCTION

1.1 This report provides the Greater Manchester Combined Authority (GMCA) group accounts for 2021/22. The report updates the committee on the changes since the draft accounts were published. It confirms that subject to the committee's approval of the accounts, noting the unadjusted misstatements and outstanding issues and that the final accounts expect to receive an unqualified opinion from the authority's external auditors

1.2 The Accounts and Audit Regulations issued by the Department for Levelling Up, Housing and Communities (DLUHC) 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 extended the statutory deadlines for local authorities to approve and publish their accounts due to the Coronavirus (COVID-19) pandemic for 2020/21 and 2021/22. The Accounts and Audit (Coronavirus) (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 The publication of the accounts has been delayed primarily due to a national technical issue in respect of accounting for infrastructure assets which arose during 2022, In December 2022 the Department for Levelling Up, Housing and Communities (DLUHC) issued a statutory override for authorities to include in the accounts and the Chartered Institute of Public Finance and Accountancy (CIPFA) followed this up in January 2023 with guidance. This means that most local authority accounts, in particular those with highways assets, did not meet the statutory publication deadline and remain outstanding.

2.4 Whole of Government Accounts (WGA) provides a view of the government's financial position and performance by consolidating the UK public sector in line with International Financial Reporting Standards. Most local authorities are now below the materiality threshold for providing WGA, however due to the financial significance of the group accounts, the GMCA does not have this exception. HM Treasury provided the WGA data collection tool for 2021/22 at the beginning of February 2023. GMCA has informed HMT that WGAs are scheduled for external audit during July 2023 which will not meet the HMT exceptionally tight deadline of 31st March 2023.

3. PRESENTATION OF THE ANNUAL ACCOUNTS

3.1 The GMCA group 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 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.

3.5 The following bodies are consolidated alongside the GMCA single entity to create the group accounts:

- Chief Constable of Greater Manchester Police (GMP)
- Transport for Greater Manchester (TfGM)
- NW Evergreen Holdings Limited Partnership (NWEH)
- Greater Manchester Fund of Funds Limited Partnership (FoFLP)
- Greater Manchester Evergreen 2 Limited Partnership (GME2)

3.6 All intra-group trading, balances and unrealised gains and losses as at the end of the period are eliminated in full.

4 EXTERNAL AUDIT REVIEW OF THE ACCOUNTS

4.1 The draft accounts presented to the Audit Committee on 27th July 2022 have been audited by GMCA's external auditors, Mazars. The audit completion report is included separately on the committee agenda and will be presented by Mazars, however following the review by external audit and ongoing management review of the draft accounts, a number of potential amendments have been identified to the published draft accounts.

4.2 The accounts have been updated to reflect the majority of these amendments but in a limited number of cases the decision has been made not to adjust for specific issues. The amendments are described below and the audit committee is asked to review the issues identified and to confirm support for the unadjusted misstatements described.

5 UNADJUSTED MISSTATEMENTS

5.1 There are a few issues where the accounts have not been adjusted to reflect identified misstatements. These are well below the materiality threshold of £35m for the single entity accounts but above the trivial threshold for adjustment of £1.050m.

The individual and net value of unadjusted misstatements are not considered material and do not affect the reader's interpretation of the accounts. The external audit completion report confirms the approach taken to these issues.

i. Adjustment for pension liabilities

- The authority was informed of a maximum potential impact of a current legal case concerning the firefighter's pension scheme. The impact of the case could have an impact on the GMCA pension liability which would equate to a maximum of £1.876m.
- An adjustment to reflect the pension liability from Greater Manchester Pension Fund (GMPF) for the actuary report based on actual figures, which became available during the period since the draft accounts were published of £2.953m.
- The authority's share of an error identified by the GMPF auditor in testing of pension assets which increases the pension liability by an estimated £1.662m.

ii. Misclassification of income

- A misclassification of income classified as 'fees, charges and other service' income to 'financing and investment income' as it related to interest payable on loan receivables of £1.557m.

iii. Short term debtors

- An adjustment to reflect an over accrual of a debtor of £1.352m in relation to one invoice.

iv. Asset valuation

- Two separate errors in relation to the new CIPFA fixed asset system, resetting the useful lives on some assets instead of remaining useful lifes, with an overall reduction in asset valuation of £1.530m. This will be reflected in the valuations for the following financial year.

v. Fair value movements in equity investments

- Movements on equity investments of £6.122m posted on the balance sheet to capital adjustment reserve rather than the financial instrument revaluation reserve. A small impact on the income and expenditure statement of £66k. Controls will be put in place for future years to ensure correct treatment.

6 CHANGES TO THE DRAFT ACCOUNTS

6.1 There are a small number of changes that have been made to the draft accounts following the management and audit review.

i) Light Rail grant income

- Correction of grant income of £4.073m which had been incorrectly credited to grant expenditure rather than grant income, this has not affected the income and expenditure position.

ii) Reclassification of investment

- Amendment of one investment of £15.006m classified as cash and cash equivalents rather than a short term investment.

iii) Property, Plant and Equipment

- Adjustment to reclassify several operational assets valued at £25.639m which were incorrectly held as assets under construction. Additionally, to recognise the downward revaluation of one of the assets of £6.118m has been charged to depreciation in capital adjustment account.
- Correction of misstatements relating to derecognition applied to property, plant and equipment for Fire and Rescue of £1.898m, Waste of £896k and Greater Manchester Police (GMP) of £268k.

iv) Long term debtors

- Adjustment to correct error in coding of long-term debtors of £6.911m. There is no change in overall long-term debtors figure, however classification between gross book value and impairment allowance has been amended.

v) Minimum revenue provision on inherited debt

- Adjustment to reflect write down period for inherited debt of £420k, which has been met from earmarked reserves.

iv) Adjusted misstatement found in 2021/22 relating to 2020/21 (prior period adjustment)

- There has been an adjustment to correct the treatment of the £129.964m light rail grant from Government which was recognised as agency grant

(i.e. provided directly to TFGM) but has subsequently been re-evaluated as a principal grant to GMCA. This reverses an adjusted misstatement in the 2020/21 accounts following further clarification of the grant conditions.

vi) Other Disclosure adjustments

- Note 1 - Accounting policies – Property, Plant and Equipment account policy updated to apply the statutory override in relation to derecognition of infrastructure assets reference in paragraph 2.3 above.
- Note 2 – Critical Accounting Judgements – updated for more comprehensive list of entities not considered into the group accounts and to make reference to inclusion of Evergreen 2 in the group financial statements.
- There are adjustments to the notes to the accounts which are detailed in full in the audit completion report.

7. STATUS OF THE AUDIT - OUTSTANDING ISSUES

7.1 The work on the 2021/22 accounts is believed to be complete and the audit completion report will confirm that there are no matters known that would require modification of the audit opinion, subject to outstanding matters detailed below:

- Defined benefit pension liability – an error has been identified by the auditor for the Greater Manchester Pension Fund which if material will affect all GM local authority accounts for 2021/22.
- Cash flow statement – an updated cash flow statement has been provided to correct a non-trivial balance with support from external experts due to the complexity and scale of GMCA transactions.
- Final audit opinion on revised consolidated financial statements which have been amended following initial review of draft group accounts.

7.2 Mazars will review a final set of financial statements on completion of the above in April 2023. The Audit Committee is recommended to delegate to the GMCA Treasurer, in consultation with the Audit Committee chair the publication of the final accounts following completion of the audit, assuming no change to the audit opinion or material change to the group financial statements.

8. LETTER OF REPRESENTATION

8.1 Appendix 1 contains the proposed letter of representation from the GMCA Treasurer to the authority's external auditors. This is presented for the committee members to note.

9 RECOMMENDATIONS

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

This page is intentionally left blank

GMCA GREATER MANCHESTER COMBINED AUTHORITY

DRAFT

Annual Statement of Accounts

Year ended 31 March 2022

Contents Page

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 (GM) 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 Authority. 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 720,000m^2 of commercial floor space and the redevelopment of over 52 hectares of Brownfield land. Developments in the year are expected to unlock over 30,000m^2 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 205,000m^2 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 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 by 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 c1,286 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 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 on 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 (GMACS) 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 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. Career Connect have been awarded the contract to support 15-19 years, and Ingeus to support 18-25 years. 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 apprenticeships starts across Greater Manchester public services since 2017. Whilst formal reporting for 2021/22 has not yet taken place, in the previous year (20/21) 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+ 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 & 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 & 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 & 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 SME Support element commenced in Autumn 2020 and to date over 1800 SME's in GM have been supported with this programme. We have also commissioned 8 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 23 with claims being submitted to ESF until Dec 23.

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 which, since its launch in August 2019, 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 approx. £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, enabling the provider to continue to support all participants on programme despite having to adopt remote delivery models for significant periods in order to continue supporting residents facing some of the most complex barriers and long-standing distancing 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 of the co-design project in GM, commissioned by the Centre for Ageing Better, was completed. 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 (£4.85m) 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 Troubled 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.
- Maintain 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 recyclate 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 His 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 500m^2. 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. Our most recent inspection by confirmed we are an evolving and improving service with inspectors reporting a positive shift in the leadership and culture of GMFRS. We will continue to work with HMICFRS to implement further improvements to deliver our 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 our 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 Flexile 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 Training Strategy and successfully implemented Year 1

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
- High Rise Training exercises delivered for operational crews
- 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
- Achieved financial savings of £2.9m
- Gained approval of the Sustainability Strategy and developed a steering group
- LED's schemes were implemented at 18 Fire Stations as part of the Carbon reduction scheme
- 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 our 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% (seventeen). 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 (LTA) 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 £94.8 million 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 a 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 (NO_2) 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 NO_2 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 NO_2 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 NO_2 limits by 2024. Government gave Greater Manchester until July 2022 to present a revised plan to achieve compliance with legal levels of NO_2 on the local road network in the shortest time possible and by no later than 2026. This was submitted 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)	(56)	**(452)**
Business Rates (Enterprise Zones)	(340)	0	**(340)**
Total Reserves	**(736)**	**(56)**	**(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 Revenue Outturn	Original/Revised Budget			Outturn			Variance (under) / overspend		
	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	259,967	(259,765)	202	202	0	202
Mayoral General	126,749	(126,749)	0	126,427	(126,427)	0	(322)	322	0
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	162,496	(162,402)	94	94	0	94
Transport	246,426	(246,426)	0	234,503	(246,426)	(11,923)	(11,923)	0	(11,923)
Police Fund	646,654	(646,654)	0	646,737	(646,654)	83	83	0	83

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	Original Budget £000	Revised Budget £000	Outturn £000	Variance Over / (Under) Spend £000
Greater Manchester Transport Fund				
Metrolink Programme	5,770	7,020	5,877	(1,143)
Metrolink Renewals and Enhancements	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 Manchester Transport Fund	**14,292**	**16,634**	**16,890**	**256**
Road Schemes (Stockport)				
A6 MARR / SEMMMS	5,552	3,732	2,500	(1,232)
Stockport Council Schemes total	**5,552**	**3,732**	**2,500**	**(1,232)**
Other Metrolink Schemes				
Trafford Extension	196	710	988	278
Other Metrolink Schemes total	**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)**

Capital Programme 2021/22 (continued)	Original Budget £000	Revised Budget £000	Outturn £000	Variance Over / (Under) Spend £000
Growth Deal Majors				
TfGM Majors	22,117	16,765	18,375	1,610
Local Authorities Majors	12,418	9,675	9,669	(6)
Growth Deal total	**34,535**	**26,440**	**28,044**	**1,604**
Minor Works				
ITB Local Authorities	849	1,011	332	(679)
Growth Deal 1 & 2 Local Authorities	6,932	4,993	4,239	(754)
Growth Deal 2 TfGM Schemes	910	638	563	(75)
Growth Deal 3 TfGM schemes	1,347	2,343	2,256	(87)
Growth Deal 3 Local Authorities	1,040	43	31	(12)
Minor Works total	**11,078**	**9,028**	**7,421**	**(1,607)**
Transforming Cities 2				
TCF2	2,625	1,029	1,017	(12)
Transforming Cities 2 total	**2,625**	**1,029**	**1,017**	**(12)**
Bus Franchising				
Bus Franchising	0	6,423	5,223	(1,200)
Bus Franchising total	**0**	**6,423**	**5,223**	**(1,200)**
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	499	499
Highways Capital Maintenance	27,202	34,940	47,164	12,224
Other Transport	**46,954**	**48,640**	**62,206**	**13,566**
TOTAL TRANSPORT	**213,950**	**207,817**	**207,303**	**(514)**

Capital Programme 2021/22 (continued)	Original Budget £000	Revised Budget £000	Outturn £000	Variance Over/ (Under) / Spend £000
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
Growth Deal - Skills Capital Round 2/3	9,673	4,596	3,445	(1,151)
Growth Deal - Life Sciences Fund	1,749	999	749	(250)
Growth Deal - 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 Decarbonisation Scheme	0	57,648	35,257	(22,391)
Homelessness Rough Sleeper Programme	0	1,335	1,335	0
Green Homes	0	3,300	1,939	(1,361)
TOTAL ECONOMIC DEVELOPMENT & REGENERATION	**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)
TOTAL FIRE & RESCUE SERVICE	**13,277**	**11,185**	**6,860**	**(4,325)**
Operational Sites	21,300	24,150	15,516	(8,634)
Non-Operational - Sites	1,750	189	38	(151)
TOTAL 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)**
TOTAL CAPITAL	**493,335**	**523,409**	**539,512**	**16,103**

Financed by:	**£000**
GMCA Resources	
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 £m		2021/22 £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 £m		2021/22 £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 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 £7.20 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 has been 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 Districts 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 Greater Manchester to maintain a source of income to cover its investment priorities to promote growth in the GM economic area.

The ten 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 Contributions and Waste and Transport Levies which are funded from the ten GM Authorities' General Fund Budgets.

There is an inherent financial risk across all areas of the 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, 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.

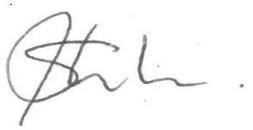
Group Accounts

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.



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.

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.

Restated Gross Expenditure 2020/21 £000s	Restated Gross Income 2020/21 £000s	Restated Net Expenditure 2020/21 £000s	Comprehensive Income and Expenditure Statement	Note	Gross Expenditure 2021/22 £000s	Gross Income 2021/22 £000s	Net Expenditure 2021/22 £000s
			Transport, Waste, Economic Development and Regeneration				
379,979	(142,005)	237,974	Highways and Transport Services		326,880	(122,515)	204,365
417,491	(253,111)	164,381	Economic Development and Regeneration		305,667	(188,465)	117,202
128,420	(5,247)	123,172	Waste Disposal		112,211	(1,085)	111,126
925,890	**(400,363)**	**525,527**	**Total**		**744,758**	**(312,066)**	**432,693**
			Mayoral General Fund Services				
94,512	(19,627)	74,885	Fire and Rescue Services		106,900	(16,586)	90,314
116,925	(101,170)	15,755	Mayor's Office		125,654	(101,036)	24,618
211,436	**(120,797)**	**90,640**	**Total**		**232,554**	**(117,622)**	**114,933**
			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		748,928	0	748,928
737,817	**(108,706)**	**629,111**	**Total**		**782,724**	**(116,408)**	**666,316**
1,875,143	**(629,866)**	**1,245,277**	**Total Cost of GMCA Operations**		**1,760,036**	**(546,095)**	**1,213,941**
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
2,088,453	**(2,060,500)**	**27,953**	**(Surplus) / Deficit on Provision of Services**		**1,973,024**	**(2,039,968)**	**(66,944)**
			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				(23,862)
		152,571	**Other Comprehensive (Income) & Expenditure**				**(80,014)**
		180,524	**Total Comprehensive (Income) and Expenditure**				**(146,957)**

Steve Wilson
Greater Manchester Combined Authority Treasurer
Date: xx Month 2023

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end of the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce 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	**(66,944)**	0	0	**(66,944)**	0	**(66,944)**
Total Comprehensive Income and Expenditure	**0**	0	0	**0**	(80,014)	**(80,014)**
Total Adjustments between accounting basis & funding basis under	**(11,208)**	(8,616)	(14,307)	**(34,130)**	34,130	**0**
Transfers to or from Earmarked Reserves	**0**	0	0	**0**	0	**0**
(Increase) / decrease in year	**(78,152)**	**(8,616)**	**(14,307)**	**(101,074)**	**(45,883)**	**(146,957)**
Balance as at 31 March 2022	**(524,787)**	**(35,653)**	**(68,572)**	**(629,012)**	**3,346,248**	**2,717,236**

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	655,491
83	Heritage Assets		83
53	Investment Property		53
22,378	Intangible Assets	21	23,487
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**		**853,575**
	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	229,927
0	Short Term Investments		15,006
436,376	**Total Current Assets**		**493,195**
	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)**		**(2,717,236)**
	Financed by:		
(527,938)	Usable Reserves	9,10	(629,012)
3,392,133	Unusable Reserves	28	3,346,248
2,864,195	**Total Reserves**		**2,717,236**

Steve Wilson
Greater Manchester Combined Authority Treasurer
Date: xx Month 2023

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**		**(66,944)**
(242,985)	Adjustments to net surplus on the provision of services for non cash movements	32a	(186,474)
246,309	Adjust for items included in the net surplus on the provision of services that are investing and financing activities	32a	243,688
31,277	**Net Cash Flows from Operating Activities**		**(9,730)**
(185,562)	Investing Activities	32b	(166,350)
71,030	Financing Activities	32c	84,964
(83,255)	**(Increase) / Decrease in Cash and Cash Equivalents**		**(91,116)**
55,555	**Cash and cash equivalents at 1 April**		**138,810**
138,810	**Cash and cash equivalents at 31 March**	23	**229,927**

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 - Single Entity balance sheet, all the transport assets sit on TFGM's balance sheet within the GMCA - Group accounts. 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 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 (GMPF) 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 GMPF 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 GMPF – 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 a relevant expert;

- 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.

1.11. Highways Infrastructure Assets

Highways infrastructure assets include traffic signals, tram networks, bus interchanges and bus stations, guided busways and cycle hubs.

1.11.1. Recognition

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

1.11.2 Measurement

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

1.11.3 Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year and the useful live of a Traffic Signal is estimated to be 11 years.

1.11.4 Disposals and derecognition

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

The written-off amounts of disposals are not a charge against the general fund, as the cost of non-current assets are fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement1.12. 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.

1.13. 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.

1.14. 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.

1.15. 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.

1.16. Capital and Revenue Grants and Contributions

1.16.1. 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.

1.16.2. 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.

1.16.3. 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.

1.17. Local Taxation

1.17.1. 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 ten 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.

1.17.2. Business Rates

From 1 April 2013 the ten 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 GM 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.

1.18. 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.

1.18.1. 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.

1.18.2. 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.

1.18.3. 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.

1.18.4. 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.

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.

1.19. 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.

1.20. 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.

1.20. Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

1.22. 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.

1.23. 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.

1.24. 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.

1.25. 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.

1.26. 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.

1.27. 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.

1.28. 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, GM Fund of Funds LP and Greater Manchester Evergreen 2 LP.

1.29. 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.

1.30. 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.

1.31. 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 GM whereby the contractor will operate and service the stations for 25 years after which ownership will revert to the Mayor of GM 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.

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. Where necessary the Authority would have 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 boundary

The GMCA has interests in a number of external companies either as a direct owner or in partnership with other organisations. The nature of these relationships has been assessed under IFRS 11, IAS 27 and IAS 28 (Accounting for Joint Arrangements, Subsidiaries and Associates)

These Accounts contain a set of group statements and supporting notes to reflect the nature and value of the Authorities' interests in other entities. Where the Authority is considered to have control or significant influence over another entity, they are deemed to be within the group boundary and are assessed for inclusion in the group accounts.

Consolidation of entities considered for inclusion in the group account is dependent on several factors, including the extent of the Authorities' interest and power to influence and control, materiality, investment, and transparency; where these factors are not considered material those members of the Group have not been consolidated.

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 GM'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. The Company registration number is 10482059. 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. The Company registration number is LP017585. 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.

Greater Manchester Evergreen 2 Limited Partnership (GME2LP)

Evergreen 2 was incorporated on 20 February 2017 under England's 2014-20 ERDF Operational Programme and is solely a Greater Manchester fund. The Company registration number is LP017867. It has been decided that the **GM Evergreen 2 LP will be Included** in the group accounts for the first time this year.

Greater Manchester Low Carbon UDF Limited Partnership

The GM Low Carbon UDF LP was incorporated on 20th February 2017, Company registration number LP017868. The GM FOF LP is supplying a loan facility of £15m to the GM Low Carbon UDF LP under a Contingent Loan Facility. The GM Low Carbon UDF LP is to use the funds to increase small scale renewable energy schemes. On the grounds of immateriality, it has been decided that the **GM Low Carbon UDF LP will not be Included** in the group accounts

NW Fire Control Company

NW Fire Control Limited (NWFCC) is a Company limited by Guarantee with the responsibility for Fire and Rescue services mobilisation for the North West Region. The Company registration number is 06314891. The company has four equal partners namely: GMCA, Cheshire, Cumbria County Council and Lancashire Fire and Rescue Authorities.

NWFCC became operational during 2014/15 and it meets with the definition of a Joint Operation for group accounts purposes. The Company is governing by unanimous consent for all key decisions, with each member having equal voting rights. The liability of each member in the event of the company being wound up is limited and shall not exceed £1. Each member of the company has the right to appoint two directors, who are Councillors appointed to their respective FRAs. In 2014 all four services transferred their Control Room functions into the regionalised service provided by NW Fire Control Limited. The cost of the service is charged out to the four FRAs on an agreed pro rata basis set out in a Service Level Agreement.

However, on the grounds of immateriality **NWFCC will not be Included** the group accounts

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

Greater Manchester Accessible Transport Limited (GMATL)

GMATL is a private company limited by guarantee without share capital. The Company registration number is 02483763. The Authority is the person with significant control and has previously included GMATL in its group accounts. The balance sheet value is approximately £2.9m. 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 Company registration number is 03323710. The Authority is the person with significant control and has previously included MIDAS in its group accounts. The balance sheet value is approximately £2.6m. On the grounds of immateriality, it has been decided that **MIDAS will not be included** in the group accounts.

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

HIVE Homes

HIVE Homes is a joint venture with 10 Registered Housing providers and has been incorporated to acquire sites in GM and then develop them for sale as residential use. The Company registration number is OC425196. 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.

Resonance Supported Homes Fund Limited Partnership

Resonance Supported Homes Fund was incorporated in July 2020 to house adults with learning disabilities, autism and mental health issues living in inappropriate housing such as long-term hospital inpatient facilities, or on long waiting lists awaiting the right housing for their needs. The Company registration number is LP021031. On the grounds of immateriality, it has been decided that **Resonance Supported Homes Fund will not be included** in the group accounts.

The GM & Cheshire life Sciences Fund Limited Partnership

The GM & Cheshire Life Sciences Fund was incorporated in September 2015 as a seed and early-stage venture capital fund for life sciences businesses located in the Greater Manchester and Cheshire & Warrington region. The Fund came to the end of its new investment period in mid-2021, by which time it had made a range of seed, early-stage and growth investments into 42 companies. The Fund will continue to support its portfolio and carry out follow-on funding until at least 2030. The Company registration number is LP016834. On the grounds of immateriality, it has been decided that **The GM & Cheshire Life Sciences Fund will not be included** in the group accounts

INTERCHANGE HOMES LLP

Interchange Home LLP was incorporated in October 2021 as a special purpose vehicle (SPV) for the town centre residential accommodation development at Stockport Interchange. The company registration number is OC439564. On the grounds of immateriality, it has been decided that **Interchanges Homes LLP 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 PPE

The valuation of GMCA's Property, Plant and Equipment (PPE) is a significant area of estimation uncertainty. There is a risk of material adjustment to the carrying value of PPE within the next financial year, if the actual values differ from the assumptions used to value PPE. A reduction in estimated valuation would result in a reduction to the Revaluation Reserve and/or a loss in the Comprehensive Income and Expenditure Statement. An increase in estimation valuation would result in an increase in the Revaluation Reserve and/or gain in the Comprehensive Income and Expenditure Statement. For instance, the impact of a 10% change in the valuation of GMCA's operational land and buildings would be £51m. Note 20 to the accounts sets out the Authority's approach to the valuation of its PPE.

3.2 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. Details can be found in Note 33.

4 Impact of Accounting Standards issued but not yet Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the Council to disclose 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 Code.

The following changes are as a result of the annual improvements to IFRS Standards 2018-2020. The annual IFRS improvement programme notes three changed standards:

- IFRS1 (First-time adoption) - amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS.
- IAS 37 (Onerous contracts) - clarifies the intention of the standard.
- IAS 41 (Agriculture) - one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

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

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 Statement of Accounts

The 2021/22 Statement of Accounts were authorised for issue by the Treasurer on the xx Month 2023

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.

2020/21				2021/22		
Net expenditure chargeable to the General Fund Balance £000s	**Adjustments between Funding and Accounting Basis £000s**	**Net expenditure in the Comprehensive Income and Expenditure Statement £000s**		**Net expenditure chargeable to the General Fund Balance £000s**	**Adjustments between Funding and Accounting Basis £000s**	**Net expenditure in the Comprehensive Income and Expenditure Statement £000s**
			Continuing Services			
257,833	(19,859)	237,974	Highways and Transport Services	219,906	(15,541)	204,365
160,549	3,832	164,381	Economic Development and Regeneration	108,194	9,008	117,202
151,463	(28,291)	123,172	Waste Disposal Services	124,179	(13,053)	111,126
97,920	(7,280)	90,640	Mayoral General Fund Services	128,043	(13,110)	114,933
616,194	12,917	629,111	Mayoral Police Fund Services	659,934	6,382	666,316
1,283,959	**(38,681)**	**1,245,277**	**Cost of Services**	**1,240,256**	**(26,315)**	**1,213,941**
(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**	**(78,152)**	**11,208**	**(66,944)**
472,820			**Opening General Fund Balance and Earmarked Reserves Continuing Services**	**446,635**		
(26,185)			Surplus / (Deficit) on General Fund Balance in year	78,152		
446,635			**Closing General Fund Balance at 31 March**	**524,788**		

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**
				Continuing Services				
(19,859)	0	0	(19,859)	Highways and Transport Services	(15,541)	0	0	(15,541)
1,978	1,853	0	3,832	Economic Development and Regeneration	3,385	5,622	0	9,008
(28,430)	139	0	(28,291)	Waste Disposal Services	(13,456)	402	0	(13,053)
10,223	(17,503)	0	(7,280)	Mayoral General Fund Services	1,972	(15,083)	0	(13,110)
12,789	128	0	12,917	Mayoral Police Fund Services	6,015	367	0	6,382
(23,299)	**(15,382)**	**0**	**(38,681)**	**Net Cost of Services**	**(17,624)**	**(8,691)**	**0**	**(26,315)**
(4,733)	39,065	6,117	40,449	**Other Income and Expenditure**	(1,553)	39,076	0	37,523
(28,032)	**23,683**	**6,117**	**1,768**	**Difference between General Fund Surplus and CIES Deficit on the Provision of Services**	**(19,177)**	**30,385**	**0**	**11,208**

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.

