

GREATER MANCHESTER AUDIT COMMITTEE

DATE: Tuesday, 30th July, 2019

TIME: 2.00 pm

VENUE: GMCA - GMCA Boardroom

AGENDA

1. APOLOGIES

2. 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 the start of the meeting.

3. MINUTES 1 - 8

To consider the approval of the minute of the meetings held on 18 June 2019

4. MINUTES OF THE GMCA/GMP JOINT AUDIT PANEL - 18 JUNE, 2019 9 - 14

5. GMCA ANNUAL GOVERNANCE STATEMENT 2018/19 15 - 58

6. INTERNAL AUDIT PROGRESS REPORT 59 - 68

Report of GMCA Treasurer and Head of Audit and Assurance

7. DRAFT LETTER OF REPRESENTATION 69 - 72

Draft Letter to Mazars, External Auditors

8. GMCA DRAFT ACCOUNTS 2018/19 73 - 270

Report of GMCA Treasurer

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.

8.1	GMCA AUDIT COMPLETION REPORT Report of Mazars, External Auditors	271 - 298
8.2	AUDIT ENQUIRIES LETTERS Report of GMCA Treasurer	299 - 312
9.	FORWARD PLAN 2019/20	313 - 318
10.	DATES OF FUTURE MEETINGS	

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: Governance & Scrutiny

This agenda was issued on Date Not Specified on behalf of Eamonn Boylan, Secretary to the
Greater Manchester Combined Authority, Churchgate House, 56 Oxford Street,
Manchester M1 6EU

Agenda Item 3

ITEM 3

MINUTES OF THE ANNUAL MEETING OF THE GREATER MANCHESTER COMBINED AUTHORITY AUDIT COMMITTEE, HELD ON TUESDAY 18 JUNE 2019 AT THE FRIENDS' MEETING HOUSE, MOUNT STREET, MANCHESTER

PRESENT:

Gwyn Griffiths (Chair)	Independent Member
Catherine Scivier	Independent Member
*Councillor Peter Malcolm	Rochdale Council
Councillor Colin McLaren	Oldham Council
Councillor Mary Whitby	Bury Council

*denotes substitute Member.

ALSO PRESENT:

Daniel Watson	Mazars External Auditor (2018/19)
Mark Kirkham	Mazars External Auditor (2018/19)

OFFICERS:

Richard Paver	GMCA Treasurer
Sarah Horseman	GMCA Audit and Assurance
Tom Powell	GMCA Internal Audit
Damian Jarvis	GMCA Internal Audit
Amanda Fox	GMCA Finance
Helen Fountain	GMCA Finance
Paul Harris	GMCA Governance and Scrutiny

AC 19/37

APOLOGIES

An apology for absence was received and noted from Councillor Chris Boyes (Trafford Council).

The GMCA Treasurer informed Members that a resignation from Councillor Joanne Marshall (Wigan Council) had been received. Members noted that the appointment of a replacement Member was to be considered at the upcoming GMCA meeting on 28 June 2019.

AC 19/38 APPOINTMENT OF CHAIR FOR 2019/2020

The GMCA Treasurer sought nominations for the appointment of Chair to the GMCA Audit committee for 2019/20.

A nomination for Gwyn Griffiths (Independent Member) to be re-appointed as Chair was moved and seconded. No other nominations were received.

RESOLVED/-

That Gwyn Griffiths (Independent Member) be appointed as Chair of the GMCA Audit Committee for the 2019/2020 municipal year.

GWYN GRIFFITHS IN THE CHAIR

AC 19/39 MEMBERSHIP OF THE GMCA AUDIT COMMITTEE FOR 2019/2020

The Committee was asked to note the following Membership for the 2019/20 Municipal Year, as agreed by the GMCA, at its meeting on 31 May 2019 :

Member	District	Party
Councillor Chris Boyes	Trafford Council	Con
Gwyn Griffiths	Independent Member	n/a
Councillor Colin McLaren	Oldham Council	Lab
Catherine Scivier	Independent Member	n/a
Councillor Mary Whitby	Bury Council	Lab
Vacancy		Lab
Substitutes		
Councillor James Grundy	Wigan Council	Con
Councillor Peter Malcolm	Rochdale Council	Lab

RESOLVED/-

- 1) That the Membership of the GMCA Audit Committee, for the 2019/20 Municipal Year as set out above, be noted.

- 2) That it be noted that following the resignation of Councillor Marshall, as reported above, the GMCA will consider the appointment of a replacement Audit Committee member at its meeting on 28 June 2019.

AC 19/40 MEMBERS' CODE OF CONDUCT

Members were reminded of their obligations under the GMCA Members' Code of Conduct.

RESOLVED/-

That the obligations be noted by those Members present.

AC 19/41 ANNUAL DECLARATION OF INTEREST FORM

Members were reminded of their requirement, in accordance with Sections 30 and 31 of the Localism Act 2011 and the GMCA Code of Conduct for Members, to complete and return their Annual Declaration of Interests form. Members also noted that their completed declarations will appear on the GMCA website.

RESOLVED/-

That the requirement of Members complete their Annual Declaration of Interests form, be noted.

AC 19/42 DECLARATIONS OF INTEREST

Members were asked to declare any personal or prejudicial interests in relation to any of the items appearing on the agenda for the meeting.

Councillor Peter Malcolm declared a personal interest in any matters relating to Greater Manchester Fire and Rescue Services and the Fire Pension fund.

RESOLVED/-

That Councillor Malcolm's personal interest above, be noted.

AC 19/43 MINUTES OF THE GMCA AUDIT COMMITTEE MEETING HELD ON 16 APRIL 2019

The minutes of the meeting of the GMCA Audit Committee held on 16 April 2019 were submitted.

The Chair suggested that in light of the upcoming changes in personnel, an update on GMCA Internal Audit arrangements be provided to the next Audit Committee meeting.

RESOLVED/-

- 1) That the minutes of the meeting of the GMCA Audit Committee held on 16 April 2019, be approved as a correct record.
- 2) That an update on GMCA Internal Audit arrangements be provided to the next meeting of the Committee.

AC 19/44 MINUTES OF THE GMCA/GMP JOINT AUDIT PANEL HELD ON 4 APRIL 2019

The minutes of the meeting of the GMCA/GMP Joint Audit Panel, held on 4 April 2019 were submitted for information.

In response to an enquiry from a Member, officers noted that the Joint Audit Panel considers matters associated to the Police Fund and the minutes of the meetings are submitted to the GMCA Audit Committee for information.

Members noted that the Chair was to meet with the Chair of the GMCA/GMP Joint Audit Panel in the upcoming weeks.

A Member suggested that it would be helpful for Members to receive an overview of the expenditure associated with the functions of Fire, Police, Waste, Transport and other GMCA matters.

RESOLVED/-

- 1) That the minutes of the meeting of the GMCA/GMP Joint Audit Panel held on 4 April 2019, be noted.
- 2) That it be noted that the Chair will meet with the Chair of the GMCA/GMP Joint Audit Panel in the upcoming weeks.
- 3) That an overview of the expenditure associated with the functions of Fire, Police, Waste, Transport and other GMCA matters will be provided to the next meeting of the Committee, be noted.

AC 19/45 CORPORATE RISK REGISTER UPDATE

Richard Paver, GMCA Treasurer, introduced a report that provided Members with the first quarterly update of the Corporate Risk Register (CRR) for 2019/20. Members noted that the CRR identifies 18 risks recorded in the register, which remained unchanged from those reported to the Committee in April 2019. A copy of the Corporate Risk Register was set out at Appendix A to the report.

Members noted that there were not any material changes to the GMCA risk landscape and that there were only minor changes to the previously reported risk scores. The number of high risks recorded had reduced from five to four, with no new risks added to the register and no risks were removed during this quarter. It was also noted that a Governance and Risk Group review concluded and the Senior Management Team had subsequently recommended the following key changes be made to the CRR:-

- Risk 1 Brexit; risk status remained high to reflect the continued uncertainty and impact of a potential 'No Deal' Brexit. This risk is being monitored separately as part of the GMCA and GM Brexit Readiness Group and captured on a Brexit readiness action plan.
- Risk 7 Capital Programme and Programme Governance; The likelihood of reputational risk arising from delays or failure to deliver a number of high profile capital infrastructure was reduced from high to medium, but will be kept under review in light of capital programme delivery. There are proposals to strengthen governance arrangements in these areas across GMCA and TfGM this year for transport and non-transport projects. Controls have been strengthened with the updated single pot assurance framework in light of new national guidance and review of GMCA current practices. An officer has also been appointed to manage the non-transport element of the local growth fund programme.
- Risk 10 Information Security risk remained high and reflected the risk level on the national cyber security register. There are several planned actions in this area which are shown in the activity update.
- Risk 12 Procurement, Commissioning and Contract Management risk remained high across the three elements and reflected the effectiveness of policies, procedures, processes and resourcing to support consistent practice across the organisation. The SIP Contracts and Procurement review is underway, which takes into account grant management for programmes and projects. Controls have been strengthened with the introduction of a new bid management process.
- Risk 18 Government Support for Housing Delivery was still deemed high risk, with the Housing deal unlikely to proceed and alternative arrangements being discussed with Homes England.

In response to an enquiry from a Member regarding Risk 14, Adult Education Budget, Members noted that a procurement process was nearing completion.

Members noted that in relation to Risk 4, Bus Reform, a report on this matter was to be submitted to the upcoming meeting of the GMCA on 28 June 2019.

With regard to the Risk Continuum Risk Scoring Guidelines, as set out at Appendix B to the report, a Member requested the inclusion of descriptors for scores 2 and 4 are included in future reports.

RESOLVED/-

- 1) That the update on the GMCA Corporate Risk Register, be noted.

- 2) That the Committee records its thanks to Tom Powell and his team for their work in maintaining the Corporate Risk Register.
- 3) That a further update was to be considered at the July meeting of the Committee, be noted, and to also note that the report will include updated score and impact information for scores 2 and 4.

AC 19/46 GMCA DRAFT 2019/2020 ANNUAL GOVERNANCE STATEMENT

The GMCA Monitoring Officer and GMCA Treasurer introduced the latest version of the GMCA draft 2019/2020 Annual Governance Statement.

In welcoming the draft document, a Member highlighted that it did contain a number of acronyms and suggested that a glossary of terms would be a helpful addition.

A Member suggested that in relation to the on-going GMCA Governance Review, details of such should be considered by the Audit Committee considers, the GMCA Treasurer undertook to explore this request further.

It was noted that the final version of the Annual Governance Statement was to be considered at the July meeting of the Committee. Members were invited to provide any comments to the draft 2019/2020 Annual Governance Statement to the GMCA Treasurer, via the GMCA Governance Team, in advance of the next Audit Committee meeting on 30 July.

RESOLVED/-

- 1) That the GMCA draft 2019/2020 Annual Governance Statement be noted.
- 2) That the request for the committee to consider the on-going GMCA Governance Review at an appropriate time, be explored and noted.
- 3) That it be noted that the final version of the Annual Governance Statement was to be considered at the July meeting of the Committee and that Members be invited to provide any additional comments to the current draft 2019/2020 Annual Governance Statement to the GMCA Treasurer, in advance of the 30 July GMCA Audit Committee meeting.

AC 19/47 GMCA DRAFT 2018/2019 UNAUDITED STATEMENT OF ACCOUNTS

The GMCA Treasurer introduced the report which presented Members with a copy of the unaudited GMCA draft 2018/2019 Statement of Accounts and set out the process for approval of the audited statements once finalised. The report also sought comments from Members on the appended letters from the External Auditor, Mazars, in respect to the 2018/19 Audit and the understanding of those charged with governance and processes and arrangements.

In response to an enquiry from a Member, the External Auditor commented that they were not aware of any concerns in relation to the GMCA draft 2018/2019 Statement of Accounts. It was also noted that work was taking place with the National Audit Office in respect of requirement

relating to pensions and that a Letter of Representation will be provided at the next meeting of this Committee.

Following an enquiry from a Member, it was noted that the issues which had an impact on the draft accounts included PFI credits, the moorland fires, Housing Investment Fund matters and the movement of reserves.

RESOLVED/-

- 1) That the Audit Committee noted the GMCA unaudited draft statement of accounts for 2018/19, which had been signed by the GMCA Treasurer.
- 2) Members considered and commented on the letters from Mazar's in respect to the 2018/19 Audit – understanding those charged with governance and processes and arrangements.

AC 19/48

GMCA TREASURY MANAGEMENT ANNUAL REPORT

The GMCA Treasurer introduced a report which set out details of the Treasury Management activities of the Greater Manchester Combined Authority (GMCA) for the 2018/19 financial year.

RESOLVED/-

That the Treasury Management report for the 2018/19 financial year be noted.

AC 19/49

INTERNAL AUDIT 2018/2019 ANNUAL OPINION REPORT

The Head of Audit and Risk Management presented a report, which provided Members with an update on the interim annual assurance opinion report and set out the overall adequacy and effectiveness of Greater Manchester Combined Authority's (GMCA) internal control arrangements for 2018/19.

Members noted that the moderate assurance opinion provided in April 2019 on the systems of governance, risk management and internal control remained unchanged and took into account the latest position following audit work to review arrangements for the HMICFRS inspection of Greater Manchester Fire and Rescue Service and the development of GMFRS Programme for Change.

The report summarised that, whilst the outcome of the Inspection remained to be received there was clear evidence of robust arrangements for self-assessment and evaluation and of governance, oversight and risk management arrangements. Members noted that inspection preparation outcomes are one of the sources of intelligence that have been integrated into the Programme for Change (PfC) which is supported by a clear methodology and programme management approach with evident, comprehensive engagement of stakeholders and public consultation as well as key decision makers. It was also noted that based on the review undertaken by Internal Audit as detailed in the report, as well as other audit work completed since April, no material changes to the assessment of governance, risk

management and internal control that impact on the “Moderate” assurance opinion previously provided.

A Member highlighted the potential risks associated with the expenditure commitments to build and relocate fire stations as part of the Programme for Change. A Member also highlighted the potential reputational risks for GMCA in relation to the roll out of Programme for Change. In response, officers noted that those risks described by Members will be picked up in the CRR.

RESOLVED/-

- 1) That the update on the interim annual assurance opinion be noted.
- 2) That a Moderate assurance opinion provided by the Head of Audit and Risk Management, be noted.
- 3) That a further report on 2019/2020 activity was to be submitted to the meeting of the GMCA Audit Committee on 30 July 2019.

AC 19/50 AUDIT RECOMMENDATIONS MONITORING

The GMCA Treasurer introduced a report which provided an update to Members on the progress to date in implementing the agreed actions from recent internal audit assignments covering Purchase Cards and ICT Security. The report also provided assurance that a robust process is in place for follow up of recommendations.

RESOLVED/-

That the audit Recommendations monitoring report be noted.

AC 19/51 DATES OF FUTURE MEETINGS

Members considered dates for future meetings. It was noted that the next meeting had previously been set as Tuesday 30 July 2019 at 2.00 pm.

Officers undertook to canvas Members for their availability to attend additional meetings throughout the 2019/2020 municipal year.

Members suggested that a work programme of potential items be provided at future meetings.

RESOLVED/-

- 1) That the next meeting of the GMCA Audit Committee was to be held on Tuesday 30 July 2019, be noted and to also note that officers will undertake to develop a GMCA Audit Committee meetings programme for the 2019/2020 municipal year.
- 2) That a Committee work programme of future items will be provided to future meetings of the Committee, be noted.

ITEM 4

JOINT AUDIT PANEL

Date: 18th June 2019

Time: 10:45 – 12:30

Venue: Room F12, Friends' Meeting House, Mount Street, M2 5NS

Attendees

Peter Morris (Chair)
Foluke Fajumi (Panel)
Ian Cayton (Panel)
John Starkey (Panel)

ACO Lynne Potts (GMP)
Janet Moores (GMP – Head of Finance)
Julia Chilton (GMP - Strategic Financial Advisor)
Clare Cowap (GMP – Governance Officer)
Candice Simms (GMP – Minutes)

Cath Folan (GMCA - Audit Manager (Police and Crime))
Sarah Horseman (GMCA – Head of Audit and Assurance)
Tom Powell (GMCA – Head of Audit and Risk Management)

Chris Whittingham (Mazars – Senior Manager)
Mark Kirkham (Mazars - Partner (Public Services))

Apologies

Richard Paver (GMCA – Treasurer)
Cath Millington (Panel)

M022/JAP Welcome & Apologies for Absence

Apologies were noted from the treasurer Richard Paver and panel member Cath Millington.

M023/JAP Urgent Business (if any) at the discretion of the Chair

None raised.

M024/JAP Declarations of Interest

None raised.

M025/JAP Approval of previous minutes and actions

The Panel sought an update on the action assigned to Mazars (external Auditors) under minute M020/JAP. Mazars advised they are aware of the close overlapping relationship between GMCA and GMP in relation to

financial sustainability. Mazars will reflect upon this in their External Audit Findings Report, which will be published in the papers for the July Joint Audit Panel.

The Terms of Reference for the Joint Audit Panel state that the Panel will be properly accountable to the Chief Constables' Executive and GMCA Audit Committee (in relation to the Police Fund).

The Chair noted the working relationship between GMP and GMCA is unique as brought about by legislation. He advised that Richard Paver, GMCA Treasurer, will be bringing the GMCA side of the Police Fund accounts to the July Joint Audit Panel.

The Panel concluded that understanding the elements of the Police Fund which are in the GMCA accounts and scrutinising the Chief Constable's Statement of Accounts will allow them to fulfill their role.

GMP confirmed the refreshed Strategic Risk Register will be included in the papers of the July Joint Audit Panel.

M026/JAP Terms of Reference

The Chair commented on the enthusiasm and progress made by members of the Panel since it was formed, and the benefits from the training sessions. He was confident that the Panel would continue to develop over the next 12 months.

M027/JAP Chief Constable's Draft Statement of Accounts 2018/19

GMP provided a summary of the Annual Governance Statement, which is tailored to the organisation and contained within the Chief Constable's Statement of Accounts.

The Chair queried if the Annual Governance Statement is used by auditors to flag and monitor improvement. Mazars noted the Annual Governance Statement needs to be pitched at a corporate level to give the readers of the accounts a depiction of the risks and activities of the Force, and also how the Force is meeting those challenges. Mazars added that they do not compare and contrast Annual Governance Statements between forces, they are deemed as unique to each individual force. GMP said that they would welcome advice from Mazars as to how the Annual Governance Statement could be further improved.

GMP provided an overview of the Narrative Report within the Chief Constable's Draft Statement of Accounts, which contains a forward-look into some of the challenges the Force is addressing. It was noted that the document was a draft and changes will be made where more clarity is required or errors need correcting.

GMP advised that on the first year of the elected Mayor's establishment (2016/17), accounts were done on a 13 month basis. In 2017/18 the accounts were done on a 10 month and three weeks basis; therefore, there is not a like for like comparison between the financial years and this explains some variances between years. GMP also flagged the actuarial valuation at the end of the 2018/19 financial year that was more favourable than expected.

The Chair queried what determines how capital expenditure is financed. GMP advised that the funding of the capital programme was undertaken by GMCA.

The Chair queried the net budget difference compared to the actual. GMP advised that at the end of the 2018/19 financial year there was a net overspend of £0.8m. This was after accounting for the actuarial valuation and the creation of a number of earmarked reserves.

The Panel questioned if fewer officers leaving the Force in 2018/19 would affect the delivery of the precept commitment. GMP confirmed that this commitment would still be met. The Panel queried if GMP expect

natural wastage to continue to increase or decrease in the forthcoming year. GMP advised that officer turnover has continued to slow down and that this might be indicative of the fact that the Force is now running promotion processes across all ranks every year. The rate at which turnover is also slowing down itself.

The Chair queried if there are different types of overtime, and if there is any overtime that is not funded externally. GMP advised overtime is monitored and coded very carefully. GMP noted that overtime arises for a number of reasons and not all of it is funded externally. For example where there are vacancies within the Force, overtime will be incurred to backfill the vacancies. Members were advised that some local sporting events can be planned into the budget, however, due to the unpredictability of cup runs etc not all fixtures can be predicted.

The Chair queried how GMP control overtime where there are a number of unfortunate events happening in a short space of time around Greater Manchester. GMP advised all overtime has to go through an internal line of approval. GMP noted that the Internal auditors have recently completed their review of the use of overtime in two of the Force's Branches.

GMP provided an overview of the Capital Expenditure. The largest underspends, Information Services Transformation Programme and Target Operating Model, will be carried forward into the forecasted capital programme for 2019/20.

The Panel queried the definition of a neighbourhood policing officer. GMP advised neighbourhood policing officers are police officers and not police community support officers (PCSOs). GMP noted that delivery of the 2019/20 budget will see a reduction in the number of police community support officers and an increase in the number of police officers.

GMP provided an overview of the Comprehensive Income and Expenditure Statement. GMP advised that depreciation is calculated by GMCA at the end of the financial year, and then charged through to the Chief Constable's accounts as part of the cost of policing services.

Members were advised the comprehensive income and expenditure statement include the implications of IAS 19 pension contribution and FRS 17 retirement contributions. The Panel queried why there is such a large difference between the 'remeasurement of pension assets / liabilities' from 2017/18 to 2018/19. GMP informed members that advice will be sought on this query. The Chair queried how much time external audit spend looking into pension figures. Mazars advised pension liabilities are identified as a risk within the Audit Strategy Memorandum, and extensive work is done in this area.

GMP provided an overview of the Movement in Reserves Statement, 2017/18 Comparative Movement in Reserves Statement, Balance Sheet and Cash Flow Statement. GMP advised the Cash Flow Statement will always total £0, as the Force does not hold any cash.

GMP provided an overview of the Accounting Policies, noting that there have been no major changes in the last 12 months.

GMP advised a number of Accounting Standards have changed; however, the changes have not affected the Chief Constable's Statement of Accounts. The Panel queried if external audit provided guidance on any changes to accounting standards. Mazars confirmed that they do.

The Chair queried the Expenditure and Funding Analysis with regards to the Force holding a general fund. GMP advised this fund is held in GMCAs accounts, therefore, certain figures within the Expenditure and Funding Analysis will continue to remain at £0.

The Chair noted how difficult the accounts can be to understand, whereby a simplified version of the accounts would be easier to comprehend. Members were advised that an internal reconciliation document could be produced for management purposes that reconciles the management accounts into the final accounts, incorporating areas of GMCA accounts.

ACTION – GMP to provide context behind the ‘remeasurement of pension assets / liabilities’ figures from 2017/18 to 2018/19, in the comprehensive income and expenditure statement.

ACTION – GMP to provide context behind the ‘intercompany adjustments’ figures from 2017/18 to 2018/19, in the expenditure and income analysed by nature section of the accounts.

M028/JAP Progress against the Internal Audit Plan 2018/20

New reporting format

An introduction was given from the new Head of Audit and Assurance at GMCA. Internal Audit advised members of the proposition going forward, noting that the progress report in its new format will come to every Joint Audit Panel. Internal Audit noted that at the end of the year this report will illustrate to members how the audit opinion has been reached with regards to governance, risk management and internal control.

Internal Audit provided an overview of the Progress against the Internal Audit Plan 2018/20.

Internal Audit sought approval for the audit plan to be changed with regards to a further health and safety audit. GMP advised the findings in the previous health and safety audit have now been rectified and the Force is now reporting in accordance with Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR). It was noted that incidents have been uploaded onto the health and safety executive portal. The Panel queried the timing of another health and safety audit, as the last report was issued only several months ago. Internal Audit advised the additional audit will be considering the implementation of Reporting of Injuries, Diseases and Dangerous Occurrences Regulations; seeking assurance that changes have been made since the last audit. Members were advised this audit has been requested by GMP.

Internal Audit provided an overview of the key performance indicators (KPIs), noting that they have been slightly amended. The amendments ensure that the plan is progressing and includes responsibility for management engagement. Internal Audit noted the report contains the utilisation rate of the team and an action implementation rate.

The Panel queried how key performance indicators are set. Internal Audit advised key performance indicators are set at industry standard but are open to suggestions for improvement.

Internal Audit provided a summary of the recommendations within the report.

The Chair questioned how much external audit relied on internal audit reports. Mazars advise no direct reliance is formally placed on internal audit reports. Mazars noted it would be beneficial to liaise with internal audit to see what areas they are working on within GMP. The Chair queried if external audit could influence what work is undertaken by the internal auditors. Mazars advised any risks to the Force are flagged to GMP, which can then be undertaken by internal audit.

Internal Audit advised a key aim is to produce assurance mapping framework across the lines of defence, which will identify where assurance originates across all of the key risks.

The Panel suggested the Internal Audit Plan 2018/20 be revised to address how the additional 55 audit days stated on page 88 affects the audit plan.

GMP queried how reports are produced, specifically who is stated as the report holder when bringing reports to the Joint Audit Panel. GMP noted that majority of the work is on the Force's account; however, it cannot be a joint report from the Head of Audit and Assurance and the Treasurer as the audit opinion belongs to the Head of Audit and Assurance. Internal Audit advised the Head of Audit and Assurance is to report in their own name in accordance with the charter.

ACTION – Head of Audit and Assurance to clarify which entities are stated on the reports brought to the Joint Audit Panel.

M029/JAP Internal Audit Charter Refresh 2019/20

Internal Audit provided an overview of the Internal Audit Charter Refresh 2019/20, noting that the charter has been refreshed by means of standardisation to allow for consistency across GMCA and Transport for Greater Manchester (TfGM).

Internal Audit summarised the changes that have been made to the Internal Audit Charter, noting there are no significant changes.

The Panel queried if contracts with third parties address an agreement for Internal Audit to access all records. Internal Audit advised this is looked into prior to auditing.

The Panel queried the resourcing section; specifically how Internal Audit ensures there is no conflict during the procurement process. Internal Audit advised that the use of framework already in place avoids conflict. Internal Auditors noted there are checks to see if there are other parties working in different areas of the organisation that could present a conflict. Members were advised conflict of interest is very much dependant on the contract type.

ACTION – Head of Audit and Assurance to update the access and authority section to incorporate the Mayor and the PCC.

M030/JAP Internal Audit Annual Report 2018/19

Internal Audit provided a summary of the Internal Audit Annual Report 2018/19, noting that there is a positive opinion overall.

Internal Audit advised there has been positive client satisfaction based on questionnaire feedback. The Panel queried the figures related to the questionnaires, and if more information could be provided with regards to the response rate. The Panel suggested benchmarking is put in place to compare with other Forces.

GMP queried how internal audit record when agreed actions have been amended prior to a report being finalised. Internal Audit advised they have moved away from making recommendations to producing agreed actions, which allows for discussions to take place around the risks and how the Force can address the issues. It was noted that this process enables the Force to take ownership of the agreed actions, therefore, the percentage of agreed actions within the report should always be 100 percent.

Internal Audit provided a summary of improvements to be addressed in the current financial year. It was noted that one of the key aims of Internal Audit is to ensure there is a positive working relationship with GMP. Internal Audit advised a key aim is to look at internal audit methodology, ensuring consistency across portfolios. It was concluded that Internal Audit hope to be focused on strategic risks, and observe strategic meetings to ensure the audit plan is assessing the strategic risks.

The Panel queried the 25 days allocated in the 2018/19 Audit Plan to Police and Crime (GMCA). Internal Audit advised the time had been allocated to assess the Police and Crime functions that sit with GMCA. The Internal Audit Team are in the process of undertaking an Audit Needs Assessment process to define the scope of the audits to be carried out over the Mayoral PCC functions. This will be incorporated into the 2019/20 plan and reported to the Joint Audit Panel in the same way the Force internal audits are reported, and will contribute to the Head of Audit and Assurance Annual Opinion.

ITEM 5

GMCA Audit Committee

Date: 30 July 2019

Subject: GMCA – 2018/19 Annual Governance Statement

Report of: Liz Treacy, GMCA Monitoring Officer and Richard Paver, GMCA
Treasurer

PURPOSE OF REPORT

To provide the Committee with the GMCA 2018/2019 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 18 June 2018.

RECOMMENDATIONS:

The Committee is recommended to approve the GMCA 2017/2018 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 2018/2019.

CONTACT OFFICERS:

Name: Liz Treacy
Position: Monitoring Officer, GMCA
E-mail: l.treacy@greatermanchester-ca.gov.uk

Richard Paver
Position: Treasurer, GMCA
Telephone: 0161 778 7004
Email: richard.paver@greatermanchester-ca.gov.uk

Name: Gwynne Williams
Position: Deputy Monitoring Officer, GMCA
Telephone: 0161 608 4007

E-mail: williamsg@manchesterfire.gov.uk

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

Legal Considerations – legal requirements are referred to throughout the AGS

Financial Consequences – None

BACKGROUND PAPERS:

GMCA Constitution https://www.greatermanchester-ca.gov.uk/media/1387/constitution_2018_final_.pdf

TRACKING/PROCESS		[All sections to be completed]
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	Overview & Scrutiny Committee	
N/A	N/A	

ANNUAL GOVERNANCE STATEMENT

2018-19

CONTENTS

1. INTRODUCTION & PURPOSE OF THE ANNUAL GOVERNANCE STATEMENT
2. GMCA LEGISLATIVE CONTEXT
3. GMCA & GM MAYOR POWERS AND RESPONSIBILITIES
4. STRATEGIC AND POLICY CONTEXT – THE GREATER MANCHESTER STRATEGY
5. SCOPE OF RESPONSIBILITY
6. ANNUAL REVIEW OF EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK 2018/2019
7. PROGRESS IN ADDRESSING THE CHALLENGES IDENTIFIED IN THE 2017/2018 ANNUAL GOVERNANCE STATEMENT
8. AREAS TO BE REFLECTED FOR IMPROVED GOVERNANCE FOR 2019/2020
9. CORPORATE RISK REGISTER & ASSURANCE FRAMEWORK
10. SUMMARY

1. INTRODUCTION

- 1.1 The CIPFA International Framework defines governance as “Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved”.
- 1.2 This Annual Governance Statement sets out how the Greater Manchester Combined Authority (GMCA) meets its governance standards detailed in the reviewed Code of Corporate Governance¹. 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.
- 1.3 The GMCA is responsible for ensuring that its business is conducted within the law and that public money is used economically, efficiently and effectively and can be properly accounted for. This Statement provides an overall assessment of the corporate governance arrangements that support its adherence to the Code of Corporate Governance, and the standards set out within it.
- 1.4 In discharging its responsibilities, the GMCA is responsible for putting in place the required arrangements for the governance of its affairs, and this Statement further includes an appraisal of these key controls which have been put in place to manage the GMCA’s principal governance risks and the effectiveness of systems and processes governing decision-making and financial control.
- 1.5 The GMCA has established governance arrangements which are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework – Delivering Good Governance in Local Government². However, this is an annual reviewing document and also provides details of where improvements need to be made. The Annual Governance Statement is reviewed by the GMCA’s external auditors as part of the audit of the annual accounts.
- 1.6 The GMCA remains a relatively new organisation, with 2018/19 the first year of full integration of the additional remits. However, it is based on strong long standing relationships between the Greater Manchester Councils (Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan).

¹ June 2017 https://www.gmcameetings.co.uk/meetings/meeting/325/greater_manchester_combined_authority Item 4A page 192

² 2016 <https://democracy.york.gov.uk/documents/s82198/CIPFADeliveringGoodGovernanceinLocalGovernmentFramework1.pdf>

- 1.7 The functions of the GM Police and Crime Commissioner transferred to the elected Mayor on 8 May 2017 and with regards to these functions the Mayor is held to account by the GM Police and Crime Panel.
- 1.8 The functions of the GM Fire and Rescue Authority (GMFRA) transferred to the GMCA on 8 May 2017, with the GMCA becoming the fire and rescue authority for the area of Greater Manchester for the purposes of the Fire and Rescue Services Act 2004, and the elected Mayor responsible for discharging the functions of the fire and rescue authority.
- 1.9 The functions of the former Greater Manchester Waste Disposal Authority (GMWDA) transferred to the GMCA on 1st April 2018, the GMCA has established a Waste and Recycling Committee to oversee these functions.
- 1.10 The assessment of compliance against the Local Code of Corporate Governance outlines where the GMCA is compliant and also areas where ongoing work is taking place to further improve overall compliance.
- 1.11 The GMCA's framework is structured around 7 good governance principles set out in the 2016 CIPFA guidance which are:
 - a. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
 - b. Ensuring openness and comprehensive stakeholder engagement
 - c. Defining outcomes in terms of sustainable economic, social, and environmental benefits
 - d. Determining the interventions necessary to optimise the achievement of the intended outcomes
 - e. Developing the entity's capacity, including the capability of its leadership and the individuals within it
 - f. Managing risks and performance through robust internal control and strong public financial management
 - g. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

2. LEGISLATIVE 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 elected on 4 May 2017, and has now completed his second year in office. The Mayor is the chair and 11th member of the GMCA. All members have clear portfolio responsibilities.
- 2.2 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 will also examine the Mayor's

(non Police and Crime) spending plans and again will be able to amend those plans if two-thirds of members agree to do so.

- 2.3 The Association of Greater Manchester Authorities (AGMA), originally established in 1986 following the abolition of the Greater Manchester Council, continues to meet when required to consider issues over which the GMCA has no statutory responsibility. The membership of both the GMCA and AGMA is the same and consists of the elected Mayor and the ten local authority Leaders.
- 2.4 The GM Local Enterprise Partnership is 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. The GM LEP jointly owns (along with the GMCA and voluntary sector) the Greater Manchester Strategy and is responsible for providing strategic direction to ensure that the strategy is successfully delivered.
- 2.5 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 three Overview and Scrutiny each have 15 members and responsibility for Corporate Issues and Reform; Economy, Business Growth and Skills; and Housing, Planning and Environment. The GMCA Audit Committee, as a statutory body, plays a key role in overseeing risk management, governance systems and financial management (see Section 6).

3. GMCA & GM MAYOR POWERS AND RESPONSIBILITIES

3.1 The functions of the GMCA fall into the following broad headings:

- Transport;
- Economic Development, Regeneration and Housing – including skills;
- Health;
- Police and Crime;
- Fire and Rescue;
- Waste Disposal
- Adult Education

3.2 Transport functions

3.2.1 These functions include:

- the development of policies for the promotion and encouragement of safe, integrated, efficient and economic transport to, from and within the Greater Manchester area;
- exercise of the functions required to implement those policies;
- preparation of a Local Transport Plan (LTP);
- the appointment of the Director-General and Board of the Passenger Transport Executive (PTE) known as Transport for Greater Manchester (TfGM);

- the formulation of policies with respect to the provision, availability and convenience of public passenger transport services for the area and ensure that these are secured by TfGM;
- approval of concessionary travel schemes, ticketing schemes and quality partnership schemes;
- approval of new transport schemes to be funded by the Greater Manchester Transport Fund; and
- approval of the transport budget and issue of the transport levy to constituent councils in respect of expenditure reasonably attributable to GMCA's transport functions (which is not raised by other means).

3.2.2 Other powers include:

- the power to enter into agreements with constituent councils and Highways England for the construction, improvement and maintenance of roads;
- the power to give grants to bus operators; and
- the GMCA, as a Mayoral Combined Authority, now has enhanced powers in relation to buses following the enactment of the Bus Services Act.

3.2.3 Greater Manchester's transport policies are set by the GMCA and the informed by the Transport for Greater Manchester Committee (TfGMC). TfGM then:

- implements the decisions made by the Combined Authority and the Committee to improve transport services and facilities in Greater Manchester;
- works to develop detailed plans and strategies to put those wider transport policies into action. TfGM coordinates transport plans, devises sustainable travel initiatives, and provides the information required to enable the GMCA and TfGMC to decide where to invest transport funding.

3.3 Economic Development, Regeneration and Housing

3.3.1 The Order that established the GMCA in 2011 gave the GMCA various economic development and regeneration functions, being functions of the constituent councils to be exercised concurrently with those councils.

3.3.2 The functions include:

- the power to promote and improve the economic, social and environmental well-being of the area;
- the promotion of tourism;
- consideration of housing needs and housing conditions in the area;
- local air quality management; and
- post-16 education and training (from 2019/20)

3.3.3 The Functions Orders made pursuant to the various devolution agreements give the GMCA a range of additional economic development and regeneration functions (including functions relating to housing, spatial planning, compulsory purchase, skills and training).

3.3.4 These new functions include:

- a duty to prepare and publish a spatial development strategy for GM;
- powers to provide, or facilitate the provision of, housing and infrastructure;
- powers to develop and regenerate land;
- powers to acquire land, compulsorily or by agreement;
- powers to designate areas of land as mayoral development areas leading to the establishment of mayoral development corporations (MDCs);
- additional powers in relation to skills and training; and
- adult education.

3.4 Police, Fire and Waste Disposal functions

3.4.1 The functions of the GM Police and Crime Commissioner (GMPCC) transferred to the elected mayor on 8 May 2017. The statutory powers of the PCC can be delegated to the Deputy Mayor for Policing, with the exception of the duty to set a budget, the duty to prepare a Police and Crime Plan, and the appointment and removal of a Chief Constable. The Mayor is held to account in respect of his police and crime functions by the GM Police and Crime Panel which now consists of representatives from each district with crime and anti – social behaviour responsibilities plus two independent members.

3.4.2 The functions of the GM Fire and Rescue Authority (GMFRA) transferred to the GMCA on 8 May 2017, with the GMCA becoming the fire and rescue authority for the area of Greater Manchester for the purposes of the Fire and Rescue Services Act 2004, and the elected Mayor responsible for discharging the functions of the fire and rescue authority. On the 27 April 2018, the Mayor decided to disestablish the Fire Committee which had been constituted the previous year.

3.4.3 The functions of the GM Waste Disposal Authority (GMWDA) transferred to the GMCA on 1 April 2018 and the GMWDA was abolished on that date. GMWDA functions are not exercisable in Wigan, which is its own waste disposal authority. The GMCA has decided to establish a new Waste & Recycling Committee which was formally constituted at the GMCA's AGM in June 2018.

3.5 Health

3.5.1 From April 2016, Greater Manchester received full devolution of all funding and decision-making for health and social care in GM and GMCA, concurrent with the duty on constituent Councils, now has a duty to take such steps as it considers appropriate to improve the health and wellbeing of people in Greater Manchester.

3.5.2 Devolution does not change the position of NHS services in GM in relation to the NHS Constitution and Mandate - all of the services will remain firmly part of the National Health Service. However, the new duty enables the GMCA to work in partnership with the constituent councils, Clinical Commissioning Groups and NHS bodies to better

integrate health and social care provision across GM, improving outcomes for residents and ensuring the financial sustainability of the health and social care system within GM.

3.5.3 A Strategic Partnership Board, made up of representatives of the 37 partner organisations responsible for health and social care provision in Greater Manchester, is responsible for overseeing the £6bn health and social care budget.

3.6 Mayoral and non-Mayoral functions

3.6.1 All functions are GMCA functions, but some functions are only exercisable by the Mayor. Functions are deemed 'non-mayoral' unless specified in an Order or other enactment.

3.6.2 Powers only exercisable by the Mayor include:

- powers over strategic planning, including CPO powers and the power to establish Mayoral Development Corporations (which he has exercised during 2018/19 in beginning a consultation on Stockport Town Centre West Mayoral Development Corporation), and the power to create a statutory spatial framework for Greater Manchester;
- control of the £300 million recyclable Housing Investment Fund;
- control of GM's reformed earn back deal;
- preparation of a Local Transport Plan and supporting policies (subject to approval of at least 7 other GMCA members); and
- responsibility for the role previously covered by the Police and Crime Commissioner and the GM Fire and Rescue Authority.

4. **STRATEGIC AND POLICY CONTEXT – THE GREATER MANCHESTER STRATEGY**

4.1 The refreshed Greater Manchester Strategy (GMS) was approved by the GMCA and its partners in July 2017, bringing together the public, private, voluntary and community sectors in delivering a bold new vision for Greater Manchester. The revised GMS is structured under 10 priorities which align with the Greater Manchester Model ambitions for aligned public services with people and places at the centre.

4.2 The GMCA further approved a two-year Implementation Plan following a full engagement process with networks and partners from across the public, private and voluntary sectors in GM.

4.3 The two-year implementation plan acknowledges that many existing and developing GM strategies and plans are already being delivered, and therefore seeks to capture those areas of action where attention will be focused and that with the collective support from across the GM system can make a transformational difference to the achievement of the GMS ambitions and supporting targets.

4.4 The actions within the Implementation Plan cover what all GM organisations need to do to support the GMS. Relevant ones of these formed the basis of the work programmes

for the CA Portfolio areas of responsibility. The Portfolio leads during 2018/19 reviewed portfolio governance and accountability (through scrutiny, audit and to the GMCA), to ensure that it is fit for purpose going forward.

- 4.5 Greater Manchester recognised that 2018-19 proved a timely opportunity to initiate a further independent prosperity review³ to develop a greater understanding of the current economic climate and its effect on investment and how external factors may influence the delivery of the ambitions of the Greater Manchester Strategy. This review has been used as the evidence base to support the development of the Greater Manchester Local Industrial Strategy and will be used as the basis of GM's Spending Review Submission later in 2019.
- 4.6 During 2018/19 Greater Manchester produced a Public Service White Paper which supports Greater Manchester on its journey towards embedding a place based model at the heart of its public service delivery.
- 4.7 The GMCA Business Plan in 2018/19 was built up from Team Business Plans, reflecting actions for GMCA from the Greater Manchester Strategy, and highlighted key deliverables for GMCA. The plan sets out the strategic objectives for the organisation, and details the activities to be delivered by the GMCA. Recognising the GMCA business is still in its infancy, the Business Plan sets a direction of travel for the further development of the organisation and ensures the activities being delivered by the GMCA teams are contributing to the successful delivery of GMS outcomes.

5. SCOPE OF RESPONSIBILITY

- 5.1 The GMCA's Code of Corporate Governance sets out how the GMCA operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.
- 5.2 The Annual Governance Statement demonstrates how the GMCA is delivering its services in the right way in a timely, inclusive and accountable manner and will be certified by the GMCA Chief Executive and the Mayor, after consideration of the draft by the GMCA Audit Committee. GMCA's external auditor reviews the Annual Governance Statement as part of the assessment of their value for money conclusion.
- 5.3 The GMCA's governance framework comprises the legislative requirements, principles, management systems and processes – including the GMCA's Constitution, Operating Agreement and Protocols – and cultures and values through which the Authority exercises its leadership, fulfils its functions, and by which it is held accountable for its decisions and activities.

³ <https://www.greatermanchester-ca.gov.uk/what-we-do/economy/greater-manchester-independent-prosperity-review/>

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

6. ANNUAL REVIEW OF THE EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK

GMCA Audit Committee and GM Joint Audit Panel

- 6.1 The GMCA Audit Committee is responsible for overseeing the effective operation of the systems of governance including risk management, internal control, and treasury management. It is a legal requirement for the GMCA to have an Audit Committee as this also ensures a high standard of openness and transparency. The Committee met 6 times during 2018/19 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.
- 6.2 The GMCA Audit Committee oversees all aspects of 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.

Head of Audit and Risk Management Interim Annual Opinion 2018/19

- 6.3 The Head of Internal Audit and Risk Management in their report to the Audit Committee on the 18 June 2019 provided an unchanged **moderate annual assurance opinion** for 2018/19 stating that there was generally a sound governance, risk management and internal control framework operating across GMCA. This was the same level of assurance as the previous year and took into account that the GMCA remains a relatively new organisation with 2018/19 being its first year of full integration with the GM Office of the Police and Crime Commissioner, GM Fire and Rescue Service and former GM Waste Disposal Authority functions. The final opinion to be given in June 2019 will take into account the process for engagement with the HMICFRS inspection of the GM Fire and Rescue Service and the emerging improvement action plan.
- 6.4 The opinion reflected that the GMCA had clear strategic intent and its priorities were referenced in the GMS and implementation plan. Governance and decision making processes had continued to develop and embed across the organisation during the year with an established structure for overview and scrutiny that had provided opportunity for challenge and review of GMCA decision making arrangements and supported by robust Audit and Standards Committee arrangements.

- 6.5 The closer alignment with Transport for Greater Manchester and the sharing of leadership resources was indicative of the ongoing evolution, change and transformation.
- 6.6 Critical areas of organisational reform and redesign were underway in the form of GMFRS Programme for Change (PfC) linked to transformational change of the Fire and Rescue Service and the GMCA Service Review and Integration Programme (SIP). A core aspect of both of these reviews were to ensure that organisational structure, workforce skills and capacity was suitably aligned to meet and respond to organisational demands.
- 6.7 There remained several areas for development which were recognised by senior management and reflected in the GMCA Business Plan for 2018/20. This included the bringing together of systems and processes, cultures and priorities as the GMCA matures further.
- 6.8 There was regular review of the most significant risks associated with delivery of GMS and other GMCA priorities and these were subject to regular review by GMCA Senior Management Team and Audit Committee.
- 6.9 A new Head of Audit and Assurance for GMCA will take responsibility from April 2019 for delivery of Internal Audit activity for 2019/20.

Annual Review of the System of Internal Audit 2018/19

- 6.10 The annual review of effectiveness of Internal Audit was undertaken by the GMCA Treasurer in April 2019 and concluded that whilst work undertaken by the internal audit service in 2018/19 had been in accordance with Public Sector Internal Audit Standards (PSIAS) and expected quality standards, the scale of delivery fell short of agreed and expected allocations. This presented a risk to the GMCA in obtaining appropriate, robust levels of independent assurance over systems of governance, risk management and internal control.
- 6.11 The reasons for this were outlined in a report to Audit Committee, which included the time taken to finalise the decision on the structure of the audit service and the ability to secure suitable and sustainable staffing appointments to fully deliver the audit plan. The decision to move away from the existing audit collaboration arrangement with Manchester City Council and appoint a new shared Head of Audit and Assurance with GMCA/TfGM will mean that the key focus for GMCA Internal Audit provision for 2019/20 will be to support the effective transition of the service.
- 6.12 The new Head of Audit and Assurance and an indicative audit plan for 2019/20 for GMCA core functions and GM Fire and Rescue Service (GMFRS) is in place. A separate audit plan exists for GMP and GM Mayoral Police and Crime functions which is reviewed and approved through the Chief Constable, Deputy GM Mayor and Police and Crime Joint Audit Panel. A separate audit plan also exists for Transport for Greater Manchester (TfGM)

6.13 A key priority action will be to ensure there are consistent and standardised audit systems and processes in operation across these areas. In particular;

- Risk Management framework (strategic/Operational/project)
- Counter Fraud Framework (policy and reporting framework)
- Assurance frameworks (other sources of assurance)

Annual Review of the Role and Responsibilities of the Chief Financial Officer (Treasurer)

6.14 As part of its work on governance and financial management across public services, the Chartered Institute of Public Finance and Accountancy (CIPFA) issued its Statement on the Role of the Chief Financial Officer in Local Government (the Statement) in 2010. For the purpose of the GMCA's Annual Governance Statement, the role of the Chief Financial Officer has been reviewed against the governance arrangements set out in the Statement, which are required to ensure the Chief Financial Officer is able to operate effectively and perform their core duties. Full conformance with these arrangements was confirmed.

GMCA Standards Committee

6.15 The GMCA have established 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 Anti-Fraud and Corruption Policy and the GMCA Complaints Process at their meetings this year, and have made a number of recommendations with regards to ensuring that Members adhere to their responsibilities in line with the Code of Conduct.

7. PROGRESS IN ADDRESSING THE CHALLENGES IDENTIFIED IN THE 2017/18 ANNUAL GOVERNANCE STATEMENT

Business planning and performance monitoring development work.

7.1 The GMCA Business Plan for 2018/19 was published in July which included a set of performance targets. All these actions are drawn from the GMS and monitoring performance against the GMS was delivered through the Implementation Plan whose performance dashboard is reported through the Scrutiny Committees, and to the GMCA, on a six-monthly basis.

Embedding effective scrutiny and oversight, committee structure and work programmes.

7.2 The GMCA has three Scrutiny Committees that have been established and operational for two years. Each Committee meets monthly and in the interests of transparency, their proceedings are livestreamed. Scrutiny Committees are tasked with reviewing the work and decisions of the GMCA, the Mayor (excluding Police & Crime), decisions

delegated to Committees by the Mayor and the GMCA and delegated Officer Key Decisions. Scrutiny recommendations and subsequent reports are presented to the GMCA for their consideration. Scrutiny members have full access to the Public Notice of Key Decisions and those Members appointed to the Scrutiny Committees have the power to call in Key Decisions.

- 7.3 In addition, the GMCA has a Joint Health Scrutiny Committee, which meets bi-monthly. The joint Committee is responsible for overseeing strategies, policies, actions and consultations of the Greater Manchester Health and Social Care Partnership.
- 7.4 Scrutiny Committees agree an annual programme of work that aims to reflect the priorities set out in the Greater Manchester Strategy. Work programmes are living documents and topics can be added/deleted according to the Committee's priorities. Dedicated staff resources support the Scrutiny function.

Culture & values – integration of staff structures and work around alignment of roles and responsibilities including; developing staff capacity, improved staff communications.

