GREATER MANCHESTER AUDIT COMMITTEE

DATE: **Tuesday, 8th September, 2020**

TIME: **10.00 am**

VENUE: **This meeting will be held virtually via MS Teams and will be live-streamed for public viewing. The link to watch the meeting is available on the meetings page of the GMCA website.**

AGENDA

1.	**WELCOME AND INTRODUCTIONS**	
2.	**DECLARATIONS OF INTEREST** To receive declarations of interest in any item for discussion at the meeting.	1 - 4
3.	**MINUTES** To consider the approval of the Minutes of the meeting held on 30 June, 2020	5 - 14
4.	**JOINT AUDIT PANEL - 31 JULY - DRAFT MINUTES** To note the draft Minutes of the Joint Audit Panel held on 31 July 2020	15 - 18
5.	**ANNUAL GOVERNANCE STATEMENT 2019 -2020** Report of Liz Treacy, GMCA Solicitor and Monitoring Officer and Steve Wilson, GMCA Treasurer	19 - 44
6.	**UNAUDITED ANNUAL STATEMENT OF ACCOUNTS 2019- 2020** Report of Steve Wilson, GMCA Treasurer	45 - 256
7.	**TREASURY MANAGEMENT ANNUAL REPORT 2019- 2020** Report of Steve Wilson, GMCA Treasurer	257 - 272

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.

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 Steve.annette@greatermanchester-ca.gov.uk

This agenda was issued on 28 August 2020 on behalf of Julie Connor, Secretary to the Greater Manchester Combined Authority, Churchgate House, 56 Oxford Street, Manchester M1 6EU

AUDIT COMMITTEE – 8 SEPTEMBER 2020

Declaration of Councillors' Interests in Items Appearing on the Agenda

NAME: ________________________________

DATE: _________________________________

Minute Item No. / Agenda Item No.	Nature of Interest	Type of Interest
		Personal / Prejudicial / Disclosable Pecuniary
		Personal / Prejudicial / Disclosable Pecuniary
		Personal / Prejudicial / Disclosable Pecuniary
		Personal / Prejudicial / Disclosable Pecuniary
		Personal / Prejudicial / Disclosable Pecuniary
		Personal / Prejudicial / Disclosable Pecuniary

Please see overleaf for a quick guide to declaring interests at GMCA meetings.

QUICK GUIDE TO DECLARING INTERESTS AT GMCA MEETINGS

This is a summary of the rules around declaring interests at meetings. It does not replace the Member's Code of Conduct, the full description can be found in the GMCA's constitution Part 7A.

Your personal interests must be registered on the GMCA's Annual Register within 28 days of your appointment onto a GMCA committee and any changes to these interests must notified within 28 days. Personal interests that should be on the register include:

- Bodies to which you have been appointed by the GMCA
- Your membership of bodies exercising functions of a public nature, including charities, societies, political parties or trade unions.

You are also legally bound to disclose the following information called DISCLOSABLE PERSONAL INTERESTS which includes:

- You, and your partner's business interests (eg employment, trade, profession, contracts, or any company with which you are associated)
- You and your partner's wider financial interests (eg trust funds, investments, and assets including land and property).
- Any sponsorship you receive.

FAILURE TO DISCLOSE THIS INFORMATION IS A CRIMINAL OFFENCE

STEP ONE: ESTABLISH WHETHER YOU HAVE AN INTEREST IN THE BUSINESS OF THE AGENDA

If the answer to that question is 'No' – then that is the end of the matter. If the answer is 'Yes' or Very Likely' then you must go on to consider if that personal interest can be construed as being a prejudicial interest.

STEP TWO: DETERMINING IF YOUR INTEREST PREJUDICIAL?

A personal interest becomes a prejudicial interest:

- where the well being, or financial position of you, your partner, members of your family, or people with whom you have a close association (people who are more than just an acquaintance) are likely to be affected by the business of the meeting more than it would affect most people in the area.
- the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest.