2020/21 General Fund Balance £000s	2020/21 Capital Receipts Reserve £000s	2020/21 Capital Grants Unapplied £000s	2020/21 Movement in Unusable Reserves £000s		2021/22 General Fund Balance £000s	2021/22 Capital Receipts Reserve £000s	2021/22 Capital Grants Unapplied £000s	2021/22 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)	(119,405)	0	0	119,405
(166,488)	**0**	**0**	**166,488**	**Total Adjustments to Revenue Resources**	**(142,932)**	**0**	**0**	**142,932**
				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 Provision for Expected Credit Loss	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)	82,734	0	0	(82,734)
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)	36,485	0	0	(36,485)
137,684	**(68,812)**	**0**	**(68,872)**	**Total Adjustments between Revenue and Capital Resources**	**123,108**	**(171,660)**	**0**	**48,552**
				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**	**(11,208)**	**(14,307)**	**(8,616)**	**34,130**

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 and 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)	(11,707)	(100,598)
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)	(23,112)	(34,998)
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)**	**(74,482)**	**(356,163)**
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)**	**(28)**	**(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	**(378,396)**	**(99,184)**	**(477,579)**

Earmarked Reserves and Balances	31 March 2021 £000s	Transfers in/out £000s	31 March 2022 £000s
Mayoral General Fund			
Capital Reserve	(10,600)	1,026	(9,575)
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)
Projects Reserve	0	0	0
Transformation Fund	(3,604)	0	(3,604)
Total Earmarked Reserves	**(34,852)**	**1,675**	**(33,177)**
Mayoral General Fund Balances	(12,092)	(0)	(12,093)
Capital Grants Unapplied Reserve	(2,050)	1,751	(299)
Total General Fund Reserves	**(48,994)**	**3,426**	**(45,569)**

Earmarked Reserves and Balances	31 March 2021 £000s	Transfers in/out £000s	31 March 2022 £000s
Mayoral Police Fund			
Revenue Expenditure Reserve	(11,322)	(11,759)	(23,081)
Insurance Reserve	(15,233)	2,684	(12,549)
PCC Earmarked Reserves	(47,992)	3,033	(44,958)
PFI Reserve	(10,606)	726	(9,880)
Total Earmarked Reserves	**(85,153)**	**(5,315)**	**(90,468)**
Usable Capital Receipts Reserve	0	0	0
Mayoral Police Fund Balances	(15,398)	2	(15,396)
Total Mayoral Police Fund	**(100,551)**	**(5,313)**	**(105,863)**

Combined			
Earmarked Reserves	(401,682)	(78,123)	(479,808)
General Fund Balances	(44,953)	(26)	(44,979)
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)**	**(101,071)**	**(629,012)**

10 Purpose of Earmarked Reserves

The purpose and operation of the reserves are as follows:

Transport, Economic Development & Regeneration	
Earnback Revenue Reserve	Funding from the devolution deal to be used for infrastructure investment.
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.
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 loan fund as per grant conditions. Arrangement fees may be off set against specific costs associated with the making of the loans.
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 GM Strategic Priorities.
HIF Interest and Arrangement Fees	Interest, arrangement fees and other income earned from loans provided in accordance with a funding agreement with the Ministry for Homes, Communities and Local Government, where surplus funds are used to support the GM housing strategy.
Our Pass Reserve	Funding to support Our Pass a membership scheme for young people who live in GM and supports both school and care leavers. Allows young people access opportunities with free bus travel throughout GM.
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 and provides a prudent hedge against changes in the insurance market which may require premium increases. The Reserve has also been 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 Medium Term Financial Plan Funding Reserve	Reserve to support the delivery of objectives in the Waste & Resources service Medium Term Financial Plan.
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 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 and other 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	
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.
Projects Reserve	Funding to support project work within the Authority.
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	
Revenue Expenditure Reserve	Funding to be utilised to meet costs of existing projects which span across future 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 and services that are provided by the GMCA.

11 Expenditure and Income Analysed by Nature

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

Restated 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
492,479	Grants Expenditure	376,688
707,569	Funding set aside for the Chief Constable	748,928
266,794	Other Service Expenditure	202,266
26,343	Capital Charges including Depreciation and Impairment	41,167
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
2,088,453	**Total Expenditure**	**1,973,024**
	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)
(1,286,957)	Government Grants and Contributions	(1,213,497)
(2,060,500)	**Total Income**	**(2,039,968)**
27,953	**Deficit / (Surplus) on the Provision of Services**	**(66,944)**

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:

Restated 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)
(64,927)	Light Rail funding	(38,239)
(66,486)	COVID-19 Bus Services Support Grant	(50,973)
0	COVID-19 Lost sales, fees and funding	(188)
0	Bus Service Operators Grant	0
0	Bus Recovery Scheme Grant	(1,645)
0	Intra-City Transport Settlement	(8,600)
0	LA Capability Fund	(2,877)
0	Air Quality	(197)
(141,598)		**(121,763)**
	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)**
(491,891)	**Total Grants and Contributions Credited to Net Cost of Services**	**(406,974)**

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)**
(1,286,957)	**Total Grants and Contributions Credited to Comprehensive Income and Expenditure**	**(1,213,497)**

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)**
(1,286,957)	**Total Grants and Contributions Credited to Comprehensive Income and Expenditure**	**(1,213,497)**

*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 Accomodation 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 Liablities	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)
	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	Public Sector Decarbonisation Scheme	(35,257)
0	Clean Air	(21,990)
0	Green Homes	(1,939)
(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	31
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
131	**Total External Audit Fees**	**99**

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 and the Deputy Mayor for Police and Crime 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**	68.27	0.00	14.47	**82**
	Deputy Chief Executive	140	0	30	**170**	146.47	0.00	30.20	**176**
	Solicitor and Monitoring Officer	113	0	24	**137**	118.34	0.00	24.24	**142**
	Executive Director - Waste and Resources	107	0	23	**130**	109	0	23	**132**
	Total	**1,255**	**2**	**130**	**1,386**	**1,297**	**4**	**159**	**1,456**

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 TfGM 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). This contribution is included in the Treasurer's total remuneration figure.
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
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	5,650
90,957	Loan Advances	128,909
7,038	Equity Investments	33,942
	Sources of Finance	
(220,630)	Government Grants & Other Contributions	(234,278)
(97,285)	Short / Long Term Debtor financed from Capital Receipts	(157,353)
(42,653)	Revenue Contributions	(36,485)
(769)	Useable Capital Receipts	(894)
(82,268)	Minimum Revenue Provision	(81,603)
(3,262)	PFI and finance lease repayments	(1,131)
(6,860)	Repayment of Inherited Debt	0
2,345,058	**Closing Capital Financing Requirement**	**2,360,238**
	Explanation of movements in year	
(37,346)	Increase / (decrease) in underlying need to borrow	15,178
(37,346)	**Increase in Capital Financing Requirement**	**15,178**

2020/21 £000s	Increase/decrease in CFR	2021/22
(35,471)	Authority Operations	(10,580)
1,171	Mayoral General Fund	976
(3,046)	Mayoral Police Fund	24,782
(37,346)	**Total**	**15,178**

2020/21 £000s	Closing CFR Analysed by Fund	2021/22
2,072,468	General Fund	2,061,888
25,929	Mayoral General Fund	26,905
246,662	Mayoral Police Fund	271,445
2,345,058	**Total**	**2,360,238**

Many capital schemes take two or more years to complete. At the Balance Sheet date the main 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	7,802
11,210	Waste Programme related	0
23,461	**Total Capital Commitments**	**12,485**

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.

	Land and Buildings £000s	Vehicles, Plant, Furniture and Equipment £000s	Surplus Assets £000s	Assets Under Construction £000s	Total £000s
Carried at Historic Cost:	2,026	272,392	0	38,714	**313,131**
Valued at Current Value:					**0**
2021/22	205,758	27,436	0	0	**233,195**
2020/21	46,478	0	0	0	**46,478**
2019/20	59,241	0	0	0	**59,241**
2018/19	126,850	0	0	0	**126,850**
2017/18	68,774	0	0	0	**68,774**
Valued at Fair Value in 20/21:	0	0	3,320	0	**3,320**
	509,126	**299,828**	**3,320**	**38,714**	**850,988**

Property, Plant and Equipment 2021/22	Land and Buildings £000s	Vehicles, Plant, Furniture and Equipment £000s	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	500,105	257,327	3,480	30,029	790,941	79,814
Additions	19,503	8,178	0	46,531	74,212	0
Accumulated depreciation and impairment written off to cost or valuation	(7,839)	(2,297)	0	0	(10,136)	0
Revaluation increases/decreases recognised in the Revaluation Reserve	14,529	9,333	0	0	23,862	0
Revaluation increases/decreases recognised in the Surplus or Deficit on the Provision of Services	(20,377)	(2,153)	0	0	(22,530)	0
Derecognition - disposals	(91)	(2,699)	(160)	(4)	(2,954)	0
Derecognition - other	(1,611)	(2)	0	(19)	(1,632)	0
Assets reclassified to/from held for sale	0	0	0	0	0	0
Assets reclassified to/from assets under construction	9,397	27,651	0	(37,824)	(776)	0
Other movements in cost or valuation	(4,491)	4,491	0	0	0	0
Cost or Valuation at 31 March 2022	**509,126**	**299,828**	**3,320**	**38,714**	**850,987**	**79,814**
Accumulated Depreciation & Impairment						
Accumulated depreciation values brought forward at 1 April 2021	(24,375)	(166,136)	(34)	0	(190,545)	(4,073)
Accumulated depreciation and impairment written off to cost or valuation	7,839	2,297	0	0	10,136	0
Depreciation Charge	(14,891)	(20,543)	(11)	0	(35,445)	(2,137)
Depreciation recognised in the Revaluation Reserve	0	0	0	0	0	0
Depreciation written out on revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0
Derecognition - disposals	3	2,419	7	0	2,429	0
Derecognition - other	0	0	0	0	0	0
Other adjustment - depreciation	0	(131)	0	0	(131)	0
Closing value - depreciation	**(31,424)**	**(182,094)**	**(38)**	**0**	**(213,556)**	**(6,210)**
Net Book Value at 31 March 2021	**475,728**	**91,191**	**3,447**	**30,030**	**600,397**	**75,741**
Net Book Value at 31 March 2022	**477,702**	**117,734**	**3,283**	**38,714**	**637,433**	**73,604**
Net Book Value at 31 March 2022						
Assets deployed for GMCA activity	2,026	0	0	12,527	14,553	0
Assets deployed for Mayoral General activity	94,726	13,684	0	2,181	110,591	3,247
Assets deployed for Mayoral Police activity	244,950	69,311	3,283	19,655	337,199	70,356
Assets deployed for Waste activity	136,000	34,738	0	4,352	175,090	0
At 31 March 2022	**477,702**	**117,734**	**3,283**	**38,714**	**637,433**	**73,604**

Property, Plant and Equipment 2020/21	Land and Buildings £000s	Vehicles, Plant, Furniture and Equipment £000s	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 2020	479,447	252,406	2,566	23,262	757,681	78,432
Additions	7,399	3,879	0	15,877	27,155	0
Accumulated depreciation and impairment written off to cost or valuation	(18,910)	(5,070)	(1)	0	(23,981)	(1,777)
Revaluation increases/decreases recognised in the Revaluation Reserve	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	2,427	(1,517)	179	0	1,089	347
Derecognition - disposals	0	(4,526)	(525)	0	(5,051)	0
Derecognition - other	(4,794)	0	0	0	(4,794)	0
Assets reclassified to/from assets under construction	7,396	1,713	0	(9,109)	0	0
Cost or Valuation at 31 March 2021	**500,103**	**257,326**	**3,481**	**30,030**	**790,941**	**79,833**
Accumulated Depreciation & Impairment						
Accumulated depreciation values brought forward at 1 April 2020	(24,965)	(148,208)	(33)	0	(173,206)	(2,811)
Accumulated depreciation and impairment written off to cost or valuation	18,909	5,070	1	0	23,980	1,777
Depreciation Charge	(18,319)	(26,696)	(15)	0	(45,030)	(2,106)
Derecognition - disposals	0	3,699	13	0	3,712	0
Reclassifications & Transfers - depreciation					0	
Other adjustment - depreciation	0	0	0	0	0	0
Closing value - depreciation	**(24,375)**	**(166,135)**	**(34)**	**0**	**(190,544)**	**(3,140)**
Net Book Value at 31 March 2020	**454,482**	**104,198**	**2,533**	**23,262**	**584,475**	**75,621**
Net Book Value at 31 March 2021	**475,728**	**91,191**	**3,447**	**30,030**	**600,396**	**76,693**
Net Book Value at 31 March 2021						
Assets deployed for GMCA activity	0	0	0	68	68	0
Assets deployed for Mayoral General activity	96,785	13,400	0	648	110,833	4,391
Assets deployed for Mayoral Police activity	246,630	51,677	3,447	23,974	325,728	72,302
Assets deployed for Waste activity	132,312	26,114	0	5,341	163,767	0
At 31 March 2021	**475,728**	**91,191**	**3,447**	**30,030**	**600,396**	**76,693**

Movements on balances

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

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

	2020/2021 £'000	2021/2022 £'000
Net book value (for modified historical cost - see below)		
at 1 April	**17,794**	**19,499**
Additions	5,371	2,912
Derecognition	(263)	(571)
Depreciation Impairment		
Other movements in cost	(3,403)	(3,782)
Net book value at 31 March	**19,499**	**18,058**

Balance Sheet reconciling note:

	2020/2021 £'000	2021/2022 £'000
Infrastructure assets (Net)	19,499	18,058
Other PPE assets	600,396	637,433
Total PPE assets	**619,895**	**655,491**

The authority has determined in accordance with the England amendment of the Local Authorities Capital Finance and Accounting Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

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
			Balance at start of year			
33,085	0	33,085	Gross carrying amount	33,213	235	33,448
(6,108)	0	(6,108)	Accumulated amortisation	(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	2,206	0	2,206
0	235	235	Additions to assets under construction	0	4,697	4,697
0	0	0	Reclassified from assets under construction to oper	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**	**18,790**	**4,698**	**23,487**
			Comprising			
33,213	235	33,448	Gross carrying amounts	34,400	0	34,400
(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**	**18,790**	**4,698**	**23,487**

There is one capitalised software suite that is individually material to the financial statements: The Information Services Transformation Programme had a gross 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**

Other entities and individuals includes the following short term debtors:

- £70m where Housing Investment Fund loans have been provided to support GM's economic growth by supporting the delivery of new homes (£145.3m in 20/21).
- £5.3m where Local Growth Fund loans have been provided for projects that benefit the local area and economy (£15.1m in 20/21).
  £6.8m where Regional Growth Fund and Growing Places Fund (GPF) monies have been recycled and loans provided for investment in businesses and commercial property projects (£8.4m in 20/21).

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	136,936
(4,894)	Impairment Allowance	(3,241)
84,448	**Total Long Term Debtors**	**133,695**

Ageing Analysis of Trade Debtors

At 31 March 2022, trade debtors at a nominal value of £666,000 (2021: £1,308,000) were impaired.

As at 31 March 2022, the ageing analysis of trade debtors net of the provision for impairment was as follows:

	Total £'000	1-30 days £'000	31-60 days £'000	61-90 days £'000	91-120 days £'000	over 120 days £'000
31-Mar-22	15,890	15,068	409	134	83	195
31-Mar-21	9,849	7,546	620	32	20	1,631

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	217,356
138,810	**Total Cash and Cash Equivalents**	**229,927**

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 2020 £000s	Top Up of Provision in year £000s	Amounts released in year £000s	Use of Provision in year £000s	31 March 2021 £000s	Short Term Provision £000s	Long Term Provision £000s	31 March 2021 £000s
GMCA								
Trafford Park Metrolink Line Land Provision	4,116	7,242	(302)	(11,056)	**0**	0	0	**0**
Metrolink Compensation Provision	1,184	0	0	(1,184)	**0**	0	0	**0**
Quay West Parking Provision	76	14	0	(90)	**0**	0	0	**0**
Landcare Provision	1,245	0	(476)	0	**770**	455	313	**770**
	6,621	**7,256**	**(778)**	**(12,330)**	**770**	**455**	**313**	**770**
Mayoral General Fund								
Insurance Provision	664	0	0	0	**664**	110	554	**664**
Business Rates Appeals Provision	2,208	365	0	0	**2,573**	2,573	0	**2,573**
Bear Scotland v Fulton Provision	1,100	335	0	0	**1,438**	1,438	0	**1,438**
	3,972	**700**	**0**	**0**	**4,676**	**4,122**	**554**	**4,676**
Mayoral Police Fund								
Insurance Provision	7,908	14,118	0	(11,649)	**10,376**	2,097	8,279	**10,376**
Police Pension Lump Sum Provision	224	0	0	0	**224**	224	0	**224**
Capital Project Retentions Provision	77	692	0	(611)	**158**	158	0	**158**
	8,209	**14,810**	**0**	**(12,260)**	**10,758**	**2,480**	**8,279**	**10,759**
Total	**18,802**	**22,766**	**(778)**	**(24,590)**	**16,203**	**7,057**	**9,146**	**16,203**

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 GM 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
	Former Greater Manchester Council Debt	
(14,159)	Balance brought forward 1 April	(7,302)
6,857	Repayment in the year	7,302
(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	1,609,004
(19,769)	Financial Instruments Adjustment Account	(16,794)
1,957,721	Pensions Reserve	1,931,954
(176,210)	Revaluation Reserve	(176,797)
(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**	**3,346,248**

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	39,358
(1,089)	Revaluation (gains) / losses on non-current assets	22,530
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	1,632
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	1,096
344,253	**Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement**	**350,373**
(3,783)	Adjusting Amounts written out of the Revaluation Reserve	(23,275)
340,469	**Net written out amount of the cost of non-current assets consumed in the year**	**327,098**
(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	(234,278)
(85,529)	Statutory provision for the financing of capital investment charged against the General Fund balance	(82,734)
(6,860)	Repayment of inherited debt	0
(42,653)	Capital expenditure charged against the General Fund balance	(36,485)
(453,712)	**Capital financing applied in year**	**(511,745)**
68,812	Capital Receipts debited to the Capital Adjustment Account on Repayment of loans	171,660
1,621,989	**Balance carried forward 31 March**	**1,609,004**

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)**
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	(43,659)
10,124	Impairment losses not charged to the Surplus/Deficit on the Provision of Services	19,797
(38,842)	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services**	**(23,862)**
0	Adjusting amounts written out of the revaluation reserve	18,514
3,291	Difference between fair value depreciation and historical cost depreciation	4,530
492	Accumulated gains on assets sold or scrapped	231
3,783	**Amount written off to the Capital Adjustment Account**	**23,275**
(176,210)	**Balance carried forward 31 March**	**(176,797)**

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
Amortised cost - soft loans	0	0	6,604	6,584	6,584
Amortised cost	0	0	72,512	121,822	121,822
Fair value through other comprehensive income - designated equity	7,501	40,766	0	0	40,766
Total financial assets	**7,501**	**40,766**	**79,117**	**128,406**	**169,171**
Non-financial assets	0	0	5,332	5,289	5,289
Total	**7,501**	**40,766**	**84,449**	**133,695**	**174,461**

	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
Amortised cost - soft loans	0	0	191	0	0	0	**0**
Amortised cost - other	0	15,006	245,010	191,883	138,810	229,927	**436,817**
Total financial assets	**0**	**15,006**	**245,201**	**191,883**	**138,810**	**229,927**	**436,817**
Non-financial assets	0	0	49,764	53,510	0	0	**53,510**
Total	**0**	**15,006**	**294,965**	**245,393**	**138,810**	**229,927**	**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
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)	(170,293)	**(170,293)**
Total	**(1,366,546)**	**(1,338,733)**	**0**	**0**	**(122,167)**	**(206,969)**	**(1,545,702)**

	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
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). No further soft loans have been made in 2021/22:

- 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 31 March	**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:

Income, Expenses, Gains and Losses	31 March 2021		31 March 2022	
	Surplus or Deficit on the Provision of Services £000s	Other Comprehensive Income and Expenditure £000s	Surplus or Deficit on the Provision of Services £000s	Other Comprehensive Income and Expenditure £000s
Net gains/losses on:				
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
Total net gains/losses	**2,493**	**(89)**	**(216)**	**215**
Interest revenue:				
Financial assets measured at amortised cost	(8,889)	0	(4,549)	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
0	0	Other Investments	15,006	15,006
324,317	327,222	Debtors	320,289	328,177
138,810	138,810	Cash	229,927	229,927
470,628	**473,533**	**Total Financial Assets**	**605,988**	**613,876**
		Financial Liabilities		
(567,494)	(847,445)	PWLB Debt	(546,199)	(757,716)
(929,332)	(1,259,424)	Non-PWLB debt	(879,709)	(1,143,674)
(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 (contactual 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)**	**(2,154,734)**

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.
- Equity investments are held at Fair Value through Other Comprehensive Income; they meet the requirements of the CIPFA code to be designated this way as they are strategic investments and not held for trading purposes.
- 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 from %	to %	Average Interest 2020/21 %	Average Interest 2021/22 %	Total Outstanding 31 March 2021 £000s	Total Outstanding 31 March 2022 £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					(130,280)	(87,175)
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					(1,366,546)	(1,338,733)
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 GMCA 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	0	(3,996)	0	(3,996)
Financial assets that have been derecognised	0	(29)	0	(29)
Changes due to modifications that did not result in derecognition	0	0	0	0
Changes in models/risk parameters	0	98	(309)	(211)
Other changes	0	0	0	0
As at 31 March 2022	**540**	**8,590**	**1,952**	**11,082**

- 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 £000s**	**31 March 2022 £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
- GM Authorities
- Transport for Greater Manchester
- Greater Manchester Police
- North West Fire Control
- Manchester Investment and Development Agency Service Limited
- Halle Concert Society
- Greater Manchester Fund of Funds Limited Partnership
- NW Evergreen Holdings Limited Partnership
- Greater Manchester Evergreen 2 Limited Partnership

Central Government

Central Government has effective control over the general operations of the Authority. It is responsible for providing the framework within which the Authority operates and provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties.

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.

GM 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)
(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:

2020/21 £000s	Transport for Greater Manchester	2021/22 £000s
289,305	Expenditure	277,508
(554)	Income	(663)
1,119	Debtors	(7,707)
(48,552)	Creditors	62,545
61,779	Borrowings	20,290

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 the Authority reported material transactions with Halle Concerts Society, a related party advised by an authority officer**.** See below related parties' disclosure for more detail.

Greater Manchester Police

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.

North West Fire Control Limited

The Authority has the right to appoint two directors, who are councilors appointed to their respective FRAs. It has been determined that the company is governed by joint control as each authority has equal voting rights and unanimous consent exists for key decisions.

In 2014 The Greater Manchester Combined Authority, Cheshire Fire Authority, Cumbria County Council and Lancashire Combined Fire Authority transferred their Control Room functions into the regionalised service provided by NW Fire control Limited. The cost of the service is charged out to the four FRAs on an agreed pro rata basis. Related party expenditure, income and end of year balances are reported as follows:

2020/21 £000s	North West Fire Control	2021/22 £000s
3,336	Expenditure	4,176
(169)	Income	(160)
(56)	Debtors	(25)
0	Creditors	0
0	Borrowings	0

Manchester Investment and Development Agency Service Limited

The Authority has direct control over the company's financial and operating policies. The company is a related party by virtue of common directors. Related party expenditure, income and end of year balances are reported as follows:

2020/21 £000s	MIDAS	2021/22 £000s
1,262	Expenditure	1,277
0	Income	0
0	Debtors	0
0	Creditors	(4)
0	Borrowings	0

Halle Concerts Society

The company is a related party by virtue of common directors (Nominated by the GMCA). Related party expenditure, income and end of year balances are reported as follows:

2020/21 £000s	Halle Concerts Society	2021/22 £000s
749	Expenditure	749
0	Income	0
0	Debtors	0
0	Creditors	0
0	Borrowings	0

Greater Manchester Fund of Funds Limited Partnership

The Authority granted Greater Manchester Fund of Funds LP £100k in 2021/22 (£164k in 2020/21)

2020/21 £000s	Greater Manchester Fund of Funds	2021/22 £000s
164	Expenditure	100
0	Income	0
0	Debtors	0
0	Creditors	0
0	Borrowings	0

NW Evergreen Holdings Limited Partnership

There were no transactions between the Authority and NW Evergreen Holdings Limited Partnership during the 21/22 financial year.

Greater Manchester Evergreen 2 Limited Partnership

There were no transactions between the Authority and Greater Manchester Evergreen 2 Limited Partnership during the 21/22 financial year.

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	(3,155)
(2,094)	Impairment of Equity Investment	(3,010)
(42,134)	Increase / (Decrease) in Debtors (less capital)	37,145
(119,920)	Decrease / (Increase) in Creditors (less capital)	(118,650)
2,599	Decrease / (Increase) in Provisions	(3,115)
1,089	Revaluation adjustment	(22,530)
(250)	Increase / (Decrease) in Inventories	268
0	(Increase) in impairment of debt	(3,982)
(6,267)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	0
(53,524)	Annual depreciation and amortisation charge	(43,899)
(23,683)	Pensions Liability	(30,385)
(1,680)	(Increase) / Decrease in Interest Debtors	(3,459)
(288)	Increase / (Decrease) in Interest Creditors	71
(1,010)	Other non-cash movements	8,225
(242,985)	**Adjustments to net surplus / deficit on the provision of services for non-cash movements**	**(186,474)**
246,309	Capital grants and contributions receivable	242,894
	Proceeds from the sale of Property, Plant & Equipment	794
246,309	**Adjust for items included in the net deficit on the provision of services that are investing and financing activities**	**243,688**

32b Cash Flow Statement - Investing Activities

2020/21 £000s	Investing Activities	2021/22 £000s
32,889	Purchase of Property, Plant and Equipment	68,293
0	Purchase of Long Term Investments	9,044
97,271	Long and Short Term Loans paid out	0
(68,812)	Long Term Loans repaid / impaired	0
(601)	Proceeds from the sale of property plant and equipment	(794)
(246,309)	Capital grants and contributions received	(242,894)
(185,562)	**Net Cash Inflow / (Outflow) from Investing Activities**	**(166,350)**

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)	3,660	0	0	(40,758)
Repayment of former GMC Debt	(7,302)	7,303	0	0	1
Total liabilities from financing activities	**(1,548,546)**	**84,964**	**0**	**(3,084)**	**(1,466,666)**

Financing Activities	1 April 2020	Financing cash flows	Non-cash changes		31 March 2021
			Acquisition	Other non-cash changes	
	£000s	£000s	£000s	£000s	£000s
Long term borrowing	(1,424,516)	32,023	0	25,947	(1,366,546)
Short term borrowing	(130,058)	28,910	0	(29,132)	(130,280)
On balance sheet PFI liabilities	(47,658)	3,241	0	0	(44,417)
Repayment of inherited debt	(14,159)	6,857	0	0	(7,302)
Total liabilities from financing activities	**(1,616,391)**	**71,030**	**0**	**(3,185)**	**(1,548,546)**

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 GMPF, 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 GMPF 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 GMPF 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. The cost cap mechanism for the 2016 valuation has since been un-paused and the calculations complete, with the outcome being no changes to benefits or contributions.