- 7.5 Good progress was made across these issues in 2017 and work continued through 2018 to address staff integration and improve communications.
- 7.6 The GMCA has now launched and implemented an Organisational Development Strategy which has been developed in consultation with staff. This now also forms part of organisational orientation and induction for new starters.
- 7.7 The Service Integration Programme (SIP) has continued throughout 2018-19 to review service delivery and emerging staff issues under the direction of the SIP Board.
- 7.8 Staff across both GMCA and GMFRS were surveyed about internal communications in 2017 and work was done through that year and 2018 to further develop channels and content. The communications team has worked closely with the OD team to support the OD strategy development and delivery, including work on the organisational vision, purpose, values and objectives. These are currently being rolled out as part of the new PRA process being introduced, providing a clear link between individual and corporate objectives.

Information governance and GDPR readiness

- 7.9 The GMCA appointed a Data Protection Officer (DPO) ahead of the implementation of GDPR who is supported by a senior level group to oversee the ongoing work to ensure continued GDPR compliance.
- 7.10 The team have recently developed an IG implementation and alignment work programme to address the priority areas across the organisation and review all IG processes across teams.
- 7.11 A Data Breach Panel has been established to further support this area of work for the Information Governance Board.

7.12 GDPR training modules have been made available for all staff, and its completion is being monitored to ensure all staff are aware of the regulations and how they impact their role and the organisation as a whole.

Strengthening of SMT and appointment of a dedicated Monitoring Officer role

7.13 The Senior Management Team (SMT) have continued to meet on a weekly basis chaired by the Chief Executive. A dedicated Monitoring Officer has been in post since March 2018, supported by a Deputy Monitoring Officer.

7.14 An Extended Leadership Team (ELT) has also been established which meets fortnightly with SMT to support the delivery of the GMS priorities and oversee the implementation of the organisation's Business Plan.

Other sources of assurance

7.15 Whilst Internal Audit's annual audit plan provides independent assurance over GMCA governance, risk and control activities, other sources of assurance exist.

7.16 The Audit Committee receives reports at each meeting in accordance with its agreed work programme. This includes issues arising from internal audit work and progress against the annual internal audit plan, status updates on implementation of recommended actions, updates to the Corporate Risk Register and reports from the External Auditor.

7.17 The GMCA has a business plan and associated GMS monitoring framework and a corporate performance dashboard that provides assurance over key organisational metrics including people, performance and risk elements. This is reported to SMT and to Extended Leadership Team for oversight and action.

7.18 The Head of Audit and Assurance will also provide their annual assurance opinion report over governance, risk and control matters and annual Counter Fraud report.

7.19 Audit Committee Members have received training at each meeting on a range of topics including; GMCA Transition; annual accounts process; role of internal audit / external audit; GM Waste accounts.

7.20 Mazars were appointed as the External Auditors for GMCA in 2018/19 and attend Audit Committee meetings.

7.21 The outcomes from statutory inspections by HMICFRS and HSE on the Fire Service and implementation action plan being developed alongside the Programme for Change (PFC) will be progressed.

7.22 Arrangements are in place with external funders and partners that will be further developed in 2019/20 but include key funding streams such as the Adult Education Budget, Housing Investment and Loans Fund and Single Pot Assurance Framework.

Assurance arrangements in these areas are overseen and assessed by funders and provide assurance to the GMCA over the operation of systems and controls in these areas.

8. AREAS TO BE REFLECTED ON FOR 2019

Integration of budgets and resources

8.1 Through 2018-19 the Mayor and Deputy Mayor have engaged in a series of meetings with fire service staff to determine the most prevalent issues faced by front line staff and begin to scope the Programme for Change, which will review how the functions and systems of the service can be improved.

8.2 On the 19th June 2019 Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) published its report into Greater Manchester Fire and Rescue Service's effectiveness, efficiency and how well it looks after its people.

The Service has been graded as good at:

- Understanding the risk of fire and other emergencies and responding to fires and other emergencies.
- Making the fire and rescue service affordable now and in the future.

The HMICFRS report also highlighted several areas for improvement, with recommendations, where the Service is already taking action to address. These included:

- Preventing fires and other risks
- Protecting the public through fire regulation
- Responding to national risks
- Promoting the right values and culture
- Getting the right people with the right skills
- Managing performance and developing leaders.

The Service had recognised many of these areas during its self-assessment and has developed a plan for Service improvement, which aims to address the areas raised by the HMICFRS.

The Service Improvement Plan has been developed by and is now being advanced by, the Services management team and reported on quarterly to ensure progress.

8.3 The Programme will also look at how back office functions can be improved and better integrated with the GMCA to ensure that as this function is migrated, that the most effective use of budgets and resources can be achieved.

Ensuring transparency

- 8.4 The GMCA is aware of its responsibilities under the Local Government Transparency Code and has re-designed its website in 2018-19 to provide a user-friendly platform for the publication of data. As the organisation has matured, there have been numerous changes to the organisational structure, senior salary information and other data which is required to be published under the Code and therefore there needs to be further consideration as to ensuring that this information is accurate and published in accordance with the regulatory timescales.
- 8.5 In addition, the GMCA remain focussed to ensuring transparency, and will be continuing to put into place measures to ensure that its meetings, papers and other information is accessible in a range of forms to members of the public.

Governance Review

- 8.6 As the 2019-20 municipal year begins, a review of all GMCA governance arrangements including the current committee structure and all internal meetings will be conducted. This will be a timely opportunity to evaluate where decision making processes are effective, any areas of duplication and how best governance arrangements can be strengthened to ensure the delivery of the GMS priorities during 2019-20.

GMCA and TfGM Chief Officer

- 8.7 At its meeting on the 29 March 2019 the GMCA Resources Committee agreed that the role of GMCA and TfGM Chief Officer should be a joint role held by the current GMCA Chief Executive Eamonn Boylan. As he begins to undertake this position, there will be an increased level of integration between both organisations and closer working relationships.

9 CORPORATE RISK REGISTER AND ASSURANCE FRAMEWORK

- 9.1 The approach to risk management across GMCA is developing. The GMCA corporate risk register captures the high level strategic risks facing the GMCA which are of such significance they require SMT oversight and assurance and are reviewed by Audit Committee and GMCA Board.
- 9.2 The establishment of a corporate 'Governance and Risk Group' consisting of senior officers from across GMCA has responsibility for the quarterly review and update of the GMCA CRR on behalf of the Senior Management Team and for reviewing actions and assurances given.
- 9.3 The Audit Committee will oversee the effectiveness of the risk management framework. The Committee will also take in to consideration the wider strategic risk profile from partner organisations such as TfGM, where such risks may impact on GMCA.
- 9.4 The GMCA risk management strategy was approved in September 2018 and further development of the risk management framework, policies, systems, structures and processes are required to ensure that these are fully understood across GMCA and

embedded in working practices and portfolio and project level. A review of this will take place during 2019/20.

- 9.5 The GMCA risk framework acknowledges that the GMP Chief Constable is a Corporation Sole and that the Chief Fire Officer and Chief Executive of Transport for Greater Manchester each operate and oversee existing risk management frameworks within GMFRS and TfGM respectively. It also acknowledges that the joint Police and Crime Audit Panel and TfGM Audit Committee each have separate responsibility for obtaining assurance over risk management arrangements. As such the GMCA risk management framework is designed to work alongside and not duplicate these existing risk management arrangements.

Single Pot Assurance Framework

- 9.6 The Greater Manchester Single Pot Assurance Framework has been drafted on behalf of the Local Enterprise Partnership (LEP) and the GMCA and is a requirement of Government. It sets out how we will use public money responsibly and transparently, and attain best value for public spending in regards to Single Pot funding. The key points of the document include:
- The respective roles and responsibilities of the LEP, GMCA and other elements of Greater Manchester's decision-making and delivery structure;
 - The key processes for ensuring accountability, probity, transparency, legal compliance and value for money;
 - How potential investments to be funded by the Single Pot will be appraised, prioritised, approved, delivered and evaluated.
- 9.7 Internal Audit in conjunction with the GMCA Policy team will provide assurance over monitoring and compliance with the requirements of the assurance framework and that key requirements are being adhered to. GMCA will also take assurance from TfGM (through an annual statement) that their own governance and assurance processes for Transport continue to meet these requirements.

10 SUMMARY

- 10.1 The GMCA has demonstrated an ongoing commitment to best practice and good corporate governance within the principles of the framework, demonstrated by a proactive adoption of this framework and delivery of improvements suggested in the Annual Governance Statement 2017/18.
- 10.2 As the organisation moves forward 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.

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
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

ANNUAL GOVERNANCE STATEMENT 2018/19

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

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
A1	Behaving with Integrity	To ensure Members and Officers behave with integrity and lead a culture where acting in the public interest is visible and consistently demonstrated thereby protecting the reputations of the organisation	<ul style="list-style-type: none"> - Code of Conduct Officers Page 131 GMCA Constitution was reviewed by the Standards Committee in November 2017 in relation to how it applies to Elected Members acting in a range of capacities for GM - Code of Conduct Members Page 116 GMCA Constitution - Whistleblowing Policy (set out in Constitution – pages 148-9 GMCA Constitution) - Code of Conduct for Members of the PCC Joint Audit and Accounts, joint internal audit arrangements and Ethics Panel - 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 of Conduct. Each member receives an annual reminder of their duties under the Code.
A2		To ensuring that the Authority takes the lead in establishing specific standard operating principles or values for the organisation and they are communicated and understood (in accordance with the Seven Principles of Public Life)	<ul style="list-style-type: none"> - The GMCA reviewed and updated its Constitution during 2018/19 to ensure it remains relevant and appropriate - GMCA Vision detailed in GM Strategy Documents on Delivering the GMCA Vision - Operating Agreement entered into between the GMCA and the Constituent Councils Appendix 2 GMCA Constitution
A3		To lead by example and using these standard operating principles / values as a framework for decision making	<ul style="list-style-type: none"> - Member/ Officer Declarations of Interest is a standard Agenda item on all GMCA meetings - Members are asked to complete a register of their personal and pecuniary interests on an annual basis GMCA Register of Members and Substitute Members Pecuniary Interests - GMCA Complaints Procedure updated in 2018/19 GMCA Complaints Procedure - Audit / Standards Committee GMCA Audit Committee: Terms

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
			<p>of Reference GMCA Standards Committee Terms of Reference</p> <ul style="list-style-type: none"> - Police Audit Panel - GMCA Constitution - Scheme of Delegation of Functions to Chief Officers / Schedule of Proper Officer page 32 GMCA Constitution - GMP's Professional Standards Branch to provide the Mayor with the oversight and scrutiny of the GMP's complaints process
A4		To demonstrate, communicate and embed the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating affectively	<ul style="list-style-type: none"> - Whistleblowing Policy pages 207-208 GMCA Constitution - Code of Conduct for Members page 168 GMCA Constitution - Code of Conduct for Officers page 182 GMCA Constitution - Anti-Fraud & Corruption Policy page 205 GMCA Constitution - Member/Officer Relations Protocol page 134 GMCA Constitution - Minutes of every meeting show declarations of interest (as required) - GMCA Complaints Procedure - GMCA Register of Members and Substitute Members Pecuniary Interests
A5	Demonstrating Strong Commitment to Ethical Values	To seek and establish, monitor and maintain the organisation's ethical standards and performance	<ul style="list-style-type: none"> - Code of Conduct for Members page 116 GMCA Constitution - Code of Conduct for Officers page 131 GMCA Constitution - Independent Ethics Committee (Policing)
A6		To underpin personal behaviour with ethical values and ensure they permeate all aspects of the organisation's culture and operation	<ul style="list-style-type: none"> - Code of Conduct for Members page 116 GMCA Constitution - Code of Conduct for Officers page 131 GMCA Constitution - Member / Officer Relations Protocol pages 140 GMCA Constitution - At the Annual Meeting of each Committee members are reminded of their obligations under the Code of Conduct
A7		To develop and maintain robust policies and procedures which place emphasis on agreed ethical standards	<ul style="list-style-type: none"> - GMCA Contract Procurement Rules pages 91 GMCA Constitution - GMCA Social Value in Procurement Policy - Independent Ethics Committee (Policing)

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
A8		To ensure that external partners act with integrity and in compliance with the ethical standards expected by the organisation	<ul style="list-style-type: none"> - GMCA Contract Procedure Rules pages 91 GMCA Constitution - Code of Conduct for Members page 116 GMCA Constitution - Local Enterprise Partnership (LEP) - The LEP jointly owns the 'Our People, Our Place': the Greater Manchester Strategy, which describes how we will use economic growth, and the reform of public services, to make the region self-reliant by 2020. - VCSE Accord
A9	Respecting the Rule of Law	To ensure that Members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	<ul style="list-style-type: none"> - Financial Regulations pages 91 refers GMCA Constitution - Review of Committee reports by the Monitoring Officer and Section 73 Officer (Treasurer) - FOI and data protection policy
A10		To create conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	<ul style="list-style-type: none"> - Functions reserved to the GMCA pages 22 GMCA Constitution - Scheme of Delegations of Functions to Chief Officers / Schedule of Proper Officers pages 32 – 43 GMCA Constitution - Compliance with CIPFA's Statement on the Role of the Chief Finance Officer in Local Government (CIPFA 2015)
A11		To strive to optimise the Authority's legal powers to promote its values and priorities to benefit the citizens and communities of Greater Manchester	<ul style="list-style-type: none"> - Role of Monitoring Officer - Communications and Engagement Strategy - The Mayor supports the GMP Ethics Panel which includes an agreed work programme - VCSE Accord
A12		To deal with breaches of legal and regulatory provisions effectively	<ul style="list-style-type: none"> - Role of Monitoring Officer - Police Audit Panel - GMCA Audit Committee – To check that the finances of the GMCA are managed to high standards of openness, integrity and accountability. It is a legal requirement to have an audit committee. GMCA Audit Committee: Terms of Reference

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
			- Responding efficiently to Ombudsman enquiries
A13		To ensure that corruption and misuse of powers are dealt with effectively	<ul style="list-style-type: none"> - Role of Monitoring Officer - Employee Code of Conduct and associated disciplinary policies and procedures. - Anti-Fraud & Corruption Policy page 140 GMCA Constitution - The GMCA Standards Committee pages 58 GMCA Constitution - Beyond the scope of the GMCA but as part of assurances to the Mayor, the Chief Constable separately operates a Force Professional Standards Branch to oversee and respond to allegations of misconduct within GMP. - GMCA Standards Committee Terms of Reference - Whistle blowing policy and hotline

B. ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENAGEMENT

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
B1	Openness	To ensure an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	<ul style="list-style-type: none"> - 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 - Livestreaming of GMCA meetings - Annual Governance (Assurance) Statement - Inspection Copies of papers for each meeting kept in reception at the GMCA's offices at Churchgate House - Publication of GMCA Committee Agendas and Minutes on GMCA website - Data Protection & FOI on GMCA website - Publication of Local Government Transparency Code of data (published on Gov.Uk) - GMCA Register of Members and Substitute Members Pecuniary Interests - A commitment to ensuring that public meetings are DDA

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
			compliant – including the use of hearing loops and the ability to produce agenda papers in alternative formats if requested
B2		To make decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided	<ul style="list-style-type: none"> - Publication of GMCA Committee Agendas and Minutes on GMCA website - Publication of mayoral Decisions on GMCA website - Guidance for items that are private and confidential and should be marked Part B
B3		To provide clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear	<ul style="list-style-type: none"> - The register of Key Decisions - Committee report pro-forma for the decisions to be made at the GMCA
B4		To use formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action	<ul style="list-style-type: none"> - Communication and Engagement Strategy - Consultation Hub - Culture Strategy Consultation - Mayors Question Time - Spatial Framework Consultation - Greater Manchester Fire and Rescue Outline Business Case Consultation
B5	Engaging Comprehensively with Institutional Stakeholders	To effectively engage with institutional stakeholders to ensure that the purpose,	- The Communication and Engagement Strategy makes clear our messaging and commitment to inform and engage with stakeholders to build relationships, including the public and

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
		objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	<p>communities.</p> <ul style="list-style-type: none"> - GM wide and national corporate stakeholders are currently being mapped to ensure the impact of our stakeholder management processes are maximised - The Mayors' Transport Board brings together key stakeholders from the public and private sector on an informal basis to work together on key strategies such as the Clean Air Plan. - The Local Industrial Strategy involved wider ranging stakeholder consultation and engagement, initially looking at the issues and then in developing and commenting on the draft Local Industrial Strategy.
B6		To develop formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	<ul style="list-style-type: none"> - GMCA Partners including the Local Enterprise Partnership, Greater Manchester Police, Greater Manchester Health & Social Care Partnership - LEP - Business Advisory Panel - The GM Model describes the ambitions for integrated service delivery through a place based approach and how this will be delivered - Work on developing the 'Opportunity Pass' has brought together a range of stakeholders to oversee the process, contribute funding and provide including Further Education Providers and Public Transport Operators
B7		<p>To ensure that partnerships are based on:-</p> <ul style="list-style-type: none"> - Trust - A shared commitment to change - A culture that promotes and accepts challenge among partners 	<ul style="list-style-type: none"> - In the development of the Greater Manchester Strategy, and the refreshing of the strategy in 2017 - The GMCA is founded on a long term relationship between local authorities through the previous arrangements under the Association of Greater Manchester Authorities. - The GM Health and Social Care Partnership Board brings together over 70 health service providers and through its unique relationship has secured devolution of health and social care budgets.

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
			- The GM VCSE Accord ensures that there is a shared commitment and close partnership working with Greater Manchester's 16,000 VCSE organisations.
B8	Engaging with Individual Citizens and Service Users Effectively	To establish a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.	<ul style="list-style-type: none"> - GMCA Website has been re-designed in 2019 to improve its accessibility - Communication and Engagement Strategy - Observing government best practice guidance or legislation for example when consulting on the Greater Manchester Strategy - Police and Crime Plan consultation on priorities
B9		To ensure that communication methods are effective and that Members and officers are clear about their roles with regard to community engagement	<ul style="list-style-type: none"> - Guidance on Media within the Member/Officer Relations Protocol GMCA Constitution - Delegation to Head of Paid Services Co-ordinate press and media relations pages 135 GMCA Constitution
B10		To encourage, collect and evaluate the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs	<ul style="list-style-type: none"> - LGBT advisor and panel - Age Friendly GM - Women's Voice - GM Youth Combined Authority - Mayor's Disabled People's Panel
B11		To implement effective feedback mechanisms in order to demonstrate how their views have been taken into account.	<ul style="list-style-type: none"> - Centralised point for communications through enquiries@ - The GMCA proactively uses other social media platforms such as FaceBook and Twitter
B12		To balance feedback from	- GM Youth Combined Authority

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
		more active stakeholder groups with other stakeholder groups to ensure inclusivity	<ul style="list-style-type: none"> - Business Advisory Panel - Mayor's Disabled People's Panel
B13		To take account of the impact of decisions on future generations of tax payers and service users	<ul style="list-style-type: none"> - Role of Chief Financial Officer (Section 73) - GMCA Constitution - Mayoral General Precept and Mayor PCC Precept - GM Youth Combined Authority

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

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
C1	Defining Outcomes	To have a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions	<ul style="list-style-type: none"> - GM Strategy – agreed as the overarching Strategy for all GM work and performance against the Strategy's priorities and performance is reported to three Overview and Scrutiny Committees on a 6 monthly basis. - GMS Implementation Plan - Police and Crime Plan scrutinised through the Police and Crime Panel - The GMCA Business Plan further defines GMCA's vision, objectives and outcomes in relation to economic, social and environmental developments within GM
C2		To specify the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer	<ul style="list-style-type: none"> - GM Strategy and info graphics used in the GM performance report describe the anticipated impacts of the delivery of the GM Strategy - Police and Crime Plan was launched in March 2018 covering the period to 2021
C3		To deliver defined outcomes on a sustainable basis within the resources that will be available	<ul style="list-style-type: none"> - The GM Model builds on the work of public service reform to integrate services across organisations and achieve the ambitions of a place based approach to public services
C4		Identifying and managing risks to	<ul style="list-style-type: none"> - GMCA Corporate Risk Register (CRR) which is a standing item on

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
		the achievement of outcomes	<ul style="list-style-type: none"> - Audit Committee's agenda - Risk Management Review Group - Police and Crime Panel
C5		Managing service users expectations effectively with regard to determining priorities and making the best use of the resources available	<ul style="list-style-type: none"> - The register of Key Decisions - Through the creative production of the Greater Manchester Strategy Summary Document, ensuring that its principles were communicated in a clear, simple and attractive format
C6	Sustainable Economic, Social and Environmental Benefits	To consider and balance the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision	<ul style="list-style-type: none"> - The Mayor presented the draft Greater Manchester Spatial Framework as part of a suite of reports which provided a holistic view of the economic, social and environmental ambitions to give a greater understanding of the interconnectivity of these portfolios prior to the draft document being approved by the GMCA. - Capital Programme – for both transport and economic development schemes are assessed using a fully rounded appraisal mechanism which includes deliverability alongside social, economic and environmental considerations - GMCA Social Value in Procurement Policy – in order to comply with the Public Services (Social Value) Act 2012, GMCA has published a Social value Policy which is actively applied in commissioning and procurement activities. This Policy is currently being updated to reflect the revised objectives in the Greater Manchester Strategy Our People, Our Place.
C7		To take a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors	<ul style="list-style-type: none"> - Corporate Risk Register - Capital Strategy - GMCA Capital Programme - Revenue Budget and Medium Term Financial Strategy - Treasury Management Strategy

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
		such as the political cycle or financial constraints	
C8		To determine the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	<ul style="list-style-type: none"> - Communication and Engagement Strategy - Consultation on a range of significant policies including the Greater Manchester Strategy and Spatial Framework - The engagement of four active scrutiny committees
C9		To ensure fair access to services	- Equality Impact Assessment Inclusivity Strategy

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

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
D1	Determining Interventions	To ensure decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided	<ul style="list-style-type: none"> - Committee report template detailing outcomes and decision tracking - Green Book Appraisal of decisions relating to Local Growth Fund - Corporate Risk Register - Strong evidence base underpinning all decisions including a robust evaluation of service delivery eg Working Well
D2		To consider feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to	- Regular monitoring of a wide range of performance measures as set out in the Greater Manchester Strategy

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
		prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts	
D3	Planning Interventions	To establish and implement robust planning and controls cycles to cover strategy, plans, priorities and targets	<ul style="list-style-type: none"> - The register of Key Decisions - Budget Timetable including peer scrutiny from Leaders and Treasurers on each of the GMCA budgets
D4		To engage with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	<ul style="list-style-type: none"> - Through consultation on key strategies and plans for instance the GM Strategy, Culture Strategy, and the GM Spatial Framework - GMCA Website
D5		To consider and monitor risks facing each partner when working collaborative including shared risks	<ul style="list-style-type: none"> - Risks in respect of partnership are reflected in the Corporate Risk Register presented to Audit Committee. The nature of the GMCA means that much of delivery is achieved through collaboration with GM partners including GMP, TfGM and GM Councils. - Risk considerations are reflected in policy and financial decision making
D6		To ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances	<ul style="list-style-type: none"> - Devolution to the GMCA and Transition to a directly elected mayor - Governance Review in relation to Fire Governance undertaken in 2017/18 completed - Governance review in relation to Transport Governance undertaken and new Transport Committee established June 2019.
D7		To establish appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	<ul style="list-style-type: none"> - GMCA Annual Performance Report - Police and Crime Annual Report - Internal KPIs reported to the Senior Management Team on a regular basis including the number of FOI requests, and the number of mayoral correspondence cases
D8		To ensure capacity exists to	- GMCA Annual Performance Report

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
		generate the information required to review service quality regularly	
D9		To prepare budgets in accordance with organisational objectives, strategies and the medium term financial plan	<ul style="list-style-type: none"> - GMCA 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
D10		To inform medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	<ul style="list-style-type: none"> - GMCA 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
D11	Optimising Achievement of Intended Outcomes	To ensure the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	<ul style="list-style-type: none"> - GMCA 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
D12		To ensure the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	<ul style="list-style-type: none"> - GMCA 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
D13		To ensure the medium term financial strategy sets the context	<ul style="list-style-type: none"> - GMCA Revenue and Capital Budget and Monitoring Reports - Mayoral General Revenue and Capital Budget and Monitoring

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
		for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	<p>Reports</p> <ul style="list-style-type: none"> - Mayoral Police and Crime Revenue and Capital Budget and Monitoring Reports Treasury Management Strategy and Treasury Management Outturn Reports
D14		To ensure the achievement of 'social value' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community...over and above the direct purchasing of goods, services and outcomes"	<ul style="list-style-type: none"> - Procurement Strategy see the GMCA's constitution GMCA Constitution - GMCA Social Value in Procurement Policy - Contract Management Guidance as part of the GMCA's financial regulation further strengthened in the most recent update of the GM's financial regulations in the 2017 Constitution - GM Procurement Hub offers a centralised procurement service that can support joint commissioning across GM organisations

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

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
E1	Developing the Organisation's Capacity	To review operations, performance use of assets on a regular basis to ensure their continuing effectiveness	<ul style="list-style-type: none"> - GMCA Annual Performance Report - Corporate Risk Register - Corporate Risk Register - GMS Implementation Plan - GMCA Business Plan - GMFRS Programme for Change - GMCA Service improvement plan review
E2		To improve resource use through appropriate application of techniques such as benchmarking	- Cost Benefit Analysis work undertaken by the Research team

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
		and other options in order to determine how the Authority's resources are allocated so that outcomes are achieved effectively and efficiently	
E3		To recognise the benefits of partnerships and collaborative working where added value can be achieved	<ul style="list-style-type: none"> - This is a key principle of GM's work on devolution - The nature of the GMCA means that much of delivery is achieved through collaboration with GM partners including GMP, TfGM and GM Councils. - Examples of the Justice and Rehabilitation Executive Board and Health and Justice Board - Health and Social Care Partnership Board with over 70 Health Providers represented - The GMCA and its partners recognise the benefits of integrated working amongst partners and have introduced a multi-organisational Continuity of Service Protocol to support these objectives
E4		To develop and maintain an effective workforce plan to enhance the strategic allocation of resources	<ul style="list-style-type: none"> - Strategic management oversight and direction through the Senior Leadership Team - GMFRS Workforce plan well established. GMCA Workforce plan in development - The GMCA have undertaken consultation with trade unions on relevant workforce changes through the Workforce Engagement Board and LJCNC
E5	Developing the capability of the organisation's leadership and other individuals	To develop protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained	<ul style="list-style-type: none"> - Member Officer Protocol in GMCA Constitution GMCA Constitution - 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

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
			<ul style="list-style-type: none"> - The widening of the Chief Executive's role to include oversight of Transport for Greater Manchester
E6		To publish a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	<ul style="list-style-type: none"> - Scheme of Functions Delegated to Chief Officers and those exercisable only by the GMCA is set out in part 3 GMCA Constitution - Mayoral PCC functions set out in Part 9 of the GMCA Constitution
E7		To ensure that there are structures in place to encourage public participation	<ul style="list-style-type: none"> - Agenda and Minutes available on the website and meetings of the GMCA are webcast https://www.gmcameetings.co.uk/ - Mayors Question Time - Consultation Hub - Contact us page on website and centralised enquiries@ inbox - Regular local events on a range of subject areas e.g. the draft GM Spatial Framework to increase public engagement - Pro-active use of the Mayor and the GMCA's twitter and facebook social media accounts
E8		To ensure that the Mayor has a clearly defined leadership role within a structure whereby the Chief Executive leads the Authority in implementing strategy	<ul style="list-style-type: none"> - GMCA Constitution - Responsible Portfolio Lead Member and Chief Executive for each GMCA Portfolio
E9		To publish a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	<ul style="list-style-type: none"> - Scheme of Functions Delegated to Chief Officers GMCA Constitution
E10		To ensure the leader and the chief executive have clearly defined and distinctive leadership	<ul style="list-style-type: none"> - Scheme of Functions Delegated to Chief Officers GMCA Constitution

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
		<p>roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by Members and each provides a check and a balance for each other's authority</p>	
E11		<p>To develop the capabilities of Members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: ensuring Members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged ensuring Members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their</p>	<ul style="list-style-type: none"> - Member capabilities and skills are supported through the Member development programmes of the ten GM Councils - Member Induction Session to the GMCA at the beginning of the Municipal Year - Informal briefings to Members in advance of all Audit Committee and Overview and Scrutiny Committees - Wider Leadership Team, Senior Leadership Team and Extended Leadership Teams meet regularly to discuss and share knowledge - New integrated staff Personal Development Plans developed through 2017/18 as part of enhanced HR and organisational development service for overall GMCA - Audit Committee Training and Development Programme for Members - The GMCA is developing a Good Employment Charter - Staff / Member induction

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
		knowledge on a continuing basis ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external	
E12		To ensure that there are structures in place to encourage public participation	<ul style="list-style-type: none"> - Development of GM Perception Survey for Police and Crime 2018/19 - Links with district networks through Community Safety Partnerships - Independent Custody Visitors Scheme - GMCA meetings are held in public in every borough of GM on a rotating cycle to ensure that all members of the public can attend should they wish to. - GMCA and other public meetings are livestreamed through the GMCA website. - Public consultations are available via the website and promoted within press releases.
E13		To take steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	<ul style="list-style-type: none"> - Seeking Independent expert advice - The introduction of a staff engagement survey planned for September 2019
E14		To hold staff to account through regular performance reviews which take account of training or development needs	Personal Performance Reviews
E15		Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in	<ul style="list-style-type: none"> - Health and Wellbeing Initiatives - Implementation of an Organisational Development Strategy - The establishment of a 'People' function for the GMCA

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
		maintaining their own physical and mental wellbeing	

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

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
F1	Managing Risk	To recognise that risk management is an integral part of all activities and must be considered in all aspects of decision making	<ul style="list-style-type: none"> - GMCA Corporate Risk Register (CRR) was reviewed and updated during 2018-19. - GMCA Audit Committee has responsibility for overseeing risk management arrangements and receive quarterly updates on the CRR.
F2		To implement a robust and integrated risk management arrangements and ensuring that they are working effectively	<ul style="list-style-type: none"> - Risk management policy and strategy incorporates risk appetite statement. This will be further developed as part of the new Audit and Assurance arrangements in 2019/20 - Review of the CRR is a standing agenda item at GMCA Audit Committee - Corporate Risk Register (CRR) - Commissioners business plan and risk register
F3		To ensure that responsibilities for managing individual risks are clearly allocated	<ul style="list-style-type: none"> - The GMCA CRR identifies risk ownership for specific risks - The Risk Management Group own the CRR
F4	Managing performance	To monitor service delivery effectively including planning, specification, execution and independent post implementation review	<ul style="list-style-type: none"> - Performance Reports - Reports to WLT and Senior Leadership Team - Revenue and Capital Budget Monitoring Reports

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
F5		To make decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook	<ul style="list-style-type: none"> - Publication of agendas and minutes of meetings - Committee Report Template (options/analysis section) - The register of Key Decisions - GMCA Meeting Page on website
F6		To ensure an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (OR, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making	<ul style="list-style-type: none"> - Audit Committee - Scrutiny Committees - Areas for Scrutiny proposed by the Chairman and other Members of the committees - Ability of any Member of Constituent Councils to refer items for possible scrutiny - Appointment of a new Statutory Scrutiny Officer for the GMCA (April 2019) - Detailed Design of Scrutiny / Call-in process - Police and Crime Panel
F7		To provide members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	<ul style="list-style-type: none"> - GMCA Annual Performance Report
F8		To ensure there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)	<ul style="list-style-type: none"> - Financial Regulations - Contract Standing Orders - Performance Reports - Reports to WLT and Senior Leadership Team - Revenue and Capital Budget Monitoring Reports

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
F9	Robust Internal Control	To align the risk management strategy and policies on internal control with achieving the objectives	<ul style="list-style-type: none"> - GMCA Audit Committee is responsible for overseeing the effective operation of the systems of governance, risk and Internal control arrangements - Internal Audit Plan approved by Audit Committee - Internal Audit quarterly progress Reports to Audit Committee - Head of Internal Audit Annual Assurance opinion
F10		To evaluate and monitor the Authority's risk management and internal control on a regular basis	<ul style="list-style-type: none"> - Internal Audit Service provided to the GMCA through an interim arrangement with directly employed staff and colleagues at Manchester City Council - Head of Internal Audit Annual Assurance opinion - Annual Governance (Assurance) Statement - Assurance Framework and Integrated Risk Management Plan within GMFRS - External Audit review of AGS
F11		To ensure effective counter fraud and anti-corruption arrangements are in place	<ul style="list-style-type: none"> - GMCA counter fraud arrangements are provided by the Internal Audit Service - GMCA Whistleblowing Policy and reporting process has been refreshed. Anti-Money laundering Policy and procedures was published
F12		To ensure additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	<ul style="list-style-type: none"> - Annual Governance (Assurance) Statement - Internal Audit annual plan for GMCA and assurances from TfGM and GMP - Head of Internal Audit Annual Assurance opinion - Quarterly review and update of the GMCA CRR through the Risk Management Group
F13	Managing data	To ensure effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	<ul style="list-style-type: none"> - Information Governance / Data / GDPR - Information Security Policy - Data Protection Guidance - Information Security section on the Intranet - Preparation for GDRP Compliance Appointment of DPO undertaken

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
F14		To ensure effective arrangements are in place and operating effectively when sharing data with other bodies	<ul style="list-style-type: none"> - Information Security Policy - Data Protection Guidance - Information Security section on the Intranet
F15		To review and audit regularly the quality and accuracy of data used in decision making and performance monitoring	<ul style="list-style-type: none"> - Key Performance Indicator Definitions
F16	Strong public financial management	Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance	<ul style="list-style-type: none"> - GMCA 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
F17		Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	<ul style="list-style-type: none"> - GMCA 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

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

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
G1	Implementing good practice in transparency	Writing and communicating reports for the public and other	<ul style="list-style-type: none"> - Narrative introduction to the annual accounts - Live streaming key meetings

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
		stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand	<ul style="list-style-type: none"> - Implementation of a centralised FOI process - A refreshed GMCA Communications Strategy
G2	Implementing good practice in reporting	To publish an Annual report that sets out how the Authority has performance, charting city region's progress towards delivering the vision	<ul style="list-style-type: none"> - Included in the narrative introduction to the GMCA Annual Accounts - GMCA Annual Performance Report - Police and Crime Annual Report
G3		To publish an Annual review that sets out the effectiveness of its governance framework including its system of internal control and an Annual Governance Statement which is published alongside its accounts	<ul style="list-style-type: none"> - Head of Internal Audit Annual Assurance opinion - Annual Governance Statement
G4	Assurance and effective accountability	Reporting at least annually on performance, value for money and the stewardship of its resources	<ul style="list-style-type: none"> - Statement of Accounts considered by the GMCA Audit Committee and the GMCA - Annual Governance (Assurance) Statement - GMCA Unaudited statement of Accounts - Treasury Management Outturn Report
G5		To ensure Members and senior management own the results	<ul style="list-style-type: none"> - Sign off of Annual Governance (Assurance) Statement - Accounts by the Chair of Audit Committee and Narrative Report by the Treasurer - Approval of Statement of Accounts by Audit Committee

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
G6		To ensure robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)	<ul style="list-style-type: none"> - Annual Governance (Assurance) Statement - Annual review Code of Corporate Governance
G7	Assurance and effective accountability	To ensure that the Framework is applied to jointly managed or shared service organisations as appropriate	<ul style="list-style-type: none"> - Annual Governance (Assurance) Statement
G8		To ensure the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations	<ul style="list-style-type: none"> - Annual accounts process - New External Auditors (Mazzars) appointed from 1 April 2018. Ongoing dialogue between incoming and outgoing auditors to ensure smooth transition.
G9		To ensure that recommendations for corrective action made by external audit are acted upon	<ul style="list-style-type: none"> - External Auditor (Grant Thornton) Audit Findings Report - Oversight by Audit Committee on final accounts process - Debrief meetings have taken place with the External Auditor on the lessons learned from previous final accounts closedown issues. - Actions taken to implement External Audit Recommendations will be reported as part of a combined audit recommendations tracker
G10		Ensuring an effective internal audit service with direct access to Members is in place which	<ul style="list-style-type: none"> - Internal Audit - Annual Internal Audit Report sets out compliance with the Public Sector Internal Audit Standards (PSIAS). The Service provided by

Ref	Good Governance Principle	How the GMCA meets these principles	Where can you see governance in action
		provides assurance with regard to governance arrangements and recommendations are acted upon	Manchester City Council was subject to External Quality Assessment in 2017 and was reported to Manchester City Council Audit Committee
G11		Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	- Self-assessment review of Manchester City Council Audit Service (who managed the GMCA's audit function) was undertaken which included an external peer review by Liverpool City Council.
G12		Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	- Annual Governance (Assurance) Statement - TfGM Audit Committee - Police Audit Panel
G13		Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met	- The nature of the GMCA means that much of delivery is achieved through collaboration with GM partners including GMP, TfGM and GM Councils.

18 July 2018

ITEM 6

GMCA Audit Committee

Date: 30 July 2019

Subject: Internal Audit Progress Report

Report of: GMCA Treasurer and Head of Audit and Assurance

PURPOSE OF REPORT

The purpose of this progress report is to inform Members of the Audit Committee of the progress to date of the delivery of the Internal Audit Plan. It is also used as a mechanism to approve and provide a record of changes to the internal audit plan.

This report is formatted differently to those previously received, comments and feedback would be welcomed on the format and content to ensure it meets your requirements going forwards.

RECOMMENDATIONS:

Audit Committee is requested to consider and comment on the Head of Audit and Assurance's progress report.

CONTACT OFFICERS:

Sarah Horseman, Head of Audit and Assurance - GMCA,
sarah.horseman@greatermanchester-ca.gov.uk

Risk Management – see paragraph

Legal Considerations – see paragraph

Financial Consequences – Revenue – see paragraph

Financial Consequences – Capital – see paragraph

Number of attachments included in the report: None

BACKGROUND PAPERS:

- Internal Audit Plan 2019/20 – April 2019

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 annual audit plan for GMCA was presented to the April 2019 Audit Committee and allocated 487 days of internal audit support in 2019/20.
- 1.2 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.
- 1.3 The purpose of this progress report is to provide Members with an updated against the GMCA core plan and an update on Internal Audit Resourcing plans.

2 Internal Audit Team

- 2.1 A new Head of Audit and Assurance for GMCA was appointed and came into post on 29 April 2019. This is a joint appointment between GMCA and TfGM.
- 2.2 The Head of Audit and Assurance will be, as a matter of priority, establishing a permanent audit team within GMCA with capacity to deliver all of the approved audits within the GMCA and GMP internal audit plans. The priority is to appoint an Audit Manager who can then assist in the recruitment of other internal audit staff and development of the GMCA “Core” internal audit team. At the present time Manchester City Council have continued to support the GMCA Audit team until such time the in-house team is established.
- 2.3 The Head of Audit and Assurance will also review the internal audit methodology, process and reporting formats with a view to standardising these across GMCA, GMP and TfGM. Feedback will be sought from stakeholders in relation to any proposed changes. The first such changes that will be observed by the Audit Committee are the format of this progress.

3 Progress against the 2019/20 Internal Audit Plan

- 3.1 Three reports have been issued since the last meeting of the Audit Committee, as noted below
 - Business Energy and Industrial Strategy (BEIS) – Mandatory Grant Certification
 - Procurement Waiver Exemptions – Moderate Assurance
 - Employee Expenses – Moderate Assurance (DRAFT for Management Comment)
- 3.2 Details of the number and priority of agreed actions in respect of these audits are attached in Appendix A.
- 3.3 Over time, key themes emerging from our audit work will **be reported** to the Audit Committee. These themes may be related to certain topics or competences (for example contract management, procurement or functionality of IS systems) or whether **there are trends** in findings being related to control design or operating effectiveness.

3.4 Work is currently underway in the following areas:

Planning and Scoping:

- Pot Hole Action Fund 2018/19 – Mandatory Grant Certification

Fieldwork:

- National Productivity Investment Fund (NPIF) 2018/19 – Mandatory Grant Certification
- GM Energy Market - Mandatory Grant Certification

Reporting:

- ICT Strategy, Governance and Programme Management

Other activities completed:

- Corporate Risk Register workshop and update (Q1)
- Audit needs assessment for GMFRS block of work (See Section 4)

3.5 Details of our progress in respect of the 2019/20 Audit Plan is shown in Appendix B.

4 GMFRS Block Allocation

Within the 2019/20 Internal Audit plan there is a block of days allocated to GMFRS audits. The Head of Audit and Assurance has met with the Chief Fire Officer, Deputy Mayor and Director of Corporate Support to discuss potential audit areas. The GMFRS Corporate Risk Register and recent HMICFRS reports have also been taken into consideration when proposing the audits to be included in the plan. Internal Audit are currently in discussion with GMFRS to undertake the audits proposed in the table below in 2019/20. This is an allocation of 100 days, which is more than originally planned but given the current risk profile of GMFRS this level of resource is felt to be appropriate. Comments on the proposed plan would be welcomed.

Audit	Objective	Days
Vehicle Workshops – fleet maintenance	It is essential that the fleet is maintained effectively whilst also achieving value for money. This audit will examine the processes for budgeting for fleet maintenance along with the ongoing monitoring of costs. An assessment of how value for money is measured and demonstrated	20
Recruit training design and effectiveness	An audit of end to end process for recruit training. This will incorporate: identification of training needs and training outcomes definition. The design and implementation of training programmes; assessment and outcomes measurement.	20
Bury training centre – utilisation review	Bury training centre is not currently fully utilised. Following on from the recruit training audit, this audit will consider how utilisation of the training facilities is planned, monitored and optimised.	15
HMICFRS Actions Implementation	A review of the progress of any actions identified as a result of the HMICFRS Inspection report issued in June 2019.	10
Programme for Change (PfC)*	Internal Audit will maintain a view of where assurance is provided for PfC. If deemed necessary, internal audit work will be planned and agreed with Audit Committee and CFO.	TBC
Contract Management – NW Fire Control	This audit will assess the framework in place for contract management, reviewing the processes and controls in place for monitoring the performance contracts. Focussing on the joint NW Fire Control Room, it will consider the mechanisms for monitoring performance and ensuring that the provision is providing value for money.	20
Payroll	A review of the interface between iTrent and BWO to identify the cause of differences between the systems identified by the external auditors.	15

*Note: It should be noted that at present, no specific work is proposed for Programme for Change (PfC). This is a large strategic initiative currently being undertaken by the Fire Service. Whilst it is vital that assurance over the programme is obtained, the Portfolio Office from TfGM have been consulted to provide assistance / mechanisms for providing assurance over the programme. Internal Audit will remain in contact with both GMFRS and TfGM Portfolio Office in order to understand what assurance is being provided and agree with GMFRS and the GMCA Audit Committee the level of Internal Audit involvement.

5 Changes to the Internal Audit Plan

- 5.1 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, significant changes to the plan must be approved by the Audit Committee.
- 5.2 There are **no changes** being requested for approval at this time.

5.3 Should any changes be requested an Appendix to this report will provide a record of changes to the approved plan along with the date they were approved by the Committee.

Appendix A - 2019/20 Summary of Internal Audit Reports issued

The table below provides a cumulative summary of the internal audit work completed in 2019/20. This will inform the annual Internal Audit opinion for the year 2019/20. Audits in bold are those that have been issued since the last Audit Committee meeting.

Audit	Assurance Level	Audit Actions					Coverage		
		Critical	Major	Significant	Moderate	Minor	GMCA	GMFRS	Waste
Business Energy and Industrial Strategy (BEIS) Mandatory Grant Certification	Positive						✓		
Procurement Waiver Exemptions	Moderate	-	1	1	1	-	✓	✓	✓
Employee Expenses	Moderate (Draft)						✓	✓	✓

Appendix B – Progress against the Internal Audit Plan 2019/20

The table below shows progress made in delivery of the 2019/20 Internal Audit Plan.

Key: ○ Not Yet started ⊙ Scheduled ● In progress ● Complete

Audit Area	Audit	Timing	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Finance and Investment	Employee Expenses	Q1	●	●	●	⊙		
Procurement and Contracts	Procurement Waiver Exemptions	Q1	●	●	●	●	July 2019	
Digital	ICT Strategy Governance and Programme Management	Q1	●	●	⊙	○		
IA Management	Annual Governance Statement 2018/19	Q1	●	●	●	●	June 2019	
Grants	BEIS 2018/19	Q1	●	●	●	●	July 2019	
Grants	NPIF 2018/19	Q2	●	●	○	○		
Grants	GM Energy Market	Q2	●	○	○	○		
Grants	Pot Hole Action Fund 2018/19	Q2	●	○	○	○		
Skills	Work and health programmes (b/f)	Q3	○	○	○	○		
Policy and Strategy	Strategy and business planning - monitoring	Q3	○	○	○	○		
Policy and Strategy	Business case and bid development	Q3	○	○	○	○		

Audit Area	Audit	Timing	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Finance and Investment	Core financials systems	Q3	○	○	○	○		
Finance and Investment	Grants assurance review	Q3	○	○	○	○		
GM Waste and recycling	GM Waste contract	Q3	○	○	○	○		
Adult education	Adult education budget	Q3	○	○	○	○		
Troubled families	Troubled families framework	Q3	●	○	○	○		
IA Management	Risk Management framework	Q3	○	○	○	○		
ICT	TBC	Q3/4	○	○	○	○		
GMFRS	Block allocation	Q3/4	●	○	○	○		
GMFRS	GMFRS HMCIFRS inspection / PFC	Q3	●	○	○	○		
Finance and Investment	GMCA/LEP SPAF	Q4	○	○	○	○		
Housing, planning and homelessness	GM Housing Investment Loan Fund (GMHILF)	Q4	○	○	○	○		
Housing, planning and homelessness	GM Investment decisions	Q4	○	○	○	○		
Housing, planning and homelessness	Housing and planning	Q4	○	○	○	○		

Audit Area	Audit	Timing	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Digital	Digital programme governance	Q4	○	○	○	○		
IA management	Annual Governance Statement	Q4	○	○	○	○		
IA management	Corporate risk register (CRR) facilitation	All	●	●	●	●	June 2019	Q1/4 Completed

Mazars LLP
 Salvus House
 Aykley Heads
 Durham
 DH1 5TS

Our Ref: RP/LC

Your Ref:

ITEM 7

Contact: Richard Paver

Telephone Number: 0161 778 7000

Email: richard.paver@greatermanchester-ca.gov.uk

Date: Friday 26 July 2019

Dear Mark

Greater Manchester Combined Authority - audit for year ended 31 March 2019

This representation letter is provided in connection with your audit of the financial statements of Greater Manchester Combined Authority (the Authority) and Group for the year ended 31 March 2019 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 2018/19 (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 ourselves 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.

I confirm as s73 officer 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.

GMCA, Churchgate House, 56 Oxford Street, Manchester, M1 6EU

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 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.

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.

Fraud and error

I acknowledge my responsibility as s151 Officer 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.

Service Concession Arrangements

I am not aware of any material contract variations, payment deductions or additional service charges in 2018/19 in relation to the Authority and Group's PFI schemes that you have not been made aware of.

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.

Going concern

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 faithfully

Richard Paver (s73 Officer)



Annual Statement of Accounts

Year ended 31 March 2019

Subject to Audit

Annual Statement of Accounts 2018/19

Contents	Page
Introductory and Governance Statements	
• Narrative Report by the Treasurer	3
• Statement of Responsibilities for the Annual Statement of Accounts	33
Greater Manchester Combined Authority Single Entity Core Financial Statements	
• Comprehensive Income and Expenditure Statement	36
• Movement in Reserves Statement	37
• Balance Sheet	38
• Cash Flow Statement	39
• Notes to the Core Single Entity Financial Statements	41
Supplementary Statements	
• Police Pension Fund Account	120
• Fire Pension Fund Account	122
• The Mayoral Police Fund	123
• The Mayoral General Fund	127
Greater Manchester Combined Authority Group Accounts	
• Introduction to the Group Accounts	130
• Group Comprehensive Income and Expenditure Statement	135
• Group Movement in Reserves Statement	136
• Group Balance Sheet	137
• Group Cash Flow Statement	138
• Notes to the Group Financial Statements including Group	140
• Glossary of Financial Terms	181

Narrative Report by the Authority Treasurer

Welcome to the Greater Manchester Combined Authority's (the Authority) Annual Statement of Accounts for 2018/19. 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, Council Members, 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 outturn for 2018/19;
- 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 2019 and is structured as below:

- How the Authority Performed in 2018/19
- Devolution and Impact in 2018/19
- The Authority's Group of Companies
- Revenue Budget and Outturn 2018/19
- Capital Programme and Financing 2018/19
- Treasury Management Performance in 2018/19
- Forward Look – Financial Landscape
- Core Financial Statements

How the Authority Performed in 2018/19

Greater Manchester is one of the UK's most successful city regions and wants to become one of the best in the world.

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 improve 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.

Greater Manchester elected its first Mayor, Andy Burnham, in 2017 and together a blueprint for the future of the city-region was created – Our People Our Place, the Greater Manchester Strategy (the GM Strategy). The GM Strategy was approved by the Local Enterprise Partnership and the GM Centre for Voluntary Organisation as well as the Authority and its partners. In this way, it brings together the public, private and voluntary and community sectors in delivering a bold new vision to make Greater Manchester one of the best places in the world to grow up, get on and grow old.