FOR A NON PREJUDICIAL INTEREST	FOR PREJUDICIAL INTERESTS
YOU MUST	**YOU MUST**
• Notify the governance officer for the meeting as soon as you realise you	• Notify the governance officer for the meeting as soon as you realise you

have an interest • Inform the meeting that you have a personal interest and the nature of the interest • Fill in the declarations of interest form **TO NOTE:** • You may remain in the room and speak and vote on the matter • If your interest relates to a body to which the GMCA has appointed you to you only have to inform the meeting of that interest if you speak on the matter.	have a prejudicial interest (before or during the meeting) • Inform the meeting that you have a prejudicial interest and the nature of the interest • Fill in the declarations of interest form • Leave the meeting while that item of business is discussed • Make sure the interest is recorded on your annual register of interests form if it relates to you or your partner's business or financial affairs. If it is not on the Register update it within 28 days of the interest becoming apparent. **YOU MUST NOT**: • participate in any discussion of the business at the meeting, or if you become aware of your disclosable pecuniary interest during the meeting participate further in any discussion of the business, • participate in any vote or further vote taken on the matter at the meeting

MINUTES OF THE GREATER MANCHESTER COMBINED AUTHORITY AUDIT COMMITTEE, HELD ON TUESDAY 30 JUNE 2020 VIA MICROSOFT TEAMS

PRESENT:

Gwyn Griffiths	Independent Member
Councillor Mary Whitby	Bury Council
Councillor Sarah Russell	Manchester City Council
Councillor Colin McLaren	Oldham Council
Councillor Tom McGee	GMCA Assistant Portfolio Holder for Resources
Councillor Chris Boyes	Trafford Council
Catherine Scivier	Independent Member
Grenville Page	Independent Member
Susan Webster	Independent Member

ALSO PRESENT:

Daniel Watson	Mazars External Auditor
Mark Dalton	Mazars External Auditor

OFFICERS:

Steve Wilson	GMCA Treasurer
Sarah Horseman	GMCA Audit and Assurance
Damian Jarvis	GMCA Internal Audit
Nicola Ward	GMCA Governance and Scrutiny
Steve Annette	GMCA Governance and Scrutiny

AC/11/20 WELCOME AND INTRODUCTIONS

Steve Annette, Senior Governance and Scrutiny Officer opened up the meeting and welcomed everyone to the Audit Committee. He then explained how the virtual meeting would be conducted and the procedure and protocols to be adopted throughout the duration of the meeting.

AC/12/20 APPOINTMENT OF CHAIR AND DEPUTY CHAIR

RESOLVED/-

1. That Gwyn Griffiths and Councillor Sarah Russell be appointed Chair and Deputy Chair respectively of the GM Audit Committee for 2020/21.

AC/13/20 MEMBERSHIP FOR 2020/21

RESOLVED/-

1. To note the membership of the GM Audit Committee for the Municipal Year 2020/21 is as follows:

MEMBERS

Councillor Mary Whitby	Bury Council
Councillor Sarah Russell	Manchester City Council
Councillor Colin McLaren	Oldham Council
Councillor Chris Boyes	Trafford Council
*Councillor Peter Malcolm	Rochdale Council
* Councillor James Grundy	Wigan Council
Gwyn Griffiths	Independent Member
Grenville Page	Independent Member
Susan Webster	Independent Member
Catherine Scivier	Independent Member

*Substitute Members

AC/14/20 DECLARATIONS OF INTEREST

RESOLVED /-

1. There were no items of personal or prejudicial interests declared in relation to any item on the agenda.

AC/13/20 MINUTES OF THE GMCA AUDIT COMMITTEE MEETING HELD ON 21 JANUARY 2020

RESOLVED/-

1. That the minutes of the meeting of the GMCA Audit Committee held on 21 January 2020, be approved as a correct record.

AC/14/20 MINUTES OF THE GMCA/GMP JOINT AUDIT PANEL HELD ON 15 JANUARY 2020

RESOLVED/-

1. That the minutes of the Joint Audit panel held on 15 January be noted.

AC/15/20 CORONAVIRUS (COVID 19) CORPORATE RISK REGISTER

Sarah Horseman, Head of Audit and Assurance, introduced a report that provided Members with the latest corporate risk register, which was a Covid-19 specific interim register, for their review. The report summarised the risks but also the assurances that these were being managed effectively.

The Risk Register was owned by the GMCA Senior Management Team and all directorates had been consulted on their current risks, with those of the highest risk being escalated as appropriate.