Past service costs were included in the 2018/19, 2019/20 and 2020/21 accounts and the 2021/22 service cost allows 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
			Cost of Services:			
8,255	36,600	**44,855**	Current service cost	14,010	39,510	**53,520**
123	0	**123**	Past service cost (including curtailments)	201	0	**201**
8,378	**36,600**	**44,978**	**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**

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:

2020/21 LGPS £000s	2020/21 Fire £000s	2020/21 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			**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
		Longevity at 65 for current pensioners:*		
20.5 years	21.4 years	Male	20.3 years	21.5 years
23.3 years	21.4 years	Female	23.0 years	21.5 years
		Longevity at 65 for future pensioners:*		
21.9 years	23.1 years	Male	21.6 years	23.2 years
25.3 years	23.1 years	Female	25.1 years	23.2 years
		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 **Change in Assumption at 31 March 2022**	**Approximate % increase to Employer Liability**	**Approximate monetary amount** **£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 Change in Assumption at 31 March 2022	Approximate % increase to Employer Liability	Approximate monetary amount £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 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	106,900	(16,586)	90,314
Mayor's Office	125,654	(101,036)	24,618
Net cost of services	**232,554**	**(117,622)**	**114,933**
(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	**271,522**	**(237,210)**	**34,312**
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			**3,381**

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 £000s	Transfers in/out £000s	31 March 2022 £000s
Mayoral General Fund			
Capital Reserve	(10,600)	1,026	(9,575)
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)**	**1,675**	**(33,177)**
Mayoral General Fund Balance	(12,093)	0	(12,093)
Capital Grants Unapplied Reserve	(2,050)	1,751	(299)
Total Mayoral General Fund Reserves	**(48,995)**	**3,426**	**(45,569)**

Assets deployed in provision of Mayoral Fire and Rescue Services:

	Land and Buildings £000s	Vehicles ,Plant, Furniture and Equipment £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	105,928	37,834	648	144,410	4,044
Additions	804	804	3,498	5,106	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	(13)	(817)	0
Assets reclassified to/from assets under construction	(283)	2,235	(1,952)	0	0
Cost or Valuation at 31 March 2022	**108,733**	**40,014**	**2,181**	**150,928**	**4,044**
Accumulated Depreciation & Impairment					
Accumulated depreciation values brought forward at 1 April 2021	(9,143)	(24,434)	0	(33,577)	(606)
Accumulated depreciation and impairment written off to cost or valuation	1,385	0	0	1,385	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	0	0	0	0	0
Derecognition - disposals	0	839	0	839	0
Other adjustments - depreciation	0	(131)	0	(131)	0
GF Closing value - depreciation	**(14,007)**	**(26,331)**	**0**	**(40,338)**	**(797)**
Net Book Value at 31 March 2021	**96,785**	**13,400**	**648**	**110,833**	**3,438**
Net Book Value at 31 March 2022	**94,726**	**13,683**	**2,181**	**110,590**	**3,247**

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 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	815,297	(116,408)	698,889
Net cost of services	**815,297**	**(116,408)**	**698,889**
(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	**1,131,293**	**(921,974)**	**209,319**
Items that will not be reclassified to the surplus/deficit on provision of services			
Revaluation gains and losses	0	3,908	3,908
Remeasurement of (gains)/losses on pension assets/liabilities	0	(262,990)	(262,990)
Other income and expenditure	**0**	**(259,082)**	**(259,082)**
Total income and expenditure			**(49,763)**

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)	(11,759)	(23,081)
Insurance Reserve	(15,233)	2,684	(12,549)
Police and Crime Commissioner Earmarked	(47,992)	3,033	(44,958)
PFI Reserve	(10,606)	726	(9,880)
Mayoral Police Fund Balances	(15,398)	2	(15,396)
Total Mayoral Police Fund	**(100,551)**	**(5,313)**	**(105,863)**

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	
Depreciation Charge	(6,974)	(14,893)	(11)	0	(21,878)	(1,947)
Derecognition - disposals	3	1,580	7	0	1,590	
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	32,013	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**	**22,023**	**235**	**22,258**
			Additions:			
79	235	314	Purchases	2,203	0	2,203
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
0	0	0	Disposals	(1,254)	0	(1,254)
(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**	**18,722**	**1,002**	**19,724**
			Comprising:			
32,014	235	32,248	Gross carrying amounts	33,197	1,002	34,199
(9,990)	0	(9,990)	Accumulated amortisation	(14,475)	0	(14,475)
22,024	**235**	**22,258**	**Balance at 31 March**	**18,722**	**1,002**	**19,724**

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.

Greater Manchester Combined Authority - Group Accounts

Introduction

Background

The Accounting Code of Practice requires that where an authority has material financial interests and a significant level of control over one or more entities, it should prepare Group Accounts. The aim of these statements is to give an overall picture of the Authority's financial activities and the resources employed in carrying out those activities.

The Group Accounts comprise the following key financial statements (with appropriate disclosures):

- Group Comprehensive Income and Expenditure Statement;
- Group Movement in Reserves Statement;
- Group Balance Sheet;
- Group Cash Flow Statement.

The Greater Manchester Combined Authority Group:

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

Bodies Consolidated:

Chief Constable of Greater Manchester Police (GMP)

GMP is to continue to be included in the Authority's group accounts. 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 single entity statements.

Transport for Greater Manchester (TfGM)

TfGM is to 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.

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. Details of transactions with TfGM are included in the related parties note.

The Accounts of TfGM are prepared in accordance with the Accounts and Audit (England) Regulations 2015. These require the Accounts to be prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (The Code).

Greater Manchester Evergreen 2 Limited Partnership (GME2LP)

Evergreen 2 was incorporated on 20 February 2017 under England's 2014-20 ERDF Operational Programme and is solely a Greater Manchester fund. The accounts included in the 21/22 group accounts are for the period ending 31 March 2022.

All intra-group trading, balances and unrealised gains and losses as at the end of the period are eliminated in full.

NW Evergreen Holdings Limited Partnership (NWEH)

NWEH is to continue to be included in the Authority’s group accounts. In September 2016 the Authority established NWEH to act as a holding fund for earlier tranches of ERDF funding to support investment opportunities in properties in the North West. The Fund has received significant funding from ERDF and will invest in sub funds that provide opportunities to identify, research and negotiate investment opportunities in properties in the North West of England. The accounts included in the 21/22 group accounts are for the period ending 31 March 2022.

Greater Manchester Fund of Funds Limited Partnership (FoFLP)

In November 2016 the Authority established FoFLP to act as a holding fund for ERDF funding. FoFLP will invest in sub funds that seek to support the shift towards a low carbon economy and for research and innovation. The accounts included in the 21/22 group accounts are for the period ending 31 March 2022.

All intra-group trading, balances and unrealised gains and losses as at the end of the period are eliminated in full.

Basis of Preparation of the Group Accounts

The group accounts have been prepared on a historical cost basis, except for certain property assets that are measured at current value, in accordance with the Code. The group accounts have been prepared on a going concern basis.

Statement of Compliance with IFRS

In accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, TfGM has adopted all aspects of the Code other than as follows:

- Deregulation Reserve. IFRS 5 would treat the deregulation of bus services in 1986 as a discontinued operation, leading to the write off of any costs connected with deregulation. However, the Transport Act of 1985 allowed any costs incurred on deregulation to be transferred to a specific reserve, called the 'Deregulation Reserve'. TfGM has adopted a policy of amortising the Deregulation Reserve over 30 years.

Greater Manchester Combined Authority – Group Financial Statements

Group Comprehensive Income and Expenditure Statement

This statement shows the Group accounting cost of providing services, rather than the amount set out in legislation that is chargeable to precepts, levies, taxation and grant income. The taxation position is shown in the Movement in Reserves Statement and the Expenditure and Funding Analysis.

Restated Gross Expenditure 2020/21 £000s	Restated Gross Income 2020/21 £000s	Restated Net Expenditure 2020/21 £000s	Comprehensive Income and Expenditure Statement	Note	Gross Expenditure 2021/22 £000s	Gross Income 2021/22 £000s	Net Expenditure 2021/22 £000s
			Transport, Waste, Economic Development and Regeneration				
462,318	(188,463)	273,855	Highways and Transport Services		424,850	(201,636)	223,215
417,491	(253,111)	164,381	Economic Development and Regeneration Services		305,667	(188,465)	117,202
128,420	(5,247)	123,172	Waste Disposal		112,211	(1,085)	111,126
1,008,229	**(446,821)**	**561,408**	**Total**		**842,728**	**(391,186)**	**451,542**
			Mayoral General Fund Services				
94,512	(19,627)	74,885	Fire and Rescue Services		106,900	(16,586)	90,314
116,925	(101,170)	15,755	Other Functions		125,654	(101,036)	24,618
211,436	**(120,797)**	**90,640**	**Total**		**232,554**	**(117,622)**	**114,933**
			Mayoral Police Fund Services				
733,322	(108,706)	624,616	Policing Services		815,297	(116,408)	698,889
1,952,987	**(676,323)**	**1,276,664**	**Total Cost of Group Operations**		**1,890,580**	**(625,216)**	**1,265,364**
6,301	0	6,301	Loss on Disposal of Non Current Assets		2,799	0	2,799
0	0	0	Revaluation gain on investment		0	(34)	(34)
306,213	(33,317)	272,896	Financing and Investment Income and Expenditure	42	306,021	(30,206)	275,815
0	(1,316,383)	(1,316,383)	Taxation and Non Specific Grant Income	43	0	(1,379,906)	(1,379,906)
101,482	(101,482)	0	Home Office grant payable towards the cost of retirement benefits		108,795	(108,795)	0
2,366,983	**(2,127,505)**	**239,478**	**(Surplus) / Deficit on Provision of Services**		**2,308,195**	**(2,144,157)**	**164,038**
			Items that will not be subsequently classified in deficit on provision of services				
		995,710	Re-measurement of the net defined benefit liability				(365,939)
		(38,842)	(Surplus) / Deficit on revaluation of non current assets				(27,542)
		956,868	**Other Comprehensive (Income) & Expenditure**				**(393,481)**
		1,196,346	**Total Comprehensive (Income) and Expenditure**				**(229,443)**

Steve Wilson
Greater Manchester Combined Authority Treasurer
Date: xx Month 2023

Group Movement in Reserves Statement

This statement shows the movement in year on the different reserves held by the Authority Group. This is analysed into usable and unusable reserves. 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 usable reserves can be found in the relevant associated notes.

Movement in Reserves	**Authority General Fund Balances** £000s	Authority Capital Grants Unapplied Reserve £000s	Authority Capital Receipts Reserve £000s	**Total Authority Usable Reserves** £000s	**Authority Share of Group Usable Reserves** £000s	**Total Usable Group Reserves** £000s	**Authority Unusable Reserves** £000s	**Authority Share of Group Unusable Reserves** £000s	**Total Unusable Group Reserves** £000s	**Total Group Reserves** £000s
Balance brought forward at 1 April 2020	**(472,820)**	**0**	**(82,724)**	**(555,545)**	**(135,267)**	**(690,813)**	**3,239,216**	**5,886,084**	**9,125,301**	**8,434,486**
(Surplus) or Deficit on the provision of services	**27,953**	0	0	**27,953**	**211,525**	**239,478**	**0**	**0**	**0**	**239,478**
Other Comprehensive Income and Expenditure	**0**	0	0	**0**	**0**	**0**	**152,571**	**804,297**	**956,868**	**956,868**
Adjustments between accounting basis & funding basis under regulations	**(1,768)**	(27,037)	28,459	**(346)**	**(214,955)**	**(215,301)**	**346**	**214,955**	**215,301**	**0**
Transfers to or from Earmarked Reserves	**0**	0	0	**0**	**1,314**	**1,314**	**0**	**(1,314)**	**(1,314)**	**0**
(Increase) / Decrease in year	**26,184**	**(27,037)**	**28,459**	**27,607**	**(2,116)**	**25,491**	**152,916**	**1,017,938**	**1,170,854**	**1,196,346**
Balance as at 31 March 2021	**(446,635)**	**(27,037)**	**(54,265)**	**(527,937)**	**(137,383)**	**(665,322)**	**3,392,131**	**6,904,022**	**10,296,156**	**9,630,833**
(Surplus) or Deficit on the provision of services	**(66,944)**	0	0	**(66,944)**	**230,982**	**164,038**	**0**	**0**	**0**	**164,038**
Other Comprehensive Income and Expenditure	**0**	0	0	**0**	**0**	**0**	**(80,014)**	**(313,467)**	**(393,481)**	**(393,481)**
Adjustments between accounting basis & funding basis under regulations	**(11,208)**	(8,616)	(14,307)	**(34,131)**	**(243,192)**	**(277,323)**	**34,130**	**243,192**	**277,323**	**(1)**
Transfers to or from Earmarked Reserves	**0**	0	0	**0**	**1,318**	**1,318**	**0**	**(1,318)**	**(1,318)**	**0**
(Increase) / Decrease in year	**(78,152)**	**(8,616)**	**(14,307)**	**(101,075)**	**(10,893)**	**(111,968)**	**(45,883)**	**(71,593)**	**(117,476)**	**(229,444)**
Balance as at 31 March 2022	**(524,787)**	**(35,653)**	**(68,572)**	**(629,011)**	**(148,276)**	**(777,288)**	**3,346,248**	**6,832,429**	**10,178,679**	**9,401,390**

Group Balance Sheet

The Balance Sheet shows the value of assets and liabilities recognised by the Authority Group. 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.

Restated 31 March 2021 £000s	Balance Sheet	Note	31 March 2022 £000s
	Non Current Assets		
2,642,405	Property, Plant & Equipment	47	2,658,199
83	Heritage Assets		83
1,523	Investment Property		1,523
31,490	Intangible Assets	48	35,935
143,917	Long Term Debtors and Payments in Advance	49	204,118
11,917	Long Term Investments		45,223
2,831,335	**Total Non Current Assets**		**2,945,080**
	Current Assets		
2,730	Inventories and Stock		2,989
310,432	Short Term Debtors and Payments in Advance	49	278,911
175,692	Cash and Cash Equivalents	50	243,101
0	Short Term Investments		26,010
488,854	**Total Current Assets**		**551,011**
	Current Liabilities		
(77,242)	Short Term Borrowing	56	(80,117)
(303,313)	Short Term Creditors and Receipts in Advance	51	(272,285)
(153,665)	Capital Grants Receipts in Advance		(198,507)
(23,369)	Revenue Grants Receipts in Advance		(27,532)
(17,698)	Short Term Provisions	52	(11,162)
(3,659)	Short Term Lease Liability		(4,082)
(7,303)	Short Term Deferred Liability		0
(586,249)	**Total Current Liabilities**		**(593,685)**
	Long Term Liabilities		
(1,424,934)	Long Term Borrowing	56	(1,385,089)
(12,930)	Long Term Provisions	52	(18,046)
(40,759)	Long Term Lease Liability		(36,676)
(72,262)	Long Term Grant Receipts in Advance		(159,333)
(10,813,889)	Pensions Liability	60	(10,704,651)
(12,364,774)	**Total Long Term Liabilities**		**(12,303,795)**
(9,630,833)	**Net Assets**		**(9,401,390)**
	Financed By:		
(665,323)	Usable Reserves	39	(777,288)
10,296,156	Unusable Reserves	53	10,178,679
9,630,833	**Total Reserves**		**9,401,390**

Steve Wilson
Greater Manchester Combined Authority Treasurer
Date: xx Month 2023

Group Cash Flow Statement

The cash flow statement shows the changes in cash and cash equivalents of the Authority Group during the reporting period. The statement shows how the Group generates and uses cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from the operating activities is a key indicator of the extent to which the operations of the Group are funded by way of precepts, levies, contributions and grant income. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to 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 Group.

Restated 2020/21 £000s	Group Cash Flow	Note	2021/22 £000s
239,478	**Net (Surplus) on the provision of services**		**164,038**
(527,955)	Adjustments to net surplus or deficit on the provision of services for non cash movements	58a	(461,103)
289,581	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	58a	306,046
1,104	**Net Cash Flows from Operating Activities**		**8,982**
(218,438)	Investing Activities	58b	(127,396)
122,149	Financing Activities	58c	51,006
(95,185)	**(Increase) / decrease in cash and cash equivalents**		**(67,408)**
80,507	**Cash and cash equivalents brought forward for all operations**		**175,692**
175,692	**Cash and cash equivalents at the end of the reporting period**	50	**243,101**

Notes to the Group Financial Statements

36 Group Accounting Policies

36.1 Consolidation Method

The Accounts of all subsidiary group entities are consolidated on a line by line basis with corresponding consolidation adjustments to remove inter group transactions and balances.

The accounting policies of the group entities are consistent with the Authority. The following accounting policies are in addition to the single entity policies detailed in note 1 of these statements.

36.2 Investment properties

Investment properties are initially recognised at cost, including direct transaction costs. They are subsequently revalued annually in accordance with the fair value model, reflecting market conditions at the balance sheet date. Where a fair value cannot be obtained the cost model will be used in IAS 16. Any surplus or deficit arising from any change in fair value is recognised in the Comprehensive Income and Expenditure Statement in the period in which it arises.

Investment properties are not depreciated. They are de-recognised when disposed of, or when no future economic use is expected. The difference between net proceeds and carrying value is recognised in the Comprehensive Income and Expenditure Statement in the period of de-recognition.

36.3 Infrastructure Assets

TfGM's infrastructure assets are stated at cost less accumulated depreciation. TfGM's policy is to write off the carrying value of all assets, other than freehold land, on a straight-line basis over their estimated remaining useful lives.
The range of estimated useful lives for infrastructure assets is 3 to 50 years and includes a number of categories of assets relating to the Metrolink network, Interchanges and Bus Stations, the Leigh to Ellenbrook Guided busway and cycle hubs.

Further details of the asset lives within this category are:

Civil structures	25 to 50 years
Stations and stop infrastructure	10 to 50 years
Track and track bed	20 to 30 years
Ticket machines, information points and validators	5 to 20 years
Overhead power lines	20 to 30 years
Signalling/telecoms	15 to 20 years
Metrolink trams	30 years
Metrolink Plant and Equipment	3 to 35 years
Guided Busway and infrastructure	5 to 50 years
Park and Ride and infrastructure	5 to 40 years
Bus Station and internal fittings	5 to 40 years
Electric vehicle charging points	10 years
Bike hire assets and cycle hubs	10 years

36.4 Inventories

Inventories are carried at the lower of cost (including costs incurred in bringing the inventory to its present location, such as freight) and net realisable value, determined on a first in first out basis.

36.5 Passenger Transport Facilities

As part of its statutory duties, the Group is responsible for meeting the costs of upgrading public passenger transport facilities in the Greater Manchester area, including railway and highways infrastructure. The expenditure incurred is offset by equivalent grants received from the Authority and other parties, which for the year ended 31 March 2022 amounted to £5.1m (2020/21: £12.2m).

Once completed, ownership of these assets vests in Network Rail, rail operating companies, Highways England, the Authority or the local authority as appropriate.

Both the costs and the grant income are recognised within the Comprehensive Income and Expenditure Statement.

36.6 Lease Income

Amounts receivable under finance leases are stated net of interest allocated to future periods. Interest is allocated to accounting periods to produce a constant periodic rate of return on the remaining net investment.

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 as income on an equal basis over the term of the lease.

36.7 Lease Expenditure

Assets held under finance leases where the Group retains substantially all the risks and benefits of ownership are capitalised in the balance sheet at the lower of the fair value of the asset and the net present value of the minimum lease payments; the assets are then depreciated over their useful economic lives.

The lease obligations are recognised as a financial liability. The interest element of the rental obligations is charged to the Comprehensive Income and Expenditure Statement over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to expenditure on a straight-line basis over the term of the lease, recognising on an equal basis the impact of any premia or incentives.

36.8 Agency Services

Transactions are excluded from the Group’s financial statements for all agency relationships. As stipulated by the Code, the Group is acting as an agent in situations when the Group does not control the specified goods or services being provided by another party, before they are transferred to the customer.

All services are reviewed to determine who controls the right to the underlying goods or services and when this is not deemed to be the Group, the transactions have been excluded from the financial statements.

36.9 Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly 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 Group. Where material, an accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

The group accumulated absences are entirely attributable to Greater Manchester Police. The single entity accounts do not include an adjustment for employee benefits for reasons of materiality. The Greater Manchester Police accrual was material to their accounts and has therefore been included in the group figures.

36.10 Post-Employment Benefits – Pensions

Employees of the Group are members of three separate pension schemes. These are explained in more detail in the single entity accounts. Police Officers are covered by the Police Pension Scheme administered by XPS Administration on behalf of the Chief Constable. This scheme provides defined benefits to members (retirement lump sums and pensions) earned as a police officer.

36.11 The Police Pension Scheme

This scheme is a defined benefit scheme, the rules of which are set out in Police 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 Chief Constable as employer, and police officers as members, pay pension contributions based on a percentage of pensionable pay into the Police Pension Fund Account. Pension benefits are paid out of the Pension Fund Accounts.

The amounts payable into and out of the Pension Fund Account are specified by regulations. Any surplus or deficit on the Pension Fund Accounts must be transferred to or from the Combined 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 pension liability.

Other than references to assets, this scheme is accounted for in the same way as the Local Government Pension Scheme.

37a Group Expenditure and Funding Analysis

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

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**
			Continuing Services			
207,461	66,394	273,855	Highways and Transport Services	142,237	80,978	223,215
160,549	3,832	164,381	Economic Development and Regeneration	108,194	9,008	117,202
151,463	(28,291)	123,172	Waste Disposal Services	124,179	(13,053)	111,126
97,920	(7,280)	90,640	Mayoral General Fund Services	128,043	(13,110)	114,933
616,194	8,422	624,616	Mayoral Police Fund Services	659,934	38,955	698,889
1,233,587	**43,077**	**1,276,664**	**Cost of Services**	**1,162,586**	**102,777**	**1,265,364**
(1,210,722)	173,536	(1,037,186)	Other Income and Expenditure	(1,252,712)	151,386	(1,101,326)
22,865	**216,613**	**239,478**	**(Surplus) / Deficit**	**(90,126)**	**254,164**	**164,038**
607,555			**Opening General Fund Balance and Earmarked Reserves**	**583,376**		
			Continuing Services			
(22,865)			Surplus / (Deficit) on General Fund Balance in year	90,126		
(1,314)			Transfers between reserves	(1,318)		
583,376			**Closing General Fund Balance at 31 March**	**672,184**		

37b Note to the Group 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
				Continuing Services				
60,858	5,536	0	66,394	Highways and Transport Services	65,985	14,993	0	80,978
1,978	1,853	0	3,832	Economic Development and Regeneration	3,385	5,622	0	9,008
(28,430)	139	0	(28,291)	Waste Disposal Services	(13,456)	402	0	(13,053)
10,223	(17,503)	0	(7,280)	Mayoral General Fund Services	1,972	(15,083)	0	(13,110)
12,789	(7,432)	3,065	8,422	Mayoral Police Fund Services	6,015	33,871	(931)	38,955
57,418	**(17,406)**	**3,065**	**43,077**	**Net Cost of Services**	**63,902**	**39,806**	**(931)**	**102,777**
(48,988)	216,407	6,117	173,536	**Other Income and Expenditure**	(65,509)	216,895	0	151,386
8,430	**199,001**	**9,182**	**216,613**	**Difference between General Fund Surplus and CIES Deficit on the Provision of Services**	**(1,606)**	**256,701**	**(931)**	**254,164**

a) Adjustments for capital purposes include revenue expenditure funded from capital under statute, depreciation and impairment, gain/loss on disposal of non-current assets, capital grants and contributions, minimum revenue provision and revenue contribution to capital outlay.
b) Pension adjustments include employer's contribution to the pension scheme and retirement benefits per IAS 19.
c) Other adjustments include contributions to capital bad debt provision and available for sale financial instruments.

38 Group 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 Group in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to meet future capital and revenue expenditure.

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:				
(199,001)	0	0	199,001	Pension cost (transferred to (or from) the Pensions Reserve)	(256,701)	0	0	256,701
(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)
(3,065)	0	0	3,065	Holiday pay (transferred to the Accumulated Absences reserve)	931	0	0	(931)
(162,150)	0	0	162,150	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)	(137,212)	0	0	137,212
(381,445)	**0**	**0**	**381,445**	**Total Adjustments to Revenue Resources**	**(386,124)**	**0**	**0**	**386,124**
				Adjustments between Revenue and Capital Resources				
0	(68,812)	0	68,812	Transfer of non-current asset sale proceeds from revenue 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)	82,734	0	0	(82,734)
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)	36,485	0	0	(36,485)
137,684	**(68,812)**	**0**	**(68,872)**	**Total Adjustments between Revenue and Capital Resources**	**123,108**	**(171,660)**	**0**	**48,552**
				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)
27,149	0	(27,149)	0	Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	8,852	0	(8,852)	0
27,149	**97,271**	**(27,149)**	**(97,271)**	**Total Adjustments to Capital Resources**	**8,852**	**157,353**	**(8,852)**	**(157,353)**
0	0	0	0	**Other adjustments**	0	0	0	0
(216,613)	**28,459**	**(27,149)**	**215,303**	**Total Adjustments**	**(254,164)**	**(14,307)**	**(8,852)**	**277,323**

39 Transfers (to)/from Group Earmarked 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 reserves to meet General Fund expenditure.