The GM Strategy sets a comprehensive plan to create a more productive and inclusive city region and addresses education and skills, health, wellbeing, environment, work and economic growth simultaneously to make a real difference to the lives of those living and working in GM. It is focused on the two themes of people and place and is structured around 10 priorities based on a 'life journey' approach.

In April 2018, the Authority agreed a two year Implementation Plan for the GM Strategy with the inclusion of ambitions to be achieved by 2020 and delivery milestones for the first six months, with subsequent milestones being agreed on a rolling six monthly basis. Alongside the Implementation Plan, the GM Strategy Performance Dashboard has been developed to track progress against key outcomes and indicators. Good progress has been made across the whole range of priorities (with further detail provided below) demonstrating the benefits of collaboration and how devolution is continuing to make a real difference to the lives of the people of Greater Manchester, though there remains further challenges and opportunities going forward.

Development of the Greater Manchester Local Industrial Strategy

Greater Manchester is one of three trailblazer areas working with HM Government (HMG) to develop a Local Industrial Strategy. Development has been based on the 2017 Autumn Budget agreement between the Authority and HMG that set out that we would work together to develop a GM Local Industrial Strategy that reflected the main themes of the national Industrial Strategy, but also took a place-based approach that builds on Greater Manchester's unique strengths and opportunities and ensures everyone can contribute to and benefit from enhanced productivity, earnings and economic growth, thus reflecting and complementing the overarching vision within the GM Strategy.

During 2018/19 work to develop the GM Local Industrial Strategy concentrated on describing how we will implement and align key actions and identify where further devolution and strengthened partnership working between Greater Manchester and HMG will deliver improved outcomes across the city region. The GM Local Industrial Strategy will also set out priority actions for taking forward the 'Five Foundations of Productivity' and the 'Grand Challenges' facing the UK economy ('Ageing Society', 'Clean Growth', 'Data and Artificial Intelligence' and 'Future of Mobility'). To develop the GM Local Industrial Strategy, Greater Manchester has followed a three strand process: developing a robust and independently verified evidence base; a broad public consultation; and joint policy development work with districts and HMG departments.

Growing the Economy

Over the past year, the Authority and its partners worked to be ever more connected, productive, innovative and creative, known for the excellent quality of life enjoyed by residents who are able to contribute to and benefit from the prosperity that economic growth brings. Inclusivity and opportunities for all being at the heart of Greater Manchester's strategic approach helped drive up productivity and economic growth across the region.

The GM Investment Strategy continued to support regeneration and job creation in the Greater Manchester area through targeted investment that reflects the strengths and opportunities in the local economy. In March 2019, the GM Investment Strategy for business funding was refreshed to take a sectoral approach, focusing on the growth sectors identified in the draft GM Local Industrial Strategy.

The GM Investment Fund is focused on our strategic priorities in business, housing and commercial property. The GM Investment Strategy was based on sustainably generating returns that can be recycled and reinvested – as existing loans are repaid they can be reinvested in new projects. The fund brought together a range of development funds with the clear objective to safeguard or create jobs. As at the end of 2018/19, the GM Investment team held over £635m of funds (not including recycled monies) under direct and indirect management. Projects to the value of £772m have been approved to date across all funds.

The GM Investment Strategy also provided a platform for working in partnership with the private sector and has secured over £1.1 billion of private sector funding.

As part of this overarching programme, the business 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 £131m into more than 160 companies across Greater Manchester who are contracted to create and safeguard over 7,500 jobs.

The Regional Growth Fund Programmes finished in March 2018, significantly exceeding the jobs and private leverage targets.

The GM Investment Strategy also strengthened the drive to see Greater Manchester at the leading edge of science and technology. 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 31st March 2019 the Fund had committed £16m into 26 businesses and has created 157 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.

Commercial property funds have supported the development of 337,437m² of commercial floor space and the redevelopment of over 22 hectares of Brownfield land. Developments in the year are expected to unlock over 58,000m² of industrial space.

The Greater Manchester Housing Fund 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. Over £426m has been committed so far to support the delivery of almost 5,800 new homes. The Housing Investment Fund novated from Manchester City Council to the Authority in 2018/19.

Business Support and Innovation

Greater Manchester has an economy worth over £64bn and around 125,000 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 large cultural and creative cluster outside London.

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 is delivered by the Growth Company one of the Authority's key partners. 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.

The Business Growth Hub's portfolio of services in 2018/19 saw the implementation of the £26m Greater Manchester Productivity and Inclusive Growth Programme targeting highly productive sectors. This was alongside continued work with the Department for Business, Energy and Industrial Strategy as part of the national Growth Hub network to deliver enquiry handling by phone and web, identify and diagnose business needs and introduce businesses to the right services to address their growth challenges. This included providing growth advice, delivering targeted services for businesses with the potential to scale-up and internationalise and access to specialist services enabling businesses to innovate, harness digital technology, or reduce their carbon footprint.

Looking forward, the Business Growth Hub continues to be a leading member of the national Growth Hub network and chairs the Northern Powerhouse Growth Hub Network, helping to share best practice, share intelligence and forge collaboration.

Digital City Region

Greater Manchester has made important strides in becoming the UK's leading Digital City region over the past 12 months. A Digital Strategy has been developed as a framework for action. Greater Manchester is implementing the largest Local Full Fibre Networks programme in the UK connecting over 1,300 public sector premises with 450km of full fibre which is expected to lead to 25% of the city region's premises having full fibre connections within three years. In addition, work is in progress with all 5G mobile operators to accelerate roll out of next generation 5G mobile technologies.

Green City Region

At the 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.

To support the realisation of this vision, the Authority has this year been successful in securing European funding to support planning for climate change adaptation and researching how best to support people in fuel poverty. The Authority has also secured

UK funding to research a Local Energy Market and the design of an Energy Transition Region, and to support energy efficiency and generation measures in fuel poor homes. In addition, the Authority has supported successful bids to the Ministry for Housing Communities and Local Government (MHCLG) for two £10m European Regional Development Fund (ERDF) projects, Energy House 2.0 and Homes as Energy Systems. A further call for the remaining Low Carbon ERDF funding available was launched in April 2019.

During 2018/19 the Authority ran a procurement process for the management of its waste disposal services. During this procurement period, a run-off contract was in operation with the former Private Finance Initiative (PFI) Contract operator, Viridor Waste (Greater Manchester) Limited.

The Authority has ambitious waste plans to achieve recycling rates of over 50% and diversion from landfill of over 90% by 2020. The Authority has appointed Suez as preferred tenderer for its Waste and Resource Management and Household Waste Recycling Centre (HWRC) Management Contracts. The new contracts commenced on 1 June 2019.

The latest verified figures from the Department for Environment, Food and Rural Affairs WasteDataFlow system are from 2017/18, and record the Authority as diverting 88.5% of waste from landfill and having a recycling rate for household waste of 47.1%. Figures for 2018/19 will be verified by the end of 2019. To support the targeted increase in diversion from landfill and recycling rates, the Authority has developed a Waste Communications and Behavioural Change Delivery Plan with five main aims:

- Reduce contamination and improve the quality of recyclates;
- Encourage waste prevention - raise awareness and educate residents about how to reduce household waste;
- Increase recycling at the HWRCs to meet the target of 60%;
- Develop and promote the Authority's Waste educational service; and
- Raise awareness of recycling across Greater Manchester and engage with residents using a range of on and offline media.

Skills and Employment

Skills and Employment support are the thread which links all aspects of the Greater Manchester Strategy and have been highlighted as key to a successful Local Industrial Strategy. Greater Manchester is working to create the integrated skills and employment system needed to respond to the challenges and opportunities linked to the Local Industrial Strategy and to achieve its ambitions for its residents and businesses.

Careers inspiration, advice and guidance remains a key priority for Greater Manchester, and we have launched one of the 20 Careers Hubs across England designed to help young people develop relationships and connections with employers and businesses, as well as inspiring them to consider a wide range of employment opportunities. The Bridge GM Careers Hub model, which was launched in October 2018 and represents around £0.5m investment by the Authority, Department for Education and the Careers and Enterprise Company (CEC), will see a 'community of

practice' established involving 36 schools and colleges, which will in turn support capacity building across other schools, demonstrating the impact and prestige of careers as an element of school improvement more generally.

More broadly, tailored support for young people with careers information, advice and guidance has been delivered in partnership with the CEC. The GM Careers and Enterprise Adviser Network bridges the gap between education and employers, enabling business leaders to work strategically with schools to guide the development of an effective and innovative careers and employer engagement plan. The integrated GM/CEC model has expanded since 2018 from 59 Enterprise Advisers (EAs) working with 67 schools and colleges to a network of 130 EAs matched with 169 schools across Greater Manchester, with the ambition for all of Greater Manchester's schools and colleges to have access to an EA over time. In addition, in February 2019, the Authority launched the GM Digital Skills Programme to develop the next generation of digital talent.

During 2018/19, apprenticeships remained a key pathway into work and skills improvement for our residents, as well as one of the ways in which the devolved Adult Education Budget will support individuals' progression from 2019/20 and beyond. Building on the momentum of the devolved Apprenticeship Grant for Employers, during March 2019, Greater Manchester launched an Small and Medium Enterprise (SME) Apprentice Support offer – a £1.9m support package, which will provide the tools and funding needed to help more than 1,500 small employers and create at least 700 new apprenticeship opportunities.

Greater Manchester's public sector is aiming to lead by example in its co-ordinated approach to the ways in which it recruits and trains apprentices within its public services and the way in which public sector organisations buy apprenticeship training. To date, this approach has supported over 6,000 apprenticeship starts across GM's public services. It has also seen delivery of a number of new collaborative apprenticeship programmes, including three local authorities working together to launch the new Social Worker Degree Apprenticeship - the first programme of its kind in the country - featuring bespoke delivery designed specifically for GM.

Greater Manchester has also been one of five areas selected to be part of the 5 Cities Pilot, launched by Ministers at an event in Trafford in early 2018. The Pilot aims to widen participation in Apprenticeships for people from Black, Asian and Minority Ethnic (BAME) backgrounds, currently underrepresented within Apprenticeships proportionate to the working age population as a whole, to consider how apprenticeship diversity can benefit individuals, communities and support business performance and growth.

Turning to employment support, the devolved GM Working Well (Work and Health Programme) 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). To date, around 4,000 individuals have started to receive support on the programme across GM and over 800 of those participants have now entered employment.

As part of GM's wider transformation programme linked to employment and health, the Authority and the GM Health and Social Care Partnership developed and commissioned a new Working Well Early Help programme, which went live in March

2019, will run for 36 months and support a total of 11,000 GM residents. This programme will design and test an early intervention system available for GM residents in work who become ill and risk falling out of the labour market, or are newly unemployed due to health issues or disability, in order to enable a more rapid and sustainable return to the labour market.

Looking to the future, GM continues to work with central Government to identify new ways of working and opportunities for innovation, including those linked to devolution. To that end, in October 2018 HM Treasury announced three new skills pilots for Greater Manchester, worth a total of £20m. These pilots, which will commence delivery in 2019, will focus on digital skills, skills for the self-employed, and a Future Workforce pilot to provide training for young people who are not in education, employment or training.

The Authority has also been accelerating preparations for devolution of the Adult Education Budget (AEB) from the 2019/20 academic year, worth in the region of £92m annually.

Housing

The Greater Manchester Plan for Homes, Jobs and the Environment (GM Spatial Framework) was published for consultation in January 2019. The GM Spatial Framework was re-written to reinforce Greater Manchester's ambition to bring forward Brownfield Land, reduce the net loss of Green Belt and provide stronger protection for our important environmental assets. It enables Greater Manchester to meet its Local Housing Need, promotes our new approach to town centres, supports wider strategies around clean air, walking and cycling and underpins the ambition to be a carbon neutral city-region by 2038.

Planning Delivery Fund (PDF) funding of £0.95m was secured from MHCLG in March 2018 for the financial years 2017/18 and 2018/19. The PDF has been used to support GM's objective to boost housing supply on brownfield sites and within our town centres as part of the Mayor's Town Centre Challenge. The PDF has provided additional capacity to support delivery of projects designed to deliver housing development as part of the Housing Infrastructure Fund; helped to support the implementation of the Land Remediation Cost Calculator Tool, working with British Geological Survey; supported a collaborative project with Arcadis to develop an automated model of the site viability process using standardised inputs (in accordance with the national viability assessment process) to improve confidence in the delivery of our residential land supply pipeline, and support the development of the GM Infrastructure Strategy (framework stage) as well as helping to bring forward specific district priority projects which will directly bring forward housing delivery across GM.

Tackling homelessness

Tackling homelessness and rough sleeping have continued to be key priorities and policy objectives in 2018/19. During the year, the GM Strategy endorsed the goal to end the need for rough sleeping in Greater Manchester by 2020 and a considerable range of activity has been undertaken to take decisive steps towards this.

During the year, a key highlight was the delivery of the 'A Bed Every Night' scheme across Greater Manchester. This was a considerable undertaking and is a nationally ground-breaking programme. Funds of up to £1.8m were provided to deliver

accommodation and support to well over 1,000 individuals who were at imminent risk of sleeping on the streets.

Part of this funding was secured through the GM Homelessness Prevention Trailblazer programme which continued to invest in promoting the prevention of homelessness, including through support to a new 38-bed hostel in Chorlton and the development of a GM-wide Homelessness Action Network to support a cross-society response.

2018/19 also saw the launch of the first GM-wide Housing First programme, utilising £8m of funding over 3 years to address homelessness for excluded people with complex needs and the continuation of a Social Impact Bond, which has secured accommodation and support for nearly 300 entrenched rough sleepers from our region, through an investment by MHCLG of £2.6m.

Police and Crime - Safer and Stronger Communities

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. The plan sets out our vision for a strong, safe, resilient Greater Manchester standing together and working as one to keep people safe and protect and support the most vulnerable in our society.

The three year strategy focuses on three main priorities of keeping people safe; reducing harm and offending; and strengthening communities and places. More than 3,500 people responded during the consultation process, with 80% saying the priorities set the right tone for the coming years.

In the development of the strategy the Deputy Mayor for Police and Crime made a commitment to develop an outcomes framework that would be used to judge whether the plan was making a difference for Greater Manchester citizens. This work has progressed in consultation with all local authorities and community safety partnerships who will be able to access a broad range of supporting data against each of the priorities of the plan. The outcomes framework will also be informed by the first GM wide survey of policing and community safety which will provide insight on how safe residents feel, why and what can be done. The survey will report quarterly at district and GM levels, and enable us to see trends in resident's views.

In 2018/19 the multi-agency approach to reducing offending has continued, underpinned by investment in targeted prevention work for young people and vulnerable women in our communities which aims to provide an alternative to custody and focusses on family support, skills development, employment and health.

A new Greater Manchester-wide Restorative Justice Service has been commissioned during 2018/19 which will deliver a comprehensive all-age offer for victims across GM and ultimately aims to reduce reoffending.

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 our 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 district Community Safety Partnerships. In 2018/19 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.

Fire and Rescue Service

Greater Manchester Fire and Rescue Service (GMFRS) is one of the largest Fire and Rescue Services outside London with around 1,800 full time equivalent members of staff and 41 fire stations covering an area of approximately 500 square miles.

GMFRS work closely with the local community to make Greater Manchester a safer place to live, work and visit. In conjunction with the work done with young people, visiting schools and carrying out Safe and Well visits, GMFRS are also responsible for enforcing fire safety legislations.

The Mayor took responsibility for the fire and rescue service from Greater Manchester Fire Authority on 8 May 2017. Only a few weeks following the Mayors appointment, there was a terrorist attack at the Manchester Arena on 22nd May 2017, which was the largest incident to ever hit the city of Manchester, killing 22 people and injuring hundreds more. Following the terrorist attack, the Mayor commissioned Lord Kerslake to review the Authority's preparedness for, and emergency response to, the attack and subsequently commissioned a major internal review of GMFRS known as 'Programme for Change' (PFC).

PFC sets out a radical programme of change for GMFRS, laying the foundations for a stronger organisation that is focused on keeping communities safe and delivering a sustainable, affordable, frontline first emergency service. The proposals contained within the PFC outline business case during 2018/19 have been informed by staff feedback and are underpinned by a robust evidence base. The document sets out a

number of options that seek to protect the frontline, enhance firefighter safety, keep more firefighters in communities, whilst having a minimal impact on performance and maintaining response times.

Moorland fires occurred across Greater Manchester during the period June 25th and July 7th 2018 and proved to be the busiest recorded period of operational activity in the history of GMFRS. Significant resources were allocated to and engaged in operational activity from GMFRS and from Fire and Rescue Services across the UK through mutual aid support. In addition, support was provided by the military. The Government have confirmed that they will meet the additional costs incurred by the incident.

The continued focus on prevention within Greater Manchester has resulted in almost 28,000 Safe and Well visits made to homes across Greater Manchester completed last year, which is a reduction of 18% when compared to the number delivered in 2017/18. The prolonged moorland incidents during late June and July impacted on the ability for both crews and community safety staff to carry out Safe and Well visits during this period due to the implementation of the business continuity arrangements and the effect on service wide operation.

During 2018/19, there was a 3.6% reduction in the total number of incidents, (fires, false alarms and special service calls), when compared to the previous year and the service continued to meet or exceed the targets for the average response time for the first GMFRS appliance to attend an emergency incident with the response time to primary fires continuing to be better than the England average.

Injuries as a result of fires have shown a reduction - down by 8% against last year's performance and the number of people who sadly died in a fire reduced from 21 to 19.

The number of non-domestic fires in Greater Manchester saw a reduction of 17.86% in comparison to 2017/18, 122 fewer incidents.

Highways and Transport Services

Greater Manchester has set out a long term ambition for a really well connected city-region and we have been working with partners on improving the transport infrastructure network.

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 Transport for Greater Manchester (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.

Metroshuttle – 'free bus' Service

In October 2018 TfGM revamped the Metroshuttle service, introducing later running times, extending the city centre routes to Salford Central during the peak periods, and rebranding the service as 'free bus'.

Metrolink Zonal Ticketing Launch

In January TfGM made one of the largest ever public facing changes to Metrolink by introducing fare zones onto the tram network. Replacing stop-to-stop ticketing with the new system brings Greater Manchester into line with other cities around the world. It offers passengers greater flexibility, better value for money and enables future integration with other modes of transport.

Relaunch of the TfGM website / launch of customer platform improvements

Since April 2018 there have been nearly 13 million visits to the TfGM website and pages have been viewed 32 million times. The website is one of the main GM channels people use to get travel information, plan their journeys or learn more about TfGM. In 2018 TfGM continued to enhance the website, based on feedback, to make it more accessible, easier to update and navigate, better for mobile viewing and able to host more photography and videos.

Alongside the website customers also get in contact with TfGM via social media, email, telephone and by post. Last year TfGM dealt with over 18,000 written customer enquiries on a range of subjects including bus services, Metrolink, passes and general travel information.

Strengthening the TravelSafe Partnership

The TravelSafe Partnership (TSP) works to keep the public safe through enforcement, engagement and education.

Led by TfGM and Greater Manchester Police, and with support from contributing operators KeolisAmey Metrolink, Stagecoach and First Manchester, visible patrols and dedicated, intelligence-led operations offer reassurance and help prevent and deal with incidents of crime, antisocial behaviour and fare evasion on our networks.

This work is complemented by an extensive youth engagement and education programme, which has seen TSP officers speak, first hand, to more than 26,000 children and young adults (between May 2018 and February 2019) about the importance of behaving on public transport.

Greater Manchester Walking Festival

In 2018, to encourage more people to try walking, TfGM delivered the fourth Greater Manchester Walking Festival. Running throughout May the festival offered 369 walks across all ten local authorities in the city-region. More than 5,000 participants took part in the festival.

Clean Air Day

In June 2018 TfGM helped coordinate the second Greater Manchester Clean Air Day. Targeting the general public, schools and businesses the event raised awareness of air pollution and got people to consider how they could change their day-to-day lives to make a difference.

At Exchange Square in Manchester city centre TfGM ran a series of activities. People were asked to make a Clean Air pledge, such as leaving their car at home one day a week, car sharing or walking or cycling for short trips. In total more than 10,000 pledges were made and the social media campaign promoting the event reached over 2 million people.

Launch of Bee Network

In June 2018 ambitious plans for a city-region wide walking and cycling scheme were launched: The Bee Network. Made up of 1,000 miles of routes, including 75 miles of Dutch-style segregated bike lanes the proposed network would connect every community across Greater Manchester and make walking and cycling a real alternative to the car. The plans also include 1,400 safer road crossings and 25 filtered neighbourhoods.

Increasing walking and cycling will help tackle congestion in the city-region, while also improving air quality and boosting people's health and fitness.

Andy Burnham, the Mayor of Greater Manchester, and Chris Boardman, Greater Manchester's Cycling and Walking Commissioner, launched the scheme with the announcement that £160m from the Transforming Cities Fund would be used to fund the first phase.

'Smart' traffic light network

Poorly timed and inefficient traffic lights can slow traffic flow and contribute to congestion. In July 2018 it was announced that there would be an investment of £5.6m of Local Growth Deal funding in expanding the Greater Manchester's smart traffic light system. The money to be invested will mean Greater Manchester will have the largest smart traffic light network in the country outside London.

Wigan Bus Station

In October 2018, Wigan's new transport interchange was opened. Delivered in partnership with Wigan Council the new £15.7m facility was opened two months ahead of schedule. Wigan Bus Station is the latest transport interchange to be built across Greater Manchester, joining Bolton, Rochdale, Wythenshawe and Altrincham. Modern and convenient it is designed to increase the use of sustainable transport and boost the local economy by providing an attractive gateway to the town centre. Wigan Bus Station was funded by Local Growth Deal Funding.

Stockport Mixed Use Development Planning Permission

In March 2019 Stockport Council approved planning permission for the Stockport Mixed Use Development, which will transform the town's bus station into a modern, attractive and accessible interchange.

Along with funding also being secured for a new cycling and walking bridge, which would link the interchange with Stockport rail station, the project will form a key part of a wider regeneration of the town centre.

The other main element of the development will be a residential building off Daw Bank with up to 200 apartments and associated car parking, offering further attractive high-quality living space in the town centre.

Located alongside the A6 and Mersey Square, the multi-million pound development will be delivered by TfGM and funded by Stockport Council and the Authority, with support from HMG through the Greater Manchester Local Growth Deal programme.

Metrolink Trafford Park Line Progress

Metrolink is one of Greater Manchester's public transport success stories, with more than 43 million passenger journeys being taking on the network last year.

This year saw continued construction of the Trafford Park Line, the latest extension of the Metrolink network. When it is completed in 2020 it will add 5.5km and six stops to the system and connect Metrolink to the Intu Trafford Centre and Trafford Park, Europe's largest industrial park.

So far, TfGM have completed significant infrastructure including laying over 65% of the track, a new bridge over the Bridgewater Canal, a new viaduct at Pomona and all platforms are now in place. The new line will run from the Intu Trafford Centre to Crumpsall, increasing frequency from the stop to the city centre to every six minutes.

Draft Greater Manchester Transport Delivery Plan

In January 2019 TfGM published the draft five-year Delivery Plan, which sets out our vision for all the transport projects we want to complete or explore in the next five years so we can make Greater Manchester's transport network more accessible, integrated, greener and efficient.

It's a bold and ambitious plan which we estimate would cost around £3bn to deliver everything in the first 5 years of the Plan, but getting our transport right is essential, both for our city-region's continued economic growth and so that our residents and visitors can lead productive, healthy and fulfilling lives.

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 Local 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.

Troubled Families

Through an agreement with HMG for the Troubled Families funding to be managed through the Reform Investment Fund, the Authority has helped to ensure that money is being invested in things that will allow families to get access to better quality support earlier, whilst also contributing to the transformation of services at neighbourhood level.

Greater Manchester has now exceeded the 27,200 families that it was required to work with by MHCLG and, in line with the national evaluation, is showing some positive sustained outcomes for the majority of families supported by the programme.

Reform Investment

The Reform Investment Fund has continued to invest in the Intensive Community Orders model that supports young male offenders during 2018/19. The Reform Investment Fund also made a contribution of match funding to a co-production project that will operate in 2019/20 and strengthen our understanding of what is needed to co-produce solutions with people in GM Communities that have experience of severe multiple disadvantage.

In addition to the Reform Investment Fund, the Public Service Reform team has continued to support GM districts to embed place-based working. This has included embedding the Authority resources into local teams, working with them to understand and design new models of support from the bottom up. The Authority's resources have also supported locality leadership teams to develop their strategic approach to reform as well as identifying and disseminating good practice.

The Public Service Reform team has also led the work on developing the Greater Manchester model of Unified Public Services, this was supported by the production of a White Paper and a high profile event held in November 2018.

Following the receipt of £7m funding from Department for Education, each of the ten GM districts have been given £0.5m to deliver a range of outcomes and a proportion of funding has been used to establish a programme office that will support the delivery of the GM Children's Plan which is due to be launched in May 2019 and will be overseen by the GM Children's Board.

The PSR team has also continued to fund the Behavioural Insights Team that have undertaken a number of projects designed to help us understand how we can change behaviour of the workforce and people in our communities.

Age Friendly Greater Manchester

An Age Friendly Greater Manchester is priority ten of the Greater Manchester Strategy. Delivering on this priority is a hugely collaborative undertaking coordinated by the Greater Manchester Ageing Hub and involving partners from across the GM system working together on economy and work, housing and planning, transport, culture, age-friendly places and health ageing.

In 2018/19 the Ageing Hub continued to develop partnerships with the ten local authorities to support local ageing plans, supported the development of neighbourhood-scale programmes, including Ambition for Ageing, and connected researchers with policy making and delivery.

In February 2019, the 'Doing Ageing Differently' conference brought together over 300 of GM's system leaders, older people's groups, world-leading academics and other partners to develop the next phase of building an age-friendly city region. The conference saw the launch of the Ageing Hub Digest, a magazine to showcase work and stimulate critical thinking around age friendly policy and practice, primarily targeted at policy makers and practitioners. In July 2018, the Mayoral Age Friendly Communities Challenge was launched to draw out practical examples of best practice

across the city region, with 32 neighbourhoods awarded age friendly status by the Mayor at the February conference.

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 2018/19, along with funds held in reserves on behalf of the LEP.

	Income £000	Expenditure £000	Variation £000
Revenue Funds			
LEP Capacity	(700)	593	(107)
Business Growth Hub	(513)	513	0
Business Rates (Enterprise Zones)	(115)	0	(115)
Total Revenue	(1,328)	1,106	(222)
Capital Funds			
Growth Deal	(78,047)	78,047	0
Growing Places Fund	0	341	341
Total Capital	(78,047)	78,388	341
Grand Total	(79,375)	79,494	119

LEP Reserves	Balance 01/04/2018 £000	In Year Transfer £000	Balance 01/04/2019 £000
LEP Capacity	(474)	(107)	(581)
Growing Places Capital Grant	(341)	341	0
Business Rates (Enterprise Zones)	(225)	(115)	(340)
Total Reserves	(1,040)	119	(921)

Devolution and the impact on the Authority in 2018/19

As signalled in the 2017/18 Statement of Accounts additional responsibilities are gradually being conveyed on the Authority and these had various levels of impact during 2018/19.

Waste Disposal

The functions of the Greater Manchester Waste Disposal Authority (GMWDA) that are exercisable in relation to the area of the Authority excluding the Borough of Wigan were transferred by Parliamentary Order to the Authority with effect from 1 April 2018.

Under the Order, all functions and decisions relating to such properties, rights and liabilities are to be exercised and made by the Authority. Any payments and receipts arising from such properties, rights and liabilities are to be paid from and into the General Fund.

The closing balance sheet of GMWDA will be brought into the Authority's 2018/19 balance sheet as an in year transfer using the absorption accounting policy. The Authority's prior year comparative values will not be restated to include the GMWDA 2017/18 values.

Adult Education

A Parliamentary Order was passed in November 2018, which provides for the conferral of certain adult education functions on the Authority. There was limited financial impact of this in 2018/19 as the full responsibility and funding for adult education will transfer from 1 August 2019.

Housing Investment Fund (HIF)

Powers to hold this funding directly enabled projects in receipt of £170m of HIF funding to be novated from Manchester City Council during 2018/19.

Mayoral Development Corporations

The Mayor's power to establish Mayoral Development Corporations (MDC) were conferred in April 2017. During 2018/19 the first steps were taken to establish a MDC to deliver the Stockport Town Centre West development plan which is a key part of the Mayor's Town Centre Challenge launched in November 2017.

The Authority's Group of Companies included in the Group Accounts

The Authority's executive body in relation to delivery of transport services is Transport for Greater Manchester (TfGM). The Authority and the constituent GM district councils have entered in to joint arrangements for the discharge of specified transport functions, which are supported through a joint committee called the Transport for Greater Manchester Committee (TfGMC). TfGM's Account are consolidated into the Group Accounts of the Authority.

With the Parliamentary order which transferred the Police and Crime Commissioner's powers to the Mayor, the Mayor is required under S21 of the Police Reform and Social Responsibility Act 2011 to keep a fund known as the Police Fund. The Authority is the legal entity which is responsible for administering the Police Fund and executing the Mayor's decisions in his role as Police and Crime Commissioner. To fulfil these statutory requirements the Chief Constable's

Accounts are consolidated into the Group Accounts of the Authority and a memorandum account is included for the Mayoral Police Fund in the Authority's Single Entity Statements.

In September 2016 the Authority established NW Evergreen Holdings Limited Partnership (NWEH) to act as a holding fund for tranches of ERDF funding. 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 of NWEH are consolidated into the Group Accounts of the Authority.

The following companies have been excluded from the Group Accounts, on the basis of immateriality:

- Greater Manchester Fund of Funds Limited Partnership (FoFLP);
- NW Fire Control Company;
- Commission for New Economy Limited (CNE);
- Greater Manchester Accessible Transport Limited (GMATL);
- Manchester Investment and Development Agency Service (MIDAS); and
- Greater Manchester Combined Waste and Recycling Limited (GMCWR).

Further details can be found in the Critical Judgements section within the Statement of Accounts.

Revenue Outturn 2018/19

The revenue outturn for the Authority is reported and managed in 5 sections, Highways and Transport, Economic Development and Regeneration, Waste Disposal, Mayoral General Fund and Mayoral Police Fund.

The table below details the outturn against budget for the 2018/19 financial year:

Function / Service	Outturn 2018/19 £000
Mayoral General	17,956
Mayoral General - GM Fire & Rescue	153,842
GMCA General Budget	56,416
Highways and Transport	324,305
Waste Disposal	197,347
Total GMCA and Mayoral General	749,866

The Police Fund is reported separately as it includes expenditure from Greater Manchester Police. The Police Fund spend for 2018/19 was £611m.

Capital Programme and Financing 2018/19

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 Police Fund capital programme covers police related schemes such as vehicles, police stations and investment in new information and communications technology.

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 below:

	Actuals 2018/19
	£'000
Greater Manchester Transport Fund	11,200
Road Schemes (Stockport)	
Stockport Town Centre Access Plan (DfT retained scheme)	15,736
A6 MARR / SEMMMS	22,997
Stockport Council Schemes total	38,732
Other Metrolink Schemes	
Trafford Extension	83,796
Other Metrolink Schemes total	83,796
Other Capital Schemes	
Wythenshawe Interchange	(32)
Other Capital Schemes	621
CCAG 2	7,739
Transforming Cities (Metrolink)	22,973
Mayors Challenge Fund (Cycling and Walking)	369
Cycle Safety	77
Early Measures Fund	351
Other Capital Schemes total	32,098
Growth Deal	
TfGM Majors	18,229
Local Authorities Majors	12,712
Growth Deal 3 TfGM schemes	1,517
Growth Deal 3 Local Authorities	3,138
Growth Deal total	35,596
Minor Works	
ITB Local Authorities and TfGM	21
Growth Deal 1 Local Authorities	76
Growth Deal 2 Local Authorities	3,809
Growth Deal 2 TfGM Schemes	4,179
Minor Works total	8,084
Traffic Signals (Externally Funded)	2,369
Highways Maintenance	32,739
Total Capital - Transport	244,614

	Actuals 2018/19
	£'000
GPF	341
Recycled GF / RGF Capital Receipts	4,120
GM Loans Fund	5,550
Empty Homes Programme	915
Housing Investment Fund	125
Growth Deal - Skills Capital	658
Growth Deal - Skills Capital Round 2 & 3	1,946
Growth Deal - Life Sciences Fund	1,629
Growth Deal - GEIC	1,908
Growth Deal - International Screen School Manchester	688
Growth Deal - Cyber Innovation Hub	-
Total Capital - Economic Development & Regeneration	17,880
Estates Related	362
IT Schemes	171
Vehicles and Equipment	4,434
Total Capital - GM Fire & Rescue	4,967
Operational Sites	8,776
Non-Operational Sites	93
Total Capital - Waste	8,869
Total Capital	276,330

The funding of the Authority's capital programme was as follows:

Financed by:	£000
<u>GMCA Resources</u>	
Borrowing	80,405
Revenue Contribution to Capital Outlay	16,175
Capital Grants	138,943
External Contributions	2,369
<u>TfGM / District Resources</u>	
Third Party Contributions	167
District Contributions	6,555
Total Transport	244,614
Borrowing	5,675
Capital Grants	8,085
Useable Capital Receipts	4,120
Total Economic Development and Regeneration	17,880
Capital Grants	868
Revenue Contribution to Capital Outlay	4,099
Total GM Fire and Rescue Service	4,967
Borrowing	6,785
Revenue Contribution to Capital Outlay	2,084
Total Waste	8,869
Total Funding	276,330

The capital programme for the Police Fund is recorded separately in accordance with legislation and is therefore excluded from the above figures. The capital programme funded by the Police Fund is as follows:

Police Fund Capital Schemes	2018/19 £000
Information System Transformation Programme	9,755
Estates	1,315
Information Systems	1,785
Vehicles	4,308
Other Capital Schemes	1,814
Total Mayoral Police Fund Schemes	18,977

The funding of the Police Fund capital programme was as follows:

Funded by:	2018/19 £000
Borrowing	(6,818)
Capital Grants	(3,432)
Useable Capital Receipts	(378)
Use of Reserves	(2,219)
Revenue Contribution to Capital Outlay	(6,130)
Total Funding:	(18,977)

Treasury Management Performance in 2018/19

Borrowing and Borrowing Limits

In 2018/19 the Authority had an authorised limit for external debt of £2,697.6m which compares to the actual level of debt outstanding at 31 March 2019 of £1,568.3m. Actual debt outstanding is made up of the following figures:

2017/18 £m		2018/19 £m
1,144.7	Long-term Borrowing – PWLB/Market	1,270.2
0	Long-term Borrowing – MHCLG Housing Investment Fund	118
185.1	Short-term Borrowing – PWLB/Market	109.4
0	Short-term Borrowing – MHCLG Housing Investment Fund	64.9
16.1	Short-term Borrowing – Interbank	5.8
1,329.7	TOTAL	1,568.3

Total borrowings show an increase during the year of £238.6m. £168.0m is attributable to the transfer in of the GMWDA Public Works Loan Board (PWLB) portfolio at 1st April 2018 and £182.9m is attributable to the novation of the Housing Investment Fund. These increases being offset by a reduction in the level of year end short term borrowing and a reduction in the value of the TfGM Interbank.

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 as at 31 March 2019 were £175.7m. This is made up of the following figures:

2017/18 £m		2018/19 £m
12.9	Bank Deposits	15
0.0	UK Government Backed Deposits	42.5
327.3	Greater Manchester Waste Disposal Authority	0
0.0	Manchester City Council (Housing Investment Fund)	118.2
340.2	TOTAL	175.7

Total investments showed a decrease in the year of £164.5 million. The main reason for this decrease relates to the reincorporation of funds lent to the GMWDA upon their transfer to the Authority on 1 April 2018, offset by an advance to Manchester City Council representing prior drawdown values following novation of the Housing Investment Fund.

Outlook for the future – financial landscape.

Mayors General Services

The latest Local Government Settlement represents the last year of the four-year funding agreed with MHCLG; no further details were provided beyond 2019/20 and consultation is due to commence for funding arrangements beyond 2019/20. HMG is carrying out the Fair Funding Review consultation on local authorities' relative needs and resources, seeking to address concerns that the current formula is unfair, out of date and overly complex. Fire is one of seven service-specific funding formulas subject to review.

For 2019/20 the Mayor proposed a precept of £76.95 (Band D) which included the previous level of precept, £59.95, to provide a continuing level of budget support to the Fire and Rescue Service. The remaining precept of £17.00 was agreed for the Mayors other General Services. In addition the Mayor receives income from Business Rates, both a share of the income collected by District Councils and a 'top up' grant, is received. As the Authority is part of the 100% Business Rates Pilot, the previous receipt of Revenue Support Grant is being replaced by equivalent baseline funding through an increased Business Rates top up.

GMCA Services

Highways and Transport, Economic Development and Regeneration and Waste Disposal Services are all funded through a mixture of Levies and Contributions from the GM Districts alongside specific grant funding from Government Departments. The ten District Councils of Greater Manchester continue to face uncertain financial prospects due to the Fair Funding Review and this will continue to impact on and influence the levels of the Contributions and Waste and Transport Levies which are funded from the Districts General Fund Budgets.

The Authority also receives a 50% share of additional Business Rates growth achieved by the GM Districts through the 100% Business Rates Pilot. The prospects for this income stream in future years will depend on how the Business Rates Retention Scheme develops.

Mayors Police and Crime Services

In recent years the settlement for the police grant has been made on an annual basis, which makes planning in the medium term challenging. There have been numerous attempts to review the police funding formula however this is now not expected until at least 2020/21. The main reason why a review is significant to Greater Manchester is the gearing ratio which is the proportion of total funding received via grant funding. For Greater Manchester the police grant makes up 76% of the total funding available for policing, this compares to a national average of 62%, with individual forces ranging from 40% to 78%. In practical terms this means that reductions in central funding have hit Greater Manchester Police harder than the majority of other police forces. Conversely if a future funding formula recognises the complexity of policing in Greater Manchester, funding could increase.

What's 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.

Supplementary Statements:

Police Pension Fund Account

The Police Pensions scheme is unfunded and holds no assets. The purpose of this account is to demonstrate the cash-based transactions taking place over the year and to identify the arrangements needed to balance the account.

Firefighters Pension Fund Account

The Firefighters Pension scheme is unfunded and holds no assets. The purpose of this account is to demonstrate the cash-based transactions taking place over the year and to identify the arrangements needed to balance the account.

The Police Fund Statement

With the Parliamentary Order which transferred the Police and Crime Commissioner's powers to the Mayor, the Mayor is required under S21 of the Police Reform and Social Responsibility Act 2011 to keep a fund known as the Police Fund. The Authority is the legal entity which is responsible for administering the Police Fund and executing the Mayor's decisions in his role as Police and Crime Commissioner. To fulfil these statutory requirements the Chief Constable's accounts are consolidated into the Group Accounts of the Authority and a supplementary statement is included for the Police Fund.

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 Police Fund.

The Mayoral General Fund Statement

The functions of the GMFRA that are exercisable in relation to the area of the Authority were transferred by Parliamentary Order to the Authority with effect from 8 May 2017. The Authority is the Fire and Rescue Authority for the area and the fire and rescue functions of the Authority 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.

Other Mayoral functions include transport strategy and spatial development strategy.

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.

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.

Richard Paver

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,
The Finance Department
1st Floor, Churchgate 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

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to 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 2019 and of its income and expenditure for the year ended 31 March 2019.

Richard Paver
Greater Manchester Combined Authority Treasurer

Approval of the draft Statement of Accounts

Greater Manchester Combined Authority

Single Entity Accounts

Core Financial Statements

Comprehensive Income and Expenditure Statement

Movement in Reserves Statement

Balance Sheet

Cash Flow Statement

Notes to the Core Statements including Accounting Concepts and Policies

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 (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Gross Expenditure	Gross Income	Net Expenditure	Comprehensive Income and Expenditure Statement	Note	Gross Expenditure	Gross Income	Net Expenditure
2017/18	2017/18	2017/18			2018/19	2018/19	2018/19
£000s	£000s	£000s			£000s	£000s	£000s
			GMCA Continuing Operations				
			Transport, Economic Development and Regeneration				
396,550	(72,900)	323,650	Highways and Transport Services		375,583	(39,072)	336,511
76,297	(65,086)	11,211	Economic Development and Regeneration		63,682	(36,070)	27,613
472,847	(137,986)	334,861	Total		439,266	(75,142)	364,124
			Mayoral General Fund Services				
73,610	(5,229)	68,381	Fire and Rescue Services		85,917	(6,539)	79,378
105	(101)	3	Mayors Office		18,257	(14,429)	3,829
73,715	(5,330)	68,384	Total		104,174	(20,968)	83,207
			Mayoral Police Fund Services				
33,654	(99,108)	(65,454)	Mayoral Policing Services		19,750	(94,271)	(74,521)
536,444	0	536,444	Funding provided by the Mayor to the Chief Constable to fund Police and Crime Services		616,902	0	616,902
570,098	(99,108)	470,990	Total		636,652	(94,271)	542,381
1,116,660	(242,424)	874,235	Total Continuing Operations		1,180,092	(190,381)	989,711
			Transferred Services to GMCA				
			Waste Disposal		150,025	(12,427)	137,598
1,116,660	(242,424)	874,235	Total Cost of GMCA Operations	12	1,330,117	(202,807)	1,127,310
226	(36)	190	Rebate of 2017/18 Income			25,000	25,000
99,922	(6,782)	93,140	Loss on Disposal of Non Current Assets	14	426	0	426
0	(935,240)	(935,240)	Financing and Investment Income and Expenditure	15	111,376	(6,951)	104,425
101,959	(101,959)	0	Taxation and Non Specific Grant Income		0	(1,244,496)	(1,244,496)
			Home Office grant payable towards the cost of Police retirement benefits		117,148	(117,148)	0
1,318,766	(1,286,441)	32,325	(Surplus) / Deficit on Provision of Services	10	1,559,068	(1,546,402)	12,665
			Items that will not be subsequently classified in deficit on provision of services				
			Re-measurement of the net defined benefit liability				48,305
			(Surplus) / Deficit on revaluation of non current assets				(29,397)
			(19,829)				18,908
			Other Comprehensive (Income) & Expenditure				18,908
12,496			Total Comprehensive (Income) and Expenditure				31,573

Richard Paver
Greater Manchester Combined Authority Treasurer

Movement in Reserves Statement

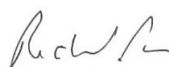
The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how 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 (or rents) 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
Transferred Services Balances as at 8 May 2017						
Mayoral General Fund balance transferred from GMFRA	(41,012)	(1,087)	0	(42,099)	1,641,821	1,599,722
Mayoral Police Fund balance transferred from PCC	(79,756)	0	0	(79,756)	(69,936)	(149,692)
Balance after Transferred Services	(275,144)	(12,889)	(24,021)	(312,054)	2,664,713	2,352,658
Movement in Reserves during 2017/18						
(Surplus) or deficit on the provision of services	32,325	0	0	32,325	0	32,325
Total Comprehensive Income and Expenditure	0	0	0	0	(19,829)	(19,829)
Total Adjustments between accounting basis & funding basis under regulations	(29,240)	11,449	(1,487)	(19,278)	19,278	0
Transfers to or from Earmarked Reserves	(231)	231	0	0	0	0
(Increase) / decrease in year	2,854	11,680	(1,487)	13,047	(551)	12,496
Continuing Operations Balance as at 31 March 2018	(272,290)	(1,209)	(25,507)	(299,006)	2,664,160	2,365,154
Transferred Services Balances as at 1 April 2018						
Balances transferred from GM Waste Disposal Authority	(149,610)	0	0	(149,610)	516,867	367,257
Balance as at 1 April 2018	(421,900)	(1,209)	(25,507)	(448,616)	3,181,027	2,732,411
Movement in Reserves during 2018/19						
(Surplus) or deficit on the provision of services	8,546	0	0	8,546	0	8,546
Total Comprehensive Income and Expenditure	0	0	0	0	18,908	18,908
Total Adjustments between accounting basis & funding basis under regulations	(45,719)	1,209	(15,661)	(60,172)	60,172	0
Transfers to or from Earmarked Reserves	0	0	0	0	0	0
(Increase) / decrease in year	(37,174)	1,209	(15,661)	(51,626)	79,080	27,454
Continuing Operations Balance as at 31 March 2019	(459,073)	(0)	(41,169)	(500,242)	3,260,107	2,759,865

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.

2017/18 £000s	Balance Sheet	Note	2018/19 £000s
	Non Current Assets		
441,560	Property, Plant and Equipment	20	624,306
83	Heritage Assets		83
53	Investment Property		53
786	Intangible Assets		712
23,219	Long Term Debtors and Payments in Advance	21	41,732
745	Long Term Investments		1,054
466,446	Total Non Current Assets		667,939
	Current Assets		
2,012	Inventories and Stocks		2,336
200,919	Short Term Debtors and Payments in Advance	21	156,275
356,726	Cash and Cash Equivalents	22	180,188
600	Short Term Assets Held for Sale		323
560,257	Total Current Assets		339,121
	Current Liabilities		
(181,227)	Short Term Borrowing	28	(180,036)
(185,714)	Short Term Creditors and Receipts in Advance	23	(256,881)
(38,164)	Capital Grants Receipts in Advance	13	(30,341)
(19,995)	Revenue Grants Receipts in Advance	13	(17,630)
(6,763)	Short Term Provisions	24	(8,579)
(1,500)	Short Term Lease Liability	25	(2,673)
(4,824)	Short Term Deferred Liability	26	(6,522)
(438,186)	Total Current Liabilities		(502,661)
	Long Term Liabilities		
(1,148,517)	Long Term Borrowing	28	(1,388,297)
(12,461)	Long Term Provisions	24	(13,699)
(50,331)	Long Term Lease Liability	25	(47,658)
(16,053)	Long Term Deferred Liability	26	(14,169)
(1,726,309)	Pensions Liability	32	(1,800,441)
(2,953,671)	Total Long Term Liabilities		(3,264,264)
(2,365,155)	Net Assets (Liabilities)		(2,759,865)
	Financed by:		
(299,008)	Usable Reserves	9	(500,242)
2,664,163	Unusable Reserves	27	3,260,108
2,365,155	Total Reserves		2,759,865



Richard Paver
Treasurer of the Greater Manchester Combined Authority
Date 07/06/2019

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 (ie borrowing) to the Authority.

2017/18 £000s	Cash Flow Statement	Note	2018/19 £000s
32,325	Net (surplus) / deficit on the provision of continuing operations		12,665
(22,088)	Adjustments to net surplus on the provision of services for non cash movements		(119,460)
(6,451)	Adjust for items included in the net surplus on the provision of services that are investing and financing activities		440
3,786	Net Cash Flows from Operating Activities	31a	(106,355)
31,100	Investing Activities	31b	17,565
(250,227)	Financing Activities	31c	276,331
(215,342)	(Increase) / Decrease in Cash and Cash Equivalents		187,541
119,234	Cash and cash equivalents on 1 April 2018 for continuing operations		356,726
	Cash and cash equivalents on 1 April 2018 for Waste Disposal transferred operations		6,884
22,150	Cash and cash equivalents on 8 May 2017 for transferred operations		
141,384	Restated cash and cash equivalents brought forward for all operations		363,610
356,726	Cash and cash equivalents at the end of the reporting period	22	176,069

Greater Manchester Combined Authority

Single Entity Accounts

Notes to the Core Financial Statements

Notes to the Core Financial Statements

Note	Note Description	Page
1	Accounting Concepts and Policies	42
2	Critical Accounting Judgements	59
3	Key Sources of Estimation and Uncertainty	63
4	Impact of Accounting Changes Issued But Not Yet Adopted	63
5	Post Balance Sheet Events	63
6	Authorisation for Issue of the Statement of Accounts	64
7a	Expenditure and Funding Analysis	64
7b	Note to the Expenditure and Funding Analysis	65
8	Adjustments Between Accounting Basis and Funding Basis under Regulations	67
9a	Transfers (to) / from Balances and Reserves	69
9b	Purpose of Reserves	71
10	Nature of Income and Expenditure	73
11	Revenue Expenditure Funded from Capital under Statute	73
12	Income Credited to Cost of Services	74
13	Grants and Contributions Received in Advance	75
14	Financing and Investment Expenditure and Income	76
15	Taxation and Non Specific Grant Income	76
16	Agency Activities	77
17	External Audit Fees	77
18	Officer Remuneration	78
19	Capital Expenditure, Capital Financing, Capital Commitments	81
20	Property, Plant & Equipment including Disposals and Valuations	82
21	Short and Long Term Debtors	85
22	Cash and Cash Equivalents	85
23	Short and Long Term Creditors	86
24	Short and Long Term Provisions	87
25	Short and Long Term Leases including PFI	87
26	Short and Long Term Deferred Liabilities	91
27	Unusable Reserves	91
28	Financial Instruments	96
29	Nature and Extent of Risks Arising from Financial Instruments	99
30	Related Party Transactions	106
31a)	Cash Flow Statement - Adjustments to Net Cash Flows from Operating Activities	109
31b)	Cash Flow Statement - Investing Activities	109
31c)	Cash Flow Statement - Financing Activities	110
32	Defined Benefit Pension Schemes	110
33	Contingent Liabilities	117

1 Accounting Concepts and Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. 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 2018/19, 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.