Through the recovery phase it was envisaged that this risk register would be subsumed into the general risk register, however Members were reminded that GMP, TfGM and GMFRS also have their own registers.

Members recognised as to how the risk register had now evolved to a useful document that was now clearly a driver for discussions within the organisation.

As health inequalities were being addressed within risk registers for Health and Local Authority organisations, Members asked whether there was work underway at a GMCA level to coordinate this response. Officers confirmed that this issue was raised at the Combined Authority meeting last week and would remain a key topic across each stage of recovery.

Members urged that the Covid-19 specific interim risk register is seen within the context of the general risk register to ensure there is as much transparency as possible and that detailed narrative on each risk is provided.

RESOLVED/-

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

AC/16/20 REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT

Steve Wilson, GMCA Treasurer presented a report, which provided Members with an update on the assessment for 2019/20, and actions proposed to ensure ongoing effectiveness and quality of the GMCA Internal Audit service. The assessment looked back over the past twelve months and highlighted the issues with capacity within the service, which has now been addressed and a there is a fully established team in place.

Members recognised the capacity issues, but thanked the Internal Audit for their work over the past year that was of high quality and yielded strong results. The timing of an external review of performance was queried, and officers suggested that 2021/2022 would be a timely opportunity, giving the service time to create the evidence required for a review, but that this would not be too long into the five year tenure so any issues could be promptly addressed.

Thanks were expressed particularly to Sarah Horseman for her leadership and direction for the Internal Audit function, as there had been clear infrastructure improvements since her appointment.

RESOLVED/-

1. That the report be noted and that the Quality Assurance and Improvement Programme (QAIP) for 2020/21 be endorsed.
2. That there be an external review of the Internal Audit function in 2021/22.

AC/17/20 ANNUAL REPORT ON THE OUTCOME OF WHITLEBLOWING REFERRALS

Sarah Horseman, Head of Audit and Assurance, presented a report that provided Members with a summary of the outcomes of whistleblowing referrals received in 2019/20, as required under Section G of the GMCA Constitution “Complaints and Whistleblowing”.

Members felt that the number of whistleblowing incidents was not significant, and that the report evidenced that current processes and procedures were allowing them to be successfully addressed. However, the Committee urged that future reports contain a further level of detail so that they could follow the path of individual cases more closely to identify any barriers or areas for improvement.

Members also queried as to whether employees were aware of the processes for whistleblowing, and officers reported that it has been shared on the intranet and within internal communications but that any specific training for managers would be reviewed.

In relation to the number of incidents, members recognised that the numbers were small but asked whether there were any obvious trends. Officers agreed to check whether there were trends in those incidents reported and bring to the next meeting of the Audit Committee.

RESOLVED/-

1. That the report be noted.
2. That Officers would review any potential training needs in relation to the Whistleblowing policy.
3. That Officers would report back to the next meeting whether there were any trends identified through whistle blowing incidents.

AC/18/20 AUDIT ACTION FOLLOW UP

Sarah Horseman, Head of Audit and Assurance presented a report which provided Members with an update of the progress to date in implementing the agreed actions from internal audit assignments. It was confirmed that although it was the responsibility of management to implement the agreed actions, it was the responsibility of Internal Audit to follow up and test. The KPI against this was 85%, and at present 72% of actions had been implemented.

In response to Members' questions as to whether the limited assurance opinions had all been implemented, officers offered to check and report back at the next meeting.

Members further suggested that the ongoing audit tracker should be reported to each meeting of the Committee, with the introduction of visual graphs to show patterns and ensure that actions are regularly reviewed and implemented promptly.

RESOLVED/-

1. That the report be noted.
2. That officers will report back as to whether all limited assurance options had been implemented at the next meeting.
3. That the Audit Tracker is reviewed at each meeting of the GMCA Audit Committee going forward.

AC/19/20 HEAD OF INTERNAL AUDIT ANNUAL OPINION 2019/20

Sarah Horseman, Head of Audit and Assurance provided Members with her opinion on the effectiveness of the framework of governance, risk management and internal control at Greater Manchester Combined Authority (GMCA) for the year ended 31 March 2020. She informed the Committee that this was based on a sample of assessments at a period of time, that produced a 'limited by volume' opinion due to internal audit resource restrictions during that same period.