Earmarked Reserves and Balances	31 March 2020 £000s	Transfers (in)/out £000s	31 March 2021 £000s	Transfers (in)/out £000s	31 March 2022 £000s
Transport, Economic Development and Regeneration & Waste					
Earnback Revenue	**(10,040)**	(12,320)	**(22,359)**	(7,070)	**(29,429)**
Life Chances	**(4,715)**	0	**(4,715)**	915	**(3,800)**
Clean Air Plan	**(14,261)**	11,341	**(2,920)**	(9,716)	**(12,637)**
Capability Fund	**0**	0	**0**	(2,610)	**(2,610)**
Youth Contract	**(2,245)**	377	**(1,868)**	88	**(1,781)**
Growing Places Fund	**(1,554)**	0	**(1,554)**	0	**(1,554)**
National Waste Strategy	**0**	0	**0**	(2,500)	**(2,500)**
Business Rates Top Up	**(37,129)**	1,646	**(35,483)**	4,223	**(31,260)**
RGF/GPF Interest and Arrangement Fees	**(10,121)**	1,229	**(8,892)**	(598)	**(9,490)**
Churchgate House Accommodation	**(700)**	0	**(700)**	(2,067)	**(2,767)**
Adult Education Budget Devolution	**(3,024)**	(1,421)	**(4,445)**	(10,162)	**(14,607)**
Integrated Ticketing Reserve	**(12,500)**	797	**(11,703)**	1,074	**(10,629)**
Capital Programme Reserve	**(91,744)**	2,853	**(88,891)**	(11,707)	**(100,598)**
Business Rates Growth Pilot & Levy	**(87,978)**	54,786	**(33,192)**	(4,449)	**(37,641)**
HIF Interest and Arrangement Fees	**(7,921)**	(3,066)	**(10,987)**	(2,080)	**(13,067)**
Our Pass Reserve	**0**	(5,688)	**(5,688)**	5,688	**0**
A Bed Every Night	**0**	(2,000)	**(2,000)**	0	**(2,000)**
Brownfield Fund	**0**	(1,551)	**(1,551)**	494	**(1,057)**
Active Travel Fund	**0**	(2,759)	**(2,759)**	410	**(2,349)**
Other Transport and ED&R Reserves	**(11,498)**	831	**(10,668)**	(2,492)	**(13,160)**
Waste Disposal Insurance Reserve	**(12,694)**	0	**(12,694)**	0	**(12,694)**
Waste Interest Rate Reserve	**(2,000)**	0	**(2,000)**	0	**(2,000)**
Waste Pension Deficit Funding Reserve	**(812)**	0	**(812)**	0	**(812)**
Waste MTFP Funding Reserve	**(17,550)**	5,664	**(11,886)**	(23,112)	**(34,998)**
Waste Optimisation and Efficiency	**(5,000)**	5,000	**0**	(6,000)	**(6,000)**
Waste Composition Analysis	**0**	0	**0**	(1,000)	**(1,000)**
Waste Lifecycle Reserve	**(3,911)**	0	**(3,911)**	(1,811)	**(5,722)**
Revenue Grants Unapplied Reserve - TfGM	**(314)**	0	**(314)**	0	**(314)**
Property Reserve - TfGM	**(11,584)**	321	**(11,263)**	364	**(10,899)**
Metrolink Reserve - TfGM	**(2,093)**	(303)	**(2,396)**	0	**(2,396)**
Joint Road Safety Group Reserve - TfGM	**(4,293)**	(909)	**(5,202)**	(1,405)	**(6,607)**
Concessionary Fares Reserve - TfGM	**(7,989)**	0	**(7,989)**	(8,314)	**(16,303)**
Subsidised Bus - TfGM	**0**	0	**0**	(1,750)	**(1,750)**
NW Evergreen Holding Fund	**(67,982)**	(1,679)	**(69,661)**	659	**(69,002)**
Greater Manchester Fund of Funds	**(30,152)**	592	**(29,560)**	15	**(29,545)**
Total Earmarked Reserves	**(461,804)**	**53,738**	**(408,066)**	**(84,914)**	**(492,979)**
Transport and ED&R General Fund Balances	**(5,330)**	0	**(5,330)**	(28)	**(5,358)**
Waste General Fund Balance	**(12,132)**	0	**(12,132)**	0	**(12,132)**
TFGM General Balances	**(10,320)**	(27)	**(10,347)**	(224)	**(10,571)**
Total General Fund Balances	**(27,782)**	**(27)**	**(27,810)**	**(252)**	**(28,061)**
Usable Capital Receipts Reserve	**(82,724)**	28,459	**(54,265)**	(14,307)	**(68,572)**
Capital Grants Unapplied Reserve	**0**	(24,987)	**(24,987)**	(10,367)	**(35,354)**
Capital Grants Unapplied Reserve - TfGM	**(538)**	(112)	**(650)**	(237)	**(887)**
Total Transport, ED&R and Waste Reserves	**(572,849)**	**57,071**	**(515,778)**	**(110,075)**	**(625,852)**

39 Transfers (to)/from Group Earmarked Reserves (Continued)

Earmarked Reserves and Balances	31 March 2020 £000s	Transfers (in)/out £000s	31 March 2021 £000s	Transfers (in)/out £000s	31 March 2022 £000s
Mayoral General Fund					
Capital Reserve	**(4,676)**	(5,924)	**(10,600)**	1,026	**(9,575)**
Earmarked Budgets Reserve	**(2,460)**	(726)	**(3,186)**	(3,392)	**(6,578)**
Revenue Grants Unapplied	**(4,775)**	(7,688)	**(12,463)**	3,850	**(8,612)**
Insurance Reserve	**(2,849)**	0	**(2,849)**	(0)	**(2,849)**
Business Rates Reserve	**(2,093)**	488	**(1,605)**	191	**(1,414)**
Restructuring Reserve	**(418)**	0	**(418)**	(0)	**(418)**
Innovation and Partnership CYP	**(127)**	0	**(127)**	(0)	**(127)**
Transformation Fund	**(3,604)**	0	**(3,604)**	0	**(3,604)**
Total Earmarked Reserves	**(21,002)**	**(13,850)**	**(34,852)**	**1,675**	**(33,177)**
Mayoral General Fund Balances	**(11,615)**	(477)	**(12,092)**	0	**(12,092)**
Capital Grants Unapplied Reserve	**0**	(2,050)	**(2,050)**	1,751	**(299)**
Total Mayoral General Fund Reserves	**(32,617)**	**(16,377)**	**(48,994)**	**3,426**	**(45,569)**

Earmarked Reserves and Balances	31 March 2020 £000s	Transfers (in)/out £000s	31 March 2021 £000s	Transfers (in)/out £000s	31 March 2022 £000s
Mayoral Police Fund					
Revenue Expenditure Reserve	**(15,170)**	3,848	**(11,322)**	(11,759)	**(23,081)**
Insurance Reserve	**(15,881)**	648	**(15,232)**	2,684	**(12,548)**
PCC Earmarked Reserves	**(27,693)**	(20,299)	**(47,992)**	3,033	**(44,959)**
PFI Reserve	**(11,227)**	621	**(10,606)**	726	**(9,880)**
Total Earmarked Reserves	**(69,971)**	**(15,182)**	**(85,152)**	**(5,315)**	**(90,468)**
Mayoral Police Fund Balances	**(15,375)**	(23)	**(15,398)**	2	**(15,395)**
Total Mayoral Police Fund	**(85,346)**	**(15,204)**	**(100,550)**	**(5,313)**	**(105,863)**

Earmarked Reserves and Balances	31 March 2020 £000s	Transfers (in)/out £000s	31 March 2021 £000s	Transfers (in)/out £000s	31 March 2022 £000s
Combined					
Earmarked Reserves	**(552,775)**	24,706	**(528,073)**	(88,554)	**(616,627)**
General Fund Balances	**(54,777)**	(527)	**(55,300)**	(250)	**(55,550)**
Usable Capital Receipts Reserve	**(82,724)**	28,459	**(54,265)**	(14,307)	**(68,572)**
Capital Grants Unapplied Reserve	**(538)**	(27,149)	**(27,687)**	(8,852)	**(36,539)**
Total Usable Reserves	**(690,814)**	**25,490**	**(665,323)**	**(111,963)**	**(777,288)**

40 Purpose of Group Earmarked Reserves

The purpose of the Authority's earmarked reserves is set out in the notes to the single entity accounts. The purpose of other group reserves is set out below:

Transport for Greater Manchester Reserves

- Revenue Grants Unapplied Reserve – Manchester Airport Contribution to the Metrolink extension to the airport;
- Property Reserve – surpluses arising from 2 Piccadilly Place to be reinvested in property activity;
- Metrolink Reserve – funding set aside for Metrolink Service Enhancements;
- Joint Road Safety Group Reserve – surpluses arising from JRSG activity;
- Concessionary Fares Reserve – surpluses of reimbursed income set aside for future investment;
- Capital Grants Unapplied Reserve – grants for specific capital schemes to be applied in future years.

NW Evergreen Holdings Reserve

- Includes grant monies novated to NW Evergreen for investment in city areas.

Fund of Funds Reserve

- Includes funding from European Regional Development Fund held for investment in low carbon and energy efficiency initiatives.

41 Group Nature of Income and Expenditure

The nature of the Group's income and expenditure is outlined in the table below:

Restated 2020/21 £000s	Nature of Expenditure and Income	2021/22 £000s
	Expenditure	
722,835	Employee Costs	770,659
238,601	Pension Interest Costs	241,056
101,482	Cost of Police Officer retirement benefits	108,795
272,602	Grants Expenditure	174,329
590,988	Other Service Expenditure	576,596
140,076	Capital Charges including Depreciation and Impairment	154,632
67,612	Financing and Investment Expenditure	64,965
226,486	Revenue Expenditure Funded from Capital Under Statute	214,364
6,301	Loss on Disposal of Non-current Assets	2,799
2,366,983	**Total Expenditure**	**2,308,195**
	Income	
(33,317)	Financing and Investment Income	(30,206)
(184,430)	Fees, charges and other service income	(218,276)
(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)	Levy Income	(267,923)
(1,286,957)	Government Grants and Contributions	(1,216,993)
(2,127,505)	**Total Income**	**(2,144,157)**
239,477	**Deficit / (Surplus) on the Provision of Services**	**164,038**

42 Group Financing and Investment Expenditure and Income

Restated 2020/21 £000s	Financing and Investment Expenditure	2021/22 £000s
26,872	PWLB	26,472
21,061	European Investment Bank	20,617
11,180	Other	9,262
927	Former Greater Manchester Council Debt	488
7,572	Interest Element of PFI Unitary Charge	8,126
238,601	Interest on Plan Liabilities	241,056
306,213	**Total Financing and Investment Expenditure**	**306,021**

Restated 2020/21 £000s	Financing and Investment Income	2021/22 £000s
(1,207)	Interest receivable on investments and deposits	(1,315)
(8,087)	Interest receivable on loans	(3,637)
(22,194)	Interest on Plan Assets	(24,161)
(1,829)	Other income	(1,093)
(33,317)	**Total Financing and Investment Income**	**(30,206)**

43 Group 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)
	Income from Council Tax and Business Rates	
(156,587)	Council Tax Police Precept Income	(167,080)
(68,151)	Council Tax Fire Precept Income	(69,664)
(45,280)	Non Domestic Rates Income	(65,220)
	Income from Revenue Grants	
(43,377)	Business Rates Top up Grant	(35,707)
0	Revenue Support Grant	0
(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	Public Sector Decarbonisation Scheme	(35,257)
0	Clean Air	(21,990)
0	Green Homes	(1,939)
(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)**

44 Group External Audit Fees

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

2020/21 Restated £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	31
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)
207	Fees payable to Mazars with regard to external audit services carried out by the appointed auditor for the year	174
256	**Total External Audit Fees**	**191**

45 Group Officer Remuneration

Officers Remuneration above £50,000

The number of employees (including senior officer) 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	Total 2020/21	Salary Range			Staff who have not received severance 2021/22	Staff who have received severance 2021/22	Total 2021/22
823	0	823	£50,000	to	£54,999	914	0	914
587	0	587	£55,000	to	£59,999	763	0	763
226	0	226	£60,000	to	£64,999	298	0	298
95	0	95	£65,000	to	£69,999	124	0	124
47	0	47	£70,000	to	£74,999	91	0	91
36	0	36	£75,000	to	£79,999	52	0	52
37	0	37	£80,000	to	£84,999	34	0	34
38	0	38	£85,000	to	£89,999	53	0	53
18	0	18	£90,000	to	£94,999	20	0	20
15	0	15	£95,000	to	£99,999	22	0	22
3	0	3	£100,000	to	£104,999	8	0	8
3	0	3	£105,000	to	£109,999	2	0	2
6	0	6	£110,000	to	£114,999	5	0	5
5	0	5	£115,000	to	£119,999	6	0	6
5	0	5	£120,000	to	£124,999	0	0	0
1	0	1	£125,000	to	£129,999	0	0	0
3	0	3	£130,000	to	£134,999	1	0	1
1	0	1	£135,000	to	£139,999	1	0	1
1	0	1	£140,000	to	£144,999	2	0	2
0	0	0	£145,000	to	£149,999	1	0	1
2	0	2	£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
2	0	2	£165,000	to	£169,999	1	0	1
0	0	0	£170,000	to	£174,999	2	0	2
0	0	0	£175,000	to	£179,999	0	0	0
1	0	1	£180,000	to	£184,999	0	0	0
1	0	1	£185,000	to	£189,999	2	0	2
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
1	0	1	£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
1	0	1	£375,000	to	£379,999	0	0	0
1,959	**0**	**1,959**				**2,403**	**0**	**2,403**

Senior Officers Remuneration

Employees are classed as senior officer 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 a Head of Paid Service for any of the group entities. In addition the salaries for the Mayor, Deputy Mayor for Police and Crime and the Director of the Mayor's Office are disclosed.

		2020/21					2021/22				
Note	Post Title	Salary (including fees and allowances £000s	Termination Benefits £000s	Expenses £000s	Employer's Pensions Contribution £000s	Total Remuneration £000s	Salary (including fees and allowances £000s	Termination Benefits £000s	Expenses £000s	Employer's Pensions Contribution £000s	Total Remuneration £000s
	Greater Manchester Combined Authority										
	Mayor of Greater Manchester (Andy Burnham)	110	0	0	0	**110**	112	0	(0)	0	**112**
	Deputy Mayor for Police and Crime (Baroness Beverley Hughes)	80	0	0	0	**80**	85	0	0	0	**85**
	Director - Mayor's Office	80	0	0	17	**97**	82	0	0	17	**99**
A	Chief Executive - GMCA and TfGM (Eamonn Boylan)	226	0	0	0	**226**	237	0	0	0	**237**
B	Chief Fire Officer (James Wallace)	73	0	1	0	**73**	0	0	0	0	**0**
C	Chief Fire Officer (David Russel)	93	0	2	27	**121**	171	0	4	49	**224**
D	Treasurer (Steve Wilson)	166	0	0	0	**166**	168	0	0	0	**168**
E	Chief Investment Officer (William Enevoldson)	67	0	0	9	**77**	68	0	0	14	**82**
	Deputy Chief Executive	140	0	0	30	**170**	146	0	0	30	**176**
	Solicitor and Monitoring Officer	113	0	0	24	**137**	118	0	0	24	**142**
	Executive Director - Waste and Resources	107	0	0	23	**130**	109	0	0	23	**132**
	Transport for Greater Manchester										
	Chief Operating Officer - RM Morris	186	0	0	38	**224**	189	0	0	39	**228**
	Finance and Corporate Services Director - SG Warrener	184	0	0	38	**222**	187	0	0	38	**226**
	Greater Manchester Police										
F	Chief Constable (Stephen Watson)	0	0	0	0	**0**	175	0	0	0	**175**
G	Chief Constable (Ian Hopkins)	160	217	0	0	**377**	0	0	0	0	**0**
H	Chief Constable (Ian Pilling)	50	0	0	0	**50**	34	0	0	0	**34**
I	Deputy Chief Constable (Ian Pilling)	118	0	0	0	**118**	66	0	0	0	**66**
J	Deputy Chief Constable (Terry Woods)	0	0	0	0	**0**	91	0	0	28	**119**
K	Deputy Chief Constable (Mabs Hussain)	26	0	0	8	**34**	62	0	1	19	**82**
L	Assistant Chief Constable (Mabs Hussain)	95	0	2	29	**126**	40	0	1	13	**54**
	Assistant Chief Constable	121	0	8	37	**166**	122	0	9	37	**168**
M	Assistant Chief Constable	119	0	0	37	**156**	115	0	1	28	**144**
	Assistant Chief Constable	118	0	0	37	**155**	119	0	0	37	**156**
N	Assistant Chief Constable	121	0	0	0	**121**	63	0	0	0	**63**
O	Assistant Chief Constable	0	0	0	0	**0**	100	0	1	31	**132**
P	Assistant Chief Constable	0	0	0	0	**0**	99	0	0	30	**129**
Q	Assistant Chief Constable	0	0	0	0	**0**	62	0	0	19	**81**
R	Assistant Chief Constable	0	0	0	0	**0**	11	0	0	4	**15**
S	Assistant Chief Constable	95	0	1	28	**124**	0	0	0	0	**0**
T	Assistant Chief Officer Resources	118	0	6	23	**147**	20	0	0	4	**24**
U	Assistant Chief Officer and Chief Resources Officer - Chris Kinsella	0	0	0	0	**0**	298	0	16	0	**314**
V	Director of Finance - Assistant Chief Officer	0	0	0	0	**0**	5	0	0	1	**6**
	Total	**2,766**	**217**	**19**	**404**	**3,405**	**3,155**	**0**	**33**	**486**	**3,671**

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
F Chief Constable appointed in May 2021
G Chief Constable stepped down in December 2020
H Acting Chief Constable from January 2021 to May 2021
I Deputy Chief Constable retired in October 2021
J Deputy Chief Constable appointed in September 2021
K Acting Deputy Chief Constable from February 2021 to August 2021
L Assistant Chief Constable left in January 2022
M Assistant Chief Constable retired in December 2021
N Assistant Chief Constable retired in October 2021
O Acting Assistant Chief Constable appointed in October 2021
P Acting Assistant Chief Constable appointed in December 2021
Q Assistant Chief Constable appointed in September 2021
R Assistant Chief Constable appointed in February 2022
S Acting Assistant Chief Constable from January 2021
T Assistant Chief Officer retired in May 2021
U Assistant Chief Officer and Chief Resources Officer appointed as a temporary consultant in May 2021
V Director of Finance - Assistant Chief Officer appointed in March 2022

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		Number of other departures		Total number of exit package by cost band		Total cost of exits	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21 £000s	2021/22 £000s
£0 - £20,000	17	4	17	8	34	12	334	72
£20,001 - £40,000	14	4	3	3	17	7	488	180
£40,001 -£60,000	19	3	2	1	21	4	1,081	179
£60,001 - £80,000	8	0	2	0	10	0	690	0
£80,001 - £100,000	4	0	2	1	6	1	539	95
£100,001 - £150,000	5	1	4	0	9	1	1,094	108
£150,001 - £200,000	1	0	0	0	1	0	177	0
£200,001 - £250,000	0	0	1	0	1	0	217	0
Total	**68**	**12**	**31**	**13**	**99**	**25**	**4,619**	**634**

46 Group Capital and Lease Commitments

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	7,802
11,210	Waste Programme related	0
33,798	Transport for Greater Manchester Programme related	127,449
57,259	**Total Capital Commitments**	139,934

The key commitments for 2021/22 are in relation to the Transport for Greater Manchester and the following projects:

- Stockport Interchange / Mixed Use Scheme £87.1m (2020/21: £1.2m). This is in respect of the construction of a new interchange inclusive of a park podium, link bridge and residential apartments; and
- Metrolink Capacity Improvement Programme (MCIP) £18.9m (2020/21: £16.8m). This project relates to the purchase of 27 additional trams and associated infrastructure.

2020/21 £000s	Lease Commitments	2021/22 £000s
	PFI Arrangements	
3,659	Payments due within 1 year	4,082
16,812	Later than 1 year and not later than 5 years	17,991
23,947	Later than 5 years	18,685
44,418		**40,758**
	Operating Lease Arrangements	
	Land and Buildings	
415	Payments due within 1 year	387
648	Later than 1 year and not later than 5 years	804
6,883	Later than 5 years	7,675
7,946		**8,866**
52,364	**Total Capital Commitments**	**49,624**

47 Group Property, Plant and Equipment

Property, plant and equipment is reported as either capitalised assets available for use or as assets under construction. An analysis of the movements are contained in the tables below:

Property, Plant and Equipment	Land and Buildings £000s	Vehicles, Plant, Furniture and Equipment £000s	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	513,004	314,449	4,236	103,018	934,707	79,814
Additions	19,503	8,178	0	105,152	132,833	0
Accumulated depreciation and impairment written off to cost or valuation	(7,839)	(2,297)	0	0	(10,136)	0
Revaluation increases/decreases recognised in the Revaluation Reserve	16,009	9,333	0	0	25,342	0
Revaluation increases/decreases recognised in the surplus or deficit on the provision of services	(20,377)	(2,153)	0	0	(22,530)	0
Derecognition - disposals	(91)	(3,996)	(160)	(4)	(4,251)	0
Derecognition - other	(1,611)	(2)	0	(19)	(1,632)	0
Assets reclassified to/from assets under construction	9,397	30,698	512	(100,242)	(59,635)	0
Other movements in cost or valuation	(4,491)	4,491	0	0	0	0
Cost or Valuation at 31 March 2022	**523,504**	**358,701**	**4,588**	**107,905**	**994,698**	**79,814**
Accumulated Depreciation & Impairment						
Accumulated depreciation values brought forward at 1 April 2021	(26,133)	(205,577)	(34)	0	(231,744)	(4,073)
Accumulated depreciation and impairment written off to cost or valuation	10,039	2,297	0	0	12,336	0
Depreciation Charge	(15,333)	(23,175)	(11)	0	(38,519)	(2,137)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0
Derecognition - disposals	3	3,392	7	0	3,402	0
Other adjustment - depreciation	0	(131)	0	0	(131)	0
Closing value - depreciation	**(31,424)**	**(223,194)**	**(38)**	**0**	**(254,656)**	**(6,210)**
Net Book Value at 31 March 2021	**486,870**	**108,872**	**4,202**	**103,018**	**702,962**	**75,741**
Net Book Value at 31 March 2022	**492,082**	**135,505**	**4,550**	**107,905**	**740,043**	**73,603**
Net Book Value Split at 31 March 2022						
Assets deployed for GMCA activity	16,406	17,772	1,267	81,718	117,163	0
Assets deployed for Mayoral General activity	94,726	13,684	0	2,181	110,591	3,247
Assets deployed for Mayoral Police activity	244,950	69,311	3,283	19,655	337,199	70,356
Assets deployed for Waste activity	136,000	34,738	0	4,352	175,090	0
	492,082	**135,505**	**4,550**	**107,905**	**740,043**	**73,603**

Property, Plant and Equipment	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
Cost or Valuation						
Asset values brought forward at 1 April 2020	493,146	312,241	3,321	105,397	914,105	78,432
Additions	7,399	3,879	0	59,709	70,987	0
Accumulated depreciation and impairment written off to cost or valuation	(18,910)	(5,070)	(1)	0	(23,981)	(1,777)
Revaluation increases/decreases recognised in the Revaluation Reserve	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	2,427	(1,517)	179	0	1,089	347
Derecognition - disposals	(799)	(7,571)	(525)	0	(8,895)	0
Derecognition - other	(4,794)	0	0	0	(4,794)	0
Assets reclassified to/from assets under construction	7,396	2,046	0	(62,088)	(52,646)	0
Cost or Valuation at 31 March 2021	**513,004**	**314,449**	**4,236**	**103,018**	**934,707**	**79,833**
Accumulated Depreciation & Impairment						
Accumulated depreciation values brought forward at 1 April 2020	(26,690)	(186,606)	(33)	0	(213,329)	(2,811)
Accumulated depreciation and impairment written off to cost or valuation	18,909	5,070	1	0	23,980	1,777
Depreciation Charge	(18,768)	(30,350)	(15)	0	(49,133)	(2,106)
Derecognition - disposals	563	6,309	13	0	6,885	0
Reclassifications & Transfers - depreciation	(147)	0	0	0	(147)	0
Other adjustment - depreciation	0	0	0	0	0	0
Closing value - depreciation	**(26,133)**	**(205,577)**	**(34)**	**0**	**(231,744)**	**(3,140)**
Net Book Value at 31 March 2020	**466,456**	**125,635**	**3,288**	**105,397**	**700,776**	**75,621**
Net Book Value at 31 March 2021	**486,870**	**108,872**	**4,202**	**103,018**	**702,962**	**76,693**
Net Book Value Split at 31 March 2021						
Assets deployed for GMCA activity	11,142	17,681	755	73,055	102,633	0
Assets deployed for Mayoral General activity	96,785	13,400	0	648	110,833	4,391
Assets deployed for Mayoral Police activity	246,630	51,677	3,447	23,974	325,728	72,302
Assets deployed for Waste activity	132,312	26,114	0	5,341	163,767	0
	486,870	**108,872**	**4,202**	**103,018**	**702,962**	**76,693**

Movements on balances

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

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

TfGM did not adopt the temporary relief in their accounts and show the gross cost and accumulated depreciation for infrastructure assets in full within the Property, Plant and Equipment note. Therefore consolidation adjustments have been made in the Group Accounts to adopt a consistent approach and the infrastructure column has been removed from the TfGM Property, Plant and Equipment note as if they had adopted the temporary relief. The net book value and in-year movements for infrastructure at group level are disclosed in the table below.

	2020/2021 £'000	**2021/2022 £'000**
Net book value for modified historical cost - see below)		
at 1 April	**1,960,043**	**1,939,442**
Additions	58,017	61,771
Derecognition	(291)	(5,238)
Depreciation Impairment		
Other movements in cost	(78,327)	(77,819)
Net book value at 31 March	**1,939,442**	**1,918,156**

Balance Sheet Reconciling note:

	2020/2021 £'000	**2021/2022 £'000**
Infrastructure assets (Net)	1,939,442	1,918,156
Other PPE assets	702,963	740,043
Total PPE assets	**2,642,405**	**2,658,199**

The authority has determined in accordance with the England amendment of the Local Authorities Capital Finance and Accounting Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

47 Group Property, Plant and Equipment Valuations

Details relating to GMCA property, plant and equipment are provided in note 20 to the single entity financial statements.

Within the Group, TfGM carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five 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 Institution of Chartered Surveyors. The current values for these properties have been based on existing use values and these were re-valued as at 31 March 2022.

A number of surplus properties were identified in 2015/16 and in accordance with the code were revalued at fair value. The fair value for the properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

In estimating the fair value of TfGM's surplus properties, the highest and best use of the properties is their current use. These were revalued in 2021/22, however due to the value of the properties and the minimal movements the changes in valuations have not been updated in the financial statements.

All TFGM valuations were carried out by Leslie Roberts & Co Ltd, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. TfGM's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

COVID-19 has impacted global financial markets and has led to an unprecedented set of circumstances on which the valuations have been based due to the restrictions imposed. Due to the unknown future impact that COVID-19 will have on the real estate market, the valuations will be kept under regular review. The latest valuation was undertaken 31 March 2022 and there was no material impact on the accounts.

	Land and Buildings	Vehicles, Plant, Furniture and Equipment	Surplus Assets	Assets Under Construction	Total
	£000s	£000s	£000s	£000s	£000s
Carried at Historic Cost:	2,026	331,264	0	107,904	441,193
Valued at Current Value:					
2021/22	220,138	27,436	0	0	247,575
2020/21	46,478	0	0	0	46,478
2019/20	59,241	0	0	0	59,241
2018/19	126,850	0	0	0	126,850
2017/18	68,774	0	0	0	68,774
Valued at Fair Value:	0	0	4,587	0	4,587
	523,506	358,700	4,587	107,904	994,697

48 Group Intangible Assets

The Group 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 and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be 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 Service	3 to 10 years
Assets attributable to the Policing Service	5 years
Assets attributable to the Waste Disposal Service	5 years
Assets attributable to TfGM	3 to 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:

Amortisation	**£000s**
Fire and Rescue Service	(56)
Policing Service	(4,485)
Waste Disposal Service	0
TfGM	(3,255)
Total	**(7,796)**

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

2020/21 Internally generated £000s	2020/21 Other £000s	2020/21 Total £000s		2021/22 Internally generated £000s	2021/22 Other £000s	2021/22 Total £000s
17,139	33,917	51,056	Gross carrying amounts	18,389	34,045	52,434
(5,784)	(6,605)	(12,389)	Accumulated amortisation	(9,446)	(11,732)	(21,178)
0	0	0	Assets under construction	0	235	235
11,355	**27,312**	**38,667**	**Net carrying amount at start of year**	**8,943**	**22,548**	**31,491**
			Additions:			
1,676	0	1,676	Internal development	3,247	3,344	6,591
0	128	128	Purchases	0	2,206	2,206
0	235	235	Additions to assets under construction	0	4,697	4,697
(426)	0	(426)	Impairment losses recognised in the surplus/deficit on the provision of services	0	0	0
0	0	0	Reclassified from assets under construction	0	0	0
0	0	0	Reclassified to operational from assets under construction	0	0	0
0	0	0	Disposals	0	0	0
0	0	0	Other changes	0	(1,254)	(1,254)
(3,662)	(5,128)	(8,790)	Amortisation for the period	(3,089)	(4,707)	(7,796)
8,943	**22,547**	**31,490**	**Net carrying amount at end of year**	**9,101**	**26,835**	**35,936**
			Comprising:			
18,389	34,045	52,434	Gross carrying amounts	21,636	38,576	60,212
(9,446)	(11,733)	(21,179)	Accumulated amortisation	(12,535)	(16,439)	(28,974)
0	235	235	Assets under construction	0	4,698	4,698
8,943	**22,547**	**31,490**	**Balance at 31 March**	**9,101**	**26,835**	**35,936**

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

Internally generated assets relate to TFGM and for 2021/22 relate to the Clean Air Plan and Bus Franchising Programmes.

49 Group Short and Long Term Debtors and Payments in Advance

31 March 2021 £000s	Long Term Debtors	31 March 2022 £000s
	Other entities and individuals	
148,811	Gross Book Value	207,359
(4,894)	Impairment Allowance	(3,241)
143,917	**Total Long Term Debtors**	**204,118**

31 March 2021 £000s	Short Term Debtors	31 March 2022 £000s
68,024	Central Government Bodies	80,518
62,696	Other Local Authorities and Police and Crime Commissioners	93,420
5,948	NHS Bodies	7,741
205	Public Corporations	3,086
13,687	Payments in Advance	15,697
203,499	Other entities and individuals	124,307
(43,627)	Impairment Allowance	(45,858)
310,431	**Total Short Term Debtors**	**278,911**

Ageing Analysis of Trade Debtors

	Total £'000	1-30 days £'000	31-60 days £'000	61-90 days £'000	91-120 days £'000	over 120 days £'000
31-Mar-22	20,654	19,009	595	565	132	352
31-Mar-21	10,634	7,901	718	55	100	1,860

50 Group Cash and Cash Equivalents

Restated 2020/21 £000s	Cash and Cash Equivalents	2021/22 £000s
35,738	Bank current accounts	11,821
89,377	Bank call accounts	13,361
565	Cash held by the Authority	562
50,012	Cash - deposits for up to 3 months	217,356
175,692	**Total Cash and Cash Equivalents**	**243,102**

51 Group Short Term Creditors

Restated '31 March 2021 £000s	Creditors	31 March 2022 £000s
(21,615)	Central Government Bodies	(20,452)
(52,946)	Other Local Authorities and Police and Crime Commissioners	(38,727)
(769)	NHS Bodies	(2,881)
(47,520)	Public Corporations	(57,592)
(155,361)	Other entities and individuals	(135,068)
(13,875)	Prepaid Income / Receipt in Advance	(8,954)
(11,227)	Seized Cash	(8,611)
(303,313)	**Total Creditors**	**(272,286)**

52 Group Short and Long Term Provisions

Provisions are established to meet liabilities or losses which are likely or certain to be incurred, but the amounts or timings are uncertain. Provisions provided as at 31 March 2022 relate to (a) capital works, (b) insurance excesses, (c) an onerous lease and (d) landcare provision.