Accounting Concepts

Going concern

The accounts are prepared on a going concern basis. This assumes that the Authority will continue in operation for the foreseeable future.

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

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

Qualitative characteristics

The usefulness of financial statements is enhanced if they are comparable. The Code promotes comparability by designating the form and content of the financial statements, which include a comparison with the previous financial period. The 2018/19 statements include the transfer in by Absorption Accounting of the functions previously provided by the GMWDA.

These Accounts, therefore, do not comply with the requirements of the Code in relation to the provision of comparative information. However, the Code of Practice acknowledges the primacy of legislative requirements, which is that where an

accounting treatment is required by law, it must be applied, even if it contradicts any accounting concept or qualitative characteristic.

Accounting Policies

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.

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.

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.

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 district 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 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.

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.

Post-Employment Benefits – Pensions

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

The Police Pension Fund Account was established under the Police Pension Fund Regulations 2007 and is administered and managed by the Chief Constable on behalf of the Authority.

In accordance with proper practices the Authority has fully complied with the International Financial Reporting 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.

The Fire Service Pension Scheme

This is an unfunded scheme, which is administered by the Authority in accordance with Government 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 Comprehensive Income and Expenditure Account for movements in the liability and reserve. The primary objective is to allow the separation of the cost of providing pensions from the cost of running a fire and rescue service.

Under Government Regulations, if the amounts receivable by the pension fund for the year is less than amounts payable, the Authority must annually transfer an amount required to the deficit to the pension fund. Subject to Parliamentary scrutiny and approval, up to 100% of this cost is met by central government top-up grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Authority, who then must repay the amount to central government.

Local Government Pension Scheme

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

The liabilities of the Greater Manchester Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit 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.

The Police Pension Scheme

The Police Pension scheme for police officers is an unfunded defined benefit scheme administered by the Chief Constable. There are no investment assets built up to meet the pension liabilities and cash has to be generated from employee and employer contributions to meet actual pension payments as they eventually fall due.

Under the Police Pensions Fund Regulations 2007, if the amounts receivable by the pensions fund for the year is less than amounts payable, the Authority must annually transfer an amount required to the deficit to the pension fund. Subject to Parliamentary scrutiny and approval, up to 100% of this cost is met by central government top-up grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Authority, who then must repay the amount to central government.

Property, Plant and Equipment and Assets under Construction

These are assets having physical substance and being 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.

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. Exceptions to this are the Traffic Signals and Vehicles, which are fully capitalised with no minimum level.

Repairs 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.

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;
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Any revaluation of assets either upward or downward would be reflected in the Authority's asset base.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains after any reversals of previous losses have been credited to the Surplus or Deficit on the Provision of Services.

Where decreases in value are identified, they are accounted for by:

- 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.

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

- Assets under construction – depreciated historical cost;
- Surplus Assets – fair value;
- 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 fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

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

Capitalisation of Interest/Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs are interest and other costs that the Authority incurs in connection with the borrowing of funds.

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

Impairment

Assets are assessed each year as to whether there are indications that an asset may be impaired. Where reliable and consistent 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 by:

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

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

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

Depreciation of Property, Plant and Equipment

Depreciation has been calculated using a straight-line method (i.e. apportioned equally over each year of the life of the asset) for all assets. Depreciation is charged to the service with a corresponding reduction in the value of the asset. The depreciation charge is reversed in the Movement in Reserves Statement and a transfer made to the Capital Adjustment Account. Residual values, useful lives and depreciation methods are reviewed at each financial year-end.

- Infrastructure assets - The estimated useful life of each asset has been determined by reference to the records kept by TfGM;
- Buildings – straight-line allocation over the useful life of the property as estimated by the valuer;
- Vehicles, plant and equipment – straight-line allocation over the useful life of the asset as advised by a suitably qualified officer;
- Freehold land and community assets are not depreciated.

Where an asset has major components with different estimated useful lives, these are depreciated separately.

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.

Derecognition of Property, Plant and Equipment

An item of Property, Plant and Equipment is derecognised by disposal or when no future economic benefit or service potential is expected from its use. The carrying amount of a replaced or restored part of an asset is derecognised with the carrying amount of the new component being recognised. The written off value of disposals is reversed through the Movement in Reserves Statement to the Capital Adjustment Account.

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, are credited to the Capital Receipts Reserve (CRR), and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the relevant 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.

Componentisation Policy

The Code of Practice on Local Authority Accounting requires each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset to be 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 and/or depreciation methods. The requirement for componentisation for depreciation purposes is applicable to enhancement and acquisition expenditure incurred and revaluations carried out from 1 April 2010.

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 measures the fair value of an asset on the same basis that market participants would use when pricing the asset (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.

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 – quoted prices in active markets for identical assets 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 where market data is not available.

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.

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 agreed by the Authority and details the basis of the provision. The MRP policy is detailed within the Treasury Management Strategy.

For all capital expenditure incurred before 1 April 2008 the Authority's policy is to adopt the regulatory method (4% of capital financing requirements).

For capital expenditure incurred on Metrolink, Greater Manchester Transport Fund Schemes and Waste services after 1 April 2008, MRP is deferred until the year after the asset has been commissioned into use and will be on an annuity basis over the estimate useful life. For capital expenditure incurred on assets relating to Policing Services after 1 April 2008, MRP is charged on a straight-line basis over the expected useful life of the asset. For capital expenditure incurred on Fire and Rescue Services between 1 April 2008 and 31 March 2012 using supported capital expenditure approvals, MRP is charged using the regulatory method, and after 1 April 2012 using unsupported borrowing, MRP is charged on a straight line basis over the expected useful life of the asset starting in the year after the expenditure is incurred.

Capital and Revenue Grants and Contributions

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 revenue grants and contributions are credited to the relevant service line within Cost of Services. 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.

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.

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.

Any capital grants and contributions that have been received from the Department for Transport which relate to non-Authority projects are credited to the Creditors Account. When a grant and contribution is paid to the relevant district Authority the Creditors Account is reduced accordingly.

Local Taxation

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 District Councils of Greater Manchester 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 tax payers.

NNDR

From 1 April 2013 the District Councils as billing authorities of Greater Manchester have acted as agents; they have collected National Non Domestic Rates (NNDR) income on behalf of Central Government, the GMCA and themselves.

The NNDR income distributed to each of the parties is the amount after deducting an allowance for the District Councils cost of collection. The NNDR cash collected by the billing authorities through the national scheme belongs proportionately to Central Government, the District Council 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.

For 2018/19 Greater Manchester is a pilot area for the 100% Business Rates Retention Scheme and the relevant shares of NNDR income for 2018/19 are Central Government (0%), GM District Councils (99%) and GMCA (1%).

For both council tax and NNDR, the income reflected in the CIES in 2018/19 is GMCA's share of the income relating to that year. However, the amount of council tax / NNDR 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.

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.

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.

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.

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

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

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).

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

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed through the Movement in Reserves Statement and charged to 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.

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.

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

For 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.

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.

Fair Value Measurement – combine with first fair value policy

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

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

The 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.

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.

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

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council 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.

Value Added Tax (VAT)

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

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.

In 2017/18 the Authority introduced memorandum accounts to hold the ring fenced reserves and balances relating to the Mayoral General Fund and the Mayoral Police Fund.

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.

Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that

economic benefits or service potential associated with the transaction will flow to the Authority.

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.

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.

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.

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.

Events after the balance sheet date

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

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

Where these are indicative of conditions that arose after the balance sheet date the amounts in the accounts are not adjusted. 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.

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 Authority 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 and North West Evergreen Holdings LP.

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.

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 2017/18, an accrual was 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 could carry forward into the next financial year. The accrual was made at the wage and salary rates applicable in the following accounting year, being the period in which the employee took the benefit. The accrual was charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits were charged to the General Fund in the financial year in which the holiday absence occurred. From 2018/19 onwards, the Authority will not be accruing for employee benefits as the adjustment is considered to be immaterial.

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 his Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. When establishing the recognition point of an asset, the Authority considers when probable and future benefits of the asset will flow to it and the extent to which the cost of the asset can be reliably measured.

PFI and similar contracts recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Authority.

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

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

The Authority is deemed to control the services provided under its PFI arrangement for the Stretford Fire Station site. The Authority also has a PFI contract for the construction and maintenance of 17 police stations across Greater Manchester whereby the contractor will operate and service the stations for 25 years after which ownership will revert to the Mayor of Greater Manchester for nil consideration. The accounting policy for PFI's 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 a degree of uncertainty about future levels of some of the major funding streams for parts of the Authority and Local Government as a whole. The Authority has had to consider a range of options on how to continue to provide some elements of its services with a reduced level of funding.

As part of these deliberations a possible reduction in its asset base across the Police and Crime and Fire and Rescue functions has been considered. However 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 is deemed to control the services provided under its PFI arrangements for the Stretford Fire Station and various Police Station sites. This assessment was based on advice received from expert external advisors. The accounting policy for PFI's has been applied to these arrangements and the assets are recognised as Property, Plant and Equipment in the Balance Sheet.

Treatment of Former Landfill Sites

The former 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. For these former landfill sites, in financial terms, the maximum liability can be determined. As such, a specific provision was created in 2013/14 to reflect this maximum liability and is being released on an annual basis. For the remaining four sites linked to the GMCA, management has considered *IAS37 Provisions, Contingent Liabilities and Contingent Assets* and has concluded that no provision within the 2018/19 accounts is required as the amount of expenditure cannot be estimated reliably.

Former GMWDA Landfill Tax Claim

The GMCA has instructed Price Waterhouse Coopers Legal LLP (PWC) to act on its behalf in a claim in relation to landfill tax paid over to HM Revenue and Customs. That claim has been lodged with the Courts, and if successful would see significant recovery of landfill tax being returned to the GMCA. The claim is one of a series of cases, which are taking place in relation to this area of interpretation of the law, and the GMCA action remains 'stayed', whilst a test case progresses through the Courts system.

Given that clarification of this complex area of law is awaited by way of a legally binding decision, which may be some distance in the future, it is considered that at this stage in the legal proceedings and given the uncertainty of the outcome of the claim, it is not considered prudent to anticipate the financial implications of a successful action.

Greater Manchester Devolution

Greater Manchester Waste Disposal Authority (GMWDA)

The functions of the GMWDA, were transferred to the Authority with effect from 1 April 2018. The GMWDA function ceased to exist with all staff, properties, rights and liabilities transferring to the Authority.

The closing balance sheet of the GMWDA will be brought into the Authority's 2018/19 balance sheet as an in year transfer using the absorption accounting methodology. The Authority's prior year comparative values will not be restated to include the GMWDA 2017/18 values. The Authority's prior year comparative values will not be restated as the historical information would not provide useful information to the reader of the accounts, instead the current year figures are included which are a reasonable proxy for the prior year.

Group Accounts Considerations

A review of the entities related to the Authority in 2018/19 has taken place and the conclusions are provided below:

Chief Constable of Greater Manchester Police (GMP)

GMP is to be 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 GMCA Police Fund. The Police Fund is disclosed in the supplementary notes to the main GMCA accounting 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.

For information details of transactions with the 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. In May 2017, the fund received £15 million funding from ERDF and £0.5 million from the Authority. FoFLP will invest in sub funds that seek to support the shift towards a low carbon economy and for research and innovation. The fund has secured an additional £45 million ERDF funding which has not yet been drawn down. On the grounds of immateriality it has been decided that **FoFLP is not to be included** in the group accounts.

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. The Fund has received over £60 million of 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.

NW Fire Control Company

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

NWFCC became operational during 2014/15 and it meets with the definition of a joint operation for group accounts purposes. However, on the grounds of immateriality it has been decided that **NWFCC is not to be included** in the group accounts. For information details of the relationship with the company and its financial performance will be included in the related parties note.

Commission for New Economy Limited (CNE)

CNE is a private company limited by guarantee without share capital. The Authority is the person with significant control and has previously included CNE in its group accounts. The company is no longer trading following a decision to wind the company up in December 2018. On the grounds of immateriality it has been decided that **CNE is not to be included** in the group accounts.

Greater Manchester Accessible Transport Limited (GMATL)

GMATL is a private company limited by guarantee without share capital. The Authority is the person with significant control and has previously included GMATL in its group accounts. The balance sheet value is approximately £2 million. On the grounds of immateriality it has been decided that **GMATL is not to be included** in the group accounts.

Manchester Investment and Development Agency Service (MIDAS)

MIDAS is a private company limited by guarantee without share capital. The Authority is the person with significant control and has previously included MIDAS in its group accounts. The balance sheet value is approximately £0.4 million. On the grounds of immateriality, it has been decided that **MIDAS is not to be included** in the group accounts.

HIVE Homes

HIVE Homes is a joint venture with 10 Registered Housing providers and has been incorporated to acquire sites in Greater Manchester and then develop them for sale as residential use. From March 2019 the Authority has a 20% share within the company, however to date £125,000 has been invested. On the grounds of immateriality, it has been decided that **HIVE Homes will not be included** in the group accounts.

Greater Manchester Combined Waste & Recycling Limited (GMCWR)

Greater Manchester Combined Waste & Recycling Limited was a subsidiary of the former GMWDA and was placed into a solvent liquidation on 22 March 2018. On the grounds of no parental control and immateriality, it has been decided that **GMCWR 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:

- useful lives and valuations of properties which are estimated by qualified valuers;
- valuations of investments;
- provisions for known compensation claims which are estimated based on experience of similar claims;
- the amount of arrears that will not be collected which are estimated based on the credit loss model; and
- the liability for future pension payments which is estimated by qualified actuaries.

4 Impact of Accounting Standards issued but not yet Adopted

The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2018/19 Code. The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years. Accounting changes that are introduced by the 2019/20 code are:

- Amendments to IAS 40 Investment Property: Transfers of Investment Property;
- Annual Improvements to IFRS Standards 2014-2016 Cycle;
- IFRIC 22 Foreign Currency Transactions and Advance Consideration;
- IFRIC 23 Uncertainty over Income Tax Treatments; and
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation.

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

5 Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Treasurer on 7th June 2019. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. The financial statements and notes have not been

adjusted for the following events, which took place after 31 March as they provide information that is relevant to an understanding of the Authority's financial position but do not relate to conditions at that date.

Housing Investment Fund

The 2014 Greater Manchester Devolution Agreement provided for a Housing Investment Fund of £300m over a ten-year lifetime, to be invested in the form of recoverable loans and equity into property investments to deliver the growth ambitions of Greater Manchester.

The GM Housing fund was in the form of a loan from central government; however, at the time the GMCA's borrowing powers were restricted to transport related functions only. As a result, Manchester City Council acted as lead authority to receive and administer the fund on GMCA's behalf.

During the financial year, ended 31 March 2019 the required borrowing powers were granted to the GMCA and on 13 March 2019 the MHCLG central government loan was transferred to the GMCA. Apart from a small number of advances that are due to be repaid in 2019/20 the loans that have been advanced by the Council on behalf of the GMCA will be novated during 2019/20. As at 30 July 2019, a total of £105.5m loans had been novated. The GMCA have advanced a variable short term loan at nil interest to the Council to fund the debtors that remain.

6 Authorisation for the Issue of the Statement of Accounts

The 2018/19 Statement of Accounts was authorised for issue by the Treasurer on 7th June 2019.

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.

2017/18				2018/19		
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
160,274	163,376	323,650	Continuing Services	122,917	58,036	180,953
(1,941)	13,152	11,211	Highways and Transport Services	43,361	5,133	48,494
78,993	(10,609)	68,384	Economic Development and Regeneration	108,447	(25,241)	83,206
492,409	(21,419)	470,990	Mayoral General Fund Services	551,610	(9,230)	542,381
			Mayoral Police Fund Services			
			Transferred Services			
			Waste Disposal Services	163,160	(23,682)	139,478
729,734	144,501	874,235	Cost of Services	989,495	5,017	994,512
(726,649)	(115,261)	(841,910)	Other Income and Expenditure	(1,026,669)	40,702	(985,967)
3,085	29,240	32,325	(Surplus)/Deficit	(37,174)	45,720	8,546
275,144			Opening General Fund Balance and Earmarked Reserves Continuing Services	272,290		
			Opening General Fund Balance and Earmarked Reserves transferred from GMWDA	149,610		
			Restated Opening General Fund Balance	421,900		
(3,085)			GMCA Services			
			Surplus / (Deficit) on General Fund Balance in year	37,174		
231			Transfers between reserves	0		
272,290			Closing General Fund Balance at 31 March 2019	459,073		

7b Note to the Expenditure and Funding Analysis

2017/18					2018/19			
Adjustments for Capital Purposes (a)	Pension Adjustments (b)	Other Adjustments (c)	Total Adjustments		Adjustments for Capital Purposes (a)	Pension Adjustments (b)	Other Adjustments (c)	Total Adjustments
£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s
163,376	0	0	163,376	Continuing Services	58,036	0	0	58,036
17,408	(4,256)	0	13,152	Highways and Transport Services	4,691	442	0	5,133
(142)	(10,466)	0	(10,609)	Economic Development and Regeneration	152	(25,393)	0	(25,241)
(20,690)	(729)	0	(21,419)	Mayoral General Fund Services	(9,262)	32	0	(9,230)
				Mayoral Police Fund Services				
				Transferred Services				
				Waste Disposal Services	(23,735)	53	0	(23,682)
159,952	(15,451)	0	144,501	Net Cost of Services	29,883	(24,866)	0	5,017
(155,401)	44,764	(4,623)	(115,261)	Other Income and Expenditure	(2,369)	43,908	(837)	40,702
4,550	29,313	(4,623)	29,240	Difference between General Fund Surplus and CIES Deficit on the Provision of Services	27,515	19,042	(837)	45,720

- 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.
- d) Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:
- For financing and investment income and expenditure the other non-statutory adjustments column recognises adjustments to service segments eg for interest income and expenditure and changes in the fair values of investment properties.

- For taxation and non-specific grant income and expenditure the other non-statutory adjustments column recognises adjustments to service segments e.g. for un-ringfenced government grants.

8 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

Greater Manchester Combined Authority Statement of Accounts 2018/19

2017-18					2018-19			
General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves		General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
£000	£000	£000	£000		£000	£000	£000	£000
				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:				
(29,313)	-	-	29,313	Pension cost (transferred to (or from) the Pensions Reserve)	(19,042)	-	-	19,042
(118)	-	-	118	Financial Instruments (transferred to the Financial Instruments Adjustments Account)	40	-	-	(40)
85	-	-	(85)	Council tax and NDR (transfers to or from the Collection Fund)	10	-	-	(10)
(48)	-	-	48	Holiday pay (transferred to the Accumulated Absences reserve)	149	-	-	(149)
				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)				
(64,647)	-	219	64,428		(131,406)	-	-	131,406
(94,041)	-	219	93,822	Total Adjustments to Revenue Resources	(150,249)	-	-	150,249
				Adjustments between Revenue and Capital Resources				
				Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	-	(19,781)	-	19,781
39,604	-	-	(39,604)	Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	73,824	-	-	(73,824)
23,783	-	-	(23,783)	Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	30,706	-	-	(30,706)
64,162	(7,158)	-	(63,387)	Total Adjustments between Revenue and Capital Resources	104,530	(19,781)	-	(84,749)
				Adjustments to Capital Resources				
-	5,671	-	(5,671)	Use of the Capital Receipts Reserve to finance capital expenditure	-	4,120	-	(4,120)
-	-	11,461	(11,461)	Application of capital grants to finance capital expenditure	-	-	1,210	(1,210)
-	5,671	11,461	(10,749)	Total Adjustments to Capital Resources	-	4,120	1,210	(5,329)
408	-	-	(408)	Other adjustments				
(29,471)	(1,487)	11,680	19,278	Total Adjustments	(45,719)	(15,661)	1,210	60,171

9a 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.

Restated Opening Balances £000s	Transfers in/out £000s	31 March 2018 £000s	Earmarked Reserves and Balances	Continuing Operations 1 April 2018 £000s	Transferred Services 1 April 2018 £000s	Restated Opening Balances £000s	Transfers in/out £000s	31 March 2019 £000s
			Transport, Economic Development and Regeneration & Waste					
(2,348)	(5,879)	(8,227)	Earn-back Revenue	(8,227)	-	(8,227)	(1,953)	(10,180)
-	(4,789)	(4,789)	Life Chances	(4,789)	-	(4,789)	(211)	(5,000)
-	(1,003)	(1,003)	Clean Air Plan	(1,003)	-	(1,003)	(3,224)	(4,227)
-	(3,182)	(3,182)	Reform and Investment Fund	(3,182)	-	(3,182)	396	(2,786)
(2,683)	245	(2,438)	Youth Contract	(2,438)	-	(2,438)	27	(2,411)
(3,341)	1,158	(2,183)	City Deal	(2,183)	-	(2,183)	297	(1,886)
-	(1,734)	(1,734)	GM Trailblazer	(1,734)	-	(1,734)	0	(1,734)
(1,554)	-	(1,554)	Growing Places Fund	(1,554)	-	(1,554)	0	(1,554)
-	-	-	Housing First	-	-	-	(1,105)	(1,105)
(575)	(458)	(1,033)	One Public Estate	(1,033)	-	(1,033)	379	(655)
-	-	-	Creative Scale Up Project	-	-	-	(650)	(650)
-	(775)	(775)	Manchester Western Loop	(775)	-	(775)	176	(599)
(613)	139	(474)	LEP Strategic Plans Funding (LEP)	(474)	-	(474)	(108)	(581)
-	-	-	Planning & Delivery Fund	-	-	-	(544)	(544)
-	(34,305)	(34,305)	Business Rates Top Up	(34,305)	-	(34,305)	(20,085)	(54,390)
(6,188)	(1,253)	(7,441)	RGF/GPF Interest and Arrangement Fees	(7,441)	-	(7,441)	(1,475)	(8,916)
-	(1,850)	(1,850)	GM Connect	(1,850)	-	(1,850)	727	(1,123)
-	-	-	Churchgate House Accommodation	-	-	-	(700)	(700)
(12,500)	-	(12,500)	Integrated Ticketing Reserve	(12,500)	-	(12,500)	0	(12,500)
(105,838)	91,614	(14,224)	Capital Programme Reserve	(14,224)	-	(14,224)	(85,772)	(99,996)
(6,841)	(39,232)	(46,073)	Business Rates Growth Pilot & Levy	(46,073)	-	(46,073)	(6,105)	(52,178)
(4,864)	964	(3,900)	Other Transport and ED&R Reserves	(3,900)	-	(3,900)	1,213	(2,687)
(7,033)	(178)	(7,211)	Transport and ED&R General Fund Balances	(7,211)	-	(7,211)	(634)	(7,845)
-	-	-	Waste Engagement Activities Reserve	-	(466)	(466)	364	(102)
-	-	-	Waste Disposal Insurance Reserve	-	(8,604)	(8,604)	(4,090)	(12,694)
-	-	-	Waste Interest Rate Reserve	-	(2,000)	(2,000)	-	(2,000)
-	-	-	Waste pension Deficit Funding Reserve	-	(812)	(812)	-	(812)
-	-	-	Waste MTFP Funding Reserve	-	(116,184)	(116,184)	79,824	(36,360)
-	-	-	Waste Optimisation and Efficiency	-	(5,000)	(5,000)	-	(5,000)
-	-	-	Waste Composition Analysis	-	(500)	(500)	314	(186)
-	-	-	Waste Lifecycle Reserve	-	(3,911)	(3,911)	-	(3,911)
-	-	-	Waste General Fund Balance	-	(12,132)	(12,132)	-	(12,132)
(154,378)	(518)	(154,896)	Total General Fund Reserves	(154,896)	(149,609)	(304,505)	(42,936)	(347,441)
(24,021)	(1,487)	(25,508)	Usable Capital Receipts Reserve	(25,508)	-	(25,508)	(15,661)	(41,169)
(11,802)	11,461	(341)	Capital Grants Unapplied Reserve	(341)	-	(341)	341	-
(190,201)	9,456	(180,745)	Total Transport, ED&R and Waste	(180,745)	(149,609)	(330,354)	(58,256)	(388,610)

Greater Manchester Combined Authority Statement of Accounts 2018/19

Restated Opening Balances £000s	Transfers in/out £000s	31 March 2018 £000s	Earmarked Reserves and Balances	Continuing Operations 1 April 2018 £000s	Transferred Services 1 April 2018 £000s	Restated Opening Balances £000s	Transfers in/out £000s	31 March 2019 £000s
			Mayoral General Fund					
(11,473)	914	(10,559)	Capital Reserve	(10,559)	-	(10,559)	1,608	(8,951)
(5,312)	812	(4,500)	Earmarked Budgets Reserve	(4,500)	-	(4,500)	2,542	(1,958)
(4,779)	(571)	(5,350)	Revenue Grants Unapplied	(5,350)	-	(5,350)	2,605	(2,745)
(2,488)	(361)	(2,849)	Insurance Reserve	(2,849)	-	(2,849)	-	(2,849)
(1,710)	(413)	(2,123)	Business Rates Reserve	(2,123)	-	(2,123)	-	(2,123)
(418)	-	(418)	Restructuring Reserve	(418)	-	(418)	-	(418)
(127)	-	(127)	Innovation and Partnership CYP	(127)	-	(127)	-	(127)
(244)	-	(244)	Projects Reserve	(244)	-	(244)	244	-
-	(500)	(500)	Transformation Fund	(500)	-	(500)	(3,104)	(3,604)
(14,461)	(713)	(15,174)	Mayoral General Fund Balances	(15,174)	-	(15,174)	2,399	(12,775)
(41,012)	(832)	(41,844)	Total General Fund Reserves	(41,844)	-	(41,844)	6,294	(35,550)
(1,087)	219	(868)	Capital Grants Unapplied Reserve	(868)	-	(868)	868	-
(42,099)	(613)	(42,712)	Total Mayoral General Fund	(42,712)	-	(42,712)	7,162	(35,550)
			Mayoral Police Fund					
(12,668)	5,406	(7,262)	Revenue Expenditure Reserve	(7,262)	-	(7,262)	(571)	(7,833)
-	(15,173)	(15,173)	Insurance Reserve	(15,173)	-	(15,173)	1,004	(14,169)
(38,210)	13,495	(24,715)	PCC Earmarked Reserves	(24,715)	-	(24,715)	(4,479)	(29,194)
(2,603)	384	(2,219)	Capital Expenditure	(2,219)	-	(2,219)	2,219	-
(13,054)	752	(12,302)	PFI Reserve	(12,302)	-	(12,302)	476	(11,826)
(13,221)	(659)	(13,880)	Mayoral Police Fund Balances	(13,880)	-	(13,880)	819	(13,061)
(79,756)	4,205	(75,551)	Total Mayoral Police Fund	(75,551)	-	(75,551)	(532)	(76,082)
			Combined					
(275,146)	2,855	(272,291)	General Fund Balances	(272,291)	(149,609)	(421,900)	(37,173)	(459,074)
(24,021)	(1,487)	(25,508)	Usable Capital Receipts Reserve	(25,508)	-	(25,508)	(15,661)	(41,169)
(12,889)	11,680	(1,209)	Capital Grants Unapplied Reserve	(1,209)	-	(1,209)	1,209	-
(312,056)	13,048	(299,008)	Total Usable Reserves	(299,008)	(149,609)	(448,617)	(51,626)	(500,243)

9b Purpose of Earmarked Reserves

The purpose and operation of the reserves are as follows.

Revenue Grant Reserves and General Earmarked Reserves - Over £500,000

Transport, Economic Development & Regeneration	
Earnback Revenue Reserve	Funding from the devolution deal to be used for infrastructure investment. 5-year deal up to 2019, but may be extended after 2019 review.
Life Chances Reserve	Funding to help people in society who face the most significant barriers to leading happy and productive lives. It will provide top-up contributions to outcomes-based contracts involving social investment e.g. SIB's.
GM Clean Air Plan Reserve	Funding to support the work to improve air quality across GM and to develop a local plan to ensure the UK achieves compliance with legal limits for nitrogen dioxide in the shortest possible time.
Reform and Investment Fund Reserve	Funding to help thousands of families across England to get the help they need to address multiple, complex problems.
Youth Contract Reserve	Funding to be used on initiatives to tackle youth unemployment for 18-24 year olds.
City Deal Reserve	Funding to support high-quality careers, education, information, advice and guidance to stimulate demand for apprenticeships and pre-apprenticeship programmes.
GM Trailblazer Reserve	3-year project funding for homelessness prevention schemes, working closely with the MHCLG to improve homelessness data and evidence base.
Growing Places Fund Reserve	Funding to establish revolving investment funds, promoting a long term locally led solution to local infrastructure constraints.
Housing First Pilot Reserve	Funding to deliver a Housing First service, supporting single homeless people with complex needs, including rough sleepers and those with a history of rough sleeping.
One Public Estate Reserve	Funding to facilitate and enable local authority partnerships to work successfully with central government and local agencies on public property and land issues through sharing and collaboration.
Creative Scale Up Project Reserve	Funding to support local creative industries by working with potential investors to increase investor interest and capacity.
Manchester Western Loop T2 Reserve	Funding to link the Metrolink tramline between Manchester Airport and Wythenshawe Hospital.
Strategic Plans Funding Reserve	Funding to Local Enterprise Partnerships to support delivery of the Strategic Economic Plan for 2014-2020.
Planning Delivery Fund Reserve	Funding to establish a GM-wide whole-place approach to the development of new homes in key locations.
Business Rates Top-Up Reserve	Funding Received as part of the single pot allocations to support delivery.
GPF-RGF Interest and Arrangement Fees Reserve	Interest earned on income received in advance will be re-invested within the fund as per grant conditions and arrangement fees may be off-set against specific costs associated with the making of the loans.
GM Connect Reserve	Earmarked funding to support the GM Connect Digital Strategy.
Churchgate Accommodation Reserve	Earmarked funding for accommodation fit-out costs at Churchgate House and Lee House.
Integrated Ticketing Reserve	Funding to support the integrated ticketing scheme.
Capital Programme Reserve	Surpluses of capital financing costs which have been set aside to fund future capital programme related expenditure.
Business rates Growth Pilot & Levy	Funding to support Greater Manchester Strategic Priorities
Waste Engagement Activity Reserve	Reserve funding to allow the completion of the Communications Action Plan that runs over a 2-year period.

Insurance Reserve	This reserve has been established as a result of reducing the insurance provision in compliance with IAS37. The reserve provides a prudent contingency against unforeseen future claims, including the MMI Scheme of Arrangement. The reserve also provides a prudent hedge against changes in the insurance market which may require premium increases. The Reserve is now also enhanced as a buffer to satisfy any future insurance claims to satisfy any future insurance claims that may arise from an unforeseen event due to failure to secure selected insurance from the market.
Waste Interest Rate Reserve	To enable the Waste & Resources service to meet the additional cost of funding future increases in the margin chargeable on borrowings, arising from the current policy of not taking longer term debt
Waste Pension Deficit Funding Reserve	To meet the cost of funding potential future deficit arising on transfer of former Greater Manchester Waste Limited employees into the Authority's pension fund on commencement of the Contract, and to take account of possible further efficiencies arising from austerity challenges.
Waste Medium Term Financial Plan Funding Reserve	Reserve to support the delivery of objectives in the Waste & Resources service Medium Term Financial Plan.
Waste Optimisation Reserve	This reserve has been set up to allow a further capital contribution to be made (if required), so that the Authority can realise longer term financial and operational benefits from the approach to minimising the amount of waste sent to landfill.
Waste Compositional Reserve	This reserve provides the cost of conducting a review of waste arisings to be spread over a number of years. The review enables us to gauge whether our residents are recycling, and in so doing, better target limited behavioural change resources.
Waste Lifecycle Reserve	Reserve created to allow funding of lifecycle / maintenance needs at the operational sites now under Authority control
Usable Capital	Includes the principal repayments of RGF/GPF loans
Mayoral General Fund	
Capital Reserve	Surpluses of capital financing costs which have been set aside to fund future capital programme related expenditure.
Earmarked Budgets Reserve	Funding to be utilised to meet the costs of future projects as part of the budget strategy.
Revenue Grants Unapplied Reserves	Accumulated unspent grant funding which is required to meet costs in future years.
Insurance Reserve	Reserve established as a result of reducing the insurance provision in compliance with IAS37. The reserve provides a prudent contingency against unforeseen future claims, including the MMI Scheme of Arrangement. The reserve also provides a prudent hedge against changes in the insurance market which may require premium increases.
Business Rates Reserve	Funding to mitigate the impact of potential significant deficits on the 10 Greater Manchester Council respective Collection Funds, of which the Authority is liable for 1%.
Restructuring Reserve	Reserve created to provide funds towards the costs of service transition.
Innovation and Partnership CYP Reserve	Funding for future partnership and innovation schemes and to support Children's and Young People's initiatives.
Projects Reserve	Funding to support project work within the Authority
Transformation Reserve	New reserve set up as part of the Budget Strategy to be used by the Mayor to promote collaboration and transformation in blue light services.
Mayoral Police Fund	
Revenue Expenditure Reserve	Funding to be utilised to meet costs of existing projects which span years.
Insurance Reserve	Insurance Reserve - this reserve has been established as a result of reducing the insurance provision in compliance with IAS37. The reserve provides a prudent contingency against unforeseen future claims, including the MMI Scheme of Arrangement. The reserve also provides a prudent hedge against changes in the insurance market which may require premium increases.
PCC Earmarked Reserves	Funding to be utilised to meet costs of future projects which support the delivery of the Police and Crime Plan.

Capital Expenditure Reserve	Capital Programme Reserve - surpluses of capital financing costs which have been set aside to fund future capital programme related expenditure.
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.

10 Expenditure and Income Analysed by Nature

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

2017/18 £000s	Nature of Expenditure and Income	2018/19 £000s
	Expenditure	
70,240	Employee Costs	74,521
101,959	Cost of Police Officer retirement benefits	117,148
707,433	Grants Expenditure*	785,729
85,936	Other Service Expenditure	209,538
26,800	Capital Charges including Depreciation and Impairment	43,392
99,922	Financing and Investment Expenditure	111,376
226,251	Revenue Expenditure Funded from Capital Under Statute	241,938
226	Loss on Disposal of Non-current Assets	426
1,318,766	Total Expenditure	1,584,068
	Income	
(6,782)	Financing and Investment Income	(6,951)
(78,978)	Fees, charges and other service income	(103,467)
(101,959)	Home Office grant payable towards the cost of retirement benefits	(117,148)
(220,625)	Income from Council Tax and NNDR	(251,348)
(36)	Gain on Disposal of Non-current assets	0
(103,871)	Transport and Waste Levy Income	(370,467)
(774,191)	Government Grants and Contributions	(726,141)
(1,286,441)	Total Income	(1,575,522)
32,326	Deficit / (Surplus) on the Provision of Services	8,546

* Please note Grants expenditure includes funding set aside for the Chief Constable

11 Revenue Expenditure Funded from Capital under Statute

Capital grants payable to TfGM/Districts 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.

2017/18 £000s	REFCUS	2018/19 £000s
218,085	Highways and Transport Services	234,144
7,765	Economic Development and Regeneration Services	7,744
401	Fire Services	0
226,251	REFCUS Total	241,887

12 Income including Grants and Contributions

The Authority credited the following grants and contributions to the cost of services in the Comprehensive Income and Expenditure Statement:

2017/18 £000s	Income including Grants and Contributions Credited to the Cost of Services	2018/19 £000s
	Highways and Transport Services	
(1,391)	Sustainable Transport Transition Year Grant - DFT	-
(101)	Local Sustainable Transport Grant - DFT	-
(86)	CCAG Evaluation Study - DFT	-
(1,300)	GM Clean Air Plan (Feasibility Study) - DEFRA	(6,450)
(1,500)	Cycling & Walking to Work Award - DFT	(640)
(2,100)	Manchester Western Loop - T2/Airport City - DfT	-
(22,932)	Transport for the North - DfT	(182)
(6,731)	Bus Service Operators Grant - DFT	-
-	- NWQ Multi Modal Study - DFT	(364)
(435)	District & External Contributions to Traffic Signals Repairs / S278	(241)
(36,325)	Revenue Expenditure Funded by Capital under Statute - DfT	(31,195)
(72,900)		(39,072)
	Economic Development and Regeneration Services	
(176)	Regional Growth Fund / Growing Places Fund Arrangement fees	(176)
(513)	Business Support Grants & Contributions	(1,671)
(468)	Elena Grant - EIB	(25)
(3,151)	Works & Skills Grants & Contributions	(7,315)
(82)	Environment & Low Carbon Grants & Contributions	(1,082)
(458)	One Public Estate - Cabinet Office	(251)
(20)	GM Technical Assistance - ERDF/ESF	102
(5,671)	Contribution to fund ED&R Advances	-
(5,000)	Life Chances Grant - DCMS	-
(2,122)	Homelessness Grants - CLG	(6,145)
(4,767)	Troubled Families - CLG	(7,764)
(94)	100 Resilient Cities	(134)
(114)	Ageing Better	(60)
-	- Planning Delivery Fund - CLG	(950)
-	- Digital Funding - DCLG	(93)
-	- Innovation & Reform Grant - DfE	(673)
-	- Other Grants	(792)
(8,284)	District Contributions to ED&R Functions	(4,291)
(22,620)	Contributions to ED&R Programmes - Manchester City Council	-
(4,041)	External Contributions and Income Towards ED&R	(3,835)
(7,506)	Revenue Expenditure Funded by Capital under Statute - DCLG / HCA	(5,035)
(65,086)		(40,189)
	Waste and Resources	
-	- Erasmus Grant - EU	(12)
-	- PFI Credit	(10,019)
-	- Contributions & Income	(2,396)
-		(12,427)
	Mayoral General Fund Services	
(101)	Mayor's Office	(14,429)
(1,197)	Business Rates Top-Up Grant	(1,456)
(1,677)	Fire Service Specific Grants	(2,941)
(2,356)	Fees, charges and other service income	(2,142)
(5,330)		(20,968)
	Mayoral Police Fund Services	
(29,316)	Police other Contributions	(26,023)
(29,837)	CTU grant	(34,433)
(22,526)	Other revenue grants	(14,688)
(6,350)	Airport policing	(7,266)
(6,207)	Collaborations	(6,546)
(4,872)	PFI grant	(5,315)
(99,108)		(94,271)
(242,425)	Total Income including Grants and Contributions Credited to the Cost of Services	(206,926)

13 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.

2017/18 £000s	<u>Grants Received in Advance</u>	2018/19 £000s
	<u>Capital Grants Receipts in Advance</u>	
(1,547)	Clean Bus Technology Grant	(6,020)
(7,019)	Cross City Bus Package	(5,041)
(16,444)	Cycle City Ambition Grant 2	(8,705)
(7)	Stockport Town Centre Access	-
(6,185)	Integrated Transport & Highway Maintenance	(6,327)
(58)	Local Sustainable Transport Fund	(58)
(3,851)	Transport for the North	-
(3,000)	Early Measure (GM Clean Air Plan)	(2,649)
-	Cycle Safety Grant	(1,542)
(53)	Police Capital Grants	(10)
(38,164)	Total Capital Grants RIA	(30,351)
(38,164)	Due to be recognised within 1 year	(30,341)
-	Due to be recognised over 1 year	(10)
	<u>Revenue Grants Receipts in Advance</u>	
-	Made Smarter	(3,472)
-	Trailblazer	(375)
-	Homeless Veterans Fund	(91)
-	EU Step-In	(61)
-	Rogue Landlord Enforcement	(54)
-	Early Help Innovation Fund	(48)
-	Skills Analysis Panel	(45)
-	Warm Homes Fund	(24)
-	Grow Green	(17)
-	Careers and Enterprise - Manchester City Council	(13)
-	Careers and Enterprise - Bolton College	(9)
(1,984)	AGE Grant	-
(5,794)	Transport for the North	-
(31)	100 Resilient Cities	(28)
(174)	Social Impact Bond	-
(850)	Controlling Migration Fund	-
(100)	Troubled Families - Cost Benefit Analysis	-
(52)	Adult Education Budget	-
(50)	Improvement & Development (IDEA)	-
(7,430)	Innovation & Reform Funding	(6,757)
(9)	Bus Service Operators Grant (BSOG)	-
(1,350)	Planning Delivery Fund	(1,000)
(120)	HSCP Apprenticeship Strategy Grant	(92)
(959)	Work and Health Programme	(1,505)
(49)	Heat Network Delivery Project	(49)
(87)	New Dimensions	-
(230)	Firelink Grant	(237)
(40)	Victims Services Grant	-
-	Mayoral Police Fund National Training	(1,505)
-	Mayoral Police Fund Asset Incentivisation	(1,186)
(688)	Mayoral Police Fund Other	(1,064)
(19,995)		(17,631)
(19,995)	Due to be recognised within 1 year	(17,631)
-	Due to be recognised over 1 year	-

14 Financing and Investment Expenditure and Income Analysis

2017/18 £000s	Financing and Investment Expenditure	2018/19 £000s
18,406	PWLB	31,242
19,792	European Investment Bank	11,591
8,671	Other	12,838
1,203	Former Greater Manchester Council Debt	1,408
7,085	Interest Element of PFI Unitary Charge	6,081
44,764	Net interest on the net defined liability (asset)	48,216
99,922	Total Financing and Investment Expenditure	111,376

2017/18 £000s	Financing and Investment Income	2018/19 £000s
(1,672)	Interest receivable on deposits	(80)
(2,463)	Interest receivable on loans	(2,563)
(2,647)	Expected return on pension assets	(4,308)
(6,782)	Total Financing and Investment Income	(6,951)

15 Taxation and Non Specific Grant Income

2017/18 £000s		2018/19 £000s
	Income from Levies	
(103,871)	Transport Levy from the Greater Manchester Districts	(280,453)
-	Waste levy from the Greater Manchester Districts	(90,014)
	Income from Council Tax and Business Rates	
(109,725)	Council Tax Police Precept Income	(130,496)
(39,943)	Council Tax Mayoral Precept Income (inc Fire)	(50,815)
(70,957)	Non Domestic Rates Income	(70,037)
	Income from Revenue Grants	
(43,377)	Business Rates Top up Grant	(43,377)
(20,042)	Revenue Support Grant	(19,938)
(383,123)	Police Grant	(428,019)
(405)	PFI Grant	-
(500)	Growth Deal Grant (LEP)	(500)
(30,000)	Earnback Grant	(12,000)
	Income from Capital Grants	
(1,978)	Capital Contributions Receivable for Traffic Signal Schemes	(2,369)
(131,320)	Capital Grants and Contributions	(116,478)
(935,240)	Total Taxation and Non Specific Grant Income	(1,244,496)

16 Agency Activities

The Authority acts as an agent for the government and receives funding which is passed to the 10 District Councils of Greater Manchester.

2017/18 £000s	Agency Income and Expenditure	2018/19 £000s
15,400	Greater Manchester Transport Fund - non GMCA Road Schemes Paid to Districts	-
15,400	Net Agency	-

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.

2017/18 £000s	External Audit Fees	2018/19 £000s
(17)	Fees receivable from Public Sector Audit Appointments with regard to external audit services carried out by the appointed auditor for the year	0
85	Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the previous year.	0
0	Fees payable to Mazars with regard to external audit services carried out by the appointed auditor for the year	74
0	Fees payable to Mazars for the certification of grant claims and returns for the year	3
4	Fees payable to Grant Thornton for the certification of grant claims and returns for the year	0
72	Total External Audit Fees	77

Additional fees payable of £35,000 were agreed in 2018/19 with regard to external audit services carried out by the appointed auditor Grant Thornton for the previous year in relation to the GM Waste Disposal Authority.

18 Officer Remuneration

Officers with Remuneration above £50,000

The number of employees (excluding 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	Staff who have received severance	Total	Salary Range	Staff who have not received severance	Staff who have received severance	Total
2017/18	2017/18	2017/18		2018/19	2018/19	2018/19
39	-	39	£50,000 to £54,999	60	-	60
17	-	17	£55,000 to £59,999	54	-	54
13	-	13	£60,000 to £64,999	16	-	16
5	-	5	£65,000 to £69,999	6	-	6
4	-	4	£70,000 to £74,999	5	-	5
4	-	4	£75,000 to £79,999	5	2	7
2	-	2	£80,000 to £84,999	3	-	3
-	-	-	£85,000 to £89,999	4	-	4
-	-	-	£90,000 to £94,999	-	-	-
-	-	-	£95,000 to £99,999	-	-	-
2	-	2	£100,000 to £104,999	-	-	-
-	-	-	£105,000 to £109,999	-	-	-
1	-	1	£110,000 to £114,999	-	-	-
-	-	-	£115,000 to £119,999	-	-	-
1	-	1	£120,000 to £124,999	4	-	4
-	-	-	£125,000 to £129,999	-	-	-
-	1	1	£130,000 to £134,999	-	-	-
-	-	-	£135,000 to £139,999	-	-	-
-	-	-	£140,000 to £144,999	1	-	1
88	1	89		158	2	160

In 2018/19 the Fire and Rescue Service has used overtime to support establishment numbers, whilst recruitment activity was underway. This has meant that the actual pay of staff at Watch Manager and Crew Manager was higher than normal, meaning they are captured within the bands. This arrangement is currently in place until the end of May 2019, and therefore 2018/19 represents an exceptional year in this respect.

Senior Employees Remuneration

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

Note	Post Title	2017/18				2018/19			
		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
A	Mayor of Greater Manchester (Andy Burnham)	99	-	-	99	110	-	-	110
B	Deputy Mayor for Police and Crime (Baroness Beverley Hughes)	62	-	-	62	77	-	-	77
C	Director - Mayor's Office	67	-	14	81	77	-	16	93
D	Chief Executive (Eamonn Boylan)	180	-	-	180	196	-	-	196
E	County Fire Officer (Peter O'Reilly)	133	2	26	161	-	-	-	-
F	Interim Chief Fire Officer (Dawn Docx)	29	-	6	35	64	-	14	78
G	Chief Fire Officer (James Wallace)	-	-	-	-	90	1	16	107
	Treasurer (Richard Paver)	159	-	-	159	161	1	-	162
H	Chief Investment Officer (William Enevoldson)	101	-	-	101	77	-	-	77
	Deputy Chief Executive	131	-	28	159	134	-	28	162
I	Solicitor and Monitoring Officer	5	-	1	6	107	-	23	130
J	Multi Agency Strategic Lead	35	-	7	42	-	-	-	-
K	Executive Director - Waste and Resources	-	-	-	-	102	-	22	124

A Post Start Date 8 May 2017

B Post Start Date 5 June 2017

C Post Start Date 8 May 2017

D The Authority received a contribution of £30,600 for the Chief Executive also performing the duties of Chief Executive at Transport for Greater Manchester during 2018/19. With effect from 26 November 2018 the annual salary was increased to £220,000 for this dual role.

E Post holder retirement date 5 February 2018. Post changed to Chief Fire Officer

F Interim Post Holder from 23 January 2018 until 31 August 2018

G Post Holder commenced 1 September 2018

Post in 2017/18 is 0.7 FTE, Annual salary for 1.0 FTE would be £151,500

H Post in 2018/19 is 0.5 FTE, Annual salary for 1.0 FTE would be £154,530

Post in 2017/18 is 0.8 FTE, Annual salary for 1.0 FTE would be £121,723

I Post in 2018/19 is 0.8 FTE, Annual salary for 1.0 FTE would be £134,357

Post in 2017/18 is 0.6 FTE, Annual salary for 1.0 FTE would be £90,000

J Post in 2018/19 not classified as a senior employee

K Post transferred from former Greater Manchester Waste Disposal Authority

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	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18 £000s	2018/19 £000s
£0 - £20,000	-	-	3	4	3	4	25	28
£20,001 - £40,000	-	-	1	1	1	1	25	24
£40,001 -£60,000	-	-	-	1	-	1	-	44
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	1	-	1	-	81	-
Total	-	-	5	6	5	6	131	96

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.

2017/18 £000s	Capital Financing Requirement	2018/19 £000s
1,180,251	Opening Capital Financing Requirement - General Fund	1,184,331
31,904	Opening CFR Mayoral General Fund	30,029
237,432	Opening CFR Mayoral Police Fund	234,241
-	Opening CFR transferred into General Fund from GMWDA	267,515
1,449,587	Opening CFR	1,716,116
	Capital Investment In Year	
226,251	Revenue Expenditure Funded from Capital Under Statute	241,887
37,270	Property, Plant and Equipment Assets	36,368
612	Intangible Assets	-
8,061	Long/Short Term Debtors for ED&R	10,136
	Sources of Finance	
(200,822)	Government Grants & Other Contributions	(150,924)
(2,389)	Short / Long Term Debtor financed from Capital Grants	(341)
(5,671)	Short / Long Term Debtor financed from Capital Receipts	(4,120)
(23,783)	Revenue Contributions	(28,558)
(911)	Useable Capital Receipts	(168)
(34,958)	Minimum Revenue Provision	(68,760)
(4,646)	Repayment of Inherited Debt	(6,221)
1,448,601	Closing Capital Financing Requirement	1,745,415
	Explanation of movements in year	
(986)	Increase / (decrease) in underlying need to borrow	29,299
(986)	Increase in Capital Financing Requirement	29,299

£000s	Increase/decrease in CFR	£000s
4,080	Authority Operations	29,205
(1,875)	Mayoral General Fund	(5,283)
(3,191)	Mayoral Police Fund	5,377
(986)	Total	29,299

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

2017/18 £000s	Capital Commitments	2018/19 £000s
609	Traffic Signals	1,244
4,122	Fire Programme related	2,999
4,466	Police Programme related	8,132
9,197	Total Capital Commitments	12,375

20 Property, Plant and Equipment Including Disposals

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.