Members raised concern that there was need for a full opinion for 2020/21 and asked what could be done to mitigate the risk of another limited by volume opinion. Officers were able to give assurance that although the impact of the covid-19 situation will impact the plan, the team is now fully resourced and a full opinion would be able to be completed.

Members welcomed the change in classification within the reports to 'positive' and 'reasonable basis' as this helped to give a clearer view and refine the reports effectively. Furthermore, they were pleased to see that there were no limited assurance reports in 2019/20 and were looking forward to seeing further levels of assurance throughout the coming year.

RESOLVED/-

1. That the report be noted.

AC/20/20 EMERGENT INTERNAL AUDIT PLAN

Sarah Horseman, Head of Audit and Assurance provided Members with the emergent three-year internal audit plan and the operational internal audit plan for 2020/21. She explained how a robust planning approach had now been established, with a draft having already been approved by the Senior Management Team.

The Internal Audit team had revisited the risk assessment process, identified those new risks emerging and had circulated it completely internally to ensure nothing was missed.

Each risk was then given a risk impact score regarding its level of materiality taking into account a number of different factors, for example the Adult Education Budget would have a higher materiality than the use of purchase cards. The resulting risk score drives the frequency for future audits to be undertaken on that risk.

The proposed plan detailed in section 4 of the report shows how there are a few audits planned for during the lockdown period which will now be undertaken through post event assurance work such as the Temporary Mortuary Commission Programme. Other work to be undertaken in the short term would also include a review of work place regulations, corporate governance, pensions administration, GMFRS fleet and training centre. Officers are aware that the plan would need to be agile, but would provide regular updates to the Committee on progress.

Members recognised why the plan had a departmental focus, but questioned as to how mayoral cross-cutting priorities would fit into this structure, such as homelessness, better buses and Operation Gusta. Officers agreed to look into this further.

In relation to the link between the audit plan and risk register, members urged that there become greater transparency regarding the lines of defence across the organisation, officers were confident that this would evolve further in time.

In conclusion, Members felt that the plan looked to be going in a good direction, however asked for more detail as to what level of assurances are required (or have been received) at each stage of the project and that there is further clarity as to what project owners need to do to build in further auditability. Officers offered to re-visit the timings of the plan, and pull activities forward as necessary.

RESOLVED/-

1. That the Internal Audit Plan be noted.
2. That the organisation of the plan be reviewed to ensure that cross cutting mayoral priority pieces of work could also be picked up, and that these could also be mapped against corporate risks.
3. That the timings of the plan be reviewed, to ensure that those projects requiring further audit are brought forward at a timely opportunity.

AC/21/20 INTERNAL AUDIT CHARTER

The Internal Audit charter establishes the framework within which the Internal Audit Service operates to best serve the independent assurance requirements of the GMCA Audit Committee and also to meet its professional obligations under applicable professional standards. In line with the Public Sector Internal Audit Standards, the charter is a mandatory document that must be in place and reviewed on a regular basis. It is proposed that this review is undertaken by the Head of Audit and Assurance and the charter presented to the Audit Committee annually for approval.

RESOLVED/-

1. That the Internal Audit Charter be approved.

AC/22/20 GMCA AUDIT STRATEGY MEMORANDUM – YEAR ENDING 31 MARCH 2020

Mark Dalton, Mazars External Auditor introduced a report that summarised the work Mazars had undertaken as the auditors for the GMCA for the year ending 31 March 2020. He reminded the Committee that the role of the External Auditors was to provide a value for money conclusion upon receipt of the Organisation's accounts. However, with the impact of Covid, the timelines for accounts submission had been revised. Draft accounts were now required by end of July and following the required field work, an External Audit would then be completed by end November.

Daniel Watson, Mazars took Members through the detail of the report, the revised timeline had been discussed with the GMCA Treasurer and both parties were confident that it was achievable. There were some areas of uncertainty in relation to property valuers and pension viability, however these were being reviewed as to whether estimated data could be used. In respect to decisions which may fall into the next financial year, such as bus reform, assessments were being made on the work completed to date.