Provisions	Balances brought forward 1 April 2021 £000s	Top Up of Provision in year £000s	Amounts released in year £000s	Use of Provision in year £000s	Balances carried forward 31 March 2022 £000s	Short Term Provision within 12 months £000s	Long Term Provision more than 12 months £000s	Balances carried forward 31 March 2022 £000s
Transport, Waste, Economic Development and Regeneration								
Trafford Park Metrolink Line Land Provision	**11,560**	299	(949)	(2,976)	**7,934**	2,136	5,799	**7,935**
Metrolink Compensation Provision	**993**	0	(363)	(131)	**499**	302	197	**499**
Quay West Parking Provision	**90**	0	0	0	**90**	0	90	**90**
Landcare Provision	**770**	0	(455)	0	**314**	313	0	**313**
LSM - Leigh to Ellenbrook Provison	**839**	0	(3)	0	**836**	214	622	**836**
Insurance Provision	**495**	0	(145)	(16)	**334**	150	184	**334**
Onerous Leases	**197**	0	0	(1)	**196**	1	195	**196**
Employment related	**252**	0	(154)	(98)	**0**	0	0	**0**
	15,195	**299**	**(2,069)**	**(3,221)**	**10,204**	**3,117**	**7,087**	**10,204**
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**
Fire Roster Provision	**0**	0	0	0	**0**	0	0	**0**
	4,676	**719**	**(65)**	**0**	**5,330**	**4,776**	**553**	**5,330**
Mayoral Police Fund								
Insurance Provision	**10,377**	5,548	(2,632)	0	**13,293**	2,886	10,406	**13,293**
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**	**13,675**	**3,269**	**10,406**	**13,675**
Total	**30,628**	**6,567**	**(4,766)**	**(3,221)**	**29,208**	**11,162**	**18,046**	**29,209**

a) Capital Works - Costs for works arising for land acquired in the ordinary course of delivering TfGM's capital programme, where the amount of payment is uncertain

b) Insurance Excess - Excesses on Public Liability claims, arising from minor accidents to the public, and Employers Liability claims for work related illnesses that were potentially incurred prior to the transfer of TfGM's bus operations following the implementation of the Transport Act 1985

c) Onerous lease - Future lease costs of a property held on a long-term lease by TfGM

d) 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.

53 Group Unusable Reserves

31 March 2021 £000s	Unusable Reserves	31 March 2022 £000s
(375,638)	Capital Adjustment Account	(370,818)
(19,769)	Financial Instruments Adjustment Account	(16,794)
10,813,889	Pensions Reserve	10,704,651
(179,500)	Revaluation Reserve	(183,686)
(814)	Financial Instruments Revaluation Reserve	(599)
9,347	Collection Fund Adjustment Account	(486)
9,976	Accumulated Absences Reserve	9,045
(134)	Deferred Capital Receipts Reserve	(33)
(2,461)	Capital Reserve	(2,461)
41,260	Deregulation Reserve	39,860
10,296,156	**Total Unusable Reserves**	**10,178,679**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

31 March 2021 £000s	Capital Adjustment Account	31 March 2022 £000s
(367,782)	**Balance brought forward 1 April**	**(375,638)**
48,563	Charges for depreciation and impairment of non-current assets	39,358
(1,089)	Revaluation losses on non-current assets	22,530
4,961	Amortisation of intangible assets	4,541
226,486	Revenue expenditure funded from capital under statute	214,364
(2,041)	Capital bad debt provision movement	(3,095)
2,094	Revaluation and impairment of capital financial assets	3,010
0	Loan Novations	1,632
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	1,096
285,241	**Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement**	**283,435**
(3,783)	Adjusting Amounts written out of the Revaluation Reserve	(23,275)
281,457	**Net written out amount of the cost of non-current assets consumed in the year**	**260,160**
(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)
(205,761)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(231,058)
(4,812)	Statutory provision for the financing of capital investment charged against the General Fund	(1,208)
(6,860)	Repayment of inherited debt	0
(42,653)	Capital expenditure charged against the General Fund balances	(36,485)
(358,126)	**Capital financing applied in year**	**(426,999)**
68,812	Capital Receipts debited to the Capital Adjustment Account on Repayment of loans	171,660
0	Other movements	0
(375,638)	**Balance 31 March**	**(370,817)**

Pensions Reserve

This relates to the net pension asset as at 31 March 2022 in accordance with the actuary's report. Further details are shown in note 59.

31 March 2021 £000s	Pension Reserve	31 March 2022 £000s
9,619,178	**Balance brought forward**	**10,813,889**
995,710	Remeasurements of the net defined benefit liability / (asset)	(365,939)
510,985	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.	581,544
(311,984)	Employer's pension contributions and direct payments to pensioners payable in the year	(324,843)
10,813,889	**Balance carried forward**	**10,704,651**

Revaluation Reserve

31 March 2021 £000s	Revaluation Reserve	31 March 2022 £000s
(144,523)	**Balance brought forward for all operations**	**(179,500)**
(48,966)	Upward revaluation of assets	(43,659)
10,124	Impairment losses not charged to the Surplus/Deficit on the Provision of Services	19,797
(38,842)	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services**	**(23,862)**
0	Adjusting amounts written out of the revaluation reserve	18,514
3,291	Difference between fair value depreciation and historical cost depreciation	4,530
492	Accumulated gains on assets sold or scrapped	231
3,783	**Amount written off to the Capital Adjustment Account**	**23,275**
0	Upward revaluation of investments charged to the Surplus/Deficit on the Provision of Services	(3,598)
82	Transfer of accumulated gains on revaluation of investments to the Financial Instruments Revaluation Reserve on implementation of IFRS9	0
(179,500)	**Balance carried forward**	**(183,686)**

Accumulated Absences Reserve

31 March 2021 £000s	Accumulated Absence Account	31 March 2022 £000s
6,911	**Balance brought forward**	**9,976**
(6,911)	Settlement or cancellation of accrual made at the end of the preceding year	(9,976)
9,976	Amounts accrued at the end of the current year	9,045
3,065	**Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements**	**(931)**
9,976	**Balance carried forward**	**9,045**

Deregulation Reserve

The Deregulation Reserve represents payments and losses incurred by TfGM with respect to deregulation on 25 October 1986, which were not charged to profit and loss.

31 March 2021 £000s	Deregulation Reserve	31 March 2022 £000s
42,656	**Balance brought forward**	**41,260**
(1,396)	Amortisation during the year	(1,400)
41,260	**Total Deregulation Reserve**	**39,860**

54 Group Contingent Liabilities

Contingent Liabilities relating to GMP:

McCloud / Sargeant Compensation Claims

Claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons.

Aarons and Ors

Government Legal Department settled the injury to feelings claims for Aaron on behalf of Chief Officers without seeking any financial contributions. Pecuniary loss claims are due to be heard by the Employment Tribunal in December 2022. The settlement of the injury to feelings for Aarons sets a helpful precedent, and therefore no liability in respect of compensation claims is recognised in these accounts.

Penningtons

As at 31 March 2022, it is not possible to reliably estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

Contingent Liabilities relating to TfGM

A contingent liability exists in relation to a claim received from a third party for damages. There are ongoing court proceedings and liability is denied. Due to this, the final amount payable, if any, in relation to this claim is uncertain. The Directors of TfGM consider that the provision of additional information could be prejudicial to its position in resolving this matter.

55 Group Financial Instruments

Categories of Financial Instruments

The tables below 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	**6,584**
Amortised cost - other	0	0	131,981	192,245	**192,245**
Fair value through other comprehensive income - designated equity instruments	11,917	45,222	0	0	**45,222**
Total financial assets	**11,917**	**45,222**	**138,586**	**198,829**	**244,051**
Non financial assets	0	0	5,332	5,289	**5,289**
Total	**11,917**	**45,222**	**143,918**	**204,118**	**249,341**

	Current Financial Assets						
	Investments		Debtors		Cash		Total
	Restated '31 March 2021 £000s	31 March 2022 £000s	31 March 2021 £000s	31 March 2022 £000s	Restated '31 March 2021 £000s	31 March 2022 £000s	31 March 2022 £000s
Amortised cost - soft loans	0	0	191	0	0	0	**0**
Amortised cost - other	0	26,010	255,284	211,843	175,692	243,101	**480,954**
Total financial assets	**0**	**26,010**	**255,475**	**211,843**	**175,692**	**243,101**	**480,954**
Non-financial assets	0	0	54,957	67,069	0	0	**67,069**
Total	**0**	**26,010**	**310,432**	**278,911**	**175,692**	**243,101**	**548,023**

	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	(1,424,934)	(1,385,089)	0	0	(3,948)	(6,902)	**(1,391,991)**
Amortised cost - PFI	0	0	0	0	(40,759)	(36,676)	**(36,676)**
Total financial liabilities	**(1,424,934)**	**(1,385,089)**	**0**	**0**	**(44,707)**	**(43,578)**	**(1,428,667)**
Non financial liabilities	0	0	0	0	(81,243)	(170,477)	**(170,477)**
Total	**(1,424,934)**	**(1,385,089)**	**0**	**0**	**(125,951)**	**(214,055)**	**(1,599,144)**

	Current Financial Liabilities						
	Borrowings		Creditors		Other Short-Term Liabilities		Total
	31 March 2021 £000s	31 March 2022 £000s	Restated '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	(77,242)	(80,117)	(229,477)	(219,822)	(19,875)	(5,507)	**(305,445)**
Amortised cost - PFI	0	0	0	0	(3,659)	(4,082)	**(4,082)**
Total financial liabilities	**(77,242)**	**(80,117)**	**(229,477)**	**(219,822)**	**(23,534)**	**(9,589)**	**(309,527)**
Non-financial liabilities	0	0	(73,836)	(52,463)	(182,161)	(231,694)	**(284,156)**
Total	**(77,242)**	**(80,117)**	**(303,313)**	**(272,285)**	**(205,694)**	**(241,282)**	**(593,683)**

Income, Expenses, Gains and Losses

The gains and losses recognised in the Group 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 £000s	Other Comprehensive Income and Expenditure £000s	Surplus or Deficit on the Provision of Services £000s	Other Comprehensive Income and Expenditure £000s
Net gains/losses on:				
Financial assets measured at amortised cost	2,650	0	(216)	0
Investments in equity instruments designated at fair value through other comprehensive income	0	(89)	0	215
Total net gains/losses	**2,650**	**(89)**	**(216)**	**215**
Interest revenue:				
Financial assets measured at amortised cost	(9,294)	0	(4,952)	0
Total interest revenue	**(9,294)**	**0**	**(4,952)**	**0**
Interest expense	**66,870**	**0**	**63,197**	**0**

Fair Value of Assets and Liabilities

Set out below is a comparison by class of the carrying amounts and fair value of the Group financial assets and financial liabilities:

Restated 31 March 2021			31 March 2022	
Carrying Amount £000s	Fair Value £000s		Carrying Amount £000s	Fair Value £000s
		Financial Assets		
11,917	11,917	Equity Investments	45,215	45,215
0	0	Other Investments	26,018	26,018
394,060	396,964	Debtors	410,671	418,559
175,692	175,692	Cash	243,101	243,101
581,669	**584,573**	**Total Financial Assets**	**725,005**	**732,893**
		Financial Liabilities		
(585,179)	(867,728)	PWLB Debt	(563,879)	(776,675)
(916,996)	(1,269,488)	Non- PWLB debt	(901,326)	(1,175,574)
(44,418)	(44,418)	PFI Liabilities	(40,758)	(40,758)
(7,303)	(7,303)	Deferred Liabilities	0	0
(16,521)	(16,521)	Other Liabilities - Provisions (contractual based)	(12,407)	(12,407)
(229,476)	(229,476)	Creditors	(219,823)	(219,823)
(1,799,894)	**(2,434,933)**	**Total Financial Liabilities**	**(1,738,194)**	**(2,225,237)**

The Authority holds £45,222m in equity investments:

£40.766m within the single entity accounts relates to a number of businesses that either previously held loans with the Authority and which have converted to equity investments or are a direct equity investment. 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.

£4,449m of TfGM long-term investments evaluated based on level 3 – unobservable inputs for the asset or liability and included using a discounted cash flow value, based on analysis of the Gross Development Value, cost inputs and timing assumptions. This is a change from the previous input level 2 valuation technique in the prior year for this class of asset.

Other Financial Assets and Financial Liabilities are carried in the balance sheet at amortised cost, with carrying values as disclosed above. Their fair values disclosed in the table below have been 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;

- The fair value of cash and cash equivalents (which includes other investments), 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 long-term debtors within the single entity accounts 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 deferred liabilities in the single entity accounts in relation to the historical Greater Manchester Loan Fund is held at cost as this debt is not tradeable in any principal or alternative market.

- Fair value for PFI schemes cannot be obtained as there is no comparable information available, and these have therefore been shown at cost.

- For loans from the PWLB, premature repayment rates from the PWLB have been applied to provide the fair value; by applying new loan rates their fair value would be £700.910m.

- For non-PWLB loans payable, premature repayment rates have been applied to provide the fair value; by applying new loan rates their fair value would be £1,052.066m.

- 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 of the Group are set out by type of loan and by maturity in the table below:

Borrowings	**Range of interest rates payable in 21/22 from %**	**to %**	**Average Interest 2020/21 %**	**Average Interest 2021/22 %**	**Total Outstanding 31 March 2021 £000s**	**Total Outstanding 31 March 2022 £000s**
a) Analysis of loans by type:						
Public Works Loans Board	1.44%	9.75%	4.59%	4.67%	(579,848)	(558,641)
Other Loans	0.00%	6.42%	2.97%	2.97%	(914,019)	(898,337)
Accrued Interest Payable:						
PWLB					(5,332)	(5,238)
Others					(2,976)	(2,989)
Total as at 31 March					**(1,502,174)**	**(1,465,206)**
b) Analysis of loans by maturity						
Maturing:						
Due within 1 year: accrued interest payable						
PWLB					(5,332)	(5,238)
Others					(2,976)	(2,989)
Due within 1 year: principal						
PWLB					(21,206)	(18,516)
Others					(47,727)	(53,373)
Due within 1 year					(77,241)	(80,116)
In 1 to 2 years					(42,679)	(45,693)
In 2 to 5 years					(146,610)	(153,502)
In 5 to 10 years					(396,139)	(378,592)
In over 10 years					(839,505)	(807,302)
Due over 1 year					(1,424,933)	(1,385,089)
Total as at 31 March					**(1,502,174)**	**(1,465,206)**

56 Group Nature and Extent of Risks arising from Financial Instruments

The Authority's risks are explained in note 30, this narrative covers the risk associated with TfGM, NWEH, FoFLP and GME2LP financial instruments.

Risk Factors

TfGM
TfGM has a credit risk management policy that establishes guidelines and processes for credit risk assessments conducted on customer accounts, via a licence to Companywatch. Assessments consider historic financial information and an overall financial health score based on cashflow, balance sheet liquidity, and income and expenditure analysis.

As at 31 March 2022, a substantial proportion of the total debtors relate to central government and local authority bodies which are deemed to be low credit risk.

The remaining £25.6m of debtors relate to other entities and individuals, including £8.5m trade debtors, of which 56% are past due, with 17% of these being in the more than 30 days past due category.

A prudent view is taken in respect of impairment of trade debtors.

TfGM bears no interest rate risk in relation to loans and borrowings, as all existing loans are at a fixed rate. Where required, short term funding for working capital is provided by GMCA at zero interest.

Currency risk is not a significant factor for TfGM, as it ensures that substantially all financial assets and liabilities are contracted for in sterling. The value of contracts denominated in Euros is not material.

Equity price risk is not a factor for TfGM since it holds no tradable investments.

Risks are managed in accordance with the Annual Governance Statement. Management of TfGM's cash balances and funding requirements is undertaken by the daily assessment of available funds for short-term deposits; and the regular preparation of detailed treasury and cash flow forecasts which are reviewed by the Head of Finance and the Director of Finance and Corporate Services. Where necessary, mitigating actions are taken and agreement is sought from GMCA officers if further funding is required to cover, for example, short term cash flow requirements arising from the timing difference between expenditure and grant monies being applied for and received.

NWEH, FoFLP and GME2LP (LPs)
The LPs' principal risks are liquidity, credit and capital management, for which risk management programmes are in place to limit the adverse effect of such risks in their financial position.

Liquidity risk
Liquidity risk is the risk that the LPs will have difficulty in meeting their obligations as and when they fall due. The LPs' approach to liquidity is to utilise cash flow forecasting to ensure that they will always have sufficient liquidity to meet liabilities as and when they fall due without incurring unacceptable credit risk or risking damage to the LPs' reputations.

Credit risk
Credit risk arises for the funds from both deposits with banks and credit exposures to borrowers.

The LPs' credit risk in relation to bank deposits is minimised by following the GMCA's 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 in Note 30. 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).

The purpose of the LPs is to provide short term funding into urban development projects in the North-West via their sub-funds. This provides credit risk in relation to each borrower and project. The LPs manage this risk by setting agreed investment parameters under the Contingent Loan Agreements and the Investment Adviser and Operator Agreements in place, with detailed due diligence undertaken for all borrowers and projects.

Each investment is subject to approval by the investment funds' board, in addition to CBRE's investment board as Investment Adviser to the funds. These are predominantly senior loans and as such carry prudent loan to values secured on tangible real estate assets. CBRE, in its capacity as Investment Adviser and Operator, monitor the projects throughout the loan term, reporting progress to the board and providing recommendations as appropriate. No defaults have been suffered by the funds to date, and none of the loans as at 31 March 2022 were in default.

Capital management
The LPs' finance their operations through the management of working capital and ultimately from the support of their partners if required.

Hedging Instruments

Neither TfGM, NWEH, FoFLP nor GME2LP hold any financial instruments that could be classified as hedging instruments.

57 Group Related Party Transactions

The Group is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Group or to be controlled or influenced by the Group.

Transactions and balances between the Authority and its related parties are disclosed in note 31. Transactions between the Authority and those included within the group have been removed on consolidation.

TFGM
The following entities are consolidated within the GMCA group accounts; the Chief Constable of Greater Manchester, NW Evergreen Holdings Limited Partnership, Greater Manchester Evergreen 2 Limited Partnership and Greater Manchester Fund of Funds Limited Partnership. No transactions took place between TfGM and any of these entities.

Greater Manchester Accessible Transport Limited and Piccadilly Triangle Developments are subsidiaries of TFGM, see below for related party transactions.

Greater Manchester Accessible Transport Limited (GMATL)

Subsidiary of TFGM, related party by virtue of shared group

2020/21 £000s	GMATL	2021/22 £000s
3,569	Expenditure	3,521
0	Income	0
0	Debtors	0
4,431	Creditors	4,431
0	Borrowings	0
8,000	**Total**	7,952

Piccadilly Triangle Developments LLP

Subsidiary of TFGM, related party by virtue of shared group. TfGM and Manchester City Council are partners in Piccadilly Triangle Developments LLP (PTD LLP). TfGM has a 50% share of PTD LLP. This partnership is for the development of an area of land in Manchester, which commenced in May 2005

2020/21 £000s	Piccadilly Triangle Developments	2021/22 £000s
0	Expenditure	0
380	Income	298
97	Debtors	204
0	Creditors	0
0	Borrowings	0
477	**Total**	502

GMP

The following entities are consolidated within the GMCA group accounts; the Chief Constable of Greater Manchester, NW Evergreen Holdings Limited Partnership, Greater Manchester Evergreen 2 Limited Partnership and Greater Manchester Fund of Funds Limited Partnership. No transactions took place between GMP and any of these entities.

Senior Police officers and Senior Employees

Senior officers and staff were asked to declare any material, financial transactions with the Chief Constable by themselves, by their close family, or by any organisation in which they or their close family have a controlling interest.

During 2021/22 Odd Arts, a registered charity of which an Assistant Chief Constable is a Trustee, was awarded funding for £1,500 (3 were awarded in 2020/21 totalling £5,000). The charity works with young people in Greater Manchester who are at risk of getting involved in criminality. The Assistant Chief Constable did not take part in any discussion, decision or administration relating to the funding award.

A payment for 9 annual insurance levies totalling £23,850 was made to the Chief Police Officers Staff Association during 2021/22, of which an Assistant Chief Officer is a Director and Secretary. The organisation arranges the legal expenses insurance for Chief Police Officers and staff. The Assistant Chief Officer did not take part in any discussion, decision or administration relating to the payments. This was not a related party in 2020/21 because the Assistant Chief Officer was appointed in 2022.

58a Group Cash Flow Statement - Adjustments to Net Cash Flows from Operating Activities

The cash flows for operating activities include the following items:

Restated 2020/21 £000s	Operating Activities	2021/22 £000s
4,177	Finance Costs calculated in accordance with the SORP	(3,155)
(2,094)	Impairment of investments	(3,010)
(36,777)	Increase / (Decrease) in Debtors	76,701
(149,829)	Decrease / (Increase) in Creditors	(124,061)
2,599	Decrease / (Increase) in Provisions	(3,115)
1,089	Revaluation adjustment	(22,530)
(284)	Increase / (Decrease) in Inventories	259
0	Gain / loss on disposal of short and long term investments	(3,949)
(6,902)	Loss on sale of non current assets	(1,369)
(136,549)	Depreciation and amortisation charge	(127,905)
(200,405)	IAS19 adjustments	(253,807)
(1,680)	(Increase) / Decrease in Interest Debtors	(3,459)
(288)	Increase / (Decrease) in Interest Creditors	71
(1,011)	Other non-cash movements	8,225
(527,955)	**Adjustments to net deficit on the provision of services for non cash movements**	**(461,103)**
3	Financing activities	10
(1,661)	IAS 19 pension finance interest	(2,894)
291,239	Capital grants and contributions receivable	308,137
0	Proceeds from the sale of Property, Plant & Equipment	794
0		0
289,581	**Adjust for items included in the net deficit on the provision of services that are investing and financing activities**	**306,046**

58b Group Cash Flow Statement - Investing Activities

2020/21 £000s	Investing Activities	2021/22 £000s
69,115	Purchase of property, plant and equipment	141,772
91	Purchase of long term investments	40,594
99,122	Long Term Loans paid out	0
(68,812)	Long Term Loans repaid	0
(317,298)	Capital grants and contributions received	(308,984)
(656)	Proceeds from sale of property, plant and equipment	(779)
(218,438)	**Net Cash Inflow / (Outflow) from Investing Activities**	**(127,396)**

58c Group Cash Flow Statement - Financing Activities

2020/21 £000s	Financing Activities	2021/22 £000s
6,885	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
(228,434)	Receipts of short and long term borrowing	(312,385)
340,457	Repayments of short and long term borrowing	352,428
122,149	**Net Cash Inflow / (Outflow) from Financing Activities**	**51,006**

58d Group 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	(1,424,934)	45,514	0	(5,670)	(1,385,090)
Short term borrowing	(77,242)	(5,471)	0	2,595	(80,118)
On balance sheet PFI liabilities	(44,417)	3,660	0	0	(40,758)
Deferred liabilities	(7,302)	7,303	0	0	1
Total liabilities from financing activities	**(1,553,896)**	**51,006**	**0**	**(3,075)**	**(1,505,965)**

Financing Activities	1 April 2020	Financing cash flows	Non-cash changes		31 March 2021
			Acquisition	Other non-cash changes	
	£000s	£000s	£000s	£000s	£000s
Long term borrowing	(1,490,433)	39,552	0	25,947	(1,424,934)
Short term borrowing	(120,613)	72,500	0	(29,129)	(77,242)
On balance sheet PFI liabilities	(47,658)	3,241	0	0	(44,417)
Deferred liabilities	(14,159)	6,857	0	0	(7,302)
Total liabilities from financing activities	**(1,672,863)**	**122,149**	**0**	**(3,182)**	**(1,553,896)**

59 Group Defined Benefit Pension Schemes

Employees of the Group are divided between two separate defined benefit pension schemes:

The Fire Service Pension Scheme and the Police Service Pension Scheme for its uniformed firefighters and police officers – these are separate but similar unfunded schemes, 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.

McCloud / Sargeant Judgement

Firefighters and Police Officers schemes

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 on 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. The cost cap mechanism for the 2016 valuation has since been un-paused and the calculations complete, with the outcome being no changes to benefits or contributions

Past service costs were included in the 2018/19 and 2019/20 accounts and the 2020/21 service cost allows for the higher expected cost of accrual under McCloud.

Local Government Scheme

As the Authority made an allowance for McCloud in 2019/20, no further adjustments have been made in 2020/21 or 2021/22. 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.