Any revaluation of assets either upward or downward would be reflected in the Authority's asset base.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains after any reversals of previous losses have been credited to the Surplus or Deficit on the Provision of Services.

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

- Assets under construction – historical cost
- All property assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value)
- Surplus assets – fair value
- Infrastructure assets, vehicles, plant and equipment are measured at depreciated historical cost

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

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

Revaluations

The authority carries out a rolling programme that ensures that all property, plant and equipment required to be measured at current value are 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. Valuations of vehicles, plant, furniture and equipment, assets under construction and infrastructure are based on historic costs.

The Authority instructed its valuers to undertake a review of assets not revalued in the current financial year, to ensure that the carrying value based on a previous valuation, was not materially different from their current value.

The Authority used the following valuers in 2018/19:

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

- Urban Vision Limited carried out valuations of the Authority's remaining assets.

	Infrastructure Assets £'000	Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Carried at Historic Cost:	77,191	5,928	193,589	0	65,164	341,873
Valued at Current Value:						
2018/19	0	323,405	46,598	810	0	370,812
2017/18	0	60,281	0	0	0	60,281
2016/17	0	51,914	0	0	0	51,914
2015/16	0	74,127	0	1,301	0	75,428
2014/15	0	18,692	0	0	0	18,692
Valued at Fair Value:	0	0	0	0	0	0
	77,191	534,346	240,187	2,111	65,164	918,999

Greater Manchester Combined Authority Statement of Accounts 2018/19

	Infrastructure assets	Land and Buildings	Vehicles ,Plant, Furniture and Equipment	Long Term Surplus Assets	Assets under Construction	Total Property Plant and Equipment	PFI in PPE
Cost or Valuation							
Asset values brought forward at 1/4/18	73,895	340,427	181,101	1,526	59,017	655,966	78,295
Value of Waste assets transferred in at 1/4/18	-	170,366	40,674	-	-	211,040	-
Additions	3,726	897	15,935	-	15,808	36,366	564
Accumulated depreciation and impairment written off to cost or valuation	0	(8,506)	(303)	(11)	0	(8,820)	(2,055)
Revaluation increases/decreases recognised in the Revaluation Reserve	-	26,691	659	28	-	27,378	4,792
Revaluation increases/decreases recognised in the surplus or deficit on the provision of services	-	5,816	-	(169)	-	5,647	24
Derecognition - disposals	(437)	-	(6,218)	-	-	(6,655)	0
Derecognition - other	-	(1,850)	-	-	-	(1,850)	(564)
Assets reclassified to/from held for sale	-	-	-	(73)	-	(73)	-
Assets reclassified to/from assets under construction	7	-	9,654	-	(9,661)	-	-
Other movements in cost or valuation	-	(810)	-	810	-	-	-
Cost or Valuation at 31/3/19	77,191	533,031	241,502	2,111	65,164	918,999	81,056
Accumulated Depreciation & Impairment							
Accumulated depreciation values brought forward at 1/4/18	(54,355)	(21,302)	(138,739)	(10)	-	(214,406)	(9,304)
Waste accumulated depreciation values transferred in at 1/4/18	-	(38,806)	(17,443)	-	-	(56,249)	-
Accumulated depreciation and impairment written off to cost or valuation	-	8,506	303	11	-	8,820	2,055
Depreciation Charge	(5,237)	(13,966)	(13,721)	(14)	-	(32,938)	(2,033)
Depreciation written out on Revaluation Reserve	-	2,393	(150)	-	-	2,243	862
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	536	-	-	-	536	19
Derecognition - disposals	236	-	5,785	-	-	6,021	-
Derecognition - other	-	(50)	(8,670)	-	-	(8,720)	-
Assets reclassified to/from held for sale	-	-	-	-	-	0	-
GF Closing value - depreciation	(59,356)	(62,689)	(172,635)	(13)	-	(294,693)	(8,401)
Net Book Value at 31/3/18	19,540	319,125	42,362	1,516	59,017	441,560	68,991
Net Book Value at 31/3/19	17,835	470,342	68,867	2,098	65,164	624,306	72,655
Net Book Value at 31/3/19							
Assets deployed for GMCA activity	17,835	-	-	-	50	17,885	-
Assets deployed for Mayoral General activity	-	88,231	13,818	-	-	102,049	3,263
Assets deployed for Mayoral Police activity	-	245,411	35,823	2,098	61,857	345,189	69,392
Assets deployed for Waste activity	-	136,700	19,226	-	3,257	159,183	-
	17,835	470,342	68,867	2,098	65,164	624,306	72,655

Greater Manchester Combined Authority Statement of Accounts 2018/19

Property, Plant and Equipment	Infrastructure assets	Land and Buildings	Vehicles Plant, Furniture and Equipment	Long Term Surplus Assets	Assets under Construction	Total Property Plant and Equipment	PFI in PPE Restated
Cost or Valuation							
Asset values brought forward at 1/4/17	71,891	0	0	0	0	71,891	0
Asset values transferred in:							
At 8/5/17 - asset values transferred in from GMFRA	0	85,918	33,725	275	4,424	124,342	3,057
At 8/5/17 - asset values transferred in from PCC	0	243,539	141,131	1,526	38,267	424,463	75,238
Balance b/f	71,891	329,457	174,856	1,801	42,691	620,696	78,295
Additions	2,570	932	6,793	0	26,680	36,975	0
Accumulated depreciation and impairment written off to cost or valuation	0	(1,503)	(743)	0	0	(2,246)	0
Revaluation increases/decreases recognised in the Revaluation Reserve	0	3,378	1,038	195	0	4,611	0
Revaluation increases/decreases recognised in the surplus or deficit on the provision of services	0	3,244	0	13	0	3,257	0
Derecognition - disposals	(566)	0	(5,985)	0	0	(6,551)	0
Derecognition - other	0	(43)	0	0	0	(43)	0
Assets reclassified to/from held for sale	0	(250)	0	(483)	0	(733)	0
Assets reclassified to/from assets under construction	0	0	5,142	0	(5,142)	0	0
Other movements in cost or valuation	0	5,212	0	0	(5,212)	0	0
Cost or Valuation at 31/3/18	73,895	340,427	181,101	1,526	59,017	655,966	78,295
Accumulated Depreciation & Impairment							
Depreciation asset values brought forward at 1/4/17	(48,405)	0	0	0	0	(48,405)	0
Accumulated depreciation values transferred in:							
At 8/5/17 - depreciation values transferred in from GMFRA	0	(8,921)	(22,140)	(181)	0	(31,242)	(775)
At 8/5/17 - depreciation values transferred in from PCC	0	(7,485)	(111,051)	(7)	0	(118,543)	(6,552)
Balance b/f	(48,405)	(16,406)	(133,191)	(188)	0	(198,190)	(7,327)
Depreciation Charge	(6,302)	(8,962)	(11,533)	(3)	0	(26,800)	(1,977)
Depreciation written out on Revaluation Reserve	0	1,924	0	48	0	1,972	0
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	596	0	0	0	596	0
Derecognition - disposals	352	0	5,242	0	0	5,594	0
Derecognition - other	0	1,546	743	0	0	2,289	0
Assets reclassified to/from held for sale	0	0	0	133	0	133	0
GF Closing value - depreciation	(54,355)	(21,302)	(138,739)	(10)	0	(214,406)	(9,304)
Net Book Value summary:							
At 1/4/17	23,486	0	0	0	0	23,486	0
At 8/5/17	0	313,051	41,665	1,613	42,691	399,020	70,968
At 31/3/18	19,540	319,125	42,362	1,516	59,017	441,560	68,991
Net Book Value at 31/3/18							
Assets deployed for GMCA activity	19,540	0	0	0	0	19,540	0
Assets deployed for Mayoral General activity	0	83,567	11,464	0	320	95,351	3,263
Assets deployed for Mayoral Police activity	0	235,558	30,898	1,516	58,697	326,669	69,392
At 31/3/18	19,540	319,125	42,362	1,516	59,017	441,560	72,655

21 Short and Long Term Debtors

Short Term Debtors

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

2017/18 £000s	Short Term Debtors	2018/19 £000s
63,073	Central Government Bodies	60,110
127,048	Other Local Authorities and Police and Crime Commissioners	95,690
1,386	NHS Bodies	1,364
1,940	Public Corporations	3,859
7,250	Payments in Advance	9,012
27,803	Other entities and individuals	20,743
(27,581)	Bad Debt Provision	(34,503)
200,919	Total Short Term Debtors	156,275

Long Term Debtors

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

2017/18 £000s	Long Term Debtors	2018/19 £000s
	Other entities and individuals	
30,188	Gross Book Value	46,939
(6,969)	Bad Debt Provision	(5,207)
23,219	Total Long Term Debtors	41,732

22 Cash and Cash Equivalents

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

Cash is represented by cash in hand, petty cash balances and operating bank accounts.

Cash equivalents are investments that are instantly repayable on demand and that are readily convertible to known amounts of cash with insignificant risk of a change in value. These are balances held in interest bearing call accounts and money market funds with institutions meeting our required credit ratings.

2017/18 £000s	Cash and Cash Equivalents	2018/19 £000s
(340)	Bank current accounts	(1,879)
12,948	Bank call accounts	15,009
567	Cash held by the Authority	568
343,551	Short term deposits with central government and other institutions	166,490
356,726	Total Cash and Cash Equivalents	180,188

23 Short and Long Term Creditors

Short Term Creditors

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

2017/18 £000s	Creditors	2018/19 £000s
(23,494)	Central Government Bodies	(25,012)
(73,780)	Other Local Authorities and Police and Crime Commissioners	(92,057)
(447)	NHS Bodies	(1,049)
(32,693)	Public Corporations	(46,115)
(41,684)	Other entities and individuals	(79,100)
(8,240)	Prepaid Income / Receipt in Advance	(7,013)
(5,375)	Siezed Cash	(6,533)
(185,713)	Total Creditors	(256,881)

As at 31 March 2019, the Authority had no long term creditors.

24 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	Insurance £000s	NNDR Appeals £000s	Police Pension Lump Sums £000s	Landcare £000s	Other £000s	Total £000s
Balances b/f						
Continuing Operations						
GMCA	0	0	0	0	2,366	2,366
Mayoral General Fund	977	1,909	0	0	73	2,959
Mayoral Police Fund	13,656	0	224	0	19	13,900
Transferred Services						
Provisions transferred in to GMCA from GMWDA	0	0	0	2,265	0	2,265
Provisions b/f - all operations	14,633	1,909	224	2,265	2,458	21,490
Use of Provision						
GMCA	0	0	0	(523)	(63)	(586)
Mayoral General Fund	(776)	0	0	0	(73)	(849)
Mayoral Police Fund	(7,804)	0	0	0	(12)	(7,816)
Unused amounts moved to an earmarked reserve						
GMCA	0	0	0	0	0	0
Mayoral General Fund	0	0	0	0	0	0
Mayoral Police Fund	0	0	0	0	0	0
Top Up of Provision						
GMCA	0	0	0	0	4,240	4,240
Mayoral General Fund	808	59	0	0	1,341	2,208
Mayoral Police Fund	3,590	0	0	0	0	3,590
Balance c/f						
GMCA	0	0	0	1,743	6,543	8,286
Mayoral General Fund	1,008	1,968	0	0	1,341	4,318
Mayoral Police Fund	9,442	0	224	0	7	9,674
Total Provisions c/f	10,450	1,968	224	1,743	7,891	22,277
Short Term	1,148	1,968	224	498	4,741	8,579
Long Term	9,302	0	0	1,245	3,150	13,698
Total Provisions c/f	10,450	1,968	224	1,743	7,891	22,277

25 Short and Long Term Leases including PFI

Fire Station

2018/19 was the twentieth 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 £4.020m (average payment per year is £0.716m). However, the net

cost to the Authority after income from specific government grant is estimated at £1.420m (average payment per year is £0.264m).

Police Stations

2018/19 was the sixteenth year of a Private Finance Initiative (PFI) contract (ending in 2028) for the construction and maintenance of seventeen Police stations across the Greater Manchester area. The contractor will operate and service the stations for twenty-five years after which ownership will revert to the Authority, to be held on behalf of the Mayor, for nil consideration.

Over the remaining term of the contract, the Authority is committed to making gross payments of £206.852m (average payment per year is £18.805m). However, the net cost to the Authority after income from specific government grant is estimated at £148.387m (average payment per year is £13.490m).

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 Note 28 Financial Instruments calculated with reference to new PWLB loan rates. The current value of the liability held under each PFI arrangement is as follows:

2018/19

	PFI Arrangement Fire £000	PFI Arrangement Police £000
Balance outstanding at start of year	1,774	50,057
Payments during the year	(194)	(1,306)
Balance outstanding at year-end	1,580	48,751

2017/18

	PFI Arrangement Fire £000	PFI Arrangement Police £000
Balance outstanding at start of year	1,933	52,238
Payments during the year	(159)	(2,181)
Balance outstanding at year-end	1,774	50,057

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
Payable within one year	216	2,457
Payable within two to five years	1,150	13,510
Payable within six to ten years	214	26,199
Payable within eleven to fifteen years	0	6,585
Total	1,580	48,751

Interest

	PFI Arrangement Fire £000	PFI Arrangement Police £000
Payable within one year	165	8,809
Payable within two to five years	376	35,330
Payable within six to ten years	8	41,800
Payable within eleven to fifteen years	0	7,245
Total	549	93,184

Payment for Services

	PFI Arrangement Fire £000	PFI Arrangement Police £000
Payable within one year	322	5,304
Payable within two to five years	1,353	21,688
Payable within six to ten years	216	30,544
Payable within eleven to fifteen years	0	7,381
Total	1,891	64,917

26 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 district councils, 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. During 2018/19 the GMWDA share of this debt was transferred into the Authority.

2017/18 £000s	Deferred Liabilities	2018/19 £000s
	Former Greater Manchester Council Debt	
(25,521)	Balance brought forward - continuing operations	(20,877)
0	Balance transferred in year from GMWDA	(6,023)
(25,521)	Balance b/f all operations	(26,900)
4,644	Repayment in the year	6,221
(20,877)	Balance carried forward	(20,679)
(4,824)	Due within 1 year	6,521
(16,053)	Due over 1 year	14,159

27 Unusable Reserves

2017/18 £000s	Unusable Reserves	2018/19 £000s
1,010,508	Capital Adjustment Account	1,618,708
245	Financial Instruments Adjustment Account	205
1,726,309	Pensions Reserve	1,800,441
(65,192)	Revaluation Reserve	(150,745)
0	Financial Instruments Revaluation Reserve	(603)
(7,418)	Collection Fund Adjustment Account	(7,428)
149	Accumulated Absences Reserve	0
(438)	Deferred Capital Receipts Reserve	(470)
2,664,163	Total Unusable Reserves	3,260,108

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, District Councils 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 capital costs of acquisition, construction and enhancement of assets.

2017/18 £000		2018/19 £000
1,092,427	Balance 1 April	1,010,509
(40,324)	Balance transferred in from GMFRA	-
(28,752)	Balance transferred in from OPCC	-
-	Balance transferred in from GMWDA	569,843
1,023,351	Revised Opening Balance	1,580,352
26,800	Charges for depreciation and impairment of non-current assets	40,162
(3,098)	Revaluation losses on non-current assets	(5,672)
191	Amortisation of intangible assets	-
226,251	Revenue expenditure funded from capital under statute	241,887
(4,585)	Capital bad debt provision movement	2,464
10,445	Revaluation and impairment of capital financial assets	2,611
89	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	2,586
256,093	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	284,038
(2,911)	Adjusting Amounts written out of the Revaluation Reserve	(1,704)
253,182	Net written out amount of the cost of non-current assets consumed in the year	282,334
(6,582)	Use of Capital Receipts Reserve to finance new capital expenditure	(4,288)
(203,212)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(154,626)
(39,604)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(76,287)
(23,785)	Capital expenditure charged against the General Fund and HRA balances	(28,558)
(273,183)	Capital financing applied in year:	(263,759)
7,158	Capital Receipts debited to the Capital Adjustment Account on Repayment of loans	19,781
-	Other movements	-
1,010,508	Balance 31 March	1,618,708

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.

2017/18 £000s	Financial Instruments Adjustment Account	2018/19 £000s
(128)	Balance b/f for continuing operations Balance transferred in from GMWDA	245 0
(128)	Balance b/f for all operations	245
(675)	Interest incurred in the year and charged to the Comprehensive Income and Expenditure Statement	(675)
792	Proportion of interest incurred to be charged against the General Fund Balance in accordance with statutory requirements	635
117	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	(40)
245	Balance carried forward	205

The Pension Reserve relates to the net pension asset as at 31 March 2019 in accordance with the actuary's report.

2017/18 £000s	Pension Reserve	2018/19 £000s
1,710,153	Balance b/f for continuing operations Balance transferred in from GMWDA	1,726,309 6,785
1,710,153	Balance b/f for all operations	1,733,094
(13,157)	Remeasurements of the net defined benefit liability / (asset)	48,305
(50,303)	Employer's pension contributions and direct payments to pensioners payable in the	(57,881)
6,950	Balances transferred in with staff TUPE'd over to GMCA	-
72,666	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	76,923
-		-
1,726,309	Balance carried forward	1,800,441

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.

2017/18 £000s	Revaluation Reserve	2018/19 £000s
(61,121)	Balance b/f for continuing operations	(65,192)
	Balance transferred in from GMWDA	(59,762)
(61,121)	Balance b/f for all operations	(124,953)
(6,591)	Upward revaluation of assets	(31,047)
29	Impairment losses not charged to the Surplus/Deficit on the Provision of Services	1,670
(6,562)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	(29,377)
2,660	Difference between fair value depreciation and historical cost depreciation	2,980
251	Accumulated gains on assets sold or scrapped	186
2,911	Amount written off to the Capital Adjustment Account	3,165
(420)	Upward revaluation of investments charged to the Surplus/Deficit on the Provision of Services	0
0	Transfer of accumulated gains on revaluation of investments to the Financial Instruments Revaluation Reserve on implementation of IFRS9	420
(65,192)	Balance carried forward	(150,745)

In prior years, the accumulated gains on the revaluation of investments not realised through sales, were held in the Revaluation Reserve. On transition to IFRS9 on 1 April 2018, this treatment is no longer applicable and the balance of accumulated gains has been transferred to the Financial Instruments Revaluation Reserve based on the classification of the related investment.

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.

2017/18 £000s	Financial Instruments Revaluation Reserve	2018/19 £000s
0	Balance at 1 April	(420)
0	Upward revaluation of investments	(183)
0	Downward revaluation of investments	0
0	Balance carried forward	(603)

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.

2017/18 £000s	Collection Fund Adjustment Account	2018/19 £000s
(7,333)	Balance brought forward	(7,418)
(85)	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	(10)
(7,418)	Balance carried forward	(7,428)

The Accumulated Absence Reserve absorbs the differences that would otherwise arise from accruing for compensated absences earned but not taken in the year.

2017/18 £000s	Accumulated Absence Account	2018/19 £000s
101	Balance brought forward	149
(101)	Settlement or cancellation of accrual made at the end of the preceding year	(149)
149	Amounts accrued at the end of the current year	0
48	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	(149)
149	Balance carried forward	0

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.

2017/18 £000s	Deferred Capital Receipts Reserve	2018/19 £000s
(565)	Balance brought forward	(438)
127	Transfer to the Capital Receipts Reserve upon receipt of cash	(32)
(438)	Balance carried forward	(470)

28 Financial Instruments

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

	Non-Current Financial Assets				
	Investments		Debtors		Total
	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-19
	£000	£000	£000	£000	£000
Pre IFRS 9 Categories					
Loans and receivables	-	-	23,219	-	-
Unquoted equity investment at cost	745	-	-	-	-
IFRS 9 Categories					
Amortised cost	-	-	-	41,745	41,745
Fair value through other comprehensive income - designated equity instruments	-	1,054	-	-	1,054
Total financial assets	745	1,054	23,219	41,745	42,798
Non-financial assets	-	-	-	-	-
Total	745	1,054	23,219	41,745	42,798

	Current Financial Assets						
	Investments		Debtors		Cash		Total
	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-19
	£000	£000	£000	£000	£000	£000	£000
Pre IFRS 9 Categories							
Loans and receivables	343,551	-	157,178	-	13,175	-	-
IFRS 9 Categories							
Amortised cost	-	166,490	-	176,128	-	15,577	358,195
Total financial assets	343,551	166,490	157,178	176,128	13,175	15,577	358,195
Non-financial assets	-	-	-	-	-	-	-
Total	343,551	166,490	157,178	176,128	13,175	15,577	358,195

	Non-Current Financial Liabilities						
	Borrowings		Creditors		Other long-term liabilities		Total
	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-19
	£000	£000	£000	£000	£000	£000	£000
Amortised cost	(1,148,517)	(1,388,297)	-	-	-	-	(1,388,297)
Other	-	-	-	-	(50,331)	(47,658)	(47,658)
Total financial liabilities	(1,148,517)	(1,388,297)	-	-	(50,331)	(47,658)	(1,435,955)
Non-financial liabilities	-	-	-	-	-	-	-
Total	(1,148,517)	(1,388,297)	-	-	(50,331)	(47,658)	(1,435,955)

	Current Financial Liabilities				
	Borrowings		Creditors		Total
	31-Mar-18 £000	31-Mar-19 £000	31-Mar-18 £000	31-Mar-19 £000	31-Mar-19 £000
Amortised cost	(24,380)	(180,036)	(126,020)	(241,822)	(421,859)
Other	-	-	(1,499)	(2,673)	(2,673)
Total financial liabilities	(24,380)	(180,036)	(127,519)	(244,496)	(424,532)
Non-financial liabilities	-	-	-	-	-
Total	(24,380)	(180,036)	(127,519)	(244,496)	(424,532)

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

Income, Expense, Gains and Losses

	31-Mar-18		31-Mar-19	
	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
Net gains/losses on:				
financial assets measured at amortised cost	(4,585)	-	2,197	-
Total net gains/losses	(4,585)	-	2,196.97	-
Interest revenue:				
financial assets measured at amortised cost	-	(4,135)	-	(2,643)
Total interest revenue	-	(4,135)	-	(2,643)
Interest expense	-	53,954.00	-	63,160.28

Financial liabilities and financial assets are carried in the balance sheet at amortised cost, the carrying value is 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:

- 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 £808.227 million.
- 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 £1,146.483 million.
- No early repayment or impairment is recognised.
- The fair value of trade and other receivables, cash and creditors is taken to be carrying amount due to the short term nature of the instruments.

- The fair value of long term debtors have been evaluated at their carrying value.
- The fair value of equity investment assets have been evaluated at their carrying value.
- The fair value of the PFI contracts have been evaluated using new loan rates.
- The valuation techniques used for PWLB and non PWLB debt are at level 2 – significant 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 (formally Capita). 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.

Set out below is a comparison by class of the carrying amounts and fair value of the Authority's financial assets and financial liabilities:

2017/18			2018/19	
Carrying Amount £000s	Fair Value £000s		Carrying Amount £000s	Fair Value £000s
		Financial Assets		
13,175	13,175	Cash	13,698	13,698
523,948	523,966	Loans and Receivables	384,322	384,362
745	745	Equity investments	1,054	1,054
537,868	537,886	Total Financial Assets	399,074	399,114
		Financial Liabilities		
(459,211)	(716,738)	PWLB Debt using premature repayment rates	(617,268)	(905,575)
(870,535)	(1,215,644)	Non- PWLB debt	(945,518)	(1,315,596)
(51,830)	(86,208)	PFI Liability	(50,331)	(85,523)
(225,468)	(225,468)	Creditors and Grants Received in Advance	(241,822)	(241,822)
(1,607,044)	(2,369,462)	Total Financial Liabilities	(1,854,939)	(2,548,517)

Loans and Borrowings are set out by type of loan and by maturity in the table below:

Borrowings	Range of interest rates payable in 18/19		Average Interest	Average Interest	Total Outstanding	Total Outstanding
	from %	to %	2017/18 %	2018/19 %	2017/18 £000s	2018/19 £000s
a) Analysis of loans by type:						
Public Works Loans Board	1.44%	9.75%	5.05%	4.45%	(454,282)	(611,970)
Other Loans	0.65%	4.58%	3.20%	3.65%	(842,857)	(933,781)
TfGM - Interbank					(16,138)	(5,792)
Accrued Interest Payable:						
PWLB					(4,929)	(5,298)
Others					(11,540)	(11,492)
Total as at 31 March					(1,329,746)	(1,568,333)
b) Analysis of loans by maturity						
Maturing:						
Due within 1 year: accrued interest payable						
PWLB					(4,929)	(5,488)
Others					(11,540)	(11,498)
Due within 1 year: principal						
PWLB					(10,000)	(28,176)
Others					(142,483)	(63,985)
Due within 1 year: TfGM - Interbank						
Due within 1 year					(16,138)	(5,792)
					(185,090)	(114,939)
In 1 to 2 years						
					(23,283)	(32,026)
In 2 to 5 years						
					(50,077)	(102,258)
In 5 to 10 years						
					(175,180)	(419,830)
In over 10 years						
					(896,116)	(899,279)
Due over 1 year						
					(1,144,656)	(1,453,394)
Total as at 31 March					(1,329,746)	(1,568,333)

29 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 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, set out in the Local Government Act 2003 and the associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
 - The Authority's overall borrowing;
 - Its maximum exposures to fixed and variable rates;
 - Its maximum exposures in the maturity structure of its fixed rate debts;
 - Its maximum 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 annually 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 Authority's financial instrument exposure. Actual performance is also reported at least annually to the Members.

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	£25 million
Fitch AA+/AA-	£15 million
Fitch A+/A	£15 million
Fitch A-	£10 million
Fitch BBB+	£10 million

Debt Management Office	£200 million
Manchester City Council	£50 million
Other Local Authorities	£20 million

In order to reduce the risk of over exposure by joint lending activities with the same counterparty, it has been agreed with TfGM that they will not invest with any of the counterparties used by the Authority. Accordingly TfGM will only invest their surplus funds with the Debt Management Office.

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 2019 were with the HM Treasury Debt Management Office, other local authorities or UK banks and building societies.

No breaches of the Authority's counterparty criteria occurred during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

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 Authority's debtors relate primarily to claims on Central and Local Government departments. Excluding HMRC and RGF/GPF Loans, £1.376 million of the balance of debtors of £175.8 million is past its due date for payment, therefore the estimated exposure to default is £0.2 million for trade debtors. RGF/GPF loans have had individual risk profiles assessed, resulting in a loss allowance of debt of £15.168 million being included within the accounts, as per the table below;

	12 month expected credit loss	Lifetime expected credit losses – credit impaired	Purchased or originated credit impaired financial assets	Total
	£000	£000	£000	£000
Opening Balance as at 1 April 2018	118.81	17,005.59	-	17,124.40
New financial assets originated or purchased	94.57		8.14	102.71
Amounts written off	-	(786.59)	-	(786.59)
Financial assets that have been derecognised	-	(688.42)	-	(688.42)
Changes due to modifications that did not result in de-recognition	-	(362.70)	-	(362.70)
Changes in models/risk parameters	-	-	-	-
Other changes	-	-	-	-
As at 31 March 2019	213.38	15,167.89	8.14	15,389.40

The Authority's trade creditors relate primarily to capital and revenue grants payable to Transport for Greater Manchester, and other Greater Manchester Transport Fund schemes.

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 A
- Short Term – Fitch F1
- Support – Fitch 3

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 Capita 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 Capita 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 £50 million 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.

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.

Liquidity Risk	31-Mar-18	31-Mar-19
	£000	£000
Less than one year	412,057	425,503
Between one and two years	23,283	145,175
Between two and five years	63,732	133,489
More Than 5 Years	198,992	265,791
More Than 10 years	908,980	908,813
	<u>£1,607,044</u>	<u>£1,878,771</u>

Market Risk

Interest Rate 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 0.5%. 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 - 0.5% movement	31-Mar-19
	£000
Increase in interest payable on variable rate borrowings	1,317
Increase in interest receivable on variable rate investments	(317)
Increase in LOBO risk (loans potentially subject to call £50,000,000)	250
Impact on Surplus or Deficit on the Provision of Services	1,251

30 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 District Councils) and chief officers of the Authority have an influence or interest include;

- Central Government
- Greater Manchester Authorities
- Transport for Greater Manchester

Central Government

2017/18 £000s	<u>Central Government</u>	2018/19 £000s
(862,320)	Income	(755,181)
53,885	Debtors	22,487

Greater Manchester Authorities

2017/18	<u>Greater Manchester Authorities</u>	2018/19	Manchester City Council	Bolton Council	Bury Council	Oldham Council	Rochdale Council	Salford City Council	Stockport Council	Tameside Council	Trafford Council	Wigan Council
£000s		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
(345,878)	Income	(562,801)	(102,550)	(60,382)	(40,427)	(48,170)	(44,555)	(54,619)	(64,746)	(39,887)	(52,288)	(55,176)
136,009	Expenditure	90,767	14,471	2,744	1,471	4,239	790	6,671	43,280	3,513	12,171	1,418
104,061	Debtors	70,511	21,395	2,880	5,057	3,835	4,503	8,662	4,343	6,874	7,082	5,881
(72,110)	Creditors	(97,725)	(25,647)	(6,682)	(3,035)	(6,964)	(6,648)	(9,969)	(13,135)	(5,592)	(6,509)	(13,544)
57,620	Short Term Borrowings	20,506	0	0	5,001	2,500	10,002	0	0	2	3,000	0

Transport for Greater Manchester

The decisions of the Authority are implemented by TfGM. The net expenditure of TfGM after taking into account all sources of income and expenditure is financed by way of a revenue grant from the Authority. The corporate objectives of TfGM are derived from the Authority's policy priorities, stakeholder consultation and its principal statutory obligations.

TfGM also manage the maintenance, repair and schemes of the Authority traffic signals asset base on behalf of the Authority. These transactions appear as related party expenditure and income, along with the end of year balances, which are reported as follows:

The yearly transactions, and year end balances were as follows:

2017/18	<u>Transport for Greater Manchester</u>	2018/19
£000s		£000s
272,395	Expenditure	277,996
(231)	Income	(347)
2,912	Debtors	1,925
(36,223)	Creditors	(52,719)
16,138	Borrowings	5,792

Members and Chief Officers

Members of the Authority (the Mayor and leaders of the GM District Councils) 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 note 18.

Details of member's interest, both pecuniary and non-financial are recorded in the register of member's interest (available for public inspection).

During the year there were no reported material transactions with related parties advised by members or officers.

Chief Constable for Greater Manchester

Under the legislative framework and local arrangements, the Authority under sole instruction from the Mayor, is responsible for the finances of the Mayoral Police Fund including assets, liabilities and reserves. The Authority has responsibility for entering into contracts and establishing the contractual framework under which the Chief Constables 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.

31a Cash Flow Statement - Adjustments to Net Cash Flows from Operating Activities

2017/18 £000s		2018/19 £000s
(118)	Finance Costs calculated in accordance with the code	(40)
(10,025)	Impairment of equity investments and loans	(2,611)
36,654	Increase / (Decrease) in Debtors	(9,394)
(23,796)	Decrease / (Increase) in Creditors	(68,803)
11,678	Decrease / (Increase) in Provisions	(3,053)
3,098	Revaluation adjustment	15,003
47	Increase / (Decrease) in Stock	324
4,585	(Increase) / Decrease in impairment of debt	(2,197)
(89)	Loss on sale of non current assets	(426)
(26,991)	Annual depreciation charge including amortisation	(32,398)
(29,313)	Pensions Liability	(19,042)
(1,103)	(Increase) / Decrease in Interest Debtors	1,225
9,532	Increase / (Decrease) in Interest Creditors	313
3,753	Other non-cash movements	1,639
(22,088)	Adjustments to net surplus / deficit on the provision of services for non cash movements	(119,460)
45,626	Finance Costs Paid	62,847
(55,158)	Financing Expenditure	(63,160)
6,782	Financing Income	2,643
(5,679)	Interest Income Received	(3,868)
1,978	Capital grants and contributions receivable	1,978
(6,451)	Adjust for items included in the net deficit on the provision of services that are investing and financing activities	440

31b Cash Flow Statement - Investing Activities

2017/18 £000s	Investing Activities	2018/19 £000s
33,872	Purchase of Property, Plant and Equipment	36,366
8,060	Long and Short Term Loans paid out	4,460
(8,518)	Long Term Loans repaid / impaired	(19,781)
(911)	Proceeds from the sale of property plant and equipment	(1,111)
(1,403)	Capital grants and contributions received	(2,369)
31,100	Net Cash Inflow / (Outflow) from Investing Activities	17,565

31c Cash Flow Statement - Financing Activities

2017/18 £000s	Financing Activities	2018/19 £000s
4,645	Repayment of former GMC Debt	6,221
2,339	Reduction of the outstanding liability relating to a finance lease and on-balance sheet PFI contracts	1,686
85	Capital Grants Receipts in Advance relating to Agency Activities	0
(257,297)	Net Movement on Borrowing	268,424
(250,227)	Net Cash Inflow / (Outflow) from Financing Activities	276,331

31d Cash Flow Statement – Reconciliation of Liabilities Arising from Financing Activities

Financing Activities	2018/19 1st April	Financing cash flows	Non-cash changes		2018/19 31st March
	£'000		£'000	Acquisition £'000	Other non-cash changes £'000
Long term borrowing	(1,148,517)	(239,787)			(1,388,304)
Short term borrowing	(181,227)	17,981		(16,790)	(180,036)
On balance sheet PFI liabilities	(51,831)	1,500			(50,331)
Lease liabilities	(20,877)	6,221			(14,656)
Total liabilities from financing activities	(1,402,452)	(214,085)	0	(16,790)	(1,633,327)

32 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 Fire Service 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.

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:

	2018/19	2019/20
Firefighters pension scheme		
1992 scheme	21.70%	21.70%
2006 scheme	11.90%	11.90%
2015 scheme	14.30%	14.30%
Modified scheme	21.70%	21.70%
Local Government Pension Scheme	21.20%	21.20%

The Local Government Pension Scheme

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

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

Liabilities are discounted to their value at current prices, (based on the indicative rate of return on high quality corporate bonds).

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

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value.

The change in the net pension's liability is analysed into seven components:

1. **Current service cost** – the increase in liabilities as a result of years of service earned this year. This is allocated in the Comprehensive Income and

Expenditure Statement to the revenue accounts of services for which the employees worked.

2. **Past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
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. **Expected return on 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.

Comprehensive Income and Expenditure Statement

2017/18 LGPS £000s	2017/18 FIRE £000s	2017/18 TOTAL £000s		2018/19 LGPS £000s	2018/19 FIRE £000s	2018/19 TOTAL £000s
5,843	23,480	29,323	Cost of Services:			
26	1,200	1,226	Current service cost	7,275	25,360	32,635
			Past service cost (including curtailments)	110	0	110
5,869	24,680	30,549	Total Service Cost	7,385	25,360	32,745
			Financing and Investment Income & Expenditure:			
(2,647)	0	(2,647)	Interest income on plan assets	(4,308)	0	(4,308)
3,644	41,120	44,764	Interest cost on defined benefit obligation	5,576	42,640	48,216
997	41,120	42,117	Total Net Interest	1,268	42,640	43,908
6,866	65,800	72,666	Total Post Employment Benefit Charged to the (Surplus)/Deficit on the Provision of Services	8,653	68,000	76,653
			Remeasurements of the Net Defined Liability Comprising:			
(1,337)	0	(1,337)	Return on assets excluding amounts included in net interest	(8,022)	0	(8,022)
0	(44,440)	(44,440)	Actuarial gains/losses arising from changes in demographic assumptions	0	0	0
(4,610)	43,630	39,020	Actuarial gains/losses arising from changes in financial assumptions	10,567	46,940	57,507
0	(6,400)	(6,400)	Other	0	(1,180)	(1,180)
(5,947)	(7,210)	(13,157)	Total Remeasurements Recognised in Other in the CIES	2,545	45,760	48,305
919	58,590	59,509	Total Post Employment Benefit Charged to the CIES	11,198	113,760	124,958

Movement in Reserves Statement

2017/18 LGPS £000s	2017/18 FIRE £000s	2017/18 TOTAL £000s		2018/19 LGPS £000s	2018/19 FIRE £000s	2018/19 TOTAL £000s
(6,866)	(65,800)	(72,666)	Reversal of net charges made to the (surplus)/deficit on the provision of service	(8,653)	(68,000)	(76,653)
3,325	0	3,325	Employers' contributions payable to the scheme	4,261	0	4,261
0	46,978	46,978	Retirement benefits payable to pensioners	0	53,620	53,620
(3,541)	(18,822)	(22,363)	Actual amount charged against the General Fund Balance for Pensions in the year	(4,392)	(14,380)	(18,772)

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:

2017/18 LGPS £000s	2017/18 FIRE £000s	2017/18 TOTAL £000s		2018/19 LGPS £000s	2018/19 FIRE £000s	2018/19 TOTAL £000s
(162,780)	(1,685,820)	(1,848,600)	Present value of the defined benefit obligation	(232,330)	(1,746,230)	(1,978,560)
122,291	0	122,291	Fair value of employer assets	178,119	0	178,119
(40,489)	(1,685,820)	(1,726,309)	Net liability arising from the Defined Benefit Obligation	(54,211)	(1,746,230)	(1,800,441)

Reconciliation of the present value of the scheme liabilities (Defined Benefit Obligations)

2017/18 LGPS £000s	2017/18 FIRE £000s	2017/18 TOTAL £000s		2018/19 LGPS £000s	2018/19 FIRE £000s	2018/19 TOTAL £000s
404		404	Opening fair value of continuing scheme liabilities	(162,780)	(1,685,820)	(1,848,600)
159,696	1,674,208	1,833,904	Opening fair value of liabilities transferred in	(50,577)		(50,577)
5,843	23,480	29,323	Current Service Cost	(7,275)	(25,360)	(32,635)
3,644	41,120	44,764	Interest Cost	(5,576)	(42,640)	(48,216)
1,068	0	1,068	Contributions from scheme participants	(1,375)	0	(1,375)
			Remeasurement gain			
0	(44,440)	(44,440)	Actuarial gains/losses arising from change in demographic assumptions	0	0	0
(4,610)	43,630	39,020	Actuarial gains/losses arising from change in financial assumptions	(10,567)	(46,940)	(57,507)
0	(6,400)	(6,400)	Other		1,180	1,180
26	1,200	1,226	Past Service Costs	(110)	0	(110)
(3,291)	(46,978)	(50,269)	Benefits Paid	5,930	53,350	59,280
162,780	1,685,820	1,848,600	Closing fair value of scheme liabilities	(232,330)	(1,746,230)	(1,978,560)

Reconciliation of movements in the fair value of the scheme assets

2018/19 LGPS £000s		2018/19 LGPS £000s
252	Opening fair value of continuing scheme assets	122,291
116,953	Opening fair value of assets transferred in	43,792
2,647	Interest Income	4,308
	Remeasurement gain	
1,337	Return on assets excluding amounts included in net interest	8,022
3,325	Contributions from employer	4,261
1,068	Contributions from employees into the scheme	1,375
(3,291)	Benefits Paid	(5,930)
122,291	Closing fair value of scheme assets	178,119

Local Government Pension Scheme assets comprised:

2017/18				Asset Composition	2018/19			
Quoted prices in active markets £000s	Prices not quoted in active markets £000s	Total £000s	Percentage of Total Assets %		Quoted prices in active markets £000s	Prices not quoted in active markets £000s	Total £000s	Percentage of Total Assets %
6,978		6,978	6%	Equity Securities				
8,371		8,371	7%	Consumer	9,838		9,838	6%
6,629		6,629	5%	Manufacturing	10,293		10,293	6%
10,072		10,072	8%	Energy and utilities	10,010		10,010	6%
3,126		3,126	3%	Financial Institutions	14,096		14,096	8%
1,960		1,960	2%	Health and care	5,260		5,260	3%
1,196		1,196	1%	Information Technology	3,180		3,180	2%
				Other	1,952		1,952	1%
				Debt Securities				
4,533		4,533	4%	Corporate bonds (investment grade)	6,662		6,662	4%
1,060		1,060	1%	UK Government	1,173		1,173	1%
3,403		3,403	3%	Other	4,518		4,518	3%
	4,092	4,092	3%	Private Equity		8,342	8,342	5%
	4,187	4,187	3%	All				
				Real Estate		8,460	8,460	5%
				UK Property				
				Investment Funds and Unit Trusts				
33,091		33,091	27%	Equities	40,265		40,265	23%
15,856		15,856	13%	Bonds	22,156		22,156	12%
	3,166	3,166	3%	Infrastructure		8,539	8,539	5%
3,220	6,877	10,098	8%	Other	3,471	15,364	18,835	11%
				Derivatives				
			0%	Other	90		90	0%
				Cash and Cash Equivalents				
4,473		4,473	4%	All	4,449		4,449	2%
103,968	18,323	122,291	100%	Totals	137,414	40,705	178,119	100%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit 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 has been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the administering authority being based on the latest full valuation of the scheme. The Firefighters Pension Scheme has been assessed by the Government Actuary Department (GAD).

The significant assumptions used by the actuary have been:

	2018/19 LGPS	2018/19 Fire
Longevity at 65 for current pensioners		
Male	21.5 years	22.0 years
Female	24.1 years	22.0 years
Longevity at 65 for future pensioners		
Male	23.7 years	23.9 years
Female	26.2 years	23.9 years
Rate of inflation (price increases):		
Rate of increase in salaries	3.3%	4.35%
Rate of increase in pensions	2.5%	2.35%
Rate of discounting scheme liabilities	2.4%	2.45%
Take up on option to convert annual pension into retirement grant – Pre April 2008	55.0%	
Take up on option to convert annual pension into retirement grant – Post April 2008	80.0%	

*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 HRMC limits for pre-April 2008 service and 80% of the maximum tax-free cash for post-April 2008 service.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Sensitivity Analysis

Local Government Pension scheme	Approximate % increase to employer liability	Approximate monetary amount
Change in assumptions at 31 March 2019		£000
0.5% decrease in real discount rate	8%	18,827
0.5% increase in salary increase rate	0%	713
0.5% increase in pension increase rate	8%	17,945

Firefighters Pension scheme	Approximate % increase to employer liability	Approximate monetary amount
Change in assumptions at 31 March 2019		£000
0.5% decrease in real discount rate	(9.5%)	(169,000)
1 year increase in member life expectancy	2.5%	21
0.5% increase in salary increase rate	1%	132
0.5% increase in pension increase rate	7.5%	46

The weighted average duration of the defined benefit obligation for the Local Government Pension scheme members is approximately 16.7 years.

The weighted average duration of the defined benefit obligation for the Firefighter scheme members is approximately 21 years.

Impact on Authority's cash flow – Local Government Pension Scheme

The objectives of the scheme are to keep employers 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 the LGPS has been assessed as being 90.5% funded. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed 31 March 2019.

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.

33 Contingent Liabilities

Claims have been made in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Firefighters Pension Regulations 2015 and in December 2018, the Court of Appeal (McCloud / Sargeant) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination. The Government is seeking permission to appeal this decision. It is envisaged that if this is unsuccessful, the Court will require steps to be taken to compensate employees who were transferred to the new schemes potentially including Firefighters Pension Scheme members.

This would lead to an increase in Firefighters Pension Scheme liabilities. The Government Actuary Department (having been commissioned on behalf of several fire and rescue authorities) using specific assumptions have estimated the potential increase in scheme liabilities as a result of the judgment to be between approximately 4.1% and 5% of national pension scheme liabilities as at March 2019. This estimate is based on one potential remedy and depending on the outcome of the appeal, the remedy calculation and its applicability to the Firefighters Pension Scheme will need to be revisited in the light of further direction from the courts.

	Scenario 1	Scenario 2	Scenario 3
Earnings assumption	CPI +2.0%	CPI +1.0%	CPI +0.0%
Assumption at 31st March 2018	4.3% p.a.	3.3% p.a.	2.3% p.a.
Impact on scheme liabilities (expressed as % of total liabilities)	5.0%	4.6%	4.1%

All of the above results include a 25% margin for uncertainty.

This estimates have been produced on a 'better of' basis when comparing a members benefits in the 2015 Scheme and their relevant pre-2015 Scheme benefits over the four years to 31st March 2019.

The impact of an increase in scheme liabilities arising from the McCloud / Sargeant judgment will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Firefighters Pension valuation is due to take place in 2020 with implementation of the results planned for 2023/24 and authorities will need to plan for the impact of this on employer contribution rates, alongside other changes identified through the valuation process.

The impact of an increase in annual pension payments arising from the McCloud / Sargeant judgement is determined through The Firefighters Pension Scheme (England) Order 2006. These require a fire authority to maintain a pension fund into which employee and employer contributions are paid, and out of which pension payments to retirees are made. If the pension fund does not have enough funds to meet the cost of pensions in year, the amount required to meet the deficit is then paid by the Secretary of State to the fire authority in the form of a central government top-up grant.

Pension for former GM Waste Limited (GMW) Employees

As part of the former 2009 PFI Agreement with Viridor Laing (Greater Manchester) Limited (VLGM) the Authority agreed to deal with past pension liabilities with GMW, in accordance with the HM Treasury guidance in the Standard Form of Contract (SoCP3).

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

Deferred and Pensioners - Citrus Scheme

A policy of achieving insurance backed buyout was concluded in 2016, and as such the Authority will have no more liabilities in this area.

Deferred and Pensioners - LGPS

Arrangements have been made by Tameside MBC, on behalf of GMPF, to meet estimated unfunded costs over an extended period by the provision of an annual lump sum payment of £0.535m. The 2017 Actuarial Review confirmed, again, the suitability of that sum which will ensure that liabilities are met over the period.

Active Employees

These were transferred to VWGM on a fully funded basis, and now form part of a separate division within the schemes. Under the run off contract, VWGM has full responsibility for ongoing funding with the scheme provider and it is anticipated any surplus or deficit will be reviewed in future contractual negotiations. For the LGPS, the Authority, as at 31 March 2019, remains the guarantor (as required under the Rules), but any potential liability is financially mitigated by VWGM of a triannually assessed external bond.

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

Greater Manchester Combined Authority

Supplementary Financial Statements

**Police Pension Fund
Fire Pension Fund
Mayoral Police Fund
Mayoral General Fund**

Pension Funds

There is a requirement in the Code of Practice to produce a Pension Fund Account and Net Assets Statement in respect of the Police and Firefighter's Pension Schemes. 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.

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.

2017/18 £000		2018/19 £000
0	Opening balance at 1 April	0
	Contributions receivable:	
(42,271)	Contributions at 21.3% of pensionable pay from employer	(47,700)
(3,084)	Early Retirements	(3,417)
(6)	Other (contributions from the Territorial Army)	0
(27,054)	Officers' contributions	(30,246)
	Transfers in:	
(844)	Transfers in from other schemes	(1,094)
	Benefits payable:	
139,803	Pensions	163,764
40,522	Commutations and lump sum retirement benefits	41,567
	Payments to and on account of leavers:	
360	Individual transfers out to other schemes	442
39	- Refunds of contributions	123
249	- Other (tax and interest)	204
107,714	Net amount payable for the year	126,643
(5,755)	Additional 2.9% funding payable by the Local Policing Body to meet the deficit for the year	(6,495)
(101,959)	Additional contribution from the Local Policing Body	(117,148)
0	Closing balance at 31 March	0

Net asset statement

2017/18 £000		2018/19 £000
0	Unpaid pensions due	0
0	Amount owing to General Fund Balance	0
0	Net Assets	0

Contribution rates

2017/18 £000		2018/19 £000
24.20%	Employer	24.20%
	Employee:	
14.25% to 15.05%	- Old Scheme	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's Department. (See the contribution rates table above). At the last revaluation the employer's contribution was reduced by 2.9% from 24.2% to 21.3%. However, the effective rate remains at 24.2% as the saving has been recovered by central government.

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 Constables 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 31st March 2019 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 2019. 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 Core Financial Statements.