It was confirmed that Auditors nationally had increased attention to the 'going concern' concept.

The GMCA Treasurer reported that there had been discussion at the GMCA regarding the overall financial position of GM Local Authorities and the risk of potential Section 114 notices. Officers plan to undertake further work regarding the 'going concern' concept, specifically with regards to lost income and non-recurrent monies and would bring to the next meeting of the Audit Committee. He further highlighted the shortfall in Metrolink funding that had only been secured until 3 August, and the overall concern regarding the loss of long term income. Particularly how investment decisions may have been affected by Covid-19, and whether underwriting could mitigate some of these risks.

RESOLVED/-

1. That the GMCA Audit Strategy Memorandum report, year ending 31 March 2020 be noted.
2. That the GMCA Treasurer would bring further work on the 'going concern' concept to the next meeting of the Audit Committee.
3. That there be a meeting of the GM Audit Committee early September to review the draft accounts, and early October to sign off the accounts.

AC/23/20 ACCOUNTING POLICIES AND CRITICAL JUDGEMENTS

Steve Wilson, GMCA Treasurer, provided an update on the proposed Accounting Polices and the Critical Accounting Judgements for the 2019/20 GMCA Statement of Accounts.

RESOLVED/-

That the Audit Committee noted the proposals and that they will approve these within the Statement of Accounts when they are presented for full approval in August 2020.

AC/24/20 CAPITAL STRATEGY 2020/21

Steve Wilson, GMCA Treasurer introduced a report which set out the Capital Strategy for 2020/21 and incorporated the Capital Programme 2020/21 and the Treasury Management Strategy Statement 2020/21.

The Strategy seeks to link the technical documentation with the aims and objectives of the GMCA, ensuring purpose and clarity for treasury management. He reported that overall, the GMCA was reasonably cash rich, as a result of optimising the use of cash holdings and working balances. The current cash position shows strong balances until the beginning of December 2020, and no requirement for any further borrowing before then.

Members welcomed the opportunity for further training on the Treasury Management Strategy as felt they were looking at the Capital Strategy in isolation, and it would be useful to knit together with other strands to see a complete picture. There had been recent questioning from Members of the GMCA as to how the GMCA reserves may be used during the Covid-19 recovery phase.

RESOLVED/-

1. That the report be noted and that the GMCA Audit Committee recommend its approval to the Greater Manchester Combined Authority.
2. That a further training session on the Treasury Management Strategy be organised in due course.

AC/25/20 WORK PROGRAMME /AUDIT COMMITTEE SCHEDULE OF BUSINESS

RESOLVED/-

1. That the report be noted.

AC/26/20 DATES OF FUTURE MEETINGS

RESOLVED/-

1. That the future dates of the GMCA Audit Committee be confirmed as soon as possible, early August and early October being timely to review the accounts.
2. That the provisional meeting on the 28 July will be stood down.
3. That Susan Webster's name be updated on the membership list.

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JOINT AUDIT PANEL

Date: 31st July 2020

Time: 10:30 – 12:00

Venue: Online Meeting

Attendees

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

Chief Constable Ian Hopkins (GMP)
Assistant Chief Officer Lynne Potts (GMP)
Assistant Chief Constable Chris Sykes (GMP)
Sara Ashworth (GMP - Planning and Policy Development Manager)
Janet Moores (GMP - Head of Finance)
Candice Simms (GMP - Minutes)

Sarah Horseman (GMCA - Head of Audit and Assurance)
Cath Folan (GMCA - Audit Manager (Police and Crime)

Mark Dalton (Mazars - Partner (Public Services)

Apologies

Steve Wilson (GMCA - Treasurer)

M088/JAP Welcome & Apologies for Absence

Apologies were noted from the Treasurer of the GMCA, Steve Wilson.

M089/JAP Urgent Business (if any) at the discretion of the Chair

None raised.

M090/JAP Declarations of Interest

None raised.

M091/JAP Terms of Reference

Members agreed the new terms of reference, incorporating feedback from April's papers, will be implemented going forward. The terms of reference need to be updated and issued.

The Chief Constable thanked the Panel for their work, which is recognised as an important part of governance within the Force. The Chair asked the CC what assurance