Group Comprehensive Income and Expenditure Statement

2020/21 LGPS £000s	2020/21 Fire £000s	2020/21 Police £000s	2020/21 Total £000s		2021/22 LGPS £000s	2021/22 Fire £000s	2021/22 Police £000s	2021/22 Total £000s
				Cost of Services:				
59,676	36,600	197,380	293,656	Current service cost	100,354	39,510	223,730	363,594
922	0	0	922	Past service cost (including curtailments and settlements)	1,055	0	0	1,055
60,598	**36,600**	**197,380**	**294,578**	**Total Service Cost**	**101,409**	**39,510**	**223,730**	**364,649**
				Financing and Investment Income & Expenditure:				
(29,837)	0	0	(29,837)	Interest income on plan assets	(31,573)	0	0	(31,573)
37,844	37,880	170,520	246,244	Interest cost on defined benefit obligation	45,348	37,300	165,820	248,468
8,007	**37,880**	**170,520**	**216,407**	**Total Net Interest**	**13,775**	**37,300**	**165,820**	**216,895**
68,605	**74,480**	**367,900**	**510,985**	**Total Post Employment Benefit Charged to the (Surplus)/Deficit on the Provision of Services**	**115,184**	**76,810**	**389,550**	**581,544**
				Remeasurements of the Net Defined Liability Comprising:				
(221,936)	0	0	(221,936)	Return on assets excluding amounts included in net interest	(116,773)	0	0	(116,773)
9,982	0	0	9,982	Actuarial gains/losses arising from changes in demographic assumptions	(13,139)	0	0	(13,139)
506,476	174,880	879,230	1,560,586	Actuarial gains/losses arising from changes in financial assumptions	(172,991)	(22,470)	(109,030)	(304,491)
(16,972)	(13,890)	(322,060)	(352,922)	Other	3,814	5,450	59,200	68,464
277,550	**160,990**	**557,170**	**995,710**	**Total Remeasurements Recognised in Other in the CIES**	**(299,089)**	**(17,020)**	**(49,830)**	**(365,939)**
346,155	**235,470**	**925,070**	**1,506,695**	**Total Post Employment Benefit Charged to the CIES**	**(183,905)**	**59,790**	**339,720**	**215,605**

Group Movement in Reserves Statement

2020/21 LGPS £000s	2020/21 Fire £000s	2020/21 Police £000s	2020/21 Total £000s		2021/22 LGPS £000s	2021/22 Fire £000s	2021/22 Police £000s	2021/22 Total £000s
(68,605)	(74,480)	(367,900)	(510,985)	Reversal of net charges made to the (surplus)/deficit on the provision of service	(115,184)	(76,810)	(389,550)	(581,544)
36,344	0	0	36,344	Employer's contributions payable to the scheme	37,243	0	0	37,243
0	54,880	220,760	275,640	Retirement benefits payable to pensioners	0	56,700	230,900	287,600
(32,261)	**(19,600)**	**(147,140)**	**(199,001)**	**Actual amount charged against the General Fund Balance for Pensions in the year**	**(77,941)**	**(20,110)**	**(158,650)**	**(256,701)**

Group Pensions Assets and Liabilities Recognised in the Balance Sheet

31 March 2021 LGPS £000s	31 March 2021 Fire £000s	31 March 2021 Police £000s	31 March 2021 Total £000s		31 March 2022 LGPS £000s	31 March 2022 Fire £000s	31 March 2022 Police £000s	31 March 2022 Total £000s
(2,198,359)	(1,873,100)	(8,294,720)	(12,366,179)	Present value of the defined benefit obligation	(2,130,987)	(1,876,190)	(8,403,540)	(12,410,717)
1,552,290	0	0	1,552,290	Fair value of employer assets	1,706,066	0	0	1,706,066
(646,069)	**(1,873,100)**	**(8,294,720)**	**(10,813,889)**	**Net liability arising from the Defined Benefit Obligation**	**(424,921)**	**(1,876,190)**	**(8,403,540)**	**(10,704,651)**

Group Reconciliation of the present value of the scheme liabilities (Defined Benefit Obligations)

2020/21 LGPS £000s	2020/21 Fire £000s	2020/21 Police £000s	2020/21 Total £000s		2021/22 LGPS £000s	2021/22 Fire £000s	2021/22 Police £000s	2021/22 Total £000s
(1,631,622)	**(1,692,510)**	**(7,590,410)**	**(10,914,542)**	**Opening fair value of continuing scheme liabilities**	**(2,198,359)**	**(1,873,100)**	**(8,294,720)**	**(12,366,179)**
			0	**Opening fair value of liabilities transferred in**				**0**
(59,676)	(36,600)	(197,380)	(293,656)	Current Service Cost	(100,354)	(39,510)	(223,730)	(363,594)
(922)	0	0	(922)	Past Service Costs (including curtailment and settlement)	(1,055)	0	0	(1,055)
(37,844)	(37,880)	(170,520)	(246,244)	Interest Cost	(45,348)	(37,300)	(165,820)	(248,468)
(12,221)	0	0	(12,221)	Contributions from scheme participants	(13,012)	0	0	(13,012)
				Remeasurement gain				
(9,982)	0	0	(9,982)	Actuarial gains/losses arising from change in demographic assumptions	13,139	0	0	13,139
(506,476)	(174,880)	(879,230)	(1,560,586)	Actuarial gains/losses arising from change in financial assumptions	172,991	22,470	109,030	304,491
16,972	13,890	322,060	352,922	Other	(3,814)	(5,450)	(59,200)	(68,464)
43,412	54,880	220,760	319,052	Benefits Paid	44,825	56,700	230,900	332,425
(2,198,359)	**(1,873,100)**	**(8,294,720)**	**(12,366,179)**	**Closing fair value of scheme liabilities**	**(2,130,987)**	**(1,876,190)**	**(8,403,540)**	**(12,410,717)**

Reconciliation of movements in the fair value of the scheme assets

2020/21 LGPS £000s		2021/22 LGPS £000s
1,295,364	Opening fair value of continuing scheme assets	1,552,290
0	Opening fair value of assets transferred in	0
29,837	Interest Income	31,573
0	Effect of settlements	0
	Remeasurement gain	
221,936	Return on assets excluding amounts included in net interest	116,773
36,344	Contributions from employer	37,243
12,221	Contributions from employees into the scheme	13,012
(43,412)	Benefits Paid	(44,825)
1,552,290	**Closing fair value of scheme assets**	**1,706,066**

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 %	Asset category	Quoted prices in active markets £000s	Quoted prices not in active markets £000s	Total £000s	Percentage of total assets %
				Equity securities				
116,617	0	116,617	8%	Consumer	103,121	0	103,121	6%
103,859	0	103,859	7%	Manufacturing	98,883	0	98,883	6%
64,446	0	64,446	4%	Energy and utilities	77,805	0	77,805	5%
139,604	0	139,604	9%	Financial institutions	149,410	0	149,410	9%
66,423	0	66,423	4%	Health and care	78,300	0	78,300	5%
70,196	0	70,196	5%	Information technology	74,520	0	74,520	4%
21,471	0	21,471	1%	Other	17,058	0	17,058	1%
				Debt securities				
256,788	0	256,788	17%	Corporate bonds (investment grade)	245,210	0	245,210	14%
0	0	0	0%	UK government	27,158	0	27,158	2%
17,264	0	17,264	1%	Other	46,353	0	46,353	3%
				Private equity				
0	79,099	79,099	5%	All	0	107,911	107,911	6%
				Real estate				
0	49,657	49,657	3%	UK property	0	64,893	64,893	4%
				Investment funds and unit trusts				
119,409	0	119,409	8%	Equities	94,586	0	94,586	6%
168,419	0	168,419	11%	Bonds	148,042	0	148,042	9%
0	67,747	67,747	4%	Infrastructure	0	96,175	96,175	6%
60,056	126,372	186,428	12%	Other	58,238	172,957	231,194	14%
				Derivatives				
(1,067)	0	(1,067)	0%	All	(7,622)	0	(7,622)	0%
				Other	(1,145)	0	(1,145)	0%
				Cash and cash equivalents				
25,929	0	25,929	2%	All	54,217	0	54,217	3%
1,229,415	**322,875**	**1,552,290**	**100%**	**Totals**	**1,264,131**	**441,935**	**1,706,066**	**100%**

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:				
116,617	0	116,617	8%	Consumer	114,748	0	114,748	7%
103,859	0	103,859	7%	Manufacturing	102,561	0	102,561	6%
64,446	0	64,446	4%	Energy and utilities	69,838	0	69,838	4%
139,604	0	139,604	9%	Financial institutions	154,186	0	154,186	9%
66,423	0	66,423	4%	Health and care	78,669	0	78,669	5%
70,196	0	70,196	5%	Information technology	78,807	0	78,807	5%
21,471	0	21,471	1%	Other	18,027	0	18,027	1%
				Debt securities:				
256,788	0	256,788	17%	Corporate bonds (investment grade)	246,347	0	246,347	15%
0	0	0	0%	UK Government bonds	25,320	0	25,320	1%
17,264	0	17,264	1%	Other	43,730	0	43,730	3%
				Private equity:				
0	79,099	79,099	5%	All	0	104,184	104,184	6%
				Real Estate:				
0	49,657	49,657	3%	UK property	0	57,130	57,130	3%
				Investment Funds and Unit Trusts				
119,409	0	119,409	8%	Equities	97,631	0	97,631	6%
168,419	0	168,419	11%	Bonds	152,170	0	152,170	9%
0	67,747	67,747	4%	Infrastructure	0	85,550	85,550	5%
60,056	126,372	186,428	12%	Other	60,213	167,319	227,531	13%
				Derivatives:				
(1,067)	0	(1,067)	0%	All	(8,882)	0	(8,882)	-1%
				Other	(1,145)	0	(1,145)	0%
				Cash and cash equivalents:				
25,929	0	25,929	2%	All	45,647	0	45,647	3%
1,229,415	**322,875**	**1,552,290**	**100%**	**Total**	**1,277,867**	**414,183**	**1,692,050**	**100%**

Assumptions

2020/21 LGPS	2020/21 Fire	2020/21 Police		2021/22 LGPS	2021/22 Fire	2021/22 Police
			Longevity at 65 for current pensioners:			
20.5 years	21.4 years	22.0 years	Male	20.3 years	21.5 years	22.1 years
23.3 years	21.4 years	23.7 years	Female	23.0 years	21.5 years	23.8 years
			Longevity at 65 for future pensioners:			
21.9 years	23.1 years	23.7 years	Male	21.6 years	23.2 years	23.8 years
25.3 years	23.1 years	25.3 years	Female	25.1 years	23.2 years	25.4 years
			Rate of Inflation (Price Increases)			
3.55% to 3.60%	4.15%	4.15%	Rate of increase in salaries (Salary Increases)	3.90% to 3.95%	4.75%	4.75%
2.80% to 2.85%	2.40%	2.40%	Rate of increase in pensions (Pension Increases)	3.15% to 3.20%	3.00%	3.00%
2.00% to 2.05%	2.00%	2.00%	Rate of discounting scheme liabilities (Discount Rate)	2.70% to 2.75%	2.65%	2.65%

Sensitivity Analysis

Local Government Pension Scheme Change in Assumption at 31 March 2022	Approximate % increase in Defined Benefit Obligation %	Approximate monetary amount £000s
0.1% decrease in Real Discount Rate	2.00%	37,681
0.5% decrease in Real Discount Rate	10.00%	49,341
0.1% increase in the Salary Increase Rate	0.00%	4,379
0.5% increase in the Salary Increase Rate	1.00%	4,828
0.1% increase in the Pension Increase Rate (CPI)	2.00%	33,020
0.5% increase in the Pension Increase Rate	9.00%	43,639
1 year increase in member life expectancy	4.00%	65,543

Fire Fighters Pension Scheme Change in Assumption at 31 March 2022	Approximate % increase in Defined Benefit Obligation %	Approximate monetary amount £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

Police Pension Scheme Change in Assumption at 31 March 2022	Approximate % increase in Defined Benefit Obligation %	Approximate monetary amount £000s
0.5% increase in Real Discount Rate	(9.50%)	(803,000)
0.5% increase in the Salary Increase Rate	1.00%	76,000
0.5% increase in the Pension Increase Rate (CPI)	8.50%	734,000
1 year decrease in members and adult dependants assumed age	3.50%	285,000

Police Pension Fund

The Police Pension Scheme is unfunded. Both employer and employee pension contributions are based on a percentage of pay, which is paid into the Pension Fund. The amounts that must be paid into and out of the Pension Fund are specified by the Police Pension Fund Regulations 2007 and do not include injury awards.

Police Pension Fund Account

2020/21 £000s	Police Pension Fund Account	2021/22 £000s
0	Opening balance at 1 April	**0**
	Contributions Receivable	
(75,508)	Contributions at 21.3% of pensionable pay from employer	(78,143)
(1,776)	Early retirements	(815)
(13)	Other (contributions from the Territorial Army)	(15)
(32,589)	Officers' contributions	(33,665)
	Transfers In	
(833)	Transfers in from other schemes	(1,030)
	Benefits Payable	
176,791	Pensions	180,951
34,480	Commutations and lump sum retirement benefits	40,399
	Payments to and on account of leavers	
128	Individual transfers out to other schemes	77
171	Refunds of contributions	424
630	Other (tax and interst)	612
101,482	**Net Amount Payable for the year**	**108,795**
0	Additional 2.9% funding payable by the Local Policing Body to meet the deficit for the year	0
(101,482)	Additional contribution from the Local Policing Body	(108,795)
0	**Closing balance at 31 March**	**0**

Net asset statement

31 March 2021 £000s	Net Asset Statement	2021/22 £000s
0	Unpaid pensions due	0
0	Amount owing to General Fund Balance	0
0	**Net Assets**	**0**

Contribution rates

2020/21 %	Contribution Rates	2021/22 %
31.00%	Employer	31.00%
	Employee:	
14.25% to 15.05%	Old schemes	14.25% to 15.05%
11.00% to 12.75%	2006 scheme	11.00% to 12.75%
12.44% to 13.78%	2015 scheme	12.44% to 13.78%

Notes to the Police Pension Fund Account and Net Assets Statement

The Fund was established under the Police Pension Fund Regulations 2007 (SI 2007 no. 1932) and is administered and managed by the Chief Constable.

The Police Pension Scheme is an unfunded, defined benefit scheme. There are no investment assets. The fund is balanced to nil each year by a transfer from Greater Manchester Combined Authority, which is reclaimed from Central Government.

Employer and employee contributions are paid into the Fund based on a percentage of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary Department. (See the contribution rates table above).

Benefits payable to scheme members are made from the Fund with the exception of injury awards, which are payable from revenue funds, as are administrative costs. Inward transfer values are paid into the Fund and outward transfer values are paid from the Fund.

The fund is balanced to zero each year. If income to the fund exceeds expenditure then the excess is paid to Greater Manchester Combined Authority. If expenditure exceeds income then Greater Manchester Combined Authority must fund the deficit. Greater Manchester Combined Authority pays any excess income to the Home Office and receives Police Pension Fund top up grant from the Home Office to fund any deficit.

The contributions receivable from the employer shown in the account are debited to the Chief Constable's Comprehensive Income and Expenditure Statement. The additional contribution from Greater Manchester Combined Authority is debited in its accounts together with a matching grant from the Home Office.

The amount of Home Office grant outstanding at 31 March 2022 has been accrued and is shown in Greater Manchester Combined Authority's Consolidated Balance Sheet.

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.

The Fund's Accounting Policies are set out in the 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.

This page is intentionally left blank

GMCA GREATER MANCHESTER COMBINED AUTHORITY

Our Ref:

Your Ref:

Contact: Steve Wilson

Telephone Number: 0161 778 7000

Email: steve.wilson@greatermanchester-ca.gov.uk

Date:

Mark Dalton
Mazars LLP
One St Peter's Square
Manchester
M2 3DE

Dear Mark

Greater Manchester Combined Authority - Audit for year ended 31 March 2022

This representation letter is provided in connection with your audit of the financial statements of Greater Manchester Combined Authority ('the Authority') and its Group for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Authority and Group you determined it was necessary to contact in order to obtain audit evidence.

GMCA | Broadhurst House | 56 Oxford Street | Manchester | M1 6EU

I confirm as the Authority's Treasurer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Combined Authority and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Authority and Group's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Authority and Group in making accounting estimates, including those measured at current or fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no undisclosed contingent gains which should be disclosed. All material matters, including unasserted claims, that may result in litigation against the Authority and Group have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

GMCA | Broadhurst House | 56 Oxford Street | Manchester | M1 6EU

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.
The Authority and Group has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as the Authority's Treasurer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Authority and Group involving:
- management and those charged with governance;
- employees who have significant roles in internal control; and
- others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Authority and Group's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code and applicable law. I have disclosed to you the identity of the Authority and Group's related parties and all related party relationships and transactions of which I am aware.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed. Should further material events occur after the date of this letter which may necessitate r

GMCA | Broadhurst House | 56 Oxford Street | Manchester | M1 6EU

revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Going concern

I confirm that I have carried out an assessment of the potential impact of the current economic climate and recovery from the pandemic on the Authority and Group, including the impact of mitigation measures and uncertainties and am satisfied the going concern assumption remains appropriate and that no material uncertainty has been identified. To the best of my knowledge there is nothing to indicate that the Authority and Group will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours Sincerely,

Steve Wilson

GMCA | Broadhurst House | 56 Oxford Street | Manchester | M1 6EU

GMCA GREATER MANCHESTER COMBINED AUTHORITY

This page is intentionally left blank

GMCA GREATER MANCHESTER COMBINED AUTHORITY

GMCA Audit Committee

Date: 15 March 2023

Subject: External Audit Progress Report

Report of: Mark Dalton, Director, Mazars

Purpose of Report

The report provides the Audit Committee with an update on progress in delivering our responsibilities as your external auditors.

Recommendations:

The GMCA Audit Committee is requested to:

1. Note the update.

Contact Officers

Steve Wilson

Steve.wilson@greatermanchester-ca.gov.uk

Mark Dalton

mark.dalton@mazars.co.uk

Equalities Impact, Carbon and Sustainability Assessment:

n/a

Risk Management

n/a

Legal Considerations

n/a

Financial Consequences – Revenue

n/a

Financial Consequences – Capital

n/a

Number of attachments to the report:

Comments/recommendations from Overview & Scrutiny Committee

n/a

Background Papers

- Previous external audit updates to GMCA Audit Committee

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?

No

GM Transport Committee

n/a

Overview and Scrutiny Committee

n/a

Audit Completion Report

Greater Manchester Combined Authority- Year ended 31 March 2022

March 2023

mazars

Contents

mazars

Members of the Audit Committee
Greater Manchester Combined Authority
Churchgate House
56 Oxford Street
Manchester
M1 6EU

Mazars LLP
One St Peter's Square
Manchester
M2 3DE

9 March 2023

Dear Committee Members

Audit Completion Report – Year ended 31 March 2022

We are pleased to present our Audit Completion Report for the year ended 31 March 2022. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 22 April 2022. We have reviewed the significant audit risks and other areas of management judgement included in our Audit Strategy Memorandum and during the course of the audit we subsequently identified the valuation of the Authority's investments as an enhanced risk due to the balance of equity investments becoming material during 2021/22. See page 9 for further details.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 07795 506766.

Yours faithfully

Mark Dalton
Mazars LLP

01

Section 01:

Executive summary

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2021/22 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls;
- Net defined benefit liability valuation;
- Valuation of property, plant and equipment;
- Property, plant and equipment system change; and
- Valuation of equity investments (added as an enhanced risk as such investments became material during the year).

Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements; unadjusted misstatements total £1.464m. We have also identified a prior period adjustment relating to the treatment of light rail and bus Covid-19 support grants as principal rather than agency. Further details are included within section 6 of this report.

Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2022. At the time of preparing this report, a small number of matters remaining outstanding as outlined in section 2. We will provide an update to you in relation to the matters outstanding through issuance of a follow up letter.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:

Audit opinion
We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.

Value for Money
As part of our 2020/21 work on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources, we identified four significant weaknesses. We have followed these up as part of our 2021/22 value for money work. Two weaknesses remained for the year ending 31 March 2022.
Further detail on our Value for Money work is provided in section 7 of this report.

Whole of Government Accounts (WGA)
We received group instructions from the National Audit Office in February 2023 in respect of our work on the Authority's WGA submission. We are unable to commence our work in this area until we have completed the audit of the 2021/22 accounts.

Wider powers
The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Authority and to consider any objection made to the accounts. We have not received any questions or objections in respect of the Authority's accounts.

02

Section 02:

Status of the audit

2. Status of the audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Audit area	Status	Description of the outstanding matters
Cash flow statement		Management have prepared an updated cash flow statement as the draft statement contained a non-trivial balancing figure. This was provided on the 9 March. We are in the process of reviewing the revised statement.
Defined benefit pension liability		We are awaiting the conclusion on an error identified by the pension fund auditor at the Greater Manchester Local Government Pension Scheme fund.
Consolidated accounts		Management have prepared revised group financial statements which have been amended following our initial review of draft group accounts. These were provided on the 9 March. We are in the process of reviewing the revised statements.
Technical review of financial statements		We are in the process of resolving queries arising from our technical review of the revised accounts
Audit completion		We will review a final set of financial statements following resolution of the above queries and will finalise our audit completion work including a manager, Key Audit Partner and Engagement Quality Control Reviewer review

Likely to result in material adjustment or significant change to disclosures within the financial statements.

Potential to result in material adjustment or significant change to disclosures within the financial statements.

Not considered likely to result in material adjustment or change to disclosures within the financial statements.

03

Section 03:

Audit approach

3. Audit approach

Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in April 2022. On receipt of the Authority's draft financial statements, we identified a significant increase in the value of equity investments held at fair value. These are mainly level 2 investments which require judgement in determining their fair value. Due to this we identified an enhanced audit risk and requested our internal valuations team complete a review of a sample of these valuations. Further information is included in section 4 of this report.

Materiality

Our provisional materiality at the planning stage of the audit was set at £35m using a benchmark of 1.8% of gross operating expenditure. Our final assessment of materiality, based on the final financial statements and qualitative factors, is £35m using the same benchmark. Group materiality was set at £41m at the planning stage using a benchmark of 1.8% of gross operating expenditure. Our final assessment of group materiality, based on the final financial statements and qualitative factors, is £41m using the same benchmark.

Use of experts

Management makes use of experts in specific areas when preparing the Authority's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management's expert	Our expert
Defined benefit liability	Hymans Robertson (Greater Manchester Pension Fund) and the Government Actuary Department (Firefighters' Pension Scheme)	We received assurances from PwC as NAO's consulting actuary
Property, plant and equipment valuation	Salford City Council, Avison Young and Hilco Valuation Services	We used available third party information to challenge the valuer's key assumptions. For the waste asset valuations we engaged our internal valuations team to review a sample of valuations.
Financial instrument disclosures	Link Asset Services	We reviewed the expert's methodology in calculating the fair value disclosures to confirm the reasonableness of assumptions used
Equity Investments	Core Investment Team	We engaged our internal valuations team to review a sample of valuations.

There are no reporting matters to highlight from our consideration of the work of experts.

3. Audit approach

Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to the Authority that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. The table below summarises the service organisations used by the Authority and our audit approach.

Items of account	Service organisation	Audit approach
Treasury Management	Manchester City Council	We had access to all the relevant data we needed in order to gain assurance over the Authority's treasury management balances.
BACS bureau	Wigan Metropolitan Borough Council	We had access to all the relevant data we needed in order to gain assurance over the Authority's BACS payments.

There are no reporting matters to highlight from our consideration of the work of service organisations.

3. Audit approach

Group audit approach

The Authority's group structure for 2021/22 includes the Chief Constable of Greater Manchester Police, Transport for Greater Manchester, and two wholly owned subsidiary companies, NW Evergreen Holdings Limited Partnership and Greater Manchester Fund of Funds Limited Partnership. In auditing the accounts of the Authority's Group financial statements, we obtained assurance over the transactions in the Group relating to the consolidated bodies.

Our approach reflected the size and complexity of the transactions from the consolidated bodies into the Authority's Group financial statements. Our approach is outlined below. During the course of the audit, we identified a further group body, Greater Manchester Evergreen 2 Limited Partnership, which has previously been assessed as immaterial for consolidation purposes. Our review of year-end financial information for the company confirmed this was now material and should have been consolidated. Management have prepared revised group accounts to include the associated transactions and balances. We have raised a recommendation in section 5 of this report for management to conduct the group assessment at an earlier stage to avoid omitting significant components in the future.

Group component	Approach adopted	Key points or other matters to report
Greater Manchester Combined Authority	●	The Mazars audit team undertook the full audit of the Authority's accounts
Chief Constable of Greater Manchester Police	●	The Mazars audit team undertook the full audit of the Chief Constable's accounts
Transport for Greater Manchester	●	The Mazars audit team undertook the full audit of TfGM's accounts

● **Full audit**
Performance of an audit of the component's financial information prepared for group reporting purposes using component materiality. This covered 99% of group revenues and 97% of group total assets.

● **Audit of balances and/or disclosures**
Performance of an audit of specific balances and/or disclosures included in the component's financial information prepared for group reporting purposes, using component materiality

● **Specific audit procedures**
Performance of specific audit procedures on the component's financial information

● **Review procedures**
Review of the component's financial information prepared for group reporting purposes using the component materiality assigned

3. Audit approach

Group audit approach (continued)

Group component	Approach adopted	Key points or other matters to report
NW Evergreen Holdings Limited Partnership	●	The Mazars audit team undertook testing of NW Evergreen Holdings debtor balances and carried out review procedures of the remaining consolidated accounting entries.
Greater Manchester Fund of Funds (FoF) Limited Partnership	●	The Mazars audit team undertook testing of Greater Manchester FoF's cash balances and carried out review procedures of the remaining consolidated accounting entries.
Greater Manchester Evergreen 2 Limited Partnership	●	The Mazars audit team undertook analytical review procedures on the financial information of Greater Manchester Evergreen 2 Limited Partnership.

● **Full audit**
Performance of an audit of the component's financial information prepared for group reporting purposes using component materiality. This covered 99% of group revenues and 97% of group total assets.

● **Audit of balances and/or disclosures**
Performance of an audit of specific balances and/or disclosures included in the component's financial information prepared for group reporting purposes, using component materiality

● **Specific audit procedures**
Performance of specific audit procedures on the component's financial information

● **Review procedures**
Review of the component's financial information prepared for group reporting purposes using the component materiality assigned

04

Section 04:

Significant findings

4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 19 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant risks

Management override of controls	**Description of the risk** Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.
	How we addressed this risk We addressed this risk through performing audit work over: • Accounting estimates impacting amounts included in the financial statements; • Consideration of identified significant transactions outside the normal course of business; and • Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.
	Audit conclusion Our audit work is complete in this area. There are no issues to bring to the Committee's attention.

4. Significant findings

Net defined benefit liability valuation	Description of the risk
	The net pension liability represents a material element of the Authority's balance sheet. The Authority's liability is split between the Greater Manchester Pension Scheme and the Fire Fighters Pension Scheme. The valuation of the pension scheme liabilities relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Authority's overall valuation. There are financial assumptions and demographic assumptions used in the calculation of the Authority's valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Authority's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes. There is a risk that the assumptions and methodology used in valuing the Authority's pension obligations are not reasonable or appropriate to the Authority's circumstances.
	How we addressed this risk Our procedures included: • assessing the competency, objectivity and independence of the Greater Manchester Pension Fund's Actuary, Hymans Robertson and the Fire Fighters Pension Scheme Actuary, the Government Actuary Department (GAD); • liaising with the auditors of the Greater Manchester Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate; • reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuaries, and the key assumptions included within the valuations. This will include comparing them to expected ranges, utilising information provided by PWC, consulting actuary engaged by the National Audit Office; and • agreeing the data in the IAS 19 valuation reports provided by the Funds Actuaries for accounting purposes to the pension accounting entries and disclosures in the Authority's financial statements.
	Audit conclusion Our work in relation to pension liability valuations is ongoing due to issues identified by the pension fund auditor. To date we have identified one unadjusted misstatement in the pension fund liability. Through discussions with the Authority's actuaries we became aware of a legal case, *Walker vs Innospec Ltd and others*, which impacts on firefighters' pension schemes. The estimated impact of this is an increase in liabilities of less than 0.1% of the year-end liability balance. This has not been included in the Authority's pension liability estimate. The maximum estimated increase at 0.1% of liabilities is £1.876m which is not material. We have included this as an unadjusted misstatement in section 6 of this report. We will update the committee on the resolution of final queries as part of our follow up letter.

4. Significant findings

Valuation of property, plant and equipment

Description of the risk

The CIPFA Code requires that where assets are subject to revaluation, their year end carrying value should reflect the fair value at that date. The Authority has adopted a rolling revaluation model which sees all land and buildings revalued in a five year cycle.

The valuation of Property, Plant & Equipment involves the use of a management expert (the valuers), and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process.

As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to four years are not valued at their materially correct fair value. In addition, as the valuations are undertaken through the year there is a risk that the fair value as the assets is materially different at the year end.

How we addressed this risk

Our audit procedures included:

- assessing the Authority's valuer's scope of work, qualifications, objectivity and independence to carry out the Authority's programme of revaluations;
- considering whether the overall revaluation methodology used by the Authority's valuers is in line with industry practice, the CIPFA Code of Practice and the Authority's accounting policies;
- reconciling the valuer's report to the fixed asset register and ensure that the values per the report have been correctly input, in total, to the asset register;
- assessing the appropriateness of the underlying data and the key assumptions used in the valuer's estimate, including using the Mazars valuation team to assess the valuation of waste assets, and using available third party evidence;
- reviewing the basis of valuation and confirm that this is appropriate and agrees to the asset register;
- assessing the treatment of the upward and downward revaluations in the Authority's financial statements with regards to the requirements of the CIPFA Code of Practice;
- as Fire and Police assets are revalued before 31/03/22, assessing the movement in market indices between the revaluation dates and the year end to determine whether there have been material movements over that time; and
- assessing the approach that the Authority adopts to ensure that assets not subject to revaluation in 2021/22 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Authority's valuers.