Fire Pension Fund

This is an unfunded scheme, which is administered in accordance with Home Office regulations. For such schemes as there are no investment assets, the 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

2017/18 £000		2019/18 £000
0	Opening balance at 1 April	0
	Contributions receivable:	
(5,834)	From employer	(6,477)
(4,700)	From employees	(5,406)
(443)	Ill health retirements	(431)
	Transfers in:	
(39)	Individual transfers in from other schemes	(281)
	Benefits payable:	
37,869	Pensions	43,536
8,051	Commutations and lump sum retirement benefits	8,037
	Payments to and on account of leavers:	
127	Individual transfers out to other schemes	110
35,031	Net amount payable for the year	39,089
(35,031)	Top up grant receivable from the Government	(39,089)
0	Closing balance at 31 March	0

Net asset statement

2017/18 £000		2018/19 £000
9,284	Pension top up grant receivable from the Home Office	7,030
0	Payments in advance	0
(97)	Creditor	0
0	Debtor	0
(9,188)	Amount due from the Mayoral General Fund	(7,030)
0	Net Assets	0

Notes to the Firefighters Pension Fund Account and Net Assets Statement

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 2019. Liabilities to pay future payments are included in the IAS19 charges and notes to the Financial Statements.

Mayoral Police Fund

Mayoral Police Fund

The functions of the Greater Manchester Police and Crime Commissioner (PCC), in Greater Manchester, were transferred by Parliamentary Order, to the elected Mayor of Greater Manchester with effect from 8th May 2017.

Under Section 3 of the Order "the Mayor is to be treated, in relation to the Mayor's PCC functions, as a Police and Crime Commissioner for the purposes of all Police and Crime Commissioner enactments, wherever passed or made, subject to schedule 1 of the Order".

The transfer of the PCC functions to the Elected Mayor means that the legal entity known as the Greater Manchester Police and Crime Commissioner ceased to exist as of 8 May 2017. All properties, rights and liabilities (including contracts of employment) transferred to the Greater Manchester Combined Authority (GMCA) on 8 May 2017.

Under the Order, all functions and decisions relating to such properties, rights and liabilities are to be exercised and made by the Mayor. Any receipts arising from such properties, rights and liabilities are to be paid into the Police Fund kept by the mayor by virtue of section 21 of the Police Reform and Social Responsibility Act 2011.

The Chief Constable of Greater Manchester Police (GMP) Statement of Accounts is to be consolidated into GMCA'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, 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 Constables 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 these supplementary notes to the main Authority accounting statements.

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 also assets deployed for policing in 2018/19:

Police Fund Comprehensive Income and Expenditure Statement:

Police Fund Comprehensive Income and Expenditure Statement 2018/19	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Policing Services	594,184	(94,271)	499,913
Net Cost of Services	594,184	(94,271)	499,913
(Gains)/losses on the disposal of non current assets	423	(210)	213
Home Office grant payable towards the cost of retirement benefits	117,148	(117,148)	0
Other operating expenditure	117,571	(117,358)	213
Interest payable	3,000	0	3,000
Interest element of PFI unitary payments	5,893	0	5,893
Pensions Interest cost	217,733	0	217,733
Expected return on pensions assets	0	(21,227)	(21,227)
Interest income	0	(0)	(0)
Financing and investment income and expenditure	226,626	(21,227)	205,399
Precepts	0	(130,496)	(130,496)
Police grant	0	(428,019)	(428,019)
Capital grants and contributions	0	(3,432)	(3,432)
Taxation and non specific grant income	0	(561,947)	(561,947)
Surplus/deficit on provision of services	938,382	(794,804)	143,578
Items that will not be reclassified to the surplus/deficit on provision of services			
Revaluation gains	0	(11,205)	(11,205)
Revaluation and impairment losses (not charged to prov. of services)	0	0	0
Remeasurement of (gains)/losses on pension assets/liabilities	274,157	0	274,157
	274,157	(11,205)	262,952
Total comprehensive income and expenditure	1,212,539	(806,009)	406,530

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	Opening Balances £000s	Transfers in/out £000s	31 March 2019 £000s
Mayoral Police Fund			
Revenue Expenditure Reserve	(7,262)	(571)	(7,833)
Insurance Reserve	(15,173)	1,004	(14,169)
PCC Earmarked Reserves	(24,715)	(4,479)	(29,194)
Capital Expenditure	(2,219)	2,219	0
PFI Reserve	(12,302)	476	(11,826)
Mayoral Police Fund Balances	(13,880)	819	(13,061)
Total Mayoral Police Fund	(75,551)	(532)	(76,082)

Assets deployed in the provision of Policing Services:

	Land and Buildings	Vehicles Plant, Furniture and Equipment	Long Term Surplus Assets	Assets under Construction	Total Property Plant and Equipment	PFI in PPE
Cost or Valuation						
Asset values brought forward at 1/4/18	247,093	145,429	1,526	58,697	452,745	75,238
Additions	535	6,015	0	12,234	18,784	0
Accumulated depreciation and impairment written off to cost or valuation	(8,506)	(303)	(11)	0	(8,820)	0
Revaluation increases/decreases recognised in the Revaluation Reserve	12,480	347	28	0	12,855	0
Revaluation increases/decreases recognised in the surplus or deficit on the provision of services	5,841	0	(169)	0	5,672	0
Derecognition - disposals	0	(3,375)	0	0	(3,375)	0
Derecognition - other	(1,850)	0	0	0	(1,850)	0
Assets reclassified to/from held for sale	0	0	(73)	0	(73)	0
Assets reclassified to/from assets under construction	1,315	7,760	0	(9,075)	0	0
Other movements in cost or valuation	(810)	0	810	0	0	0
Cost or Valuation at 31/3/19	256,098	155,873	2,111	61,856	475,938	75,238
Accumulated Depreciation & Impairment						
Accumulated depreciation values brought forward at 1/4/18	(11,535)	(114,531)	(10)	0	(126,076)	(8,382)
Accumulated depreciation and impairment written off to cost or valuation	8,506	303	11	0	8,820	2,055
Depreciation Charge	(6,344)	(10,090)	(13)	0	(16,447)	(1,864)
Derecognition - disposals	0	2,953	0	0	2,953	0
Accumulated depreciation at 31/3/19	(9,373)	(121,365)	(12)	0	(130,750)	(8,191)
Net Book Value at 31/3/18	235,558	30,898	1,516	58,697	326,669	66,856
Net Book Value at 31/3/19	246,725	34,508	2,099	61,856	345,188	67,047

Mayoral General Fund

The functions of the GMFRA that are exercisable in relation to the area of the Authority were transferred by Parliamentary Order to the Greater Manchester Combined Authority (GMCA) with effect from 8 May 2017. The GMCA is the Fire and Rescue Authority for the area and the Fire and Rescue functions of the GMCA are exercisable by the elected Mayor with all staff, properties, rights and liabilities transferring to the Authority.

Under the Order, all functions and decisions relating to such properties, rights and liabilities are to be exercised and made by the Mayor. Any payments and receipts arising from such properties, rights and liabilities are to be paid from and into the Mayoral General Fund.

The statements below set out the movements in the Mayoral General Fund and assets deployed for fire and rescue services for 2018/19:

Mayoral General Fund Comprehensive Income and Expenditure Statement:

Mayoral General Fund Comprehensive Income and Expenditure Statement 2018/19	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Fire and Rescue Services	85,917	(6,539)	79,378
Mayor's Office	18,257	(14,429)	3,829
Net Cost of Services	104,174	(20,968)	83,207
(Gains) / losses on the disposal of non current assets	12	0	12
Other operating expenditure	12	0	12
Interest payable	150	0	150
Interest element of PFI unitary payments	188	0	188
Pensions Interest cost	47,275	0	47,275
Expected return on pensions assets	0	(3,582)	(3,582)
Financing and investment income and expenditure	47,613	(3,582)	44,031
Precepts	0	(50,814)	(50,814)
Non Domestic Rates Income	0	(31,824)	(31,824)
Revenue Support Grant	0	(19,938)	(19,938)
Taxation and non specific grant income	0	(102,576)	(102,576)
(Surplus) / deficit on provision of services	151,799	(127,126)	24,674
Items that will not be reclassified to the surplus/deficit on provision of services			
Revaluation gains and losses			(1,116)
Remeasurement of (gains)/losses on pension assets/liabilities			47,875
Other Comprehensive Income and Expenditure			46,759
Total comprehensive income and Expenditure			71,433

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	Opening Balances	Transfers in/out	31 March 2019
	£000s	£000s	£000s
Mayoral General Fund			
Capital Reserve	(10,559)	1,608	(8,951)
Earmarked Budgets Reserve	(4,500)	2,542	(1,958)
Revenue Grants Unapplied	(5,350)	2,605	(2,745)
Insurance Reserve	(2,849)	0	(2,849)
Business Rates Reserve	(2,123)	0	(2,123)
Restructuring Reserve	(418)	0	(418)
Innovation and Partnership CYP	(127)	0	(127)
Projects Reserve	(244)	244	0
Transformation Fund	(500)	(3,104)	(3,604)
Mayoral General Fund Balances	(15,174)	2,399	(12,775)
Total General Fund Reserves	(41,844)	6,294	(35,550)
Capital Grants Unapplied Reserve	(868)	868	0
Total Mayoral General Fund	(42,712)	7,162	(35,550)

Assets deployed in provision of Mayoral Fire and Rescue Services:

	Land and Buildings	Vehicles Plant, Furniture and Equipment	Assets under Construction	Total Property Plant and Equipment	PFI in PPE
Cost or Valuation					
Asset values brought forward at 1/4/18	93,334	35,672	320	129,326	3,057
Additions	361	4,309	21	4,691	0
Accumulated depreciation and impairment written off to cost or valuation	0	0	0	0	0
Revaluation increases/decreases recognised in the Revaluation Reserve	3,960	0	0	3,960	392
Revaluation increases/decreases recognised in the surplus or deficit on the provision of services	(26)	0	0	(26)	24
Derecognition - disposals	0	(2,844)	0	(2,844)	0
Derecognition - other	0	0	0	0	0
Assets reclassified to/from held for sale	0	0	0	0	0
Assets reclassified to/from assets under construction	0	579	(579)	0	0
Other movements in cost or valuation	0	0	288	288	0
Cost or Valuation at 31/3/19	97,629	37,716	50	135,395	3,473
Accumulated Depreciation & Impairment					
Accumulated depreciation values brought forward at 1/4/18	(9,766)	(24,208)	0	(33,974)	(922)
Accumulated depreciation and impairment written off to cost or valuation	8,506	303	0	8,809	19
Depreciation Charge	(6,344)	(10,090)	0	(16,434)	(169)
Accumulated depreciation and impairment written off to the Revaluation Reserve	0	2,953	0	2,953	862
Accumulated depreciation at 31/3/19	(7,604)	(31,042)	0	(38,646)	(210)
Net Book Value at 31/3/18	83,568	11,464	320	95,352	2,135
Net Book Value at 31/3/19	90,025	6,674	50	96,749	3,263

Greater Manchester Combined Authority

Group Accounts

Introduction

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 Constables 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. The Police Fund is disclosed in the supplementary notes to the main Authority accounting 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.

For information details of transactions with the 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').

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. 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.

All intra-group trading, balances and unrealised gains and losses as at the end of the period are eliminated in full (in the case of subsidiaries) or in part (in the case of the joint venture).

Bodies Not Consolidated:

Greater Manchester Fund of Funds Limited Partnership (FoFLP)

In November 2016 the Authority established FoFLP to act as a holding fund for ERDF funding. In May 2017, the fund received £15m funding from ERDF and £0.5m from the Authority. FoFLP will invest in sub funds that seek to support the shift towards a low carbon economy and for research and innovation. The fund has secured an additional £45m ERDF funding which has not yet been drawn down. On the grounds of immateriality it has been decided that FoFLP is not to be included in the group accounts.

NW Fire Control Company

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

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

Commission for New Economy Limited (CNE)

CNE is a private company limited by guarantee without share capital. The Authority is the person with significant control and had previously included CNE in its group accounts. On the grounds of immateriality it has been decided that CNE is not to be included in the group accounts.

Greater Manchester Accessible Transport Limited (GMATL)

GMATL is a private company limited by guarantee without share capital. The Authority is the person with significant control and had previously included GMATL in its group accounts. On the grounds of immateriality it has been decided that GMATL is not to be included in the group accounts.

Manchester Investment and Development Agency Service (MIDAS)

MIDAS is a private company limited by guarantee without share capital. The Authority is the person with significant control and had previously included MIDAS in its group accounts. On the grounds of immateriality it has been decided that MIDAS is not to be included in the group accounts.

HIVE Homes

HIVE Homes is a joint venture with 10 Registered Housing providers and has been incorporated to acquire sites in Greater Manchester and then develop them for sale as residential use. From March 2019 the Authority will have a 20% share within the company, however to date £125,000 has been invested. On the grounds of immateriality, it has been decided that HIVE Homes will not be included in the group accounts.

Greater Manchester Combined Waste and Recycling Limited (GMCWR)

Greater Manchester Combined Waste & Recycling Limited was a subsidiary of the former GMWDA and was placed into a solvent liquidation on 22 March 2018. On the grounds of no parental control and immateriality, it has been decided that GMCWR will not be included in the group accounts.

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 fair value, in accordance with the Code. The group accounts have been prepared on a going concern basis.

The group includes:

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

The Chief Constable where it is assumed the Chief Constable will continue to operate and provide services in the foreseeable future. The role of the Police and Crime Commissioner was transferred to the Greater Manchester Combined Authority, as a function to be exercised by the Elected Mayor of Greater Manchester in May 2017. The Elected Mayor has a statutory duty and electoral mandate to maintain the police force and ensure that it is efficient and effective. However, the Chief Constable has remained a corporation sole and this transfer does not affect the going concern status of the Chief Constable.

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 Accounts

Group Core Financial Statements

Comprehensive Income and Expenditure Statement

Reconciliation of the Single Entity Comprehensive (Income) & Expenditure to the Group Entity Comprehensive (Income) & Expenditure

Movement in Reserves Statement

Balance Sheet

Cash Flow Statement

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.

Gross Expenditure	Gross Income	Net Expenditure	Comprehensive Income and Expenditure Statement	Note	Gross Expenditure	Gross Income	Net Expenditure
2017/18 £000s	2017/18 £000s	2017/18 £000s			2018/19 £000s	2018/19 £000s	2018/19 £000s
			GMCA Continuing Operations				
463,119	(160,225)	302,894	Highways and Transport Services		420,529	(142,681)	277,848
76,297	(65,086)	11,211	Economic Development and Regeneration Services		88,682	(40,189)	48,494
			Mayoral General Fund Services				
73,610	(5,229)	68,381	Fire and Rescue Services		85,917	(6,539)	79,378
105	(101)	3	Other Functions		18,257	(14,429)	3,829
73,715	(5,330)	68,384	Total Mayoral General Fund Services		104,174	0	83,207
			Mayoral Police Fund Services				
539,244	(99,108)	440,136	Policing Services		594,184	(94,271)	499,913
1,152,375	(329,749)	822,625	Total GMCA Continuing Operations		1,207,570	(298,109)	909,461
			Transferred Services to GMCA				
0	0	0	Waste Disposal		150,025	(12,427)	137,598
1,152,375	(329,749)	822,625	Total Cost of GMCA Operations	37b	1,357,595	(310,535)	1,047,060
226	(36)	190	Loss on Disposal of Non Current Assets		426	0	426
0	(2,674)	(2,674)	Other Operating Income and Expenditure		442	0	442
310,550	(26,314)	284,236	Financing and Investment Income and Expenditure	38	334,551	(29,973)	304,578
0	(949,627)	(949,627)	Taxation and Non Specific Grant Income	39	0	(1,249,183)	(1,249,183)
101,959	(101,959)	0	Home Office grant payable towards the cost of retirement benefits		117,148	(117,148)	0
1,565,109	(1,410,359)	154,750	(Surplus) / Deficit on Provision of Services	37	1,810,163	(1,706,839)	103,323
			Items that will not be subsequently classified in deficit on provision of services				
		(23,780)	Re-measurement of the net defined benefit liability				318,631
		0	(Surplus) / Deficit on revaluation of available for sale non current assets				0
		(6,672)	(Surplus) / Deficit on revaluation of non current assets				(29,397)
		(30,452)	Other Comprehensive (Income) & Expenditure				289,234
		124,298	Total Comprehensive (Income) and Expenditure				392,557

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 as at 31 March 2017	(154,376)	(11,802)	(24,021)	(190,199)	(101,764)	(291,964)	1,092,828	(1,773,446)	(680,617)	(972,581)
Transferred Services Balances as at 8 May 2017										
Mayoral General Fund balances from GMFRA	(41,012)	(1,087)	-	(42,099)	-	(42,099)	1,641,821	-	1,641,821	1,599,722
Mayoral Police Fund balances from PCC	(79,756)	-	-	(79,756)	-	(79,756)	(69,936)	-	(69,936)	(149,692)
Chief Constable GMP	0	-	-	0	-	-	-	7,565,529	7,565,529	7,565,529
Restated Balances b/f for GMCA Services	(275,144)	(12,889)	(24,021)	(312,054)	(101,764)	(413,819)	2,664,713	5,792,083	8,456,797	8,042,978
(Surplus) or Deficit on the provision of services	32,325	-	-	32,325	122,425	154,750	0	0	0	154,750
Total Comprehensive Income and Expenditure	0	0	0	0	0	0	(19,829)	(10,623)	(30,452)	(30,452)
Total Adjustments between accounting basis & funding basis under regulations	(29,240)	11,449	(1,487)	(19,278)	(125,335)	(144,613)	19,278	125,335	144,613	0
Transfers to or from Earmarked Reserves	(231)	231	0	0	830	830	0	(830)	(830)	0
(Increase) / Decrease in year	2,854	11,680	(1,487)	13,047	(2,080)	10,967	(551)	113,882	113,331	124,298
Continuing Operations Balance as at 31 March 2018	(272,290)	(1,209)	(25,508)	(299,008)	(103,844)	(402,852)	2,664,163	5,905,965	8,570,127	8,167,275
Transferred Services Balances as at 1 April 2018										
General Fund Balances transferred from GM Waste Disposal Authority	(149,610)	0	0	(149,610)	0	(149,610)	516,867	0	516,867	367,254
Total Balances b/f for GMCA Services	(421,900)	(1,209)	(25,508)	(448,617)	(103,844)	(552,461)	3,181,030	5,905,965	9,086,994	8,534,529
(Surplus) or Deficit on the provision of services	8,546	0	0	8,546	94,777	103,323	0	0	0	103,323
Total Comprehensive Income and Expenditure	0	0	0	0	0	0	18,908	270,326	289,234	289,234
Total Adjustments between accounting basis & funding basis under regulations	(45,719)	1,209	(15,661)	(60,172)	(97,452)	(157,624)	60,172	97,452	157,624	0
Transfers to or from Earmarked Reserves	0	0	0	0	1,311	1,311	0	(1,311)	(1,311)	0
(Increase) / Decrease in year	(37,174)	1,209	(15,661)	(51,626)	(1,364)	(52,990)	79,080	366,467	445,547	392,557
Balance as at 31 March 2019	(459,073)	(0)	(41,169)	(500,243)	(105,208)	(605,452)	3,260,108	6,272,432	9,532,541	8,927,087

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.

2017/18	Balance Sheet	Note	2018/19
£000s			£000s
	Non Current Assets		
2,392,080	Property, Plant & Equipment	43	2,632,813
83	Heritage Assets		83
943	Investment Property		1,523
9,068	Intangible Assets		11,648
82,688	Long Term Debtors and Payments in Advance	44	101,201
2,745	Long Term Investments		3,054
2,487,607	Total Non Current Assets		2,750,321
	Current Assets		
2,194	Inventories and Stock		2,557
243,087	Short Term Debtors and Payments in Advance	44	188,820
362,618	Cash and Cash Equivalents	45	187,632
600	Assets Held For Sale		323
608,498	Total Current Assets		379,331
	Current Liabilities		
(166,329)	Short Term Borrowing	51	(175,483)
(218,649)	Short Term Creditors and Receipts in Advance	46	(273,150)
(38,164)	Capital Grants Receipts in Advance		(30,341)
(19,995)	Revenue Grants Receipts in Advance		(17,630)
(9,620)	Short Term Provisions	47	(8,736)
(1,500)	Short Term Lease Liability		(2,673)
(4,824)	Short Term Deferred Liability		(6,522)
(459,080)	Total Current Liabilities		(514,534)
	Long Term Liabilities		
(1,214,488)	Long Term Borrowing	51	(1,454,242)
(15,017)	Long Term Provisions	47	(15,193)
(50,331)	Long Term Lease Liability		(47,658)
(16,053)	Long Term Deferred Liability		(14,169)
(9,508,411)	Pensions Liability	54	(10,010,944)
(10,804,300)	Total Long Term Liabilities		(11,542,205)
(8,167,275)	Net Assets		(8,927,087)
	Financed By:		
(402,852)	Usable Reserves	36	(605,451)
8,570,127	Unusable Reserves	48	9,532,540
8,167,275	Total Reserves		8,927,087

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.

2017/18 £000s	Group Cash Flow	Note	2018/19 £000s
154,750	Net (Surplus) on the provision of services		107,442
(268,677)	Adjustments to net surplus or deficit on the provision of services for non cash movements	53a	(349,217)
98,052	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	53a	128,978
(15,875)	Net Cash Flows from Operating Activities		(112,797)
34,970	Investing Activities	53b	32,774
(235,357)	Financing Activities	53c	266,011
(216,262)	(Increase) / decrease in cash and cash equivalents		185,988
124,205	Cash and cash equivalents on 1 April 2018 for continuing operations		362,617
	Cash and cash equivalents on 1 April 2018 for Waste Disposal transferred operations		6,884
22,150	Cash and cash equivalents on 8 May 2017 for transferred operations		
146,355	Restated cash and cash equivalents brought forward for all operations		369,501
362,617	Cash and cash equivalents at the end of the reporting period	45	183,513

Greater Manchester Combined Authority

Group Accounts

Notes to the Group Core Financial Statements

Index of Group Notes

Note	Note Description	Page
34a	Expenditure and Funding Analysis	150
34b	Note to the Expenditure and Funding Analysis	150
35	Adjustments Between Accounting Basis and Funding Basis under Regulations	152
36	Transfers (to) / from Balances and Reserves	153
36a	Purpose of Earmarked Reserves	154
37	Nature of Income and Expenditure	155
37b	Income Credited to Cost of Services	156
38	Financing and Investment Expenditure and Income	157
39	Taxation and Non Specific Grant Income	157
40	External Audit Fees	158
41	Officer Remuneration	159
42	Capital and Lease Commitments	162
43	Property, Plant & Equipment including Disposals and Valuations	163
44	Short and Long Term Debtors	165
45	Cash and Cash Equivalents	166
46	Short and Long Term Creditors	166
47	Short and Long Term Provisions	167
48	Unusable Reserves	167
49	Collaborations	170
50	Contingent Liabilities	170
51	Financial Instruments	171
51b	Nature and Extent of Risks Arising from Financial Instruments	174
52	Related Party Transactions	175
53a	Cash Flow Statement - Adjustments to Net Cash Flows from Operating Activities	175
53b	Cash Flow Statement - Investing Activities	176
53c	Cash Flow Statement - Financing Activities	176
54	Defined Benefit Pension Schemes	177

Summary of Significant Accounting Policies

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 following is a summary of the significant accounting policies of TfGM which have been applied to the information included in these Group accounts. The policies of the Chief Constable for Greater Manchester are in line with those of the Authority.

Property, Plant and Equipment and Assets under Construction

Items of property, plant and equipment are stated at cost less accumulated depreciation, with the exception of investment properties and non-infrastructure operational assets which are measured at fair value. The Group'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 each class of assets is as follows:

Freehold and long leasehold buildings	40 to 50 years
Short leasehold buildings	over the lease term
Infrastructure assets (see note * below)	20 to 50 years
Plant and equipment (including software)	3 to 10 years
Vehicles: Motor vehicles	3 to 5 years
Vehicles: Buses	Up to 15 years

* Infrastructure assets 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 given below:

Civil structures	50 years
Stations	30 years
Track and track bed	20 to 30 years
Ticket machines and information points	20 years
Overhead power lines	30 years
Signalling/telecoms	20 years
Metrolink trams	30 years

The cost of Metrolink includes the costs of acquiring the land required for the system to be constructed. In accordance with standard accounting practice this land is not being depreciated.

Depreciation of assets, and amortisation of any grant funding its acquisition, commences with effect from the month following capitalisation. Capitalisation of assets is carried out as soon as practicable following its acquisition or completion.

Annual reviews are undertaken of the estimated remaining life and current carrying amount of assets; ensuring that significant assets are reviewed annually and other assets are reviewed at least every three years. Adjustments to the carrying amount, or remaining useful life, are made where necessary.

An item of property, plant and equipment is derecognised upon disposal, replacement or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition (calculated as the difference between the net disposal proceeds and the carrying amount) is included in the Comprehensive Income and Expenditure Statement in the year the item is derecognised, offset by the write-back of any grant funding that has been received and which has not been released to the Revenue Reserve.

For the ongoing measurement of property, plant and equipment, The Group adopts the Code, which requires the fair value method to be applied to non-infrastructure operational assets and surplus assets. Assets classified as infrastructure include all Metrolink assets, bus stations, interchanges, turning points, bus shelters and other route equipment and works.

As permitted by the Code, the carrying value of property, plant and equipment in existence on the transition date to IFRS of 1 April 2010 has been treated as deemed cost at the transition date.

Assets under construction relate to expenditure incurred in respect of assets which are incomplete as at the reporting date. The assets are transferred to the appropriate heading and depreciated when they become available for use.

Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Group as a result of past events (e.g. software development costs and software licences) are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Group.

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 Group will be able to generate future economic benefits or deliver service potential by being able to use or sell 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 Group'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 Group can be determined by reference to an active market. In practice, no intangible asset held by the Group 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 operational costs 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 operating expenditure line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Capital and revenue grants and contributions

Capital and revenue grants receivable and contributions are recognised immediately in the Comprehensive Income and Expenditure Statement except where the grant or contribution has a condition that has not yet been met. These amounts are recognised in the Balance Sheet within capital and revenue grants received in advance until such time as the conditions are met whereupon they are transferred to the Comprehensive Income and Expenditure Statement.

With respect to capital grants or contributions, if the expenditure to be financed from the grant or contribution has been incurred at the balance sheet date, the grant or contribution is transferred from the Revenue Reserve to the Capital Adjustment Account via the Movement in Reserves Statement. If the expenditure has not been incurred at the balance sheet date, the grant or contribution is transferred to the Capital Grants Unapplied Account via the Movement in Reserves Statement.

With respect to revenue grants or contributions, if the expenditure has not been incurred at the balance sheet date, the grant or contribution is transferred to the Revenue Grants Unapplied Account via the Movement in Reserves Statement.

In the cases where a capital or revenue grant is received which is subject to a stipulation that it be returned to the transferor if a specified future event does not occur, a return obligation does not arise until such time as it is expected that the stipulation will be breached; and a liability is not recognised until the recognition criteria have been satisfied.

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.

Financial Assets

Financial assets are classified at recognition as loans, deposits or receivables in accordance with IFRS9, and recognised at cost. The Group's financial assets include the long term investment, cash, short-term deposits, trade and other receivables.

Subsequent measurement depends on their classification as follows:

Long term investments: investments are reviewed to determine which category they should be classified as. The current investment has been deemed to fall within the available for sale assets.

Available for sale assets are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially

measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the authority. Assets are maintained in the Balance Sheet at fair value.

In accordance with IFRS9 Financial Instruments, the previously held Available for Sale Reserve is no longer allowable in 2018/19. A new reserve in place of this has been established (the Financial Instruments Revaluation Reserve) which contains accumulated gains and losses relating to financial assets classed as Fair Value through Other Comprehensive Income (FVOCI).

Gains and losses arising on movements in fair value (after allowing for movements in amortised cost) are posted to Other Comprehensive Income and Expenditure, and the change in the amount of the investment in the Balance Sheet is matched with an entry in the Financial Instruments Revaluation Reserve. Upon de-recognition, any balance on the Financial Instruments Revaluation Reserve is recycled through the Surplus or Deficit on the Provision of Services.

Cash and cash equivalents: funds placed with banks and other financial institutions by the Group with a maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents are as defined above, net of any outstanding bank overdrafts.

Loans and deposits: non-derivative financial assets with fixed or determinable payments not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Any gains and losses are recognised in the Comprehensive Income and Expenditure Statement when the assets are amortised, de-recognised or impaired.

Trade and other receivables: recognised and carried at invoice or contract value less an allowance for any amounts which may not be collectable. Should an amount become uncollectable, it is written off to the Comprehensive Income and Expenditure Statement in the period in which the write off is recognised.

Financial Liabilities

Financial liabilities are classified at recognition as loans and borrowings in accordance with IFRS9, and recognised at cost. The Group has not designated any financial liabilities or assets as at fair value through the Comprehensive Income and Expenditure Statement. The Group's financial liabilities include bank overdraft, trade creditors, loans and other payables.

Subsequent measurement depends on their classification as follows:

Loans and borrowings: non-derivative financial liabilities with fixed or determinable payments not quoted in an active market. Such interest-bearing liabilities are carried at amortised cost using the effective interest rate method. Any gains and losses are recognised in the Comprehensive Income and Expenditure Statement when the liabilities are amortised, de-recognised or impaired.

Trade and other payables: recognised and carried at invoice or contract value. Should an amount become non-payable, it is written back to the income statement in the period in which it is recognised.

Offsetting of Financial Instruments

Financial assets and liabilities are offset, and the net amount reported in the Balance Sheet, if, and only if, there is an enforceable legal right to offset, and there is an intention to settle on a net basis in order to realise the assets and discharge the liabilities simultaneously.

Impairment of non-financial assets

The Group assesses each year whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, The Group estimates the asset's recoverable amount, which is the higher of its fair value less costs to sell, and its value in use. This is determined for an individual asset, unless it does not generate cash flows independently from other assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is impaired down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted at a rate reflecting The Group's current assessment of its average borrowing rates. In determining fair value less costs to sell, an appropriate valuation model is used. The calculations are reviewed where possible against other available indicators.

Impairment losses are recognised in the Comprehensive Income and Expenditure Statement in those expense categories consistent with the function of the asset, except for property previously re-valued where the revaluation was taken to reserves. In this case the impairment is also recognised in reserves up to the amount of any previous revaluation.

An assessment is also made each year as to whether there is any indication that previously recognised impairment losses may no longer exist; or may have decreased. If this is the case, The Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited such that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been previously recognised. Such reversal is recognised in the Comprehensive Income and Expenditure Statement unless the asset is carried at re-valued amount, in which case the reversal is treated as a revaluation increase.

Provisions, Contingent liabilities and Contingent assets

Provisions

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

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 be required (or a lower settlement than anticipated is made), the amount of the provision no longer required is reversed and credited back to the relevant service or project cost.

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 in the relevant service line if it is "virtually certain" that reimbursement will be received if the obligation is settled.

Contingent liabilities

A contingent liability arises where an event has taken place that gives the Group 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 Group.

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 are instead disclosed in a note to the accounts.

Contingent assets

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

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

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 2019 amounted to £1.896 million (2018: £5.651 million).

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.

Income

Income, which all arises within the United Kingdom and is stated net of value added tax, represents income arising from Metrolink fare revenues, services provided, rental income, and advertising revenues, including estimates in respect of services provided but not invoiced at the year end.

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.

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.

Pensions

Certain employees of the Group are members of the Local Government Pension Scheme administered by Greater Manchester Pension Fund (GMPF).

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked.

The Scheme is accounted for as a defined benefits scheme:

- The liabilities of the GMPF attributable to the Group are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.4% (2018: 2.6%).
- The assets of GMPF attributable to the Group are included in the Balance Sheet at their fair value based on the bid values of the assets.

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

- Current service cost – the increase in liabilities as a result of years of service earned this year are allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – is debited to

the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;

- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- Expected return on assets – the annual investment return on the fund assets attributable to The Group, based on an average of the expected long-term return - is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- Gains or losses on settlements and curtailments – the result of actions to relieve The Group of liabilities or events that reduce the expected future service or accrual of benefits of employees – are debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
- Remeasurement of the net defined benefit liability – 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 – are credited or debited to the Pensions Reserve; and
- Contributions paid to the GMPF – cash paid as employer’s contributions to the pension fund in settlement of liabilities; are not accounted for as an expense.

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

Accrual of income and expenditure

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

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

Revenue from sales of goods is recognised when the Group transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Group;

Revenue from the provision of services is recognised when the Group can reliably measure the completion of the transaction and where it is probable that economic benefits or service potential associated with the transaction will flow to the Group;

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; and

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of the debtors is written down and a charge made to revenue for the amount of income that might not be collected.

Reserves

The Group holds specific amounts as reserves for future policy purposes or to cover contingencies. Reserves held are shown in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

Certain reserves are kept to manage the accounting processes for non-current assets, capital grants, retirement and employee benefits and do not represent usable resources for the Group.

Exceptional items

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

Events after the balance sheet date

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.

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

Value Added Tax (VAT)

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

34a 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.

2017/18				2018/19		
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
65,629	237,265	302,894	Continuing Services	148,192	129,656	277,848
(1,941)	13,152	11,211	Highways and Transport Services	43,361	5,133	48,494
78,993	(10,609)	68,384	Economic Development and Regeneration	108,447	(25,241)	83,207
492,409	(52,273)	440,136	Mayoral General Fund Services	551,610	(51,698)	499,913
			Mayoral Police Fund Services			
0	0	0	Transferred Services	161,280	(23,682)	137,598
			Waste Disposal Services			
635,090	187,536	822,625	Cost of Services	1,012,890	34,169	1,047,061
(634,592)	(33,283)	(667,875)	Other Income and Expenditure	(1,052,740)	109,003	(943,736)
497	154,253	154,750	(Surplus) / Deficit	(39,849)	143,173	103,324
376,465			Opening General Fund Balance and Earmarked Reserves Continuing Services	375,368		
			Opening Waste Disposal Balance and earmarked Reserves transferred from Waste Disposal Authority	149,610		
			Restated Opening General Fund Balance GMCA Services	524,978		
(497)			Surplus / (Deficit) on General Fund Balance in year	39,849		
(599)			Transfers between reserves	1,311		
375,368			Closing General Fund Balance at 31 March	566,138		

34b Note to the Group Expenditure and Funding Analysis

2017/18					2018/19			
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				
231,800	5,465	0	237,265	Highways and Transport Services	127,306	2,350	0	129,656
17,408	(4,256)	0	13,152	Economic Development and Regeneration	4,691	442	0	5,133
(142)	(10,466)	0	(10,609)	Mayoral General Fund Services	152	(25,393)	0	(25,241)
(20,690)	(31,583)	0	(52,273)	Mayoral Police Fund Services	(9,262)	(42,548)	112	(51,698)
				Transferred Services				
0	0	0	0	Waste Disposal Services	(23,735)	53	0	(23,682)
228,376	(40,840)	0	187,536	Net Cost of Services	99,153	(65,096)	112	34,169
(261,647)	232,988	(4,623)	(33,283)	Other Income and Expenditure	(132,373)	242,213	(837)	109,003
(33,271)	192,148	(4,623)	154,253	Difference between General Fund Surplus and CIES Deficit on the Provision of Services	(33,219)	177,117	(725)	143,173

- a) Adjustments for capital purposes includes 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.

35 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.

2017/18					2018/19			
General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves		General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
£000	£000	£000	£000		£000	£000	£000	£000
				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:				
(192,132)	0	0	192,132	Pension cost (transferred to (or from) the Pensions Reserve)	209,539	0	0	(209,539)
(118)	0	0	118	Financial Instruments (transferred to the Financial Instruments Adjustments Account)	40	0	0	(40)
85	0	0	(85)	Council tax and NDR (transfers to or from the Collection Fund)	10	0	0	(10)
(63)	0	0	63	Holiday pay (transferred to the Accumulated Absences reserve)	37	0	0	(37)
(25,287)	0	0	25,287	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)	(457,328)	0	0	457,328
(217,515)	0	0	217,515	Total Adjustments to Revenue Resources	(247,702)	0	0	247,702
				Adjustments between Revenue and Capital Resources				
(127)	(7,158)	0	7,285	Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	(19,781)	0	19,781
39,604	0	0	(39,604)	Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	73,824	0	0	(73,824)
23,785	0	0	(23,785)	Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	30,706	0	0	(30,706)
63,262	(7,158)	0	(56,104)	Total Adjustments between Revenue and Capital Resources	104,530	(19,781)	0	(84,749)
				Adjustments to Capital Resources				
0	5,671	0	(5,671)	Use of the Capital Receipts Reserve to finance capital expenditure	0	4,120	0	(4,120)
0	0	11,127	(11,127)	Application of capital grants to finance capital expenditure	0	0	1,210	(1,210)
0	5,671	11,127	(16,798)	Total Adjustments to Capital Resources	0	4,120	1,210	(5,329)
0	0	0	0	Other adjustments	0	0	0	0
(154,253)	(1,487)	11,127	144,613	Total Adjustments	(143,172)	(15,661)	1,210	157,624

36a 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 reserves to meet General Fund expenditure.

Opening Balances	Transfers (in)/out	31 March 2018	Reserves and Balances	Continuing Operations 1 April 2018	Transferred Services 1 April 2018	Restated Opening Balances	Transfers (in)/out	31 March 2019
£000s	£000s	£000s		£000s	£000s	£000s	£000s	£000s
			Transport, Economic Development and Regeneration & Waste					
(2,348)	(5,879)	(8,227)	Earn-back Revenue	(8,227)	0	(8,227)	(1,953)	(10,180)
0	(4,789)	(4,789)	Life Chances	(4,789)	0	(4,789)	(211)	(5,000)
0	(1,003)	(1,003)	Clean Air Plan	(1,003)	0	(1,003)	(3,224)	(4,227)
0	(3,182)	(3,182)	Reform and Investment Fund	(3,182)	0	(3,182)	396	(2,786)
(2,683)	245	(2,438)	Youth Contract	(2,438)	0	(2,438)	27	(2,411)
(3,341)	1,158	(2,183)	City Deal	(2,183)	0	(2,183)	297	(1,886)
0	(1,734)	(1,734)	GM Trailblazer	(1,734)	0	(1,734)	0	(1,734)
(1,554)	0	(1,554)	Growing Places Fund	(1,554)	0	(1,554)	0	(1,554)
0	0	0	Housing First	0	0	0	(1,105)	(1,105)
(575)	(458)	(1,033)	One Public Estate	(1,033)	0	(1,033)	379	(655)
0	0	0	Creative Scale Up Project	0	0	0	(650)	(650)
0	(775)	(775)	Manchester Western Loop	(775)	0	(775)	176	(599)
(613)	139	(474)	LEP Strategic Plans Funding (LEP)	(474)	0	(474)	(108)	(581)
0	0	0	Planning & Delivery Fund	0	0	0	(544)	(544)
0	(34,305)	(34,305)	Business Rates Top Up	(34,305)	0	(34,305)	(20,085)	(54,390)
(6,188)	(1,253)	(7,441)	RGF/GPF Interest and Arrangement Fees	(7,441)	0	(7,441)	(1,475)	(8,916)
0	(1,850)	(1,850)	GM Connect	(1,850)	0	(1,850)	727	(1,123)
0	0	0	Churchgate House Accommodation	0	0	0	(700)	(700)
(12,500)	0	(12,500)	Integrated Ticketing Reserve	(12,500)	0	(12,500)	0	(12,500)
(105,838)	91,614	(14,224)	Capital Programme Reserve	(14,224)	0	(14,224)	(85,772)	(99,996)
(6,841)	(39,232)	(46,073)	Business Rates Growth Pilot & Levy	(46,073)	0	(46,073)	(6,105)	(52,178)
(4,864)	964	(3,900)	Other Transport and ED&R Reserves	(3,900)	0	(3,900)	1,213	(2,687)
(7,033)	(178)	(7,211)	Transport and ED&R General Fund Balances	(7,211)	0	(7,211)	(634)	(7,845)
0	0	0	Waste Engagement Activities Reserve	0	(466)	(466)	364	(102)
0	0	0	Waste Disposal Insurance Reserve	0	(8,604)	(8,604)	(4,090)	(12,694)
0	0	0	Waste Interest Rate Reserve	0	(2,000)	(2,000)	0	(2,000)
0	0	0	Waste pension Deficit Funding Reserve	0	(812)	(812)	0	(812)
0	0	0	Waste MTFP Funding Reserve	0	(116,184)	(116,184)	79,824	(36,360)
0	0	0	Waste Optimisation and Efficiency	0	(5,000)	(5,000)	0	(5,000)
0	0	0	Waste Composition Analysis	0	(500)	(500)	314	(186)
0	0	0	Waste Lifecycle Reserve	0	(3,911)	(3,911)	0	(3,911)
0	0	0	Waste General Fund Balance	0	(12,132)	(12,132)	0	(12,132)
(314)	0	(314)	Revenue Grants Unapplied Reserve - TfGM	(314)	0	(314)	0	(314)
(9,405)	(3,151)	(12,556)	Property Reserve - TfGM	(12,556)	0	(12,556)	399	(12,157)
(2,093)	0	(2,093)	Metrolink Reserve - TfGM	(2,093)	0	(2,093)	0	(2,093)
(5,647)	917	(4,730)	Joint Road Safety Group Reserve - TfGM	(4,730)	0	(4,730)	937	(3,793)
(8,003)	0	(8,003)	Concessionary Fares Reserve - TfGM	(8,003)	0	(8,003)	(1,280)	(9,283)
(11,708)	979	(10,729)	TfGM Balances	(10,729)	0	(10,729)	(260)	(10,989)
(64,151)	(502)	(64,653)	Evergreen Holdings Ltd	(64,653)	0	(64,653)	(1,361)	(66,014)
(255,699)	(2,275)	(257,974)	Total General Fund Reserves	(257,974)	(149,609)	(407,583)	(44,501)	(452,084)
(24,021)	(1,487)	(25,508)	Usable Capital Receipts Reserve	(25,508)	0	(25,508)	(15,661)	(41,169)
(12,245)	11,139	(1,106)	Capital Grants Unapplied Reserve	(1,106)	0	(1,106)	537	(569)
(291,965)	7,377	(284,588)	Total Transport, ED&R and Waste	(284,588)	(149,609)	(434,197)	(59,625)	(493,822)

36a Transfers (to)/from Reserves (Continued)

Opening Balances	Transfers (in)/out	31 March 2018	Reserves and Balances	Continuing Operations 1 April 2018	Transferred Services 1 April 2018	Restated Opening Balances	Transfers (in)/out	31 March 2019
£000s	£000s	£000s		£000s	£000s	£000s	£000s	£000s
(11,473)	914	(10,559)	Mayoral General Fund	(10,559)	0	(10,559)	1,608	(8,951)
(5,312)	812	(4,500)	Capital Reserve	(4,500)	0	(4,500)	2,542	(1,958)
(4,779)	(571)	(5,350)	Earmarked Budgets Reserve	(5,350)	0	(5,350)	2,605	(2,745)
(2,488)	(361)	(2,849)	Revenue Grants Unapplied	(2,849)	0	(2,849)	0	(2,849)
(1,710)	(413)	(2,123)	Insurance Reserve	(2,123)	0	(2,123)	0	(2,123)
(418)	0	(418)	Business Rates Reserve	(418)	0	(418)	0	(418)
(127)	0	(127)	Restructuring Reserve	(127)	0	(127)	0	(127)
(244)	0	(244)	Innovation and Partnership CYP	(244)	0	(244)	244	0
0	(500)	(500)	Projects Reserve	(500)	0	(500)	(3,104)	(3,604)
(14,461)	(713)	(15,174)	Transformation Fund	(15,174)	0	(15,174)	2,399	(12,775)
(41,012)	(832)	(41,844)	Mayoral General Fund Balances	(41,844)	0	(41,844)	6,294	(35,550)
(1,087)	219	(868)	Total General Fund Reserves	(868)	0	(868)	868	0
(42,099)	(613)	(42,712)	Capital Grants Unapplied Reserve	(42,712)	0	(42,712)	7,162	(35,550)
			Total Mayoral General Fund					
(12,668)	5,406	(7,262)	Mayoral Police Fund	(7,262)	0	(7,262)	(571)	(7,833)
0	(15,173)	(15,173)	Revenue Expenditure Reserve	(15,173)	0	(15,173)	1,004	(14,169)
(38,210)	13,495	(24,715)	Insurance Reserve	(24,715)	0	(24,715)	(4,479)	(29,194)
(2,603)	384	(2,219)	PCC Earmarked Reserves	(2,219)	0	(2,219)	2,219	0
(13,054)	752	(12,302)	Capital Expenditure	(12,302)	0	(12,302)	476	(11,826)
(13,221)	(659)	(13,880)	PFI Reserve	(13,880)	0	(13,880)	819	(13,061)
(79,756)	4,205	(75,551)	Mayoral Police Fund Balances	(75,551)	0	(75,551)	(532)	(76,082)
			Total Mayoral Police Fund					
			Combined					
(376,467)	1,098	(375,369)	General Fund Balances	(375,369)	(149,609)	(524,978)	(38,738)	(563,717)
(24,021)	(1,487)	(25,508)	Usable Capital Receipts Reserve	(25,508)	0	(25,508)	(15,661)	(41,169)
(13,332)	11,358	(1,974)	Capital Grants Unapplied Reserve	(1,974)	0	(1,974)	1,405	(569)
(413,820)	10,969	(402,851)	Total Usable Reserves	(402,851)	(149,608)	(552,458)	(52,991)	(605,451)

36b Purpose of Earmarked Reserves

The purpose of the Authority's earmarked reserves is set out in note 9b. 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

- Donated Asset Reserve – includes grant monies novated to NW Evergreen for investment in city areas.

37a Group Nature of Income and Expenditure

The nature of the Group's income and expenditure is outlined in the table below:

2017/18 £000s	Nature of Expenditure and Income	2018/19 £000s
	Expenditure	
547,869	Employee Costs	590,308
0	Pension Interest Costs	219,488
101,959	Cost of Police Officer retirement benefits	117,148
170,988	Grants Expenditure	168,827
352,449	Other Service Expenditure	223,148
113,483	Capital Charges including Depreciation and Impairment	133,409
310,011	Financing and Investment Expenditure	115,029
226,251	Revenue Expenditure Funded from Capital Under Statute	241,938
226	Loss on Disposal of Non-current Assets	868
1,823,236	Total Expenditure	1,810,163
	Income	
(26,314)	Financing and Investment Income	(29,973)
(197,797)	Fees, charges and other service income	(221,108)
(101,959)	Home Office grant payable towards the cost of retirement benefits	(117,148)
(220,625)	Income from Council Tax and NNDR	(251,348)
(36)	Gain on Disposal of Non-current assets	0
(103,871)	Levy Income	(370,467)
(1,017,885)	Government Grants and Contributions	(716,796)
(1,668,487)	Total Income	(1,706,840)
154,750	Deficit / (Surplus) on the Provision of Services	103,323

37b Group Income Including Grants and Contributions

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

2017/18 £000s	Income including Grants and Contributions Credited to the Cost of Services	2018/19 £000s
	Highways and Transport Services	
(1,391)	Sustainable Transport Transition Year Grant - DfT	0
(101)	Local Sustainable Transport Grant - DfT	0
(86)	CCAG Evaluation Study - DfT	0
(1,300)	GM Clean Air Plan (Feasibility Study) - DEFRA	(6,450)
(1,500)	Cycling & Walking to Work Award - DfT	(640)
(2,100)	Manchester Western Loop - T2/Airport City - DfT	0
(22,932)	Transport for the North - DfT	(182)
(6,731)	Bus Service Operators Grant - DfT	0
0	NWQ Multi Modal Study - DfT	(364)
(435)	District & External Contributions to Traffic Signals Repairs / S278	(241)
(36,325)	Revenue Expenditure Funded by Capital under Statute - DfT	(31,195)
(9,794)	Supported Bus Services	(9,663)
(64,868)	Metrolink	(72,850)
(5,970)	Management of Traffic Signals	(7,275)
(5,017)	Road Safety Activities	(5,943)
(1,676)	Other Operating Income	(7,878)
(160,225)		(142,681)
	Economic Development and Regeneration Services	
(176)	Regional Growth Fund / Growing Places Fund Arrangement fees	(176)
(513)	Business Support Grants & Contributions	(1,671)
(468)	Elena Grant - EIB	(25)
(3,151)	Works & Skills Grants & Contributions	(7,315)
(82)	Environment & Low Carbon Grants & Contributions	(1,082)
(458)	One Public Estate - Cabinet Office	(251)
(20)	GM Technical Assistance - ERDF/ESF	102
(5,671)	Contribution to fund ED&R Advances	0
(5,000)	Life Chances Grant - DCMS	0
(2,122)	Homelessness Grants - CLG	(6,145)
(4,767)	Troubled Families - CLG	(7,764)
(94)	100 Resilient Cities	(134)
(114)	Ageing Better	(60)
0	Planning Delivery Fund - CLG	(950)
0	Digital Funding - DCLG	(93)
0	Innovation & Reform Grant - DfE	(673)
0	Other Grants	(792)
(8,284)	District Contributions to ED&R Functions	(4,291)
(22,620)	Contributions to ED&R Programmes - Manchester City Council	0
(4,041)	External Contributions and Income Towards ED&R	(3,835)
(7,506)	Revenue Expenditure Funded by Capital under Statute - DCLG / HCA	(5,035)
(65,086)		(40,189)
	Waste and Resources	
0	Erasmus Grant - EU	(12)
0	PFI Credit	(10,019)
0	Contributions & Income	(2,396)
0		(12,427)
	Mayoral General Fund Services	
(101)	Mayor's Office	(14,429)
(1,197)	Business Rates Top-Up Grant	(1,456)
(1,677)	Fire Service Specific Grants	(2,941)
(2,356)	Fees, charges and other service income	(2,142)
(5,330)		(20,968)
	Mayoral Police Fund Services	
(29,316)	Police other Contributions	(26,023)
(29,837)	CTU grant	(34,433)
(22,526)	Other revenue grants	(14,688)
(6,350)	Airport policing	(7,266)
(6,207)	Collaborations	(6,546)
(4,872)	PFI grant	(5,315)
(99,108)		(94,271)
(329,749)	Total Income including Grants and Contributions Credited to the Cost of Services	(310,535)

38 Group Financing and Investment Expenditure and Income Analysis

2017/18 £000s	Financing and Investment Expenditure	2018/19 £000s
22,084	PWLB	32,203
19,792	European Investment Bank	11,591
9,210	Other	15,565
1,203	Former Greater Manchester Council Debt	1,408
7,085	Interest Element of PFI Unitary Charge	6,081
251,176	Net interest on the net defined liability (asset)	267,703
310,550	Total Financing and Investment Expenditure	334,551

2017/18 £000s	Financing and Investment Income	2018/19 £000s
(1,976)	Interest receivable on investments and deposits	(525)
(3,504)	Interest receivable on loans	(2,563)
(20,834)	Expected return on pension assets	(26,885)
(26,314)	Total Financing and Investment Income	(29,973)

39 Group Taxation and Non Specific Grant Income

2017/18 £000s		2018/19 £000s
	Income from Levies	
(103,871)	Transport Levy from the Greater Manchester Districts	(280,453)
0	Waste levy from the Greater Manchester Districts	(90,014)
	Income from Council Tax and Business Rates	
(109,725)	Council Tax Police Precept Income	(130,496)
(39,943)	Council Tax Fire Precept Income	(50,815)
(70,957)	Non Domestic Rates Income	(70,037)
	Income from Revenue Grants	
(43,377)	Business Rates Top up Grant	(43,377)
(20,042)	Revenue Support Grant	(19,938)
(383,123)	Police Grant	(428,019)
(405)	PFI Grant	0
(500)	Growth Deal Grant (LEP)	(500)
(30,000)	Earnback Grant	(12,000)
(14,387)	Transport Grants	(4,687)
	Income from Capital Grants	
(1,978)	Capital Contributions Receivable for Traffic Signal Schemes	(2,369)
(131,320)	Capital Grants and Contributions	(116,478)
(949,627)	Total Taxation and Non Specific Grant Income	(1,249,183)

40 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.