Audit conclusion

Our work in relation to property, plant and equipment valuations is complete. We identified one immaterial error where an asset's downward revaluation was posted incorrectly as depreciation. As this is not material management have decided not to amend the financial statements. Further information on this error is included in section 6 of this report. There are no other matters to bring to the committee's attention.

4. Significant findings

Enhanced risks

Property, plant and equipment system change	Description of the enhanced risk
	In 21/22 the Authority has implemented a new asset register, having previously used four different asset registers for waste, fire, police and traffic signal assets. The transfer of data between systems increases the risk of material misstatement in the Authority's accounts, as there is potential for data to be transferred incorrectly during the migration to the new system.
	How our audit addressed this area of enhanced risk
	In relation to the transfer of property, plant & equipment data we have: • completed a reconciliation in total between the old and new systems; and • compared data between the old and new systems to ensure consistency for a sample of assets.
	Audit conclusion
	Our audit testing did not identify any issues with the system transfer, however we have identified a number of errors as a result of using the new asset register at the year end. The adjustments are disclosed in section 6 of this report, and a control recommendation is included in section 5.

4. Significant findings

Enhanced risks (continued)

Valuation of Equity Investments	Description of the enhanced risk
	The amount of equity investments held by the Authority, at fair value on its balance sheet, become material during the year (£40.8m as at 31 March 2022). The valuation of the investments involves the use of a management expert (the Core Investment Team), and incorporates assumptions and estimates which impact on the reported value. The level of estimation uncertainty creates an enhanced audit risk.
	How our audit addressed this area of enhanced risk In relation to the valuation of equity investments we have: • engaged the Mazars valuation team to undertake a review of a sample of equity investment valuations; • reviewed the classification of equity investments under the requirements of IFRS 9 Financial Instruments; and • reviewed the classification of fair value movements posted as a result of changes in valuations.
	Audit conclusion The work of our valuations team provided assurance that the equity investment valuations were reasonable, however the movements in valuations had been posted incorrectly. The total impact of this error is £6.2m. Management have decided not to adjust for this error on the grounds of materiality. We have included further detail in section 6 of this report, and a control recommendation in section 5 of this report.

4. Significant findings

Qualitative aspects of the Authority's accounting practices

We have reviewed the Authority's accounting policies and disclosures and concluded they comply with the 2021/22 Code of Practice on Local Authority Accounting, appropriately tailored to the Authority's circumstances.

Draft accounts were received from the Authority on 25th August 2022 alongside supporting working papers. The financial statements prepared by the authority were generally of good quality, however our audit has identified a number of misstatements due to errors in the underlying accounting records. These are set out in further detail in section 6 of this report. We have set out recommendations in section 5 of this report which address the issues identified during the course of the audit.

Significant matters discussed with management

During the audit we maintained a regular dialogue with management. Among the matters discussed through these conversations were:

Covid-19

We continue to discuss the impact of the Covid-19 pandemic on the Authority's operations and financial statements. In particular, we focussed on the accounting treatment of grant income and the impact of the pandemic on the Authority's credit loss allowances. We are satisfied there are no issues arising from our work in this area.

Impact of the Russian Forces entering Ukraine

The ongoing situation in Ukraine has far-reaching consequences for public sector organisations. As part of our audit we have discussed with management the impact of the war on the Authority's operations, and whether any disclosures are required in the Authority's financial statements. We are satisfied there are no issues arising which would require specific disclosures in the Authority's financial statements.

Accounting for infrastructure assets

The Authority holds c.£18m of infrastructure assets on its Balance Sheet as part of its overall balance of Property, Plant and Equipment. During 2022 a national technical issue arose in respect of accounting for infrastructure assets. Normal custom and practice for (highways) infrastructure assets is that derecognition does not affect asset balances because the assets are expected to have been fully used up before the replacement expenditure takes place; this does require that assets are properly depreciated in line with the requirements of the Accounting Code. This issue arises in part because of limitations on historical information relating to when the assets were first recorded on balance sheets in the early 1990s, and where there have been transfers of assets because of local authority reorganisations. It is also extremely difficult to clearly identify the parts of the assets which are being replaced.

In December 2022 as part of a temporary solution to the problem, the Department for Levelling Up, Housing and Communities (DLUHC) issued a statutory override allowing authorities to account for the replacement of infrastructure assets with the assumption that the replaced component is at nil value. CIPFA followed this up with disclosure guidance in January 2023. The Authority has taken the decision to apply the statutory override, and has updated its disclosures in line with the CIPFA guidance. We have reported this as a disclosure amendment within Section 6 of this report. We are satisfied the revised disclosures relating to infrastructure assets comply with the new guidance and appropriately applies the statutory override.

Minimum Revenue Provision

Local Authorities are required to charge the general fund with a Minimum Revenue Provision (MRP) each year. The regulations governing MRP provides authorities with flexibility in how they calculate MRP, providing the calculation is 'prudent'. In calculating its MRP charge, the Authority must have regard to the Statutory Guidance on Minimum Revenue Provision and must prepare a statement on the calculation in advance of the beginning of the financial year (continued over the page).

4. Significant findings

Significant matters discussed with management (continued)

Minimum Revenue Provision (continued)

As part of the 2021/22 budget setting process, the Authority revised its MRP methodology to provide consistency between the methodologies used by predecessor organisations responsible for the Authority's assets. During our audit we reviewed the calculation of the MRP charge for 2021/22 and were satisfied the Authority's policy provided for a prudent charge. We challenged management on one specific area of the policy, in relation to the Authority's share of debt inherited from Greater Manchester County Council. The charge had been calculated applying a 50 year life period from 1 April 2021, and we queried the prudence of this given the age of the debt. Management confirmed the charge should have been applied assuming a 50 year period at the inception of the debt (1986/87), with a 15 year remaining life as at 1 April 2021. The accounts have been updated to reflect this change, with an additional £0.4m charged to the general fund. We have reported this as an adjusted misstatement within section 6 of this report.

Group Accounts

Each year the Authority is required to assess its relationships with other organisations in order to determine whether it exerts control or significant influence over the counterparty. Where control or significant influence is identified, the organisation falls within the Authority's group boundary and should be considered for consolidation depending on the materiality of the balances and transactions. The Authority's group assessment for 2021/22 had not taken account of changes in its equity investments or transactions between its group bodies. As such we requested management update their group assessment during the course of the audit. This identified a further subsidiary which should have been consolidated but had been omitted from the Group's draft financial statements. The Authority accepted that it needed to revise the draft group accounts. Given the complexity and increasing magnitude of group relationships which require consideration for consolidation, we have recommended the Authority strengthens its arrangements around the preparation of its group accounts in section 5 of this report. As highlighted in Section 2, we are in the process of reviewing revised group accounts and will report the results of this work in our follow up letter to those charged with governance.

Significant difficulties during the audit

During the course of the audit we have had the full co-operation of management who have provided timely responses to the majority our queries as they arose. The technical nature of some of the queries identified during the course of the audit meant further time was required and led to a delay in completion of our audit work.

One area where we have faced particular difficulties is in relation to the Authority's Cash Flow Statement. Consistent with previous years, our review of the Cash Flow Statement identified a non-trivial balancing figure within 'Other Non-Cash Movements' and several errors in other disclosures within the statement. Despite raising this early in the audit process, management have been unable to provide a Cash Flow Statement which balances without the use of a balancing figure. As highlighted in Section 2, once we have received a final version of the Cash Flow Statement we will undertake our review as part of audit completion procedures. We have raised an internal control recommendation in relation to the Cash Flow Statement in section 5 of this report.

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2021/22 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections or questions have been raised.

05

Section 05:

Internal control recommendations

5. Internal control recommendations

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the categories opposite.

We also provide an update on prior year control recommendations within this section of the report.

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	3
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	5
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	3

5. Internal control recommendations

Significant deficiencies in internal control – Level 1

Description of deficiency- Property, Plant an Equipment

Whilst completing our testing on property, plant and equipment we identified several assets classified as an asset under construction which were operational. This suggests that there are deficiencies in the controls in place to identify when an asset under construction becomes operational.

Potential effects

Our work on the 2021/22 audit identified a material adjustment to the financial statements, as set out in Section 6 of this report. Failing to strengthen controls in this area could lead to material misstatements in the classification of assets in future financial statements and the incorrect charge of depreciation.

Recommendation

Management should complete a review of assets under construction at year end to ensure that none of the assets have become operational. This should be completed in close conjunction with GMP.

Management response

A review of assets under construction will be undertaken with GMP to ensure the classification of assets is correct at 2022/23 year end.

Completion date 31st May 2023
Responsible Officer Lindsey Keech

Description of deficiency- Cash Flow Statement

On receipt of the financial statement we noted an above trivial 'other cash movements' line on the cash flow statement. This is indicative of a deficiency in internal controls over the accuracy and completeness of the Cash Flow Statement.

Potential effects

We will conclude our audit once we are satisfied the Cash Flow Statement is free from material misstatements. Failing to strengthen controls in this area could lead to material misstatements in the in future financial statements.

Recommendation

Management should ensure that they review the other non cash movement and clear this to a below trivial limit before the commencement of the audit.

Management response

An updated cash flow statement is being prepared to correct a non-trivial balance with support from external experts due to the complexity and scale of GMCA transactions and with the expectation that this will ensure the cash flow statement is free from material misstatements in future years.

Completion date 31st May 2023
Responsible Officer Karen Macrae

5. Internal control recommendations

Description of deficiency- Group Financial Statements

Whilst completing our testing on the group financial statements we identified a group component that should have been consolidated, on the basis of it being material, but was not. This suggests that there are deficiencies in the controls in place to identify group components that need to be consolidated on the basis of materiality.

Potential effects

Our work on the 2021/22 audit identified the need for significant amendments to the group accounts. Failure to strengthen controls in this area could lead to material misstatements in future financial statements.

Recommendation

The Authority should ensure that a group materiality assessment is completed taking in to consideration the following: 1) Figures in assessment should be based on current accounting period; 2) All potential group entities should be included; 3) Consideration of the impacts of aligning component accounting policies to that of the parent organisation being GMCA: 4) Include an analysis of income, expenditure, liabilities and assets; 5) Take in to consideration any group intercompany transactions and; 6) Consider the cumulative impact of components in the assessment of materiality.

The Authority also needs to ensure that the group structure document is updated and reviewed regularly to ensure that all potential group entities are identified.

Management response

A comprehensive Group Structure document will be created, and processes developed to identify and assess all Group entities during the year and the Group materiality matrix will be expanded to show a greater level of detail to evidence decision making.

An assessment will also be undertaken with the intention to align future Group entity dates for the provision of draft and audited financial statements in line with GMCA timelines. This will assist consolidation accounting and elimination of intercompany transactions.

An exercise to identify and look at the impact of differing accounting policies across the Group entities will be considered for 2022/23, but progress will be highly dependent on meeting the previous points.

Completion date 31st May 2023
Responsible Officer Helen Fountain

5. Internal control recommendations

Other deficiencies in internal control – Level 2

Description of deficiency- Revenue Grants

Whilst completing our grants testing it was identified that several material grants had incorrectly been treated as agency in the prior period (20/21).

Potential effects

Our work on this area identified a material adjustment to the financial statements as set out in section 6 of this report. There is a risk material misstatements could reoccur in future years if controls are not strengthened in this area.

Recommendation

Upon receipt of any new material grants a Principal vs Agency analysis should be completed taking in to consideration the guidance in the CIPFA code. This consideration should be documented as evidence.

Management response

The categorisation of grants will be strengthened in the grant register and checklist process to address the challenge with following up missing and limited terms and conditions in the information provided by government and support to ensure correct classification of grants against criteria.

Completion date 31st May 2023
Responsible Officer Lindsey Keech and Tracey Read

Description of deficiency- Property, Plant and Equipment

Whilst completing of Property, plant and equipment we identified various issues in the use of the CIPFA asset management system that lead to several errors in the financial statements.

Potential effects

Our work on this area identified a number of misstatements as set out in section 6 of this report. There is a risk material misstatements could reoccur in future years if controls are not strengthened in this area.

Recommendation

Management should identify training needs in respect of the asset management system to ensure these errors are not repeated.

Management response

The implementation of the CIPFA asset management system was a key improvement to bring greater consistency in the recording of GMCA assets. Whilst the transfer of assets onto the system went smoothly and received substantial assurance from internal audit, the automation in the system for treatment of assets was not fully understood by the finance team. The finance team now have greater capability in the use of the system and training is being put in place to embed that for 2022/23 closedown.

Completion date 31st May 2023
Responsible Officer Lindsey Keech

5. Internal control recommendations

Other deficiencies in internal control – Level 2

Description of deficiency- Long Term Investments

Whilst testing investments we identified that fair value movements on equity investments held at fair value through other comprehensive income had been posted to the ledger incorrectly

Potential effects

Our work on this area identified a number of misstatements as set out in section 6 of this report. Without strengthening controls in this area, there is a risk misstatements could reoccur in future years.

Recommendation

Management should implement a process to ensure that new investments are identified and that the measurement basis is assigned on initial recognition of the investment.

Management should ensure that fair value movements are posted in line with the relevant accounting standard per the CIPFA code.

Management response

Agreed
Completion date 31st June 2023
Responsible Officer – Joanne Walsh

Description of deficiency- Property, Plant and Equipment

Whilst completing our work on property, plant and equipment valuations we identified an asset which had not been revalued in the past five years. The code prescribes that property, plant and equipment measured at current value should be revalued at least every five years.

Potential effects

Through our audit we have gained sufficient assurance that the property, plant and equipment balance is not materially misstated, however there is a risk a material misstatement could occur in future years if assets are not revalued with sufficient regularity.

Recommendation

Ensure relevant assets are reviewed at least every five years in accordance with CIPFA's Code and the Authority's accounting policies.

Management response

There is a policy in place for five-year review period. This particular asset was due for revaluation but was undergoing a major scheme of works and the valuer requested a delay until the scheme was complete. The asset is being reviewed by the valuer for inclusion in 2022/23 subject to completion of works.

Completion date 31st May 2023
Responsible Officer – Simon Ashworth

5. Internal control recommendations

Other deficiencies in internal control – Level 2

Description of deficiency- Property, Plant and Equipment

Whilst completing our work on property, plant and equipment valuations we identified that surplus assets were last revalued in 20/21. The CIPFA code prescribes that these should be revalued every year.

Potential effects

Through our audit we have gained sufficient assurance that the property, plant and equipment balance is not materially misstated, however there is a risk a material misstatement could occur in future years if assets are not revalued with sufficient regularity.

Recommendation

Ensure that surplus assets are revalued annually

Management response

A review of all surplus assets will be undertaken for 2022/23 closedown.

Completion date 31st May 2023
Responsible Officer – Simon Ashworth

5. Internal control recommendations

Other recommendations in internal control – Level 3

Description of deficiency- Property, Plant and Equipment

Whilst completing our working on property, plant and equipment we identified that the land registry for several fire stations had not been updated to show that they were owned by GMCA.

Potential effects

While we are satisfied the accounts are not misstated, incorrect land registry details could lead to legal challenges of ownership

Recommendation

Ensure that the land registry is updated to reflect GMCA's ownership of these assets.

Management response

The land registry for assets will be updated.

Completion date 31st May 2023
Responsible Officer – Tracey Read

Description of deficiency- Related Parties

Whilst reviewing the related parties note, we identified transactions with group entities which were not disclosed in the note. This suggests that some group entities were not considered when compiling the related parties note

Potential effects

Our work has provided sufficient assurance the accounts are free from material misstatement, however failure to improve controls in this area could lead to the omission of related party disclosures in future financial statements.

Recommendation

At year end review the ledger for any transactions and balances with all group entities and consider if these need to be disclosed in the related parties notes.

2021/22 update

The process for reviewing the ledger for transactions and balances with all group entities will be prioritised to ensure related party transactions are captured in full.

Completion date 31st May 2023
Responsible Officer – Helen Fountain

5. Internal control recommendations

Other recommendations in internal control – Level 3

Description of deficiency- Cash Equivalents

During our review of the cash equivalents against the definition in GMCA's accounting policy, we identified a cash equivalent sample that did not meet the definition of a cash equivalent.

Potential effects

Our work identified one adjustment to the financial statements as set out in Section 6 of this report. Should controls not be strengthened, there is a risk short term investments could incorrectly be classified as cash equivalents in future financial statements.

Recommendation

Ensure that a review of cash equivalents is undertaken at year end against GMCA's definition of a cash equivalent per the accounting policy

Management response

A review of redemption dates will be undertaken during the closedown period.

Completion date 31st May 2023
Responsible Officer Lindsey Keech

5. Internal control recommendations

Follow up on previous internal control points

Description of deficiency- Accounts Receivable

Our walkthrough testing of accounts receivable identified a weakness in the segregation of duties where individuals could both raise and approve sales invoices on the system.

Potential effects

A lack of appropriate segregation of duties increases the risk of erroneous or fraudulent transactions being posted to the ledger and remaining undetected.

Recommendation

All invoices should be approved prior to posting by a person other than the raising officer to ensure clear segregation of duties

2021/22 update

New procedures and processes have been implemented from 1 March 2022 to address this recommendation. This includes a review of user access rights following which the Authority has introduced a layered segregation of duties and other controls to strengthen the accounts receivables process.

Description of deficiency- Disaster Recovery

No disaster recovery test had been performed by the organisation within the period.

Potential effects

A lack of disaster recovery testing increases the risk of business continuity failures, unavailability of systems or loss of data.

Recommendation

Management should ensure that disaster recovery testing is performed on an annual basis and considers a variety of scenarios.

2021/22 update

This recommendation relied on the purchase and implementation of a new Enterprise Backup Solution. This happened in 2022 and an initial test was performed in January 2023 with 100% recovery success rate. This item is still showing in progress as testing is still ongoing, involving the organisation in a more dynamic way.

5. Internal control recommendations

Description of deficiency- Journals Entries

Our testing of journals identified a write off processed to clear an imbalance between the financial system and petty cash records, as the Authority was unable to match missing entries to receipts or supporting documentation. It should be noted that the amount written off was of low value (£311).

Potential effects

A lack of audit trail behind petty cash balances increases the risk of loss to the Authority.

Recommendation

1.Petty cash should be restricted to areas where handling physical cash is necessary, and the levels held in these areas should be reviewed regularly to confirm they remain appropriate.

2.All petty cash transactions should be supported by a full audit trail including receipts for purchases and a log of who approved and used petty cash balances.

3.Petty cash balances should be reconciled to the financial system on a regular basis.

2021/22 update

In response the Authority has reviewed and removed all petty cash accounts.

Description of deficiency- IT Backup Policy

Our testing of IT general controls noted there is no formal backup policy in effect at the Authority.

Potential effects

Management should consider developing a formal backup strategy that considers at least:

- A level of limited loss of data acceptable to the company;
- The data being backed up;
- The frequency and type of backup;
- The data restoration tests; and
- The data retention period.

Recommendation

Management should ensure that disaster recovery testing is performed on an annual basis and considers a variety of scenarios.

2021/22 update

Management developed a formal backup strategy and this was implemented in March 2022

5. Internal control recommendations

Follow up on previous internal control points

Description of deficiency- IT Change Management

Our testing of IT general controls noted there is no formal change management policy in effect at the organisation.

Potential effects

A lack of a formal change management policy increases the risk of implementing developments containing bugs or not matching the business' requirements.

Recommendation

Management should consider developing a formal backup strategy that considers at least:

•a description of the management process of each type of change (normal / emergency change, parameter modifications, major data updates, new system implementation, etc.);
•the roles and responsibilities within the process;
•the control and validation steps.

2021/22 update

Management developed a change management strategy and this was implemented in February 2022

06

Section 06:

Summary of misstatements

Page 505

6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £1,050k. The first table outlines the misstatements that were identified during the course of our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

The second table outlines the misstatements that have been adjusted by management during the course of the audit.

Unadjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Pension reserves			1,876	
	Cr: Pension liability				1,876
	Adjustment to reflect the estimate impact of the Walker legal case on the pension liability.				
2	Dr: Pension liability			2,953	
	Cr: Pension reserves				2.953
	Adjustment to reflect the pension liability per the updated actuary report based on actual figures.				
3	Dr: Income			1,352	
	Cr: Short- term debtors				1,352
	Adjustment to reflect an over accrual in short-term debtors in relation to one invoice.				

6. Summary of misstatements

Unadjusted misstatements (continued)

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
4	Dr: Expenditure	1,530			
	Cr: Property, plant and equipment				1,530
	To correct two isolated errors: 1) CIPFA system resetting useful lives on assets with additions in year and; 2) Use of full useful life instead of remaining useful life on revalued waste assets.				
5	Dr: Income- Fees, charges and other service income	1,557			
	Cr: Income- Financing and Investment Income		1,557		
	To correct misclassification of income classified as 'fees, charges and other service' income to 'financing and investment Income' as it related to interest payables on loan receivables.				
6	Cr: Expenditure		66		
	Dr: Financial instrument revaluation reserve			6,188	
	Cr: Capital adjustment account reserve				6,122
	To correct the treatment of valuation movement postings for long term investments held at fair value through other comprehensive income.				
	Total of unadjusted misstatements	**3,087**	**1,623**	**12,369**	**13,833**
	Net impact of unadjusted misstatements	**1,464**			**1,464**

6. Summary of misstatements

Adjusted misstatements - 2021/22

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Highways and transport services (gross income)	4,073			
	Cr: Highways and transport services (gross expenditure)		4,073		
	To correct accruals and accrued income entries relating to Light Rail Grant which were incorrectly posted to grant expenditure.				
2	Dr: Short term investments			15,006	
	Cr: Cash and Cash equivalents				15,006
	Adjustment for sample item in relation to the one investment which was not classified in line with the Authority's accounting policy and should be included in short-term investments instead of cash and cash equivalents.				
3	Dr: Property, Plant and Equipment			25,639	
	Cr: Property, Plant and Equipment- Assets Under Construction				32.527
	Dr: Funding provided by the Mayor to the Chief Constable to fund police and crime services (expenditure)	6,118			
	Dr: Intangibles			770	
	Adjustment to reclassify several operational assets which were incorrectly held as assets under construction as they became operational in 2020/21 or 2021/22. Additionally, it recognises the downward revaluation of one of the assets.				

6. Summary of misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
4	Dr: Long-term debtors gross book value			6,911	
	Cr: Impairment allowance				6,911
	Adjustment to correct error in coding of long-term debtors. No change in overall long-term debtors figure however, classification between gross book value and impairment allowance has been amended.				
5	Dr: Usable reserves- General fund account			420	
	Cr: Unusable reserves- Capital adjustment account				420
	Being to correct MRP on inherited debt.				
6	Cr: Funding provided by the Mayor to the Chief Constable to fund police and crime services (expenditure)		268		
	Cr: Fire and rescue services (expenditure)		1,898		
	Cr: Waste disposal (expenditure)		896		
	Dr: Property, plant and equipment			2,315	
	Cr: Assets under construction				990
	Dr: Revaluation reserve			1,737	
	To correct misstatements relating to other derecognition applied to property, plant and equipment.				
	Total adjusted misstatements	10,191	7,135	52,798	55,854

6. Summary of misstatements

Adjusted misstatements- found in 2021/22 relating to 2020/21 (prior period adjustment)

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Highways and transport services (gross expenditure)	129,864			
	Cr: Highways and transport services (gross income)		129,864		
	To recognise light rail grant and covid bus support grant in accounts which were recognised as agency grants in 2020/21 and have subsequently been re- evaluated as principal grants.				
	Total adjusted misstatements	129,864	129,864		

6. Summary of misstatements

Disclosure amendments

- Note 1- Accounting policies- Property, Plant and Equipment accounting policy updated to apply the statutory override in relation to the derecognition of infrastructure assets.
- Note 2- Critical Accounting Judgements- updated to disclose a more comprehensive of list of the entities not consolidated into the group financial statements, and to make reference to the inclusion of Evergreen 2 in the group financial statements.
- Note 3- Key sources of estimation uncertainty- updated to include reference to Property, plant & equipment valuations and remove non-material sources of estimation uncertainty.
- Note 4- Impact of Accounting Standards Not Yet Adopted- updated to align to 21/22 CIPFA bulletin disclosure
- Note 7b- Note to the Expenditure and Funding Analysis- adjustment posted to move £1,628k from 'other adjustments' column to 'adjustments for capital purposes' column as this related to the sale of a property, plant and equipment asset.
- Note 8/19/28- Whilst completing the CIPFA internal consistency checker we identified an imbalance of £2,229k between the ABFAB and CIEs in the 'Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing' line. This was due to a miscoding to the 'Capital expenditure charged against the General Fund balance' line in the ABFAB.
- Note 13- Grants and Contributions Credited to Comprehensive Income- The bus grants in the 'Light Rail Funding' line has been split to show each individual material grant.
- Note 16 - Taxation and Non-Specific Grant income- Green Homes grant and Public Sector Decarbonisation grants have been split out in to separate lines.
- Note 17- External Audit Fees- Audit fees balance stated at £4k in respect of 'Fees payable to Mazars with regard to external audit services carried out by the appointed auditor for the previous year' increased to £31k, to reflect estimate of additional VfM fees.
- Note 19- Capital Commitments- Removed word 'estimated' from capital commitments.
- Note 20- Property, Plant and Equipment Including Disposals- note updated to apply the statutory override in relation to the derecognition of infrastructure assets. Disclosure and note update to reflect disclosures suggested in CIPFA bulletin.
- Note 20- Property, Plant and Equipment Including Disposals- updated to correct a misclassification between the lines 'Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services' and the 'Accumulated depreciation and impairment written off to cost or valuation' line on the land and buildings and vehicles, plant & equipment categories.
- Note 20- PP&E valuation analysis note updated to reflect the figures per the valuation reports and the fixed asset register.

6. Summary of misstatements

Disclosure amendments (continued)

- Note 29- Financial instruments updated for: 1) Fair value figures for PWLB Debt and Non-PWLB Debt updated to reflect figures in Link report; 2) 12 month expected credit loss figure updated from £1,545k to £540k to correct formula error in workings and; 3) Non-current liability table adjusted to increase non-financial instruments figure by £170,293k
- Note 31- Related parties- updates made relating to interests declared in the directors' declarations and transactions with group entities. The entities included: 1) NW Fire Control; 2) MIDAS; 3) Halle Concert Society; 4) Greater Manchester Fund of Funds Limited Partnership; 5) NW Evergreen Holdings Limited Partnership and; 6) Greater Manchester Evergreen 2 Limited Partnership

07

Section 07:

Value for Money

Page 513

7. Value for Money

Approach to Value for Money

We are required to consider whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Authority plans and manages its resources to ensure it can continue to deliver its services
- **Governance** - How the Authority ensures that it makes informed decisions and properly manages its risks
- **Improving economy, efficiency and effectiveness** - How the Authority uses information about costs and performance to improve the way it manages and delivers its services

At the planning stage of the audit, we undertake work to understand the arrangements that the Authority has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

The table overleaf outlines the risks of significant weaknesses in arrangements that we have identified, the risk-based procedures we have undertaken, and the results of our work.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on the Authority's arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report in April 2023, following the conclusion of our audit.

Status of our work

We have completed our work in respect of the Authority's arrangements for the year ended 31 March 2022 and we have not identified any new significant weaknesses in arrangements. Through our work on the audit of the financial statements we have identified a number of misstatements and internal control recommendations. These are set out in more detail in previous sections of this report. While we are satisfied these do not indicate a significant weakness in the Authority's arrangements, we do consider it necessary to raise a recommendation for improvement as part of our Auditor's Annual Report.