2017/18 £000s	External Audit Fees	2018/19 £000s
(17)	Fees receivable from Public Sector Audit Appointments with regard to external audit services carried out by the appointed auditor for the year	0
194	Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the previous year in relation to the GM Waste Disposal Authority	35
0	Fees payable to Mazars with regard to external audit services carried out by the appointed auditor for the year	173
0	Fees payable to Mazars for the certification of grant claims and returns for the year	3
4	Fees payable to Grant Thornton for the certification of grant claims and returns for the year	0
181	Total External Audit Fees	211

41 Group Officer Remuneration

Officers Remuneration above £50,000

The number of employees (excluding 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	Staff who have received severance	Total	Salary Range	Staff who have not received severance	Staff who have received severance	Total
2017/18	2017/18	2017/18		2018/19	2018/19	2018/19
801	-	801	£50,000 to £54,999	637	-	637
374	-	374	£55,000 to £59,999	369	-	369
137	-	137	£60,000 to £64,999	100	-	100
55	-	55	£65,000 to £69,999	45	-	45
34	-	34	£70,000 to £74,999	24	-	24
23	-	23	£75,000 to £79,999	28	2	30
25	-	25	£80,000 to £84,999	28	-	28
14	-	14	£85,000 to £89,999	23	-	23
4	-	4	£90,000 to £94,999	6	-	6
5	-	5	£95,000 to £99,999	4	-	4
4	-	4	£100,000 to £104,999	2	-	2
4	-	4	£105,000 to £109,999	3	-	3
5	-	5	£110,000 to £114,999	2	-	2
2	-	2	£115,000 to £119,999	1	-	1
2	-	2	£120,000 to £124,999	5	-	5
1	-	1	£125,000 to £129,999	-	-	-
2	1	3	£130,000 to £134,999	-	-	-
-	-	-	£135,000 to £139,999	-	-	-
-	-	-	£140,000 to £144,999	1	-	1
1	-	1	£145,000 to £149,999	-	-	-
1,493	1	1,494		1,278	2	1,280

In 2017/18, the Manchester Arena attack on the 22 May 2017 led to a substantial increase in overtime payments during 2017/18, due to Police officers and staff working additional hours to deal with the incident.

In 2018/19, the GM Fire and Rescue Service has used overtime to support establishment numbers, whilst recruitment activity was underway. This has meant that the actual pay of staff at Watch Manager and Crew Manager was higher than normal, meaning they are captured within the bands. This arrangement is currently in place until the end of May 2019, and therefore 2018/19 represents an exceptional year in this respect.

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.

Note	Post Title	2017/18				2018/19			
		Salary (including fees and allowances	Expenses and Other Allowances	Employer's Pensions Contribution	Total Remuneration	Salary (including fees and allowances	Expenses and Other Allowances	Employer's Pensions Contribution	Total Remuneration
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
A	Mayor of Greater Manchester (Andy Burnham)	99	-	-	99	110	-	-	110
B	Deputy Mayor for Police and Crime (Baroness Beverley Hughes)	62	-	-	62	77	-	-	77
C	Director - Mayor's Office	67	-	14	81	77	-	16	93
D	Chief Executive (Eamonn Boylan)	180	-	-	180	196	-	-	196
E	County Fire Officer (Peter O'Reilly)	133	2	26	161	-	-	-	-
F	Interim Chief Fire Officer (Dawn Docx)	29	-	6	35	64	-	14	78
	Chief Fire Officer (James Wallace)	-	-	-	-	90	1	16	107
G	Treasurer (Richard Paver)	159	-	-	159	161	1	-	162
	Chief Investment Officer (William Enevoldson)	101	-	-	101	77	-	-	77
H	Deputy Chief Executive	131	-	28	159	134	-	28	162
I	Solicitor and Monitoring Officer	5	-	1	6	107	-	23	130
J	Multi Agency Strategic Lead	35	-	7	42	-	-	-	-
K	Executive Director - Waste and Resources	-	-	-	-	102	-	22	124
	Transport for Greater Manchester								
L	Chief Executive (Jon Lamonte)	291	-	-	291	232	-	-	232
	Chief Operating Officer (Bob Morris)	174	-	33	207	177	-	33	210
	Finance and Corporate Services Director (Steve Warrenner)	172	-	32	204	175	-	33	208
	Greater Manchester Police								
	Chief Constable (Ian Hopkins)	200	5	46	251	203	1	35	239
	Deputy Chief Constable (Ian Pilling)	148	9	35	192	150	-	36	186
M	Assistant Chief Constable	114	2	27	143	86	5	15	106
N	Assistant Chief Constable	104	5	11	120	-	-	-	-
O	Assistant Chief Constable	109	7	26	142	77	-	18	95
P	Assistant Chief Constable	117	8	28	153	86	6	21	113
	Assistant Chief Constable	112	7	26	145	115	5	27	147
Q	Assistant Chief Constable	96	1	21	118	106	-	25	131
R	Assistant Chief Constable	101	9	21	131	93	5	21	119
S	Assistant Chief Constable	89	4	21	114	100	9	21	130

Greater Manchester Combined Authority Statement of Accounts 2018/19

Note	Post Title	2017/18				2018/19			
		Salary (including fees and allowances)	Expenses and Other Allowances	Employer's Pensions Contribution	Total Remuneration	Salary (including fees and allowances)	Expenses and Other Allowances	Employer's Pensions Contribution	Total Remuneration
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
T	Assistant Chief Constable	15	1	4	20	-	-	-	-
U	Assistant Chief Constable	-	-	-	-	98	8	23	129
V	Assistant Chief Constable	-	-	-	-	90	3	22	115
W	Assistant Chief Constable	-	-	-	-	50	1	12	63
X	Chief Superintendents	1,392	40	304	1,736	1,296	30	263	1,589
	Assistant Chief Officer Resources	110	16	21	147	113	14	21	148
Y	Assistant Head of Change and Transformation	66	-	12	78	-	-	-	-
	Head of Information Services	83	2	15	100	86	2	16	104
Z	Head of Legal Advisory	76	2	14	92	64	2	12	78
	Head of Legal Services	84	2	16	102	86	2	16	104
	Head of Business Support Services	79	2	15	96	82	2	15	99
	Head of External Relations & Performance	99	-	17	116	92	-	17	109
	Head of Finance	74	1	14	89	74	1	14	89
	Interim Head of Finance and Strategic Resourcing	72	-	14	86	74	-	14	88
	Head of Corporate Communications	72	1	14	87	74	-	14	88
	Interim Head of HR	62	1	11	74	68	-	12	80
AA	Interim Director / Programme SRO	8	-	-	8	-	-	-	-

- A Post Start Date 8 May 2017
 B Post Start Date 5 June 2017
 C Post Start Date 8 May 2017
 D The Authority received a contribution of £30,600 for the Chief Executive also performing the duties of Chief Executive at Transport for Greater Manchester during 2018/19. With effect from 26 November 2018 the annual salary was increased to £220,000 for this dual role.
 E Post holder retirement date 5 February 2018. Post changed to Chief Fire Officer
 F Interim Post Holder from 23 January 2018 until 31 August 2018
 G Post Holder commenced 1 September 2018
 Post in 2017/18 is 0.7 FTE, Annual salary for 1.0 FTE would be £151,500
 H Post in 2018/19 is 0.5 FTE, Annual salary for 1.0 FTE would be £154,530
 Post in 2017/18 is 0.8 FTE, Annual salary for 1.0 FTE would be £121,723
 I Post in 2018/19 is 0.8 FTE, Annual salary for 1.0 FTE would be £134,357
 Post in 2017/18 is 0.6 FTE, Annual salary for 1.0 FTE would be £90,000
 J Post in 2018/19 not classified as a senior employeee
 K Post transferred from former Greater Manchester Waste Disposal Authority
 L Post holder left 25 November 2018. Post now performed by Chief Executive of the Authority
 M Post holder retired October 2018
 N Post holder retired February 2018
 O Post holder left November 2018
 P In 2017/18 post holder was on secondment for which GMP received £60,000 contribution. Post holder left December 2018
 Q Assistant Chief Constable from July 2017 (Chief Superintendent until July 2017)

Greater Manchester Combined Authority Statement of Accounts 2018/19

R Assistant Chief Constable from May 2017 (on secondment to another Force in April 2017). Assistant Chief Constable to July 2018 (Chief Superintendent from August 2018)

S Assistant Chief Constable from December 2017 (Chief Superintendent until December 2017)

T Assistant Chief Constable left May 2017

U Assistant Chief Constable from July 2018 (Chief Superintendent until June 2018)

V Assistant Chief Constable from January 2019 (Chief Superintendent until December 2018)

W Assistant Chief Constable appointed in October 2018

X Chief Superintendent Posts have not been individually included due to numbers. Total costs are included in the table with salaries ranging in 2017/18 from £2,000 to £92,000 for 20 posts and in 2018/19 from £29,000 to £92,000 for 16 posts

Y Assistant Head of Change and Transformation left in 2017/18 and was replaced by a Chief Superintendent

Z Head of Legal Services until November 2017. Post from December 2017 is 0.74 FTE.

AA Interim Director / Programme SRO (temporary consultant covering long term sickness) left May 2017

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	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18 £000s	2018/19 £000s
£0 - £20,000	3	4	8	6	11	10	126	100
£20,001 - £40,000	1	2	7	3	8	5	223	133
£40,001 -£60,000	-	3	-	4	-	7	-	336
£60,001 - £80,000	1	1	2	1	3	2	203	127
£80,001 - £100,000	1	-	2	-	3	-	249	-
£100,001 - £150,000	1	-	-	-	1	-	111	-
£150,001 - £200,000	-	1	-	-	-	1	-	194
Total	7	11	19	14	26	25	912	890

42 Group Capital and Lease Commitments

2017/18 £000s	Capital Commitments	2018/19 £000s
609	Traffic Signals	1,244
4,122	Fire Programme related	2,999
4,466	Police Programme related	8,132
152,714	Transport for Greater Manchester Programme related	151,586
161,911	Total Capital Commitments	163,961

The key commitments for 2018/19 are in relation to the Transport for Greater Manchester Programme and the following projects:

- Metrolink Trafford Extension £82.9 million (2017/18 £139.6 million) - the majority of this commitment relates to the main contractor works. Construction of the Metrolink Trafford Extension is ongoing with opening expected in the first half of 2020.
- Metrolink Capacity Improvement Programme (MCIP) £49.6 million (2017/18 nil) - this project is for the purchase of 27 additional trams and associated infrastructure.
- Ashton Interchange £8.6 million (2017/18 £0.2 million) - this project is for construction of the new Interchange and the commitment is with the main contractor.

2017/18	Lease Commitments	2018/19
£000s		£000s
	PFI Arrangements	
1,500	Payments due within 1 year	2,673
13,655	Later than 1 year and not later than 5 years	14,660
36,676	Later than 5 years	32,998
51,831		50,331
	Operating Lease Arrangements	
	Land and Buildings	
483	Payments due within 1 year	875
1,759	Later than 1 year and not later than 5 years	3,163
6,877	Later than 5 years	14,086
9,119		18,124
60,950	Total Capital Commitments	68,455

43 Group Property, Plant and Equipment Including Disposals

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:

	Infrastructure assets	Land and Buildings	Vehicles, Plant, Furniture and Equipment	Long Term Surplus Assets	Assets under Construction	Total Property Plant and Equipment (PPE)	PFI in PPE
Cost or Valuation							
Asset values brought forward at 1/4/18	2,246,974	354,126	238,803	2,281	213,240	3,055,424	78,295
- Value of Waste assets transferred in at 1/4/18	0	170,366	40,674	0	0	211,040	0
Additions	0	897	15,935	0	144,177	161,009	564
Accumulated depreciation and impairment written off to cost or valuation	3,726	(8,506)	(303)	(11)	21	(5,073)	(2,055)
Revaluation increases/decreases recognised in the Revaluation Reserve	0	26,691	659	28	0	27,378	4,792
Revaluation increases/decreases recognised in the surplus or deficit on the provision of services	0	5,816	0	(169)	0	5,647	24
Derecognition - disposals	(4,381)	0	(6,218)	0	0	(10,599)	0
Derecognition - other	0	(1,850)	0	0	0	(1,850)	(564)
Assets reclassified to/from held for sale	0	0	0	(73)	0	(73)	0
Assets reclassified to/from assets under construction	20,546	0	10,768	0	(31,314)	0	0
Other movements in cost or valuation	0	(810)	0	810	0	0	0
Cost or Valuation at 31/3/19	2,266,865	546,730	300,318	2,866	326,124	3,442,903	81,056
Accumulated Depreciation & Impairment							
Accumulated depreciation values brought forward at 1/4/18	(472,899)	(22,129)	(168,305)	(10)	0	(663,343)	(9,304)
- Waste accumulated depreciation values transferred in at 1/4/18	0	(38,806)	(17,443)	0	0	(56,249)	0
Accumulated depreciation and impairment written off to cost or valuation	0	8,506	303	11	0	8,820	2,055
Depreciation Charge	(70,192)	(14,415)	(18,198)	(14)	0	(102,819)	(2,033)
Depreciation written out on Revaluation Reserve	0	2,393	(150)	0	0	2,243	862
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	536	0	0	0	536	19
Derecognition - disposals	3,656	0	5,785	0	0	9,441	0
Derecognition - other	0	(50)	(8,670)	0	0	(8,720)	0
Assets reclassified to/from held for sale	0	0	0	0	0	0	0
GF Closing value - depreciation	(539,435)	(63,965)	(206,678)	(13)	0	(810,091)	(8,401)
Net Book Value at 31/3/18	1,774,075	331,997	70,498	2,271	213,240	2,392,081	68,991
Net Book Value at 31/3/19	1,727,430	482,765	93,640	2,853	326,124	2,632,812	72,655
Net Book Value at 31/3/19							
Assets deployed for GMCA activity	1,727,430	149,123	43,999	0	3,307	1,923,859	0
Assets deployed for Mayoral General activity	0	88,231	13,818	755	260,960	363,764	3,263
Assets deployed for Mayoral Police activity	0	245,411	35,823	2,098	61,857	345,189	69,392
	1,727,430	482,765	93,640	2,853	326,124	2,632,812	72,655

Greater Manchester Combined Authority Statement of Accounts 2018/19

	Infrastructure Assets	Land and Building	Vehicles, Plant Furniture & Equipment	Long Term Surplus Assets	Assets under Construction	Total Property Plant and Equipment (PPE)	PFI in PPE
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Property, Plant and Equipment							
Cost or Valuation							
Asset values brought forward at 1/4/17	2,184,052	14,149	56,200	805	112,622	2,367,828	0
Value of assets transferred in:	0	0	0	0	0	0	0
- At 8 May 2017 - asset values transferred from GMFRA	0	85,918	33,725	275	4,424	124,342	3,057
- At 8 May 2017 - asset values transferred from PCC	0	243,539	141,131	1,526	38,267	424,463	75,238
Additions	2,570	932	6,793	0	130,837	141,132	0
Accumulated depreciation and impairment written off to cost or valuation	0	(1,503)	(743)	0	0	(2,246)	0
Revaluation increases/decreases recognised in the Revaluation Reserve	0	3,378	1,038	195	0	4,611	0
Revaluation increases/decreases recognised in the surplus or deficit on the provision of services	0	3,244	0	13	0	3,257	0
Derecognition - disposals	(696)	(450)	(5,992)	(50)	0	(7,188)	0
Derecognition - other	0	(43)	0	0	0	(43)	0
Assets reclassified to/from held for sale	0	(250)	0	(483)	0	(733)	0
Assets reclassified to/from assets under construction	61,048	0	6,651	0	(67,699)	0	0
Other movements in cost or valuation	0	5,212	0	0	(5,212)	0	0
Cost or valuation as at 31 March 2018	2,246,974	354,126	238,803	2,281	213,239	3,055,423	78,295
Accumulated Depreciation and Impairment							
Accumulated depreciation values brought forward at 1/4/17	(402,396)	(378)	(25,125)	0	0	(427,899)	0
Accumulated depreciation values transferred in:	0	0	0	0	0	0	0
- At 8 May 2017 - depreciation values transferred from GMFRA	0	(8,921)	(22,140)	(181)	0	(31,242)	(775)
- At 8 May 2017 - depreciation values transferred from PCC	0	(7,485)	(111,051)	(7)	0	(118,543)	(8,583)
Accumulated depreciation and impairment written off to cost or valuation	0	0	0	0	0	0	0
Depreciation Charge	(70,907)	(9,411)	(15,981)	(3)	0	(96,302)	(1,977)
Depreciation written out on Revaluation Reserve	0	1,925	0	48	0	1,973	0
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	596	0	0	0	596	0
Derecognition - disposals	404	0	5,249	0	0	5,653	0
Derecognition - other	0	1,546	743	0	0	2,289	0
Assets reclassified to/from held for sale	0	0	0	133	0	133	0
GF Closing value - depreciation	(472,899)	(22,128)	(168,305)	(10)	0	(663,342)	(11,335)
Net Book Value at 31/3/17	0	0	0	0	0	0	0
Net Book Value at 31/3/18	1,774,075	331,998	70,498	2,271	213,239	2,392,081	66,960
Net Book Value at 31/3/18							
Assets deployed for GMCA activity	1,774,075	12,873	28,136	755	154,222	1,970,061	0
Assets deployed for Mayoral General activity	0	83,567	11,464	0	320	95,351	2,135
Assets deployed for Mayoral Police activity	0	235,558	30,898	1,516	58,697	326,669	64,825
	1,774,075	331,998	70,498	2,271	213,239	2,392,081	66,960

Group Property, Plant and Equipment Valuations

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 2017.

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. Due to the value of the properties and the changes in market conditions these have not been re-valued in 2018/19.

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.

44 Group Short and Long Term Debtors

2017/18 £000s	Short Term Debtors	2018/19 £000s
68,653	Central Government Bodies	63,008
125,644	Other Local Authorities and Police and Crime Commissioners	94,810
1,390	NHS Bodies	1,364
1,940	Public Corporations	3,859
9,208	Payments in Advance	35,488
65,571	Other entities and individuals	24,794
(29,319)	Bad Debt Provision	(34,503)
243,087	Total Short Term Debtors	188,820

2017/18 £000s	Long Term Debtors	2018/19 £000s
	Other entities and individuals	
30,188	Gross Book Value	106,408
(6,969)	Bad Debt Provision	(5,207)
82,688	Total Long Term Debtors	101,201

45 Group Cash and Cash Equivalents

2017/18		2018/19
£000s	Cash and Cash Equivalents	£000s
5,551	Bank current accounts	5,565
12,948	Bank call accounts	15,009
567	Cash held by the Authority	568
343,551	Short term deposits with central government and other institutions	166,490
362,617	Total Cash and Cash Equivalents	187,632

46 Group Short and Long Term Creditors

2017/18	Short Term Creditors	2018/19
£000s		£000s
(24,813)	Central Government Bodies	(26,245)
(77,086)	Other Local Authorities and Police and Crime Commissioners	(46,095)
(457)	NHS Bodies	(1,049)
0	Public Corporations	(46,115)
(98,813)	Other entities and individuals	(135,800)
(12,105)	Prepaid Income / Receipt in Advance	(11,311)
(5,375)	Siezed Cash	(6,533)
(218,649)	Total Creditors	(273,150)

47 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 2019 relate to (a) capital works, and (b) others, including insurance excesses, contractual obligations, contracted maintenance and an onerous lease.

Provisions	Insurance £000s	NNDR Appeals £000s	Police Pension Lump Sums £000s	Landcare £000s	Capital Works £000s	Other £000s	Total £000s
Balances b/f							
Provisions b/f - continuing operations							
- GMCA	501	0	0	0	4,556	2,721	7,778
- Mayoral General Fund	977	1,909	0	0	0	73	2,959
- Mayoral Police Fund	13,656	0	224	0	0	19	13,900
Provisions transferred in to GMCA from GMDWA	0	0	0	2,265	0	0	2,265
Provisions b/f - all operations	15,134	1,909	224	2,265	4,556	2,813	26,902
Use of Provision							
GMCA	(55)	0	0	(523)	(330)	(64)	(972)
Mayoral General Fund	(776)	0	0	0	0	(73)	(849)
Mayoral Police Fund	(7,804)	0	0	0	0	(12)	(7,816)
Unused amounts reversed							
GMCA	0	0	0	0	0	(2,301)	(2,301)
Mayoral General Fund	0	0	0	0	0	0	0
Mayoral Police Fund	0	0	0	0	0	0	0
Top up of Provision							
GMCA	0	0	0	0	3,166	0	3,166
Mayoral General Fund	808	59	0	0	0	1,341	2,208
Mayoral Police Fund	3,590	0	0	0	0	0	3,590
Balance c/f							
GMCA	446	0	0	1,743	7,392	356	9,937
Mayoral General Fund	1,008	1,968	0	0	0	1,341	4,318
Mayoral Police Fund	9,442	0	224	0	0	7	9,674
Total Provisions c/f	10,896	1,968	224	1,743	7,392	1,704	23,928
Short Term	1,148	1,968	224	498	3,388	1,510	8,736
Long Term	9,748	0	0	1,245	4,004	196	15,193
Total Provisions c/f	10,896	1,968	224	1,743	7,392	1,705	23,928

48 Group Unusable Reserves

2017/18 £000s	Unusable Reserves	2018/19 £000s
(909,815)	Capital Adjustment Account	(362,349)
245	Financial Instruments Adjustment Account	205
9,508,411	Pensions Reserve	10,010,944
(68,728)	Revaluation Reserve	(154,803)
(7,418)	Collection Fund Adjustment Account	(7,428)
4,887	Accumulated Absences Reserve	4,850
(438)	Deferred Capital Receipts Reserve	(470)
(2,461)	Capital Reserve	(2,461)
45,444	Deregulation Reserve	44,051
8,570,127	Total Unusable Reserves	9,532,540

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.

2017/18 £000		2018/19 £000
(790,382)	Balance 1 April	(909,815)
(40,324)	Balance transferred in from GMFRA	0
(28,752)	Balance transferred in from OPCC	0
0	Balance transferred in from GMWDA	569,843
(859,458)	Revised Opening Balance	(339,972)
26,800	Charges for depreciation and impairment of non-current assets	40,162
(3,098)	Revaluation losses on non-current assets	(5,672)
191	Amortisation of intangible assets	0
119,950	Revenue expenditure funded from capital under statute	137,730
(4,545)	Capital bad debt provision movement	2,464
10,445	Revaluation and impairment of capital financial assets	2,611
89	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	2,586
149,832	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	179,881
(2,911)	Adjusting Amounts written out of the Revaluation Reserve	(1,704)
146,921	Net written out amount of the cost of non-current assets consumed in the year	178,177
0		
(6,582)	Use of Capital Receipts Reserve to finance new capital expenditure	(4,288)
(193,832)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(111,204)
(9,072)	Capital grants and contributions not credited to the CI&ES that have been applied to capital financing	0
(34,958)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(76,287)
(28,429)	Capital expenditure charged against the General Fund and HRA balances	(28,558)
(272,873)	Capital financing applied in year:	(220,337)
0		
0	Capital Receipts debited to the Capital Adjustment Account on Repayment of loans	19,781
75,595	Other movements	0
(909,815)	Balance 31 March	(362,351)

Pensions Reserve

This relates to the net pension asset as at 31 March 2019 in accordance with the actuary's report. Further details are shown in Note 54.

2017/18 £000s	Pension Reserve	2018/19 £000s
(9,340,053)	Balance b/f for continuing operations	9,508,411
0	Balance transferred in from GMWDA	6,785
(9,340,053)	Balance b/f for all operations	9,515,196
23,780	Remeasurements of the net defined benefit liability / (asset)	318,631
261,702	Employer's pension contributions and direct payments to pensioners payable in the year	(296,922)
(6,950)	Balances transferred in with staff TUPE'd over to GMCA	0
(446,890)	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.	474,039
(9,508,411)	Balance carried forward	10,010,944

Revaluation Reserve

2017/18 £000s	Revaluation Reserve	2018/19 £000s
(65,219)	Balance b/f for continuing operations	(68,728)
0	Balance transferred in from GMWDA	(59,762)
(65,219)	Balance b/f for all operations	(128,489)
(6,591)	Upward revaluation of assets	0
29	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(31,048)
(6,562)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	(31,048)
2,660	Difference between fair value depreciation and historical cost depreciation	4,650
251	Accumulated gains on assets sold or scrapped	186
2,911	Amount written off to the Capital Adjustment Account	4,835
(420)	Upward revaluation of investments charged to the Surplus/Deficit on the Provision of Services	(183)
562		82
(68,728)	Balance carried forward	(154,803)

Accumulated Absences Reserve

2017/18 £000s	Accumulated Absence Account	2018/19 £000s
4,822	Balance brought forward	4,886
(4,823)	Settlement or cancellation of accrual made at the end of the preceding year	(4,886)
4,887	Amounts accrued at the end of the current year	4,850
64	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	(36)
4,886	Balance carried forward	4,850

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.

2017/18 £000s	Deregulation Reserve	2018/19 £000s
46,836	Balance b/f	45,444
(1,392)	Amortisation during the year	(1,393)
45,444	Total Deregulation Reserve	44,051

49 Group Collaborations

The Chief Constable (GMP) within the Authority Group works in collaboration with other police forces in order to increase business resilience, efficiency and flexibility to make budget savings. Collaboration between forces is not new and has generally been defined as "all activity where two or more parties work together to achieve a common goal, which includes inter-force activity and collaboration with the public and private sectors, including outsourcing and business partnering."

The following table shows the collaborations that the Chief Constable is part of that are classified as Joint Operations under the CIPFA Code of Practice.

Joint Operation	Lead force	Contribution 2018/19 £000s
TITAN - Partners are Greater Manchester, Cheshire, Merseyside, Lancashire, Cumbria and North Wales. Staff are drawn from these forces with net costs apportioned between partners based on government grant allocations.	Merseyside	6,775
UNDERWATER SEARCH - Partners are Greater Manchester, Cheshire, Merseyside, Lancashire, Cumbria and North Wales. Net costs are apportioned between partners based on government grant allocations.	Cheshire	342
NORTH WEST MOTORWAY POLICE GROUP - Partners are Greater Manchester, Cheshire, Merseyside and Lancashire. Costs are apportioned based on a Service Level Agreement.	Cheshire	304

50 Group Contingent Liabilities

The Chief Constable (GMP) within the Group along with other Chief Constables and the Home Office, currently has 1,329 claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015.

Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Firefighters Pension regulations and in December 2018 the Court of Appeal (McCloud/Sargeant) ruled that the 'transactional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination. The Government is seeking permission to appeal this decision. It is envisaged that if this is unsuccessful, the Court will require steps to be taken to compensate employees who were transferred to the new schemes potentially including Police Pension Scheme members. This would lead to an increase in Police Pension Scheme liabilities and GMP actuaries (the Government Actuary Department) using specific assumptions have estimated the potential increase in scheme liabilities as a result of the judgement to be approximately 5.4% of national pension scheme liabilities as at March 2018. This estimate is based on one potential remedy and depending on the outcome of the appeal, the remedy calculation and its applicability to the Police Pension Scheme will need to be revisited in the light of further direction from the Courts.

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to take place in 2020 with implementation of the results planned for 2023/24 and forces will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process.

The impact of an increase in annual pension payments arising from McCloud/Sargeant is determined through the Police Pension Fund Regulations 2007. These require a police authority to maintain a police pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have enough funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the police authority in the form of a central government top-up grant.

CHIS Handlers

Following successful claims in Allard v Devon and Cornwall Police for unpaid overtime following recalls to duty, in excess of 1500 claims have been made nationally. An accrual for £1.26m has been made in 2018/19 Accounts to cover the anticipated claims for GMP. The UCO claims are still being investigated however it is estimated that the payments for this will be in the region of £1.9m.

51 Group Financial Instruments

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

	Non-Current Financial Assets				
	Investments		Debtors		Total
	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-19
	£000	£000	£000	£000	£000
Pre IFRS 9 Categories					
Loans and receivables	-	-	82,688	-	-
Available-for-sale financial assets	-	-	-	-	-
Unquoted equity investment at cost	2,745	-	-	-	-
Financial assets carried at contract amounts	-	-	-	-	-
IFRS 9 Categories					
Fair value through profit and loss	-	-	-	-	-
Amortised cost	-	-	-	101,201	101,201
Fair value through other comprehensive income - designated equity instruments	-	3,054	-	-	3,054
Fair value through other comprehensive income - other	-	-	-	-	-
Total financial assets	2,745	3,054	82,688	101,201	104,254

Current Financial Assets							
	Investments		Debtors		Cash		Total
	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-19
	£000	£000	£000	£000	£000	£000	£000
Pre IFRS 9 Categories							
Loans and receivables	343,551	-	199,346		19,066		-
IFRS 9 Categories							
Amortised cost	-	166,450	-	181,790	-	21,142	369,381
Total financial assets	343,551	166,450	199,346	181,790	19,066	21,142	369,381
Non-financial assets	-	-	-	-	-	-	-
Total	343,551	166,450	199,346	181,790	19,066	21,142	369,381

Non-Current Financial Liabilities							
	Borrowings		Creditors		Other long-term liabilities		Total
	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-19
	£000	£000	£000	£000	£000	£000	£000
Amortised cost	(1,210,627)	(1,454,242)	-	-	-	-	(1,454,242)
Other	-	-	-	-	(50,331)	(47,658)	(47,658)
Total financial liabilities	(1,210,627)	(1,454,242)	-	-	(50,331)	(47,658)	(1,501,900)
Non-financial liabilities	-	-	-	-	-	-	-
Total	(1,210,627)	(1,454,242)	-	-	(50,331)	(47,658)	(1,501,900)

Current Financial Liabilities						
	Borrowings		Creditors		Total	
	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19
	£000	£000	£000	£000	£000	£000
Amortised cost	(170,192)	(175,483)	(258,314)	(273,150)	(448,633)	(448,633)
Other	-	-	(1,499)	(2,673)	(2,673)	(2,673)
Total financial liabilities	(170,192)	(175,483)	(259,813)	(275,823)	(451,306)	(451,306)
Non-financial liabilities	-	-	-	-	-	-
Total	(170,192)	(175,483)	(259,813)	(275,823)	(451,306)	(451,306)

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

	31-Mar-18		31-Mar-19	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£000	£000	£000	£000
Net gains/losses on:				
financial assets measured at amortised cost	(4,585)	-	2,475	-
Total net gains/losses	(4,585)	-	2,475	-
Interest revenue:				
financial assets measured at amortised cost	-	(5,480)	-	(2,643)
Total interest revenue	-	(5,480)	-	(2,643)
Interest expense	-	58,171	-	66,814

Financial liabilities and financial assets are carried in the balance sheet at amortised cost, the carrying value is disclosed below. 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;

- 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 £828.653 million;
- 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 £1,207.878 million;
- No early repayment or impairment is recognised;
- The fair value of trade and other receivables, cash and creditors is taken to be carrying amount due to the short term nature of the instruments;
- The fair value of long term debtors have been evaluated at their carrying value;
- The fair value of equity investment assets have been evaluated at their carrying value.
- The fair value of the PFI contracts have been evaluated at new loan rates.
- The valuation techniques used for PWLB and non PWLB debt are at level 2 – significant 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 group 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 (formally Capita). 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.

Set out below is a comparison by class of the carrying amounts and fair value of the group's financial assets and financial liabilities:

2017/18			2018/19	
Carrying Amount £000s	Fair Value £000s		Carrying Amount £000s	Fair Value £000s
		Financial Assets		
19,066	19,066	Cash	21,142	21,142
625,585	625,585	Loans and Receivables	449,440	449,480
2,745	2,745	Equity investments	3,054	3,054
647,396	647,396	Total Financial Assets	473,635	473,675
		Financial Liabilities		
(476,895)	(738,423)	PWLB Debt using premature repayment rates	(599,946)	(884,302)
(903,924)	(1,265,824)	Non- PWLB debt	(896,895)	(1,249,339)
(51,830)	(86,208)	PFI Liability	(50,331)	(85,523)
(258,314)	(258,314)	Creditors and Grants Received in Advance	(273,150)	(273,150)
(1,607,044)	(2,369,462)	Total Financial Liabilities	(1,820,322)	(2,492,314)

Borrowings	Range of interest		Average	Average	Total	Total
	rates payable in 18/19 from %	to %	Interest 2017/18 %	Interest 2018/19 %	Outstanding 2017/18 £000s	Outstanding 2018/19 £000s
a) Analysis of loans by type:						
Public Works Loans Board	3.34%	9.75%	5.05%	4.45%	(471,604)	(629,292)
Other Loans	0.65%	4.58%	3.20%	3.65%	(891,506)	(982,404)
Accrued Interest Payable:						
PWLB					(5,291)	(5,298)
Others					(12,418)	(12,731)
Total as at 31 March					(1,380,819)	(1,629,725)
b) Analysis of loans by maturity						
Maturing:						
Due within 1 year: accrued interest payable						
PWLB					(5,291)	(5,298)
Others					(12,418)	(12,731)
Due within 1 year: principal						
PWLB					(10,000)	(28,611)
Others					(142,483)	(63,746)
Due within 1 year					(170,192)	(110,386)
In 1 to 2 years					(23,283)	(32,026)
In 2 to 5 years					(69,577)	(128,755)
In 5 to 10 years					(192,502)	(430,155)
In over 10 years					(925,265)	(928,402)
Due over 1 year					(1,210,627)	(1,519,339)
Total as at 31 March					(1,380,819)	(1,629,725)

51b 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's financial instruments.

Risk Factors

TfGM carries out credit assessments of all new customers before contracting with them.

A prudent view is taken in respect of impairment of trade debtors.

TfGM bears almost no interest rate risk in relation to loans and borrowings, as all existing loans are at a fixed rate. 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.

There is an element of inherent credit risk in respect of short-term deposits placed by TfGM on behalf of GMCA. This risk is managed in accordance with the policies and procedures set out in the accounts of GMCA.

Hedging Instruments

TfGM holds no financial instruments that could be classified as hedging instruments.

52 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 30.

All intercompany balances have been removed for TfGM, which leaves none for disclosure in this note. All GMP related party balances have been removed on consolidation, the only remaining related party balance is with the Home Office, as disclosed on the CIES.

53a Group Cash Flow Statement - Adjustments to Net Cash Flows from Operating Activities

The cash flows for operating activities include the following items:

2017/18 £000s		2018/19 £000s
(118)	Finance Costs calculated in accordance with the SORP	(40)
(10,025)	Impairment of investments	(2,611)
24,738	Increase / (Decrease) in Debtors	(10,948)
33	Increase / (Decrease) in Inventories	363
(29,323)	Decrease / (Increase) in Creditors	(68,709)
11,678	Decrease / (Increase) in Provisions	(3,053)
3,098	Revaluation adjustment	15,003
4,585	Increase in bad debt provision	(2,197)
2,585	Loss on sale of non current assets	(868)
0	Gain / (Loss) on disposal of short term & long term investments	0
(97,757)	Annual depreciation charge	(103,917)
(190,353)	IAS19 adjustments	(175,417)
(1,103)	(Increase) / Decrease in Interest Debtors	1,225
9,532	Increase / (Decrease) in Interest Creditors	313
0	Gain on acquisition of donated asset	0
3,753	Other non-cash movements	1,639
(268,677)	Adjustments to net deficit on the provision of services for non cash movements	(349,217)
49,301	Finance Costs Paid	66,502
(58,836)	Financing Expenditure	(66,814)
6,782	Financing Income	2,643
(5,679)	Interest Income Received	(3,868)
(1,795)	IAS 19 pension finance interest	(1,812)
108,279	Capital grants and contributions receivable	132,327
0	Revaluation loss on non current assets	0
0	Revaluation release on transfer of investment property	0
98,052	Adjust for items included in the net deficit on the provision of services that are investing and financing activities	128,978

53b Group Cash Flow Statement - Investing Activities

2017/18 £000s	Investing Activities	2017/18 £000s
142,821	Purchase of property, plant and equipment	166,181
8,060	Long Term Loans paid out	4,460
(8,518)	Long Term Loans repaid	(19,781)
(105,230)	Capital grants and contributions received	(116,895)
(2,163)	Proceeds from sale of property, land and equipment	(1,191)
0	Proceeds from short term and long term investments	0
34,970	Net Cash Inflow / (Outflow) from Investing Activities	32,774

53c Group Cash Flow Statement - Financing Activities

2017/18 £000s	Financing Activities	2017/18 £000s
4,645	Repayment of former GMC Debt	6,247
2,339	Reduction of the outstanding liability relating to a finance lease and on-balance sheet PFI contracts	1,686
85	Capital Grants Receipts in Advance relating to non GMCA road schemes	0
(242,426)	Net Movement on Borrowing	258,078
(235,357)	Net Cash Inflow / (Outflow) from Financing Activities	266,011

53d Group Cash Flow Statement – Reconciliation of Liabilities Arising from Financing Activities

Financing Activities	2018/19 1st April	Financing cash flows	Non-cash changes		2018/19 31st March
	£'000		£'000	Acquisition	Other non-cash changes
Long term borrowing	(1,214,488)	(239,755)	0	0	(1,454,242)
Short term borrowing	(166,329)	3,083	0	(12,237)	(175,483)
On balance sheet PFI liabilities	(51,831)	1,500	0	0	(50,331)
Lease liabilities	(20,877)	6,221	0	(6,023)	(20,691)
Total liabilities from financing activities	(1,453,524)	(228,951)	0	(18,260)	(1,700,747)

54 Group Defined Benefit Pension Schemes

Comprehensive Income and Expenditure Statement

2017/18 LGPS £000s	2017/18 FIRE £000s	2017/18 POLICE £000s	2017/18 TOTAL £000s		2018/19 LGPS £000s	2018/19 FIRE £000s	2018/19 POLICE £000s	2018/19 TOTAL £000s
				Cost of Services:				
51,986	23,480	134,440	209,906	Current service cost	18,645	25,360	189,816	233,821
667	1,200	4,770	6,637	Past service cost (including curtailments and settlements)	(2,612)	0	347	(2,265)
52,653	24,680	139,210	216,543	Total Service Cost	16,033	25,360	190,163	231,556
				Financing and Investment Income & Expenditure:				
(20,834)	0	0	(20,834)	Interest income on plan assets	(13,248)	0	(21,183)	(34,431)
29,205	41,120	180,850	251,175	Interest cost on defined benefit obligation	16,328	42,640	217,676	276,644
8,371	41,120	180,850	230,341	Total Net Interest	3,080	42,640	196,493	242,213
				Total Post Employment Benefit Charged to the (Surplus)/Deficit on the Provision of Services				0
61,024	65,800	320,060	446,884		19,113	68,000	386,656	473,769
				Remeasurements of the Net Defined Liability Comprising:				0
6,706	0	0	6,706	Return on assets excluding amounts included in net interest	(31,720)	0	(37,152)	(68,872)
0	(44,440)	251,410	206,970	Actuarial gains/losses arising from changes in demographic assumptions	0	0	0	0
(4,610)	43,630	(241,230)	(202,210)	Actuarial gains/losses arising from changes in financial assumptions	30,313	46,940	330,784	408,037
(52)	(6,400)	(14,680)	(21,132)	Other	147	(1,180)	(19,501)	(20,534)
2,044	(7,210)	(4,500)	(9,666)	Total Remeasurements Recognised in Other in the CIES	(1,260)	45,760	274,131	318,631
								0
63,068	58,590	315,560	437,218	Total Post Employment Benefit Charged to the CIES	17,853	113,760	660,787	792,400

Page 257

Movement in Reserves Statement

2017/18 LGPS £000s	2017/18 FIRE £000s	2017/18 POLICE £000s	2017/18 TOTAL £000s		2018/19 LGPS £000s	2018/19 FIRE £000s	2018/19 POLICE £000s	2018/19 TOTAL £000s
(47,457)	(65,800)	(320,060)	(433,317)	Reversal of net charges made to the (surplus)/deficit on the provision of service	(19,113)	(68,000)	(386,656)	(473,769)
14,736	0	47,998	62,734	Employers' contributions payable to the scheme	10,054	0	232,323	242,377
22,134	0	0	22,134	Employers contribution - unfunded deficit				
0	46,978	0	46,978	Retirement benefits payable to pensioners	505	53,620	420	54,545
(10,587)	(18,822)	(272,062)	(301,471)	Actual amount charged against the General Fund Balance for Pensions in the year	(8,554)	(14,380)	(153,913)	(176,847)

Pensions Assets and Liabilities Recognised in the Balance Sheet

2017/18 LGPS £000s	2017/18 FIRE £000s	2017/18 POLICE £000s	2017/18 TOTAL £000s		2018/19 LGPS £000s	2018/19 FIRE £000s	2018/19 POLICE £000s	2018/19 TOTAL £000s
(1,593,309)	(1,685,820)	(7,476,360)	(10,755,489)	Present value of the defined benefit obligation	(671,580)	(1,746,230)	(8,988,845)	(11,406,655)
1,247,078	0	0	1,247,078	Fair value of employer assets	547,785	0	847,926	1,395,711
0	0	0	0	Net interest	0	0	0	0
(346,231)	(1,685,820)	(7,476,360)	(9,508,411)	Net liability arising from the Defined Benefit Obligation	(123,795)	(1,746,230)	(8,140,919)	(10,010,944)

Reconciliation of the present value of the scheme liabilities (Defined Benefit Obligations)

2017/18 LGPS £000s	2017/18 FIRE £000s	2017/18 POLICE £000s	2017/18 TOTAL £000s		2018/19 LGPS £000s	2018/19 FIRE £000s	2018/19 POLICE £000s	2018/19 TOTAL £000s
425,704	0	0	425,704	Opening fair value of continuing scheme liabilities	(584,192)	(1,685,820)	(8,493,549)	(10,763,561)
1,117,502	1,674,208	7,339,430	10,131,140	Opening fair value of liabilities transferred in	(50,577)	0	0	(50,577)
51,986	23,480	107,410	182,876	Current Service Cost	(18,645)	(25,360)	(159,546)	(203,551)
37,940	41,120	180,850	259,910	Interest Cost	(16,328)	(42,640)	(217,676)	(276,644)
9,330	0	27,030	36,360	Contributions from scheme participants	(3,686)	0	(37,028)	(40,714)
				Remeasurement gain				
(10,830)	(44,440)	(251,410)	(306,680)	Actuarial gains/losses arising from change in demographic assumptions	0	0	0	0
621	43,630	241,230	285,481	Actuarial gains/losses arising from change in financial assumptions	(30,313)	(46,940)	(330,784)	(408,037)
142	(6,400)	19,450	13,192	Other	(147)	1,180	19,501	20,534
(39,086)	1,200	(380)	(38,266)	Past Service Costs (including curtailment and settlement)	5,925	0	(347)	5,578
	(46,978)	(187,250)	(234,228)	Benefits Paid	26,383	53,350	230,584	310,317
1,593,309	1,685,820	7,476,360	10,755,489	Closing fair value of scheme liabilities	(671,580)	(1,746,230)	(8,988,845)	(11,406,655)

Reconciliation of movements in the fair value of the scheme assets

2017/18 TOTAL £000s	2017/18	2018/19 LGPS £000s
356,456	Opening fair value of continuing scheme assets	1,255,150
853,384	Opening fair value of assets transferred in	43,792
0		
29,569	Interest Income	34,431
0	Effect of settlements	(3,313)
0		
10,336	Remeasurement gain	
3,830	Return on assets excluding amounts included in net interest	68,872
24,332	Contributions from employer	29,252
4,966	Contributions from employees into the scheme	10,444
(35,795)	Benefits Paid	(42,917)
1,247,078	Closing fair value of scheme assets	1,395,711

Local Government Pension Scheme Assets Comprised:

2017/18					2018/19			
Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of total assets		Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of total assets
£000	£000	£000	%		£000	£000	£000	%
62,984		62,984	5%	Equity securities:				
75,558		75,558	5%	Consumer	63,585		63,585	5%
59,830		59,830	4%	Manufacturing	66,526		66,526	5%
90,910		90,910	7%	Energy and utilities	64,692		64,692	5%
28,212		28,212	2%	Financial institutions	91,106		91,106	7%
17,692		17,692	1%	Health and care	33,994		33,994	2%
10,796		10,796	1%	Information technology	20,552		20,552	1%
				Other	12,613		12,613	1%
				Debt securities:				
40,915		40,915	3%	Corporate bonds (investment grade)	260,778		260,778	19%
133,481		133,481	10%	UK Government bonds	7,581		7,581	1%
30,716		30,716	2%	Other	29,198		29,198	2%
	36,937	36,937	3%	Private equity:				
				All		53,914	53,914	4%
	37,791	37,791	3%	Real Estate:				
				UK property		54,678	54,678	4%
				Investment Funds and Unit Trusts				
298,679		298,679	21%	Equities	260,239		260,239	19%
143,119		143,119	10%	Bonds	143,198		143,198	10%
	28,579	28,579	2%	Infrastructure	0	55,191	55,191	4%
20,558	98,776	119,334	9%	Other	52,427	99,298	151,724	11%
				Derivatives:				
			0%	Other	584		584	0%
				Cash and cash equivalents:				
39,616		39,616	3%	All	25,559		25,559	2%
1,053,066	202,083	1,255,149	100%	Total	1,132,631	263,080	1,395,711	100%

Mortality Assumptions

2017/18 LGPS	2017/18 FIRE	2017/18 POLICE		2018/19 LGPS	2018/19 FIRE	2018/19 POLICE
21.5 years	21.9 years	22.6 years	Longevity at 65 for current pensioners:	21.5 years	22.0 years	22.7 years
24.1 years	21.9 years	24.2 years	Male	24.1 years	22.0 years	24.3 years
			Female			
23.7 years	23.9 years	24.5 years	Longevity at 65 for future pensioners:	23.7 years	23.9 years	24.6 years
26.2 years	23.9 years	26.1 years	Male	26.2 years	23.9 years	26.2 years
			Female			
			Rate of Inflation (Price Increases)			
3.2%	4.3%	4.3%	Rate of increase in salaries (Salary Increases)	2.6% to 3.3%	4.4%	4.4%
2.4%	2.3%	2.3%	Rate of increase in pensions (Pension Increases)	2.5%	2.5%	2.4%
2.6%	2.6%	2.6%	Rate of discounting scheme liabilities (Discount Rate)	2.4%	2.5%	2.5%
55%			Take up of option to convert annual pension into retirement grant - pre April 2008	55%		
80%			Take up of option to convert annual pension into retirement grant - post April 2008	80%		

Sensitivity Analysis

Local Government Pension Scheme	Approximate % increase to Employer Liability	Approximate monetary amount £000s
Change in Assumption at 31 March 2019		
0.5% decrease in Real Discount Rate	8% to 12%	202,312
0.5% increase in the Salary Increase Rate	0% to 2%	36,852
0.5% increase in the Pension Increase Rate	2% to 10%	143,499

Fire Fighters Pension Scheme	Approximate % increase to Employer Liability	Approximate monetary amount £000s
Change in Assumption at 31 March 2019		
0.5% decrease in Real Discount Rate	(9.5%)	(169,000)
1 year increase in member life expectancy	2.5%	46,000
0.5% increase in the Salary Increase Rate	1%	21,000
0.5% increase in the Pension Increase Rate	7.5%	132,000

Police Pension Scheme	Approximate % increase to Employer Liability	Approximate monetary amount £000s
Change in Assumption at 31 March 2019		
0.5% decrease in Real Discount Rate	(10.5%)	(819,000)
1 year increase in member life expectancy	2.5%	200,000
0.5% increase in the Salary Increase Rate	1%	96,000
0.5% increase in the Pension Increase Rate	8.5%	672,000

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.

Corporate and Democratic Core

This comprises the activities that all local authorities engage in because they are elected multi-purpose authorities. The cost of these activities is over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services.

Corporate Governance

This is concerned with the Authority's accountability for the stewardship of resources, risk management, and relationship with the community. It also encompasses policies on whistle blowing, fraud and corruption.

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.

Exceptional Items

Material items which derive from effects or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Expected Return on Pension Assets

For a funded defined benefit pension scheme, the average return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

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 arms 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 (eg. loans receivable) and financial liabilities (eg. 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 an 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 Debt

The Police and Crime Commissioner's borrowing less cash and liquid resources.

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.

Non Domestic Rate (NDR)

These are often referred to as Business Rates, and 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.

Past Service Credit

For a defined benefit pension scheme, the decrease 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 reductions, in retirement benefits.

Payments in Advance

Amounts actually paid in an accounting period prior to the period in which they are due

Pension Account

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 Metropolitan District Authorities of Greater Manchester 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.

Voluntary Revenue Provision (VRP)

The VRP is a voluntary revenue contribution for the repayment of debt. It recognises the shorter life span of a number of assets i.e. vehicles, that would become obsolete before the original debt has been repaid.

Audit Completion Report

Greater Manchester Combined Authority
Year ending 31 March 2019

CONTENTS

1. Executive summary
2. Significant findings
3. Internal control recommendations
4. Summary of misstatements
5. Value for money conclusion

Appendix A – Draft management representation letter

Appendix B – Draft auditor’s report

Appendix C – Independence

Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited.

Reports and letters prepared by appointed auditors and addressed to the Authority are prepared for the sole use of the Authority and we take no responsibility to any member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

Mazars LLP
One St Peter's Square
Manchester
M2 3DE

Audit Committee
Greater Manchester Combined Authority
Churchgate House
56 Oxford Street
Manchester
M1 6EU

26 June 2019

Dear Members

Audit Completion Report – Year ended 31 March 2019

We are pleased to present our Audit Completion Report for the year ended 31 March 2019. 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 8 January 2019. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain

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 0113 394 5315.

Yours faithfully

Mark Kirkham
Mazars LLP

Mazars LLP – One St Peter's Square, Manchester, M2 3DE
Tel: 0161 233 9300 – Fax: 0161 238 9201 – www.mazars.co.uk

Mazars LLP is the UK firm of Mazars, an integrated international advisory and accountancy organisation. Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at Tower Bridge House, St Katharine's Way, London E1W 1DD.

We are registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861.
VAT number: 839 8356 73

1. EXECUTIVE SUMMARY

Purpose of this report and principal conclusions

The Audit Completion Report sets out the findings from our audit of Greater Manchester Combined Authority ('the Authority') for the year ended 31 March 2019, and forms the basis for discussion at the Audit Committee meeting on 30 July 2019.

The detailed scope of our work as your appointed auditor for 2018/19 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 of Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

Sections 2 and 5 of this report outline the detailed findings from our work on the financial statements and our conclusion on the Authority's arrangements to achieve economy, efficiency and effectiveness in its use of resources. Section 2 also includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- management override of control;
- property, plant and equipment valuation;
- net defined benefit pension liability valuation; and
- recognition of PFI credits.

Status of our work

As we outline on the following page, our work is still in progress. Subject to the satisfactory completion of the outstanding work, at the time of issuing this report we have the following conclusions:

Opinion on the financial statements

Subject to completing the outstanding work, 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 conclusion

We anticipate concluding that the Authority had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. Our draft auditor's report, including proposed conclusion, is provided in Appendix B

Whole of Government Accounts (WGA)

We anticipate completing our work on your WGA submission, in line with the group instructions issued by the NAO, by the deadline of 12 September 2019.













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 received no questions in 2018/19.




1. EXECUTIVE SUMMARY

Status of our audit work

Our audit work on your financial statements and our value for money conclusion for the year ended 31 March 2019 is in progress. At the time of preparing this report the following matters remain outstanding:

Audit area	Status	Description of outstanding matters
Journals		We are awaiting evidence from management for 12 journals that we have selected for testing.
Related parties testing		We are waiting for management to respond to small queries on the disclosures.
MIRS		We are waiting for management to provide us with a revised version of the MIRS that is consistent with other areas of the accounts.
Grant income		We are awaiting sample evidence from management for 11 of our sample items.
Other comprehensive income and expenditure		We have an outstanding query to resolve in relation to consistency with other areas of the accounts
Cash flow statement		We are awaiting an updated cash flow statement and supporting working paper for testing.
Capital expenditure & capital financing		We have queries outstanding with management in relation to the variance on the GMWDA opening capital financing requirement transferred into the GMCA accounts against the 2017/18 audited GMWDA accounts.
Waste asset valuations		We are awaiting confirmation of floor areas used in the revaluation calculations from the Avison Young valuer for a number of our sample items.
Loans and investments		We are awaiting third party confirmations of loan / investment balances from the European Investment Bank, MHCLG, Bank of Scotland, and Aberdeen
Cash		We are awaiting supporting evidence for a small number of bank balances
Leases		We are awaiting a full and detailed leases working paper from management.
Pensions		We are awaiting a revised pensions note to take account of legal rulings affecting the pension liabilities of the Authority.

Status

-  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

1. EXECUTIVE SUMMARY

Audit area	Status	Description of outstanding matters
Financial Instruments	●	We are awaiting a revised note following technical queries raised
Fire Fighters Pension Fund	●	We are awaiting confirmation of the Home Office pension top up grant amount agreed for 2018/19.
Consolidated accounts	●	We are awaiting a revised set of consolidated accounts and supporting working papers to the group notes.
Final Financial Statements	●	We will review a final set of financial statements following resolution of the above queries.

Status

- 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

We will provide the Audit Committee with an update in relation to these outstanding matters in a follow-up letter, prior to signing the auditor's report.

Our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in January 2019. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

We set materiality at the planning stage of the audit at £19.781m for the single entity accounts and £23.476m for the group accounts using a benchmark of 1.5% of Gross Operating Expenditure. Our final assessment of materiality, based on the final financial statements and qualitative factors is £23.761m for the single entity and £27.152m for the group, using the same benchmark. We set our trivial threshold (the level under which individual errors are not communicated to the Audit Committee, at £0.713m based on 3% of overall materiality).

Misstatements and internal control recommendations

Section 3 sets out the internal control recommendations that we make, together with an update on any prior year recommendations.

Section 4 outlines the misstatements noted as part of our audit as at the time of issuing this report. If any additional misstatements are noted on completion of the outstanding work, these will be reported to the Audit Committee in a follow-up letter.

2. SIGNIFICANT FINDINGS

Set out below are the significant findings from our audit. These findings include:

- our audit conclusions regarding 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 10 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; and
- any significant difficulties we experienced during the audit.

Significant risks and key areas of management judgement

As part of our planning procedures we considered the risks of material misstatement in the Authority's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks. No new risks have been identified since we issued our Audit Strategy Memorandum.

Significant risk

Management override of controls

Description of the risk

In all entities, 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. Because of the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk by carrying out work in the following areas:

- accounting estimates impacting on 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 on this area is in progress. We are awaiting supporting evidence for a number of journal entries within the financial systems.

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant risk

Property, plant and equipment valuation

Description of the risk

The CIPFA Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date. The Authority has adopted a rolling revaluation model which sees all land and buildings revalued over a five year cycle.

The valuation of property, plant & equipment involves the use of a management experts (the valuers), and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process.

In addition, 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.

How we addressed this risk

In relation to the assets which had been revalued during 2018/19, we assessed the Authority's valuers' qualifications, objectivity and independence to carry out such valuations, and reviewed the valuation methodology used, including testing the underlying data and assumptions. We compared the valuation output with market intelligence provided by Gerald Eve, consulting valuers engaged by the National Audit Office, to obtain assurance that the valuations are in line with market expectations.

We reviewed the approach that the Authority adopted to address the risk that assets not subject to valuation in 2018/19 are materially misstated and we considered the robustness of that approach in light of the valuation information reported by the Authority's valuers.

In addition, we considered the movement in market indices between revaluation dates and the year end in order to determine whether these indicate that fair values have moved materially over that time.

Audit conclusion

Our work on PPE valuation is substantially complete. Subject to resolution of a small number of queries we do not anticipate any significant findings from our work on this risk.

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant risk	Description of the risk
Defined benefit liability valuation	<p>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.</p> <p>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.</p> <p>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.</p> <p>There is a risk that the assumptions and methodology used in valuing the Authority's pension obligation are not reasonable or appropriate to the Authority's circumstances. This could have a material impact to the net pension liability in 2018/19.</p>

How we addressed this risk

In relation to the valuation of the Authority's defined benefit pension liability we :

- critically assessed 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);
- liaised 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;
- reviewed the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information provided by PWC, consulting actuary engaged by the National Audit Office; and
- agreed the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Authority's financial statements
- reviewed the Authority's assessment of the impact of GMP and McCloud legal rulings on its pension liability.

Audit conclusion

Our work on this risk is still in progress. Legal rulings in respect of GMP equalisation and the McCloud case relating to transitional provisions create additional defined benefit liabilities. These judgments were not taken into account in the actuaries' estimates of the defined benefit liability in the draft accounts. Management has obtained revised estimates and the statement of accounts is being updated. We will then complete our work.

2. SIGNIFICANT FINDINGS (CONTINUED)

Management judgement

Recognition of PFI Credit Income

Description of the management judgement

At the time of issuing our Audit Strategy Memorandum the Authority was in dispute with the Department for Environment, Food and Rural Affairs (DEFRA) over the receipt of PFI Credits following the decision by Greater Manchester Waste Disposal Authority to terminate the PFI agreement in 2017/18. The outcome of the dispute was subject to judicial review which was not due to conclude until after the Authority had prepared draft financial statements. There were a range of possible outcomes from the judicial review which would impact on the level of income the Authority was able to recognise.

The decision of the judicial review was due prior to producing the final, audited financial statements. The Authority planned to recognise the Authority's best estimate of PFI Credits receivable and update if necessary following the decision of the judicial review.

There was a risk that the Authority's income may be overstated if the judicial review found against GMCA's position.

How our audit addressed this area of management judgement

Prior to producing the draft statement of accounts the Authority reached an agreement with DEFRA on the amount of PFI credits due. The accounts show £10m of grant income in respect of PFI Credits. This removed the judgement from recognising the income.

Audit conclusion

We are satisfied the Authority has correctly recognised the PFI credit income due.

2. SIGNIFICANT FINDINGS (CONTINUED)

Qualitative aspects of the Authority's accounting practices

We have reviewed the Authority's accounting policies and disclosures and, following some revisions to take account of new accounting standards, concluded they comply with the requirements of the Code of Practice on Local Authority Accounting (the Code), appropriately tailored to the Authority's circumstances.

The Authority encountered issues in producing its draft accounts late in the process meaning they were not published by the statutory deadline of 31st May. Single entity accounts were published on the Authority's website on 4 June 2019, with full group accounts published by 7 June 2019.

Significant difficulties during the audit

Due to the short time available to prepare the statement of accounts a number of material errors and additional disclosure errors have been identified throughout the statements. There were also several cases where working papers did not agree to the draft accounts. The finance team have worked hard to rectify these issues as they have arisen but this has led to delays in completing our audit testing and means a significant proportion of our work is outstanding at this stage. We have agreed with management that we will conclude our work as soon as possible following receipt of revised accounts early in the week commencing 29 July 2019.

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 2018/19 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. We have received no questions or objections in 2018/19.

3. INTERNAL CONTROL RECOMMENDATIONS

The purpose of our audit is 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. We do this in order to design audit procedures to allow us to express an opinion on the financial statement and not for the purpose of expressing an opinion on the effectiveness of internal control, nor 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 following categories:

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.	1
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.	1
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	0

3. INTERNAL CONTROL RECOMMENDATIONS (CONTINUED)

Significant deficiencies in internal control – Level 1

Description of deficiency

The draft statement of accounts were submitted late due to issues in the accounts preparation system identified late in the process. As a result of this the finance team had to manually prepare the statement of accounts at short notice

Potential effects

Due to the short time available for preparing the accounts, a number of material errors were identified during the audit process. Whilst none of these impacted on the reported general fund balance there is a risk that fundamental errors in the Authority's reported position could be caused by a reoccurrence of these events.

Recommendation

Management should complete a debrief of the accounts preparation process to identify how this situation can be avoided in future years, and ensure appropriate contingency is place.

Management response

Agreed, A debrief will be concluded by 31st October 2019 with a full contingency plan for the 2019/20 accounts.

Responsible Officers – Amanda Fox / Helen Fountain

Significant deficiencies in internal control – Level 2

Description of deficiency

Our testing of assets under construction identified one asset which had become operational in 2017 but had not been reclassified as operational in the statement of accounts.

Potential effects

Failure to reclassify an asset as operational on a timely basis results in depreciation not being charged from the appropriate period and an understatement of reported expenditure.

Recommendation

Management should implement a process for regular review of assets-under construction to ensure these are reclassified as operational and depreciation charged on a timely basis.

Management response

Agreed, discussions will be held with relevant parties to ensure that assessments are completed prior to the year end to reclassify assets as appropriate to ensure that the correct depreciation is charged in the accounts.

Target date 31st Jan 2020, Responsible Officers – Amanda Fox / Helen Fountain

4. SUMMARY OF MISSTATEMENTS

We set out below the misstatements identified for adjustment during the course of the audit, above the level of trivial threshold of £0.713m.

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 2018/19

	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1 Dr: Depreciation Cr: Property Plant and Equipment Being the depreciation not charged on an operational asset incorrectly classified as an asset-under-construction	1,803			1,803
2 Dr: Capital Adjustment Account Cr: General Fund Being the adjustment required to reverse the additional depreciation out of the general fund into the capital adjustment account			1,803	1,803
3 Dr: Cash Cr: Short Term Creditors A creditor payment run paid after year end was incorrectly included within the 2018/19 financial statements having the effect of understating cash and short-term creditors			1,144	1,144
Total unadjusted misstatements	1,803	0	2,947	4,750

4. SUMMARY OF MISSTATEMENTS (CONTINUED)

Adjusted misstatements 2018/19

	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1 Dr: Taxation and Non-Specific Grant Income	25,000			
Cr: Economic Development and Regeneration Exp		25,000		

A rebate of business rate income to local authorities had been incorrectly accounted for as expenditure rather than a reduction in income.

Disclosure amendments

During the course of the audit we identified a number of disclosure changes which are detailed below. All have been adjusted for in the final version of the financial statements

- Note 10 analysis of income: £55,348k was incorrectly classified as fees, charges and other service income. It has been corrected to show within Government Grants and Contributions
- Note 14 Financing and Investment Expenditure and Income Analysis: The note has been updated to show the correct breakdown of interest payable between PWLB, European Investment Bank and Other Financial Institutions
- Note 18 Officer Remuneration: On our review we identified a number of errors within the pay bandings for Officers earning over £50k. Management has corrected the note based on a report from the payroll system.
- Note 18 Senior Employee Remuneration: The disclosure has been updated to reflect a backdated pay award for the Chief Executive following taking on the role of TfGM Chief Executive. This change was only agreed after the draft accounts were produced.
- Note 18 Exit Packages: The note has been updated to take account of pay in lieu of notice in line with CIPFA Code requirements.
- Note 20 Property, Plant and Equipment: The note has been updated to reclassify other de-recognitions to impairment losses.
- Note 28 Financial Instruments: The analysis of loans and borrowings did not agree to the balance sheet. A misclassification of £64,857k has been corrected from long-term borrowings to short-term borrowings following late agreement with MHCLG as to the treatment of the cash balance.
- Note 28 Financial Instruments: The accrued interest payable shown within the analysis of loans by maturity has been updated to agree to the accrued interest payable in the analysis of loans by type note.

5. VALUE FOR MONEY CONCLUSION

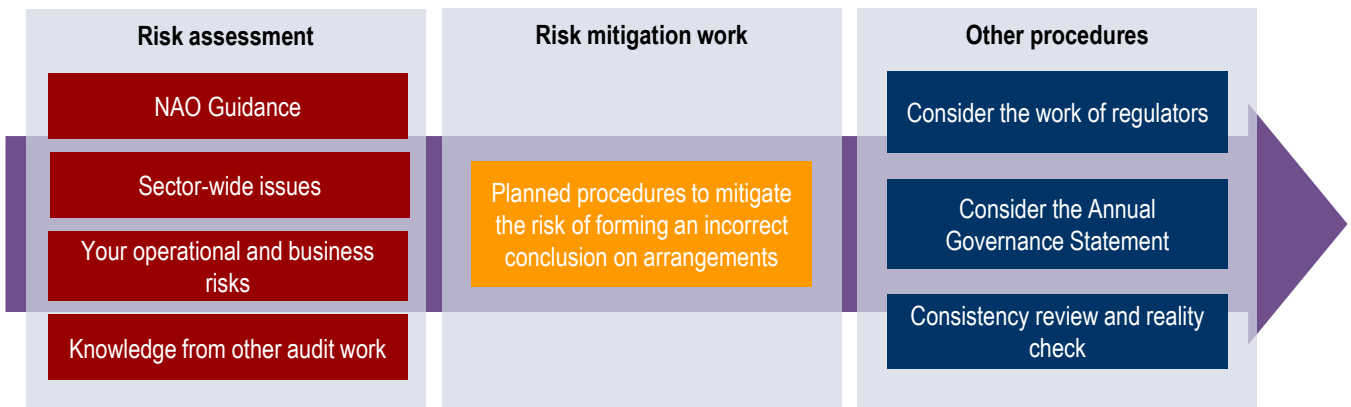
Our audit approach

We are required to form a conclusion as to 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 in order to form our conclusion, and sets out the criterion and sub-criteria that we are required to consider.

The overall criterion is that, 'in all significant respects, the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.' To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- informed decision making ;
- sustainable resource deployment; and
- working with partners and other third parties.

A summary of the work we have undertaken is provided below:



Significant audit risks

The NAO's guidance requires us to carry out work to identify whether or not a risk to our value for money conclusion exists. Risk, in the context of our work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Authority being inadequate. In our Audit Strategy Memorandum, we reported that we had identified two significant risks:

- Expansion of Greater Manchester Combined Authority's Responsibilities; and
- Re-tender of Waste Services Contract

The work we carried out in relation to the significant risks is outlined overleaf.

Our overall value for money conclusion

Our draft auditor's report included in Appendix B states that we intend to issue an unqualified conclusion for the 2018/19 financial year.



5. VALUE FOR MONEY CONCLUSION

Commentary against each of the sub-criteria, and an indication of whether arrangements are in place, is provided below.

Arrangements in place?

Informed decision making

Yes

The Combined Authority membership is comprised of one elected member from each of the ten Greater Manchester councils and the Mayor of Greater Manchester. It is governed by a Constitution including all of the normal features of an effective governance framework in local government. The Authority's Monitoring Officer undertook a review of the Constitution in June 2018 to ensure it reflected the current responsibilities of the Mayor and GMCA.

The Greater Manchester Strategy 'Our People Our Place' sets out ten priorities which include children starting school ready to learn, safer and stronger communities and an age friendly Greater Manchester. Delivery is monitored via reports to Combined Authority meetings and supported by a comprehensive implementation plan and performance dashboards for each priority.

The Authority's financial position is reported to Combined Authority meetings on a regular basis including detail on each of the Authority's responsibilities. PCC finances are not reported to the Authority but dealt with directly in meetings with the Deputy Mayor.

The Authority's risk register is actively monitored at meetings of the Audit Committee and the Audit Committee oversees the governance framework including the work of internal audit. The Authority has adapted the work of Internal Audit throughout the year to provide assurance on key risk areas such as the procurement of the new waste contract and to support the preparation for HMICFRS' review.

The Authority's Annual Governance Statement includes a balanced assessment of the effectiveness of its governance arrangements and identifies appropriate areas for further improvement.



5. VALUE FOR MONEY CONCLUSION

Arrangements in place?

Sustainable resource deployment

Yes

The Authority continues to manage its financial position effectively with balanced budgets set for 2018/19 and 2019/20. The Authority recognises savings are required over the medium term to cover the budget shortfall in the Fire and Rescue Service. The Authority is undertaking a whole service review of the Fire and Rescue Service and has developed a range of options to deliver savings through the Programme for Change.

The Authority continues to deliver its financial plans and the 2018/19 outturn achieved a £2,166k underspend against the GMCA and Mayoral General budget following transfers to earmarked reserves. The level of General Fund balances at year end totalled £459m which is sufficient to support the Authority's functions over the medium-term.

Working with partners and other third parties

Yes

The Authority works with a range of third parties to deliver the Greater Manchester Strategy.

The Authority works closely with other public sector organisations across Greater Manchester. For example the Authority is working with Councils to implement the GM Full Fibre Programme which aims to transform the digital infrastructure in Greater Manchester.

With devolution of the Adult Education Budget, due to commence from 1 August 2019, the Authority has worked closely with existing service providers to develop transitional arrangements and a commissioning approach to support the Greater Manchester ambition.

5. VALUE FOR MONEY CONCLUSION (CONTINUED)

Significant audit risks

Risk	Work undertaken	Conclusion
<p>Expansion of Greater Manchester Combined Authority's Responsibilities</p> <p>GMCA is currently undergoing a significant reorganisation following the transfer of functions from GM OPCC and GMFRS in 2017/18, and GMWDA in 2018/19. As a result of this significant work is taking place with regards to the integration of personnel and governance arrangements across the Authority. As part of this, and in response to the findings of the Kerslake Report into the Manchester Arena attack, the Authority is undertaking a 'Programme for Change' to transform the fire service.</p> <p>This risk links to the Authority's arrangements for informed decision making through its governance arrangements and maintaining a sound system of internal control.</p>	<p>We discussed the progress of integrating services across the Authority with officers and reviewed minutes of the Service Integration Programme Board, noting the actions being taken to align policies and procedures across the organisation.</p> <p>Through discussion with officers we reviewed the governance structures in place to manage the Programme for Change and how this addresses the findings from the Kerslake Report. We reviewed the Outline Business Case and evidence underpinning the proposals set out within the report. At the time of writing this report the public consultation has now completed and Officers are in the process of reviewing responses before a way forward is agreed.</p> <p>In June 2019 HMICFRS released its first inspection of the Fire and Rescue Service in Greater Manchester, giving an overall opinion of 'Requires Improvement'. We have discussed the steps taken by management to address the findings from this report, a number of which will be achieved through the Programme for Change.</p>	<p>We conclude that for 2018/19 the Authority has made proper arrangements to deliver its expanded responsibilities.</p>
<p>Re-tender of Waste Services Contract</p> <p>GMCA is in the process of procuring a new provider of waste disposal services following the decision of GMWDA to terminate the PFI contract in 2017/18. The contract will be material to the operations of the Combined Authority and the Authority is utilising expertise from a variety of organisations to ensure the procurement process delivers value for money.</p> <p>There is a risk that without proper governance arrangements in place, the procurement of the waste contract will not deliver value for money. This links to the sustainable resource deployment sub-criteria.</p>	<p>We have reviewed the arrangements in place for the procurement process through discussions with officers noting the role of the Commercial Steering Group in managing the process with regular reporting to Combined Authority meetings.</p> <p>We note that external advice was sought where necessary and used to ensure learning from the previous contract was embedded within the procurement process.</p> <p>The Authority's Internal Audit team completed a review of the process prior to the final decision being made and provided a 'substantial assurance' opinion over the process.</p> <p>The new contract is now in place and the Authority has recruited additional support to the contract monitoring and performance management process.</p>	<p>We conclude that for 2018/19 the Authority has made proper arrangements to deliver value- or money through its procurement of the waste services contract.</p>

APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER

Mark Kirkham
Mazars LLP
One St Peter's Square
Manchester
M2 3DE

[Date]

Dear Mark

Greater Manchester Combined Authority - audit for year ended 31 March 2019

This representation letter is provided in connection with your audit of the financial statements of Greater Manchester Combined Authority (the Authority) and Group for the year ended 31 March 2019 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 2018/19 (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 ourselves 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.

I confirm as s73 officer 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.

APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER

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 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.

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.

Fraud and error

I acknowledge my responsibility as s73 Officer 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.

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.

Service Concession Arrangements

I am not aware of any material contract variations, payment deductions or additional service charges in 2018/19 in relation to the Authority and Group's PFI schemes that you have not been made aware of.

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.

Going concern

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 faithfully

Richard Paver (s73 Officer)

APPENDIX B

DRAFT AUDITOR'S REPORT

Independent auditor's report to the members of Greater Manchester Combined Authority

Report on the financial statements

Opinion

We have audited the financial statements of Greater Manchester Combined Authority ('the Authority') and its subsidiaries ('the Group') for the year ended 31 March 2019, 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, 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 2018/19.

In our opinion, the financial statements:
give a true and fair view of the financial position of Greater Manchester Combined Authority and the Group as at 31st March 2019 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 2018/19.

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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applicable to public interest entities, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Treasurer is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Annual 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 AUDITOR'S REPORT

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 2018/19, 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 2018/19 and prepare the financial statements on a going concern basis, unless the Authority is informed of the intention for dissolution without transfer of services or function to another entity. The Treasurer is responsible for assessing each year whether or not it is appropriate for the Authority 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.

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.

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.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, Greater Manchester Combined Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Basis for conclusion

We have undertaken our review in accordance with the Code of Audit Practice issued by the Comptroller and Auditor General, having regard to the guidance on the specified criterion issued in November 2017, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

APPENDIX B

DRAFT AUDITOR'S REPORT

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

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. The Code of Audit Practice requires us to report to you our conclusion relating to proper arrangements. 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.

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. We are satisfied that these matters do not have a material effect on the financial statements or on our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

[Signature]

Mark Kirkham
For and on behalf of Mazars LLP
One St Peter's Square
Manchester
M2 3DE

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.

CONTACT

Mark Kirkham

Partner

Phone: 0113 394 5315

Mobile: 07747 764 529

Email: mark.kirkham@mazars.co.uk

Daniel Watson

Manager

Phone: 0161 238 9349

Mobile: 07909 985 324

Email: daniel.watson@mazars.co.uk

Richard Paver, Treasurer, GMCA
1st Floor, Churchgate House
56 Oxford Street
Manchester M1 6EU
richard.paver@greatermanchester-ca.gov.uk

Daniel Watson
Mazars LLP
One St Peter's Square
Manchester
M2 3DE

28 June 2019

Dear Daniel,

Audit 2018/19 – understanding those charged with governance processes and arrangements

Please see attached responses to your letter dated 20 May 2019

Yours sincerely

Richard Paver, Treasurer
Greater Manchester Combined Authority

<p>What processes are in place at GMCA to undertake an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);</p>	<p>The Authority's Head of Audit and Risk Management was responsible for maintaining policies, procedures and a fraud response plan for 2018/19.</p> <p>The Head of Audit and Risk Management actively liaises with Heads of Internal Audit and constituent Local Authorities on matters of potential fraud or corruption relating to the Authority budgets, staff or Members. This helps ensure that the Authority and constituent District Councils work together in the assessment, evaluation, investigation and reporting of matters of potential fraud and corruption.</p> <p>The Head of Internal Audit and Risk Management and the Internal Audit Team (Police and Crime) liaises with the Professional Standards Branch and ACO for GMP on any matters of fraud risk referred to GMCA (of which there have been none in 2018/19).</p>
<p>What processes are in place at GMCA to identify and respond to risks of fraud;</p>	<p>The Risk and Governance Group has been established and meets on a quarterly basis to review and update the GMCA Corporate Risk Register (the "Risk Register"). This is reported to each Audit Committee meeting. There are currently no explicit fraud risks on the Risk Register although reference to policy, systems and processes around commissioned services would encompass fraud risk in the areas of procurement, commissioning and contract management.</p> <p>The Risk and Governance Group are also responsible for the production of the AGS and for monitoring improvement actions in the year, reporting progress and actions required through SMT. Reports to committees also include officers' consideration of risk.</p> <p>Fraud risks in functions are identified and managed by the relevant service Head and Chief Officer. For example the Chief Investment Officer considers fraud risk in the design of arrangements and monitoring of loans and investments and I do the same for Finance.</p> <p>The Risk Register contains both GMCA and GM Mayoral risks and incorporates high level risk considerations from other areas where it directly impacts on GMCA. Risk management frameworks and risk registers for GMP and GMFRS will continue to be owned by the Chief Constable and Chief Fire Officer.</p>

	<p>For GMFRS there is an integrated risk management plan in place which is overseen by the Chief Fire Officer and managed through reporting to the fire Command Team. In addition to work with fire service functions this process includes quarterly risk management meetings with insurers and health and safety to understand and reflect of current and future financial liability risks.</p>
<p>What processes are in place at GMCA to communicate to employees GMCA's views on business practice and ethical behaviour (for example by updating, communicating and monitoring against relevant codes of conduct); and</p>	<p>The Combined Authority has put in place robust policies and procedures which put its values into practice; these include:</p> <ul style="list-style-type: none"> - Voluntary Standards Committee - Member Code of Conduct - Officer [employee] Code of Conduct - Register of Members' interests - Systems for reporting and dealing with any incidents of wrongdoing including fraud, corruption, bribery and money laundering. <p>The Code of Conduct is in place that applies to all employees of GMCA. It is part of the GMCA Constitution which is available publicly. Updates to the Constitution are made periodically and communicated to employees.</p> <p>Induction training that is provided to new staff includes reference to the Corporate Document Centre and specifically references the Code of Conduct as a document for new starters to review.</p>
<p>What processes are in place to communicate to the Audit and Governance Committee the processes for identifying and responding to fraud or error?</p>	<p>The risk register is presented to each Audit Committee meeting for review and challenge. The Risk and Governance Group meets on a quarterly basis to review and challenge the risks on the Risk Register which include financial and governance related risks.</p>
<p>How does management gain assurance that all relevant laws and regulations have been complied with? Have there been any instances of non-compliance during 2018/19?</p>	<p>The Whistleblowing policy in place encourages individuals to report any concerns over activities which they believe to be illegal, improper, unethical or inconsistent with this Constitution.</p> <p>The system of internal control assists in the achievement of compliance with laws and regulations.</p> <p>We are currently in receipt of some allegations received from an anonymous source within GMFRS. We are</p>

	currently undertaking an exercise to assess and determine the appropriate course of action to investigate these where possible.
Are there any actual or potential litigation or claims that would affect the financial statements?	No
What controls are in place to: identify, authorize, approve, account for and disclose related party transactions and relationships. For any new related parties (i.e. any not already disclosed in the previous year's audited financial statements) please provide a list of them, explain their nature, and whether there have been any transactions with these related parties during the year to 31 March 2019	An assessment of related parties is carried out annually when updating the authorities accounting policies for the year, which are approved by the Audit Committee – there have been no new related parties from the previous financial year. Transactions with related parties are identified through our financial system using their supplier ID.
Are you aware of any actual or potential litigation or claims that would affect the financial statements? If so, please provide details.	No
Have you carried out a preliminary assessment of the going concern assumption and if so have you identified any events which may cast significant doubt on GMCA's ability to continue as a going concern? If so, please provide details.	Going concern assessments are carried out annually as part of the audit process and there are no concerns that the authority would not be able to continue as a going concern.

Responses to questions in Appendix 1

Question	Response
<p>Are you aware of any actual, suspected or alleged instances of fraud during the period 1 April 2018 – 31 March 2019 (<i>if 'yes', please provide details</i>)?</p>	<p>We are currently in receipt of allegations of breaches of code of conduct within GMFRS from an anonymous source. If found to be true they will not have an impact on the financial statements.</p>
<p>Do you suspect fraud may be occurring within the organisation?</p>	<p>We do not believe that any fraud that will materially impact the financial statements is occurring. As with any complex organisation there are risks of fraud through misuse of assets or resources. The programme of Internal Audit work will seek to address any such activity alongside the work of the Monitoring Officer.</p>
<p>Have you identified any specific fraud risks within GMCA?</p>	<p>Within any complex organisation there are risks of fraud but the control framework applied within the core financial functions mean that the risk of fraud is minimised.</p> <p>In addition to inherent fraud risks that reside in any organisation that are managed through the systems of governance and internal control, within GMCA fraud risks have been identified in:</p> <ul style="list-style-type: none"> - Payroll – low risk - Loans and investments – high impact but low probability given the levels of control and oversight on decisions and in write-offs of amounts due back to GMCA - Procurement – high impact but low probability due to scrutiny of spend across GMCA. A higher risk within programmes given the scale of funding. There is a risk within the Risk Register relating to procurement, commissioning and contract management. - Central Government Grants – high impact but low probability due to oversight of grant income by Finance and independent reviews by Internal Audit.
<p>Are you satisfied that internal controls, including segregation of duties, exist and work effectively (<i>if 'yes', please provide details</i>)?</p>	<p>Yes, the Audit Committee is responsible for overseeing the effective operation of the system of internal control. Assurance is provided through the internal audit service which reports progress and findings on a quarterly basis to the Audit Committee. The Head of Internal Audit identified no critical or major issues over the operation of the GMCA's systems of internal control in 2018/19.</p>

<p>If not where are the risk areas?</p>	<p>In respect of GMFRS an inspection was undertaken relating to 2018/19 by HMICFRS and published on 19/6/2019. This identifies a number of areas for improvement which will be incorporated into the internal audit plan going forwards in addition to being addressed by Programme for Change (PFC).</p>
<p>How do you encourage staff to report their concerns about fraud?</p>	<p>There is a comprehensive whistleblowing policy in place which applies to GMCA, GMFRS and Greater Manchester Local Enterprise Partnership. This is publicly available and is referred to in induction training materials to make all staff aware of it.</p> <p>To encourage openness and transparency without fear of reprisal, there are a number of safeguards within the Whistleblowing Policy to ensure that allegations are investigated in the right spirit with the right outcome. These include provisions for/against:</p> <ul style="list-style-type: none"> • Confidentiality and anonymity • Harassment and victimisation • False and malicious allegations • Misuse of the policy
<p>What concerns about fraud are staff expected to report?</p>	<p>Staff are encouraged to report concerns about suspected wrongdoing, malpractice, illegality or risk in the workplace – including (but not limited to) fraud and corruption, failure to comply with legal duty, abuse of authority or breach of authority or procedure.</p>
<p>Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p>	<p>As disclosed in the notes to the financial statements the related parties are:</p> <ul style="list-style-type: none"> • Central Government • Greater Manchester Authorities • Transport for Greater Manchester <p>During the year there were no reported material transactions with related parties advised by members or officers.</p>
<p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>Systems of internal control in place within GMCA ensure that appropriate controls are applied to all transactions including those with related parties.</p> <p>There is a comprehensive whistleblowing policy in place which applies to GMCA, GMFRS and Greater Manchester Local Enterprise Partnership. This is publicly available and is referred to in induction training materials to make all staff aware of it.</p>

Are you aware of any entries made in the accounting records that you believe or suspect are false or intentionally misleading?	No.
Are there particular balances in the accounts where fraud is more likely to occur?	<p>The substantial transactions in the accounts that present the most risk of fraud are:</p> <ul style="list-style-type: none"> - Payments from TfGM to third parties - Payments / loans to business funded from RGF, Growing Places, evergreen and Fund of Funds - Investments and cash management. <p>I consider the control framework that applies to income and payments in these areas mean that the risk of fraud is minimised</p>
Are you aware of any assets, liabilities or transactions that you believe have been improperly included or omitted from the accounts of the organisation?	No.
Could a false accounting entry escape detection? If so, how? #	I maintain close oversight of the annual accounts process. Appropriate internal controls are applied to prevent and detect false accounting entries. Internal audit work, whilst not designed to detect fraud, will consider fraud risk when undertaking reviews of financial controls.
Are there any external fraud risk factors, such as collection of revenues?	No.
Are you aware of any organisational or management pressure to meet financial or operating targets?	No.
Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets?	No.

<p>What arrangements has the GMCA put in place in response to the Bribery Act 2010?</p>	<p>Staff must comply with the GMCA Code of Conduct for Employees and must not invite or accept any gift or reward in respect of the award or performance of any Contract. There is also an Anti-Bribery Policy in place.</p>

Gwyn Griffiths, Independent Member and
Chair of the Audit Committee, GMCA
c/o Richard Paver, Treasurer, GMCA
1st Floor, Churchgate House
56 Oxford Street
Manchester M1 6EU
richard.paver@greatermanchester-ca.gov.uk

Mr Daniel Watson
Mazars LLP
One St Peter's Square
Manchester
M2 3DE

28 June 2019

Dear Mr Watson

Audit 2018/19 – understanding those charged with governance processes and arrangements

Please see attached responses to your letter dated 20 May 2019.

Yours sincerely



Gwyn Griffiths
Independent Member and Chair,
Audit Committee GMCA (2018/19)

<p>How do you exercise oversight of management's responses in relation to undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments)?</p>	<p>There are a number of controls in place to mitigate fraud risks associated with GMCA financial statements. Pre-audit accounts are produced by the GMCA Finance Team under current accounting conventions. The finance team comprises qualified, experienced accountants with experience of working across Manchester City Council, Greater Manchester Combined Authority (GMCA), Office of the Police and Crime Commissioner for Greater Manchester (OPCC), Greater Manchester Fire and Rescue Service (GMFRS), Association of Greater Manchester Authorities (AGMA) and the former Greater Manchester Integrated Transport Authority (GMITA).</p> <p>The accounts are submitted to the Audit Committee under their review for review and approval.</p> <p>For 2018/19 there have been no particular fraud risks identified through the above process that have been brought to my attention.</p>
<p>How do you exercise oversight of management's responses in relation to identifying and responding to risks of fraud, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances or disclosure for which risk of fraud is likely to exist?</p>	<p>A Corporate Risk Register has been developed and populated by the Risk and Governance Group. This will include any fraud risks if they have been explicitly identified. At present fraud risk is not an explicit risk on the register.</p> <p>Senior officers from GMCA, including those from areas of policing, fire & rescue and waste, ensure all aspects of the GMCA are represented on the Risk and Governance Group.</p> <p>The Head of Internal Audit and Risk Management has responsibility to report any specific cases of fraud and irregularity at the Audit Committee meetings as part of their regular update process. In 2018/19 there no such instances were reported.</p>
<p>How do you exercise oversight of management's responses in relation to communicating to employees its view on business practice and ethical behaviour (for example by updating, communicating and monitoring against the Authority's code of conduct)?</p>	<p>The GMCA anti-fraud and corruption policy states that the GMCA is committed to ensuring that the people of Greater Manchester can have complete confidence that the affairs of the GMCA are conducted in accordance with the highest standards of probity and accountability. The policies have been reviewed by the audit committee and the committee regularly reiterates to officers its commitment to support them in this area.</p> <p>The policy is available publicly, along with the whistleblowing policy that explains the mechanism for escalating concerns over practices taking place.</p>
<p>How do you exercise oversight of management's responses in relation to communicating to you the process for identifying and responding to fraud or error</p>	<p>Through the continued reporting of Risk Management updates to the Audit Committee by the Head of Internal Audit and Risk (going forwards into 2019/20 this will be the Head of Audit and Assurance).</p>
<p>How do you oversee management</p>	<p>See above response in relation to oversight of</p>

<p>processes for identifying and responding to the risk of fraud and possible breaches of internal control? Are you aware of any breaches of internal control during 2018/19? If so, please provide details.</p>	<p>management processes for identifying and responding to the risk of fraud.</p> <p>In relation to internal control, I take assurance from the work of the internal and external auditors, as well as the GMCA Treasurer and the Police and Crime Joint Audit Panel in relation to the police fund, over the systems of internal control and assurance opinions given over the year.</p> <p>At GMCA, internal audit work has resulted in the Head of Internal Audit and Risk Management providing a moderate assurance opinion over the systems of governance, risk management and internal control. One report with a limited assurance opinion was issued in 2018/19, which was an improvement to 2017/18 when three reports with a limited assurance opinion were issued. Actions have been agreed to address all of the internal audit findings.</p> <p>The Mayor and Greater Manchester Police (GMP) have in place a Joint Audit Panel, which is effectively the Audit Committee for the joint Mayoral Police and Crime Functions and GMP. The GMCA Audit Committee receives the minutes of the Joint Audit Panel meetings which has oversight of internal audit activity relative to GMP and mayoral Police and Crime functions. For 2018/19 the Head of Internal Audit and Risk Management reported that he felt that the overall financial, operational and strategic control environments of the Force and the GM Mayor's Police and Crime Commissioner (PCC) functions are of a good standard. Actions have been agreed to address all of the internal audit findings.</p> <p>Other than the findings raised by internal audit through their work in 2018/19 I am not aware of any other instances where breaches of internal control occurred.</p>
<p>How do you gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2018/19? If so, please provide details.</p>	<p>The Code of Governance and the Annual Governance Statement (AGS) describes managers understanding of the key systems and processes comprising the governance framework and provides their commentary on how they work in practice, including identifying any need for improvement.</p> <p>Compliance with laws and regulations is also a consideration of Internal Audit in their scoping and delivery of audit work.</p> <p>The Whistleblowing Policy that is in place encourages employees to report any instances of fraud or illegal activity.</p>

Responses to questions in Appendix 1

Question	Response
Are you aware of any actual, suspected or alleged instances of fraud during the period 1 April 2018 – 31 March 2019 (<i>if 'yes', please provide details</i>)?	Internal Audit has received of allegations from an anonymous source that includes allegations of theft from a GMFRS location. At the time of writing, the dates of these alleged instances are not clear, including whether it is in the financial period. I understand that the effect of such theft, as alleged, would not have a material impact on the financial statements.
Do you suspect fraud may be occurring within the organisation?	The potential for fraud exists in any organisation, but I am not aware of any concerns that fraud may be occurring within the GMCA.
Have you identified any specific fraud risks within GMCA?	At present there are no specific fraud risks identified on the Corporate Risk Register. I understand operationally functions are responsible for identifying their operational risks, which would include fraud as appropriate.
Are you satisfied that internal controls, including segregation of duties, exist and work effectively (<i>if 'yes', please provide details</i>)?	Other than the findings reported by the internal and external auditors, and as referred to above regarding alleged theft, I am satisfied that internal controls appropriate to the organisation are in place and are working effectively within GMCA.
If not where are the risk areas?	Not applicable.
How do you encourage staff to report their concerns about fraud?	I am aware that there is a whistleblowing policy in place that applies to GMCA, GMFRS and the Greater Manchester Local Enterprise Partnership. This is a publicly available document. This was publicised within GMCA on introduction and induction training materials make reference to the policy to make all new staff aware.
What concerns about fraud are staff expected to report?	As per the Whistleblowing Policy, staff are encouraged to report concerns about suspected wrongdoing, malpractice, illegality or risk in the workplace – including (but not limited to) fraud and corruption, failure to comply with legal duty, abuse of authority or breach of authority or procedure.
Are you aware of any related party relationships or transactions that could give rise to instances of fraud?	None have been brought to my attention.
How do you mitigate the risks associated with fraud related to related party relationships and transactions?	I rely on the system of internal control, the policies and procedures in place relating to fraud and internal and external audit to mitigate the risks. GMCA insists on full disclosure by officers, members and the independent members of the audit committee of potential conflicts of interest and related party transactions. Such interests as are declared are reviewed and addressed as necessary.
Are you aware of any entries made in the accounting records that you believe or suspect are false or intentionally misleading?	I am not aware of any such entries.

Are there particular balances in the accounts where fraud is more likely to occur?	None that I am aware of.
Are you aware of any assets, liabilities or transactions that you believe have been improperly included or omitted from the accounts of the organisation?	I am not aware of any assets, liabilities or transactions that have been improperly included or omitted from the accounts.
Could a false accounting entry escape detection? If so, how?	I take assurance from the internal and external audit work undertaken that there are appropriate systems of control in place to detect false accounting entries. The GMCA Treasurer maintains close oversight of the annual accounts process but does not play a part in the day-to-day systems.
Are there any external fraud risk factors, such as collection of revenues?	None that I am aware of.
Are you aware of any organisational or management pressure to meet financial or operating targets?	No.
Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets?	No.
What arrangements has the GMCA put in place in response to the Bribery Act 2010?	There is in place an Anti-Bribery Policy. Members and Staff are required to comply with the GMCA Codes of Conduct and must not invite or accept any gift or reward in respect of the award or performance of any Contract.

ITEM 9

GMCA Audit Committee

Date: 30 July 2019
Subject: Audit Committee Schedule of Business
Report of: Treasurer, GMCA

PURPOSE OF REPORT

In order to assist the Audit Committee members in planning and preparing for Audit Committee meetings it is proposed that a Schedule of Business is established which sets out the activities of the Audit Committee and the documents it can expect at each meeting in its calendar. This is in line with good practice observed at Audit Committee meetings in other organisations. Other items can be added as needed but this schedule can be used as a guide to help the Committee undertake its duties. It is proposed that the schedule is brought to every meeting for information and reviewed and updated annually at the AGM meeting in June, after the Chair for the forthcoming year has been appointed.

RECOMMENDATIONS:

Audit Committee is requested to consider and comment on the Schedule of Business and determine if it will be a useful tool for the Members going forwards.

CONTACT OFFICERS:

Sarah Horseman, Head of Audit and Assurance - GMCA,
sarah.horseman@greatermanchester-ca.gov.uk

Risk Management and Legal Considerations – The attached schedule will assist the Audit Committee ensure it is exercising its duties as set out in its Terms of Reference.

Financial Consequences – None

Financial Consequences – None

Number of attachments included in the report: None

BACKGROUND PAPERS: None

TRACKING/PROCESS	
------------------	--

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

GMCA Audit Committee – Schedule of Business 2019/20 – Draft

Agenda Item	June 2019 (AGM)	July 2019	October 2019	January 2020	April 2020	Lead
Statutory and Corporate Governance						
Appointment of Chair	✓					Members
Confirmation of Membership					✓	Chair
Annual Declarations of Interest	✓					Chair
Declarations of Interest	✓	✓	✓	✓	✓	Chair
Minutes of previous meeting	✓	✓	✓	✓	✓	Chair
Minutes of Joint Audit Panel	✓	✓	✓	✓	✓	Chair
Annual Governance Statement (Draft)	✓					Treasurer and Monitoring Officer
Annual Governance Statement (Final)		✓				Treasurer and Monitoring Officer
Unaudited Draft Statement of Accounts	✓					Treasurer
Review of Audit Committee Terms of Reference					✓	Chair
Review and update of annual Schedule of Business	✓					Chair / Head of Audit and Assurance
Private meeting with Internal Auditors					✓	Chair / Head of Audit and Assurance
Private meeting with External Auditors		✓				Chair / External Audit

Agenda Item	June 2019 (AGM)	July 2019	October 2019	January 2020	April 2020	Lead
Risk Management						
Corporate Risk Register update	✓		✓	✓	✓	Treasurer and Head of Audit and Assurance
Counter Fraud Activities			✓			Treasurer and Head of Audit and Assurance
Internal Audit						
Internal Audit Plan	✓				✓	Head of Audit and Assurance
Review and update of Internal Audit Charter					✓	Head of Audit and Assurance
Internal Audit Progress Report		✓	✓	✓	✓	Head of Audit and Assurance
Internal Audit Opinion and Annual Report	✓					Head of Audit and Assurance
Audit Recommendations Monitoring	✓		✓	✓	✓	Head of Audit and Assurance
Review of Effectiveness of Internal Audit					✓	Treasurer
Whistleblowing Report					✓	Head of Audit and Assurance
External Audit						
Audit Strategy Memorandum				✓		External Audit
Annual Audit Letter			✓			External Audit
External Auditor Enquiry Letters Draft Responses	✓					Treasurer, Chair

Agenda Item	June 2019 (AGM)	July 2019	October 2019	January 2020	April 2020	Lead
Letter of Representation		✓				Treasurer
External Audit Progress Report	✓		✓		✓	External Audit
Final Statement of Accounts – Report of the External Auditor		✓				External Audit
Financial Reporting						
GMCA Treasury Management Annual Report	✓					Treasurer
Accounting policies and critical judgements					✓	Treasurer
Treasury Management Strategy				✓		Treasurer
Treasury Management mid-year report			✓			