Our draft audit report at Appendix B confirms that we have no matters to report in respect of new significant weaknesses but follows up on the four significant weaknesses identified as part of our 2020/21 audit. Based on the work completed, we are satisfied two of the previous weaknesses (in relation to risk management and performance management) were addressed in 2021/22, and while progress was made on the remaining two weaknesses (oversight of Greater Manchester Police and the Greater Manchester Fire and Rescue Service Cause of Concern) they remained in place as at 31 March 2022.

7. Value for Money

Follow up of previously-reported significant weaknesses in arrangements

In July 2022 we reported four significant weaknesses to the Authority. As part of our work in 2021/22, we followed up the progress made by the Authority against the recommendations made, and determined whether the significant weakness remained during the year.

	Identified significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Recommendation in relation to a significant weakness in Value for Money arrangements	Work undertaken and conclusions reached
1	**Oversight of Greater Manchester Police** On the 10 December 2020 HMICFRS published "An inspection of the service provided to victims of crime by Greater Manchester Police". HMICFRS found that in too many cases, the service provided was not good enough and the report highlighted a number of 'causes of concern' relating to crime reporting. The HMICFRS report also highlighted that the force had not overcome the deficiencies in service that it identified in its 2019 integrated police effectiveness, efficiency and legitimacy programme (PEEL) assessment and its 2018 crime data integrity inspection. The extent of the failings detailed within the December 2020 HMICFRS inspection report and GMP's failure to secure the improvements identified by HMICFRS in its previous inspections / assessments highlight not only significant weaknesses in the services provided to victims of crime, but also significant weaknesses in the Force's Governance and Performance Management arrangements. (continued overleaf)		●	●	GMCA should continue the steps taken during 2021/22 to improve its governance structures and performance management framework in relation to the Mayor's oversight responsibilities for GMP. This should include: • using performance management information to assess the performance of GMP to identify areas for improvement; • monitoring progress made by GMP to address the causes of concern, recommendations and areas for improvement reported in the HMICFRS report and subsequent PEEL assessment; • ensuring effective oversight processes and systems are in place to communicate relevant, accurate and timely management information and that corrective action is taken where needed; and • taking properly informed decisions, supported by appropriate evidence, allowing for challenge and transparency.	**Progress against the recommendation** We have reviewed the revised arrangements put in place at both GMP and within GMCA covering the Mayor's oversight responsibilities for GMP. Such arrangements include the Improvement Programme – Plan on a Page which sets out the key activities to deliver improvement and address identified concerns. The plan is monitored through the Performance Management Framework, with a Weekly Accountability Report documenting progress made in delivering agreed improvement actions. Regular updates are presented to the Police, Fire and Crime Panel covering engagement with HMICFRS and progress made against action plans.

7. Value for Money

Follow up of previously-reported significant weaknesses in arrangements (continued)

	Identified significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Recommendation in relation to a significant weakness in Value for Money arrangements	Work undertaken and conclusions reached
1	**Oversight of Greater Manchester Police (continued)** On 3 March 2022 HMICFRS published the findings from their 2021/22 PEEL assessment . This assessed how good GMP is in ten areas of policing and made graded judgments in nine of these ten areas. This was GMP's first full PEEL assessment since 2018/19. GMP was judged "inadequate" in three areas (investigating crime, responding to the public and developing a positive workplace). In addition, HMICFRS raised 4 causes of concern, relating to GMP's arrangements: for responding to those who are vulnerable; for supporting and building its workforce; for understanding demand and the capability/ capacity of its workforce; and for investigating crime, supervising investigations and updating victims. Although the PEEL assessment was not published until March 2022 much of the data and intelligence used by HMICFRS when assessing GMP's arrangements is based on the financial year ended 31 March 2021. Therefore, this is indicative of the issues identified being applicable to the 2020/21 financial year. In our view, the above matters represent a significant weakness in value for money arrangements for GMCA due to the oversight responsibilities which The Mayor and Deputy Mayor have over GMP's governance arrangements and in its arrangements for: • improving economy, efficiency and effectiveness in how GMP uses information about its performance to improve the way it manages and delivers its services; and • how it makes informed decisions and properly manages its risks.		●	●	GMCA should formally review the new arrangements with GMP to ensure that the changes are embedded and are starting to deliver the required improvements in service performance.	In addition to the arrangements on the previous page, performance monitoring has expanded as part of the refreshed Police and Crime Plan. The Police, Fire and Crime Panel has developed a more holistic approach to performance management, linked to the priorities set out in the Police and Crime Plan. This takes the three priorities set out in the plan and assigns key performance indicators to each one. The Panel receives a detailed update on performance at each meeting. These arrangements began to be embedded within 2021/22 and continued to do so in 2022/23. While it is pleasing to see the progress made against our recommendations, it is too early to conclude that these to have taken proper effect as at 31 March 2022. In particular we have noted a further report issued by HMICFRS in February 2023 which identifies six causes of concern arising from an inspection of custody suites at GMP. It is difficult to confirm the recommendation has been fully addressed when such reports are being issued by the regulator. **Conclusions** Notwithstanding the good progress described above, as at 31st March 2022 the weaknesses in arrangements still remained

7. Value for Money

Follow up of previously-reported significant weaknesses in arrangements (continued)

	Identified significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Recommendation in relation to a significant weakness in Value for Money arrangements	Work undertaken and conclusions reached
2	**Greater Manchester Fire and Rescue Service Cause of Concern** In May 2017, GMCA became the Fire and Rescue Authority for Greater Manchester. The fire service, as part of GMCA, operates as Greater Manchester Fire and Rescue Service (GMFRS). In December 2021 HMICFRS published the results of its inspection of Greater Manchester Fire and Rescue Service (GMFRS). This rated the service as requiring improvement in the effectiveness and efficiency areas, and good in the people area. Within the report, HMICFRS raised a cause of concern, relating to GMFRS' arrangements for responding to marauding terrorist attacks and working as part of a multi-agency response to terrorist attacks. In particular the report highlighted issues in the sustainability of current arrangements which were due to run out, and the suspension of training of non-specialised firefighters for marauding terrorist attacks. Although the HMICFRS assessment was not published until December 2021, much of the data and intelligence used by HMICFRS when assessing GMFRS' arrangements is based on the financial year ended 31 March 2021. Therefore, this is indicative of the issues identified being applicable to the 2020/21 financial year. In our view, the cause of concern represents a significant weakness in the Authority's value for money arrangements. In particular, and linked to our "Governance" and "Improving Economy, Efficiency and Effectiveness" value for money reporting criteria: • how the Authority evaluates the services it provides and how performance information has been used to assess performance and identify areas for improvement; and • how the Authority ensures effective processes and systems are in place to support properly informed decision making, and to ensure corrective action is taken where needed.		●	●	GMCA should continue the steps taken during 2021/22, to respond to the findings of the HMICFRS inspection of Greater Manchester Fire and Rescue Service, including: • developing a formal action plan to address the findings of the HMICFRS report, including both the cause of concern and the wider areas for improvement; • ensuring effective processes and systems are in place to monitor progress against the action plan; and • providing regular reports to the Police, Fire and Crime Panel to advise on progress against the action plan, and to allow for sufficient scrutiny of progress made to date.	**Progress against the recommendation** Following HMICFRS's issuance of the cause of concern as part of the 21/22 review, GMCA developed a detailed action plan and business case to address the cause of concern alongside wider findings from the HMICFRS inspection report. Fire Officers regularly attended the Police, Fire and Crime Panel to provide updates on progress made in addressing actions, and we have seen evidence of actions being taken to address wider HMICFRS findings such as updating strategy documents where gaps had been identified. Through progressing the action plan and close engagement with HMICFRS, the regulator formally closed the cause of concern in May 2022. This followed the signing of a collective agreement with the Fire Brigades Union in April 2022. Given this is after the year end, and due to the fact the Cause of Concern was not lifted until May during 22-23, the weakness remains in place for 21-22. **Conclusions** As at 31st March 2022 the weaknesses in arrangements remined, however we note these were resolved with HMICFRS by May 2022.

7. Value for Money

Follow up of previously-reported significant weaknesses in arrangements (continued)

	Identified significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Recommendation in relation to a significant weakness in Value for Money arrangements	Work undertaken and conclusions reached
3	**Head of Internal Audit Opinion – Risk Management Arrangements** In August 2021 the Authority's Head of Audit and Assurance issued their "Head of Internal Audit Annual Opinion 2020/21". The opinion provided limited assurance on the overall adequacy and effectiveness of GMCA's framework of governance, risk management and internal control. The opinion highlighted weaknesses in the Authority's risk management arrangements. This followed an organisational risk management maturity assessment taking place in late 2020, which identified inconsistencies in risk management arrangements across the organisation. The opinion noted that while there were some formalised approaches in place within directorates, other directorates needed support to evolve their risk management activities. The overall assessment of the organisation was falling within the "Emerging" phase of risk management maturity, where some formal processes are in place, but risk management is applied inconsistently across the Authority. The Authority has set a target to achieve a "conforming" level in 2021/22, where a documented risk management framework exists, and risk management is applied consistent throughout the Authority. In our view, the matters raised in the Head of Internal Audit Opinion in relation to risk management highlights a significant weakness in the Authority's value for money arrangements. In particular, and linked to our "Governance" value for money reporting criteria, how the Authority monitors and assesses risk and how the body gains assurance over the effective operation of internal controls.		●		GMCA should improve its governance arrangements in respect of risk management including: • embedding the standardised risk management framework across all directorates; • ensuring effective processes and systems are in place to escalate risks on a timely basis; and • regular reporting of progress made in implementing the revised arrangements to both the Chief Executive Management Team and to the Audit Committee. The Authority should repeat the risk management maturity assessment on a regular basis to measure the progress made achieving the required improvements.	**Progress against the recommendation** Following the original assessment of risk maturity, the Authority developed a revised Risk Management Framework, and an associated action plan for rolling out to the wider Authority. The Framework was reviewed by both the Authority's Senior Leadership Team and the Audit Committee prior to being rolled out. The Audit Committee received regular updates throughout the year on progress against the action plan. At the end of 2021/22, the Head of Audit and Assurance repeated their maturity assessment of each Directorate. The results showed that overall, GMCA improved its maturity assessment, moving from being categorised as "Emerging" to "Conforming" within the risk maturity model. This was the level that the Authority aimed to achieve this year. The Head of Internal Audit issued a "moderate" assurance opinion for 21/22. This specifically referenced improvements in the Authority's risk management arrangements over the course of the year **Conclusions** We are satisfied the Authority addressed the weakness in arrangements in 2021/22.

7. Value for Money

Follow up of previously-reported significant weaknesses in arrangements (continued)

	Identified significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Recommendation in relation to a significant weakness in Value for Money arrangements	Work undertaken and conclusions reached
4	**Head of Internal Audit Opinion – Performance Management Arrangements** In August 2021 the Authority's Head of Audit and Assurance issued their "Head of Internal Audit Annual Opinion 2020/21". The opinion provided limited assurance on the overall adequacy and effectiveness of GMCA's framework of governance, risk management and internal control. The opinion was, in part, based on a limited assurance internal audit report, which highlighted weaknesses in the Authority's performance management arrangements. The internal audit report, issued in June 2021, focused on the Authority's performance management and reporting framework. The report noted a lack of formally defined corporate process for reporting on organisational delivery. The report recommended the Authority sets out the principles for a defined GMCA-wide performance management framework, identifies linkages between the GMS implementation plan and the GMCA Business Plan, and regularly reports on actual delivery against key performance indicators and Business Plan activities. In our view, the matters raised in the Head of Internal Audit Opinion in relation to performance management highlights a significant weakness in the Authority's value for money arrangements. In particular, and linked to our "Improving Economy, Efficiency and Effectiveness" criteria: • how financial and performance information has been used to assess performance to identify areas for improvement, and • how the Authority evaluates the services it provides to assess performance and identify areas for improvement.			●	Greater Manchester Combined Authority should improve its performance management arrangements including: • implementing identified corporate performance metrics across the Authority; • ensuring effective processes and systems are in place to monitor the implementation of the new performance management framework by management; and • regular reporting of performance management arrangements to Members, allowing for appropriate scrutiny and transparency in the process.	**Progress against the recommendation** Since issuing the internal audit report on performance management, the Authority has worked to develop its performance management arrangements. The Greater Manchester Strategy was refreshed in 2021 and sits alongside the Standing Together Plan for Policing and the GMFRS Fire Plan in defining the organisations vision and objectives. Formal reporting to members on progress against the plan takes place on a regular basis. The strategy is supported by a comprehensive performance management framework, with detailed performance metrics included for each priority area. Performance is reported via live dashboards which allow review and challenge of performance in each priority area. The Authority's Senior Leadership Team receive regular reports detailing performance against the strategy. This includes detailed KPIs for each directorate within the Authority, as well as Authority wide 'corporate health' metrics. **Conclusions** We are satisfied the Authority addressed the weakness in arrangements in 2021/22.

Appendices

A: Draft management representation letter

B: Draft audit report

C: Independence

D: Other communications

Appendix A: Draft management representation letter

To be provided to us on client headed note paper
Greater Manchester Combined Authority
Churchgate House
Oxford Street
Manchester

[Date]

Dear Mark

Greater Manchester Combined Authority - audit for year ended 31 March 2022

This representation letter is provided in connection with your audit of the financial statements of Greater Manchester Combined Authority ('the Authority') and its Group for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Authority and Group you determined it was necessary to contact in order to obtain audit evidence.

Appendix A: Draft management representation letter

I confirm as the Authority's Treasurer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Combined Authority and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Authority and Group's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Authority and Group in making accounting estimates, including those measured at current or fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no undisclosed contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Authority and Group have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Appendix A: Draft management representation letter

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Authority and Group has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as the Authority's Treasurer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Authority and Group involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Authority and Group's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code and applicable law.

I have disclosed to you the identity of the Authority and Group's related parties and all related party relationships and transactions of which I am aware.

Appendix A: Draft management representation letter

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Covid-19

I confirm that the Council and Group has carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the Council and Group, including the impact of mitigation measures and uncertainties, and that the disclosures in the Narrative Report fairly reflects that assessment.

Impacts of Russian Forces entering Ukraine

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council and Group, including the impact of mitigation measures and uncertainties.

Going concern

I confirm that I have carried out an assessment of the potential impact of the Covid-19 pandemic on the Authority and Group, including the impact of mitigation measures and uncertainties and am satisfied the going concern assumption remains appropriate and that no material uncertainty has been identified. To the best of my knowledge there is nothing to indicate that the Authority and Group will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Appendix A: Draft management representation letter

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. All uncorrected misstatements are included in Appendix A.

Yours faithfully

Steve Wilson

Treasurer

Appendix B: Draft audit report

Independent auditor's report to the members of Greater Manchester Combined Authority

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Greater Manchester Combined Authority ('the Authority') and its subsidiaries ('the Group') for the year ended 31 March 2022, which comprise the Authority and Group Comprehensive Income and Expenditure Statements, the Authority and Group Movement in Reserves Statements, the Authority and Group Balance Sheets, the Authority and Group Cash Flow Statements, the Firefighters' Pension Fund, the Police Pension Fund and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority and the Group as at 31st March 2022 and of the Authority's and the Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Code Update.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Authority and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Appendix B: Draft audit report (continued)

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Treasurer with respect to going concern are described in the relevant sections of this report.

Other information

The Treasurer is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Appendix B: Draft audit report (continued)

Responsibilities of the Treasurer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Code Update, and for being satisfied that they give a true and fair view. The Treasurer is also responsible for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Treasurer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Code Update and prepare the financial statements on a going concern basis, on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future. The Treasurer is responsible for assessing each year whether or not it is appropriate for the Authority and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Treasurer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Appendix B: Draft audit report (continued)

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Authority and the Group which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in September 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Appendix B: Draft audit report (continued)

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

Matter on which we are required to report by exception

We are required to report to you if, in our view, we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in December 2021, we have identified the following significant weaknesses in the Authority's arrangements for the year ended 31 March 2022.

In July 2022 we identified significant weaknesses in relation to the governance and improving economy, efficiency and effectiveness sub-criteria. In our view these significant weaknesses remains for the year ended 31 March 2022:

Significant weakness in arrangements – issued in a previous year	Recommendation
Oversight of Greater Manchester Police On the 10 December 2020 HMICFRS published "An inspection of the service provided to victims of crime by Greater Manchester Police". HMICFRS found that in too many cases, the service provided was not good enough and the report highlighted a number of 'causes of concern' relating to crime reporting. The HMICFRS report also highlighted that the force had not overcome the deficiencies in service that it identified in its 2019 integrated police effectiveness, efficiency and legitimacy programme (PEEL) assessment and its 2018 crime data integrity inspection.	GMCA should continue the steps taken during 2021/22 to improve its governance structures and performance management framework in relation to the Mayor's oversight responsibilities for GMP. This should include: • using performance management information to assess the performance of GMP to identify areas for improvement; • monitoring progress made by GMP to address the causes of concern, recommendations and areas for improvement reported in the HMICFRS report and subsequent PEEL assessment; • ensuring effective oversight processes and systems are in place to communicate relevant, accurate and timely management information and that corrective action is taken where needed; and • taking properly informed decisions, supported by appropriate evidence, allowing for challenge and transparency.

Appendix B: Draft audit report (continued)

Significant weakness in arrangements – issued in a previous year	Recommendation
Oversight of Greater Manchester Police (continued) The extent of the failings detailed within the December 2020 HMICFRS inspection report and GMP's failure to secure the improvements identified by HMICFRS in its previous inspections / assessments highlight not only significant weaknesses in the services provided to victims of crime, but also significant weaknesses in the Force's Governance and Performance Management arrangements. On 3 March 2022 HMICFRS published the findings from their 2021/22 PEEL assessment . This assessed how good GMP is in ten areas of policing and made graded judgments in nine of these ten areas. This was GMP's first full PEEL assessment since 2018/19. GMP was judged "inadequate" in three areas (investigating crime, responding to the public and developing a positive workplace). In addition, HMICFRS raised 4 causes of concern, relating to GMP's arrangements: for responding to those who are vulnerable; for supporting and building its workforce; for understanding demand and the capability/ capacity of its workforce; and for investigating crime, supervising investigations and updating victims. Although the PEEL assessment was not published until March 2022 much of the data and intelligence used by HMICFRS when assessing GMP's arrangements is based on the financial year ended 31 March 2021. Therefore, this is indicative of the issues identified being applicable to the 2020/21 financial year. In our view, the above matters represent a significant weakness in value for money arrangements for GMCA due to the oversight responsibilities which The Mayor and Deputy Mayor have over GMP's governance arrangements and in its arrangements for: • improving economy, efficiency and effectiveness in how GMP uses information about its performance to improve the way it manages and delivers its services; and • how it makes informed decisions and properly manages its risks.	GMCA should formally review the new arrangements with GMP to ensure that the changes are embedded and are starting to deliver the required improvements in service performance.

Appendix B: Draft audit report (continued)

Significant weakness in arrangements – issued in a previous year	Recommendation
Greater Manchester Fire and Rescue Service Cause of Concern In May 2017, GMCA became the Fire and Rescue Authority for Greater Manchester. The fire service, as part of GMCA, operates as Greater Manchester Fire and Rescue Service (GMFRS). In December 2021 HMICFRS published the results of its inspection of Greater Manchester Fire and Rescue Service (GMFRS). This rated the service as requiring improvement in the effectiveness and efficiency areas, and good in the people area. Within the report, HMICFRS raised a cause of concern, relating to GMFRS' arrangements for responding to marauding terrorist attacks and working as part of a multi-agency response to terrorist attacks. In particular the report highlighted issues in the sustainability of current arrangements which were due to run out, and the suspension of training of non-specialised firefighters for marauding terrorist attacks. Although the HMICFRS assessment was not published until December 2021, much of the data and intelligence used by HMICFRS when assessing GMFRS' arrangements is based on the financial year ended 31 March 2021. Therefore, this is indicative of the issues identified being applicable to the 2020/21 financial year. In our view, the cause of concern represents a significant weakness in the Authority's value for money arrangements. In particular, and linked to our "Governance" and "Improving Economy, Efficiency and Effectiveness" value for money reporting criteria: • how the Authority evaluates the services it provides and how performance information has been used to assess performance and identify areas for improvement; and • how the Authority ensures effective processes and systems are in place to support properly informed decision making, and to ensure corrective action is taken where needed.	GMCA should continue the steps taken during 2021/22, to respond to the findings of the HMICFRS inspection of Greater Manchester Fire and Rescue Service, including: • developing a formal action plan to address the findings of the HMICFRS report, including both the cause of concern and the wider areas for improvement; • ensuring effective processes and systems are in place to monitor progress against the action plan; and • providing regular reports to the Police, Fire and Crime Panel to advise on progress against the action plan, and to allow for sufficient scrutiny of progress made to date.

Appendix B: Draft audit report (continued)

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Appendix B: Draft audit report (continued)

Use of the audit report

This report is made solely to the members of Greater Manchester Combined Authority, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Authority those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack.

Mark Dalton - Key Audit Partner
For and on behalf of Mazars LLP
5th Floor
3 Wellington Place
Leeds
LS1 4AP

Appendix C: Independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

Appendix D: Other communications

Other communication	Response
Compliance with Laws and Regulations	We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations. We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.
External confirmations	We did not experience any issues with respect to obtaining external confirmations.
Related parties	We did not identify any significant matters relating to the audit of related parties. We will obtain written representations from management confirming that: a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
Going Concern	We have not identified any evidence to cause us to disagree with the Treasurer that Greater Manchester Combined Authority will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements. We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.

Appendix D: Other communications

Other communication	Response
Subsequent events	We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework. We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.
Matters related to fraud	We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and the Audit Committee, confirming that a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b. they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud; c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Mark Dalton, Director – Public Services

mark.dalton@mazars.co.uk

Mazars
One St Peter's Square
Manchester
M3 3DE

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

mazars

GMCA GREATER MANCHESTER COMBINED AUTHORITY

GMCA Audit Committee

Date: 15th January 2023

Subject: GMCA Audit Committee Work Programme 2023/2024

Report of: Steve Wilson, GMCA, Treasurer

PURPOSE OF REPORT

To provide the Committee with the 2023/24 Committee Work Programme of proposed items, for their review and comment.

RECOMMENDATIONS:

The Audit Committee is requested to:

Consider and comment on the Audit Committee Work Programme.

CONTACT OFFICERS:

Paul Harris, Senior Governance & Scrutiny Officer, GMCA.

paul.harris@greatermanchester-ca.gov.uk

Equalities Impact, Carbon and Sustainability Assessment:

n/a

Risk Management

n/a

Legal Considerations

n/a

Financial Consequences – Revenue

n/a

Financial Consequences – Capital

n/a

Number of attachments to the report:

Comments/recommendations from Overview & Scrutiny Committee

n/a

Background Papers

- Previous updates to GMCA Audit Committee

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?

No

GM Transport Committee

n/a

Overview and Scrutiny Committee

n/a

GMCA Audit Committee – Work Programme 2023/24

June 2023

Standing Items

1	Apologies	Governance	1 Min
2	Appointment Of Chair	Governance	5 Mins
3	Chairs Announcements and Urgent Business	Chair	2 Mins
4	Annual Declarations of Interest	Governance	2 Mins
5	Declarations of Interest	Governance	
6	Minutes of the Previous Audit Committee Meeting	Governance	5 Mins
7	Minutes From the Joint Audit Panel	Governance	5 Mins
8	Review of Audit Committee Terms of Reference	Chair	10 Mins
9	Code Of Corporate Governance	Governance	
10	Audit Committee Annual Report	Chair	10 Mins

Internal Audit and Counter Fraud

11	Risk Management Update	Deputy Director of Audit and Assurance	10 mins
12	Risk Deep Dive		20 mins
13	Internal Audit Annual Opinion 2022/23	Deputy Director of Audit and Assurance	15 mins
14	Internal Audit Progress Report	Deputy Director of Audit and Assurance	10 mins
15	Audit Action Tracking (Including Historic Audit Actions)	Deputy Director of Audit and Assurance	15 mins
16	Counter Fraud Strategy and action plan	Deputy Director of Audit and Assurance	10 mins
17	Annual Whistleblowing Report PART B	Deputy Director of Audit and Assurance	10 Mins

Financial Reporting

18	Draft Annual Governance Statement	Treasurer	20 mins
19	Assessment Of Going Concern		
20	Unaudited Draft Statement of Accounts	Treasurer	20 mins
21	Letter Of Representation		
22	Treasury Management Annual Report	Treasurer	10 mins

External Audit

23	External Audit Progress Report	External Audit	10 mins
24	Value For Money Report	External Audit	20 mins

Forward Planning

25	Audit Committee Work Programme	Governance/Chair	5 mins
26	Date And Time of Next Meeting	Governance	

<u>September 2023</u>

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	Update from the Joint Audit Panel	Governance	2 mins
6	Annual Governance Statement (final)	Governance	10 mins

Risk and Assurance

7	Risk Management Update	Deputy Director of Audit and Assurance	15 mins

8	Risk deep dive	Deputy Director of Audit and Assurance/ Risk Owner	30 mins

Internal Audit and Counter Fraud

9	Internal Audit Progress Report	Deputy Director of Audit and Assurance	15 mins
10	Audit Action Tracking	Deputy Director 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	

November 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 last meeting	Governance	5 mins
5	Update from the Joint Audit Panel	Governance	2 mins

Risk and Assurance

6	Risk Management Update	Deputy Director of Audit and Assurance	
7	Risk Deep Dive -	Deputy Director of Audit and Assurance/Risk Owner	

Internal Audit and Counter Fraud

8	Internal Audit Progress Report	Deputy Director of Audit and Assurance	15 mins
9	Audit Action Tracking	Deputy Director of Audit and Assurance	10 mins

Financial Reporting

10	Treasury Management Strategy	Treasurer	10 mins

External Audit

11	External Audit Progress Report	External Audit	15 mins

Forward planning

12	Audit Committee Work Programme	Chair	5 mins
13	Date and time of next meeting	Governance	

January 2024

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	Deputy Director of Audit and Assurance	10 mins
7	Annual Full Review of Corporate Risk Register	Deputy Director of Audit and Assurance	20 mins

Internal Audit and Counter Fraud

8	Internal Audit Progress Report	Deputy Director of Audit and Assurance	15 mins
9	Audit Action Tracking	Deputy Director of Audit and Assurance	10 mins
10	Counter Fraud Activity Update	Treasurer	

Financial Reporting

11	Treasury Management Strategy	Treasurer	

External Audit

12	External Audit Progress Report	External Audit	10 mins
13	Audit Strategy Memorandum	External Audit	10 mins

Forward planning

14	Audit Committee Work Programme	Chair	5 mins
15	Date and time of next meeting	Governance	5 mins

15 March 2024

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	Deputy Director of Audit and Assurance / Chair	10 mins

Risk and Assurance

7	Risk Management Update	Deputy Director of Audit and Assurance	10 mins
8	Risk Deep Dive	Deputy Director of Audit and Assurance	30 mins

Internal Audit and Counter Fraud

9	Internal Audit Progress Report	Deputy Director of Audit and Assurance	15 mins
10	Audit Action Tracking	Deputy Director of Audit and Assurance	10 mins
11	Review of effectiveness of Internal Audit	Treasurer	10 mins
12	Internal Audit Plan 2024/25	Deputy Director of Audit and Assurance	10 mins
13	Review of Internal Audit Charter.	Deputy Director of Audit and Assurance	5 mins

Financial Reporting

14	Accounting Policies and Critical Judgements	Treasurer	10 mins
15	Treasury Management Practices	Treasurer	

External Audit

16	External Audit Progress Report	External Audit	10 mins
17	Value for Money Report	External Audit	

Forward planning

18	Audit Committee Work Programme	Chair	5 mins
19	Date and time of next meeting	Governance	

This page is intentionally left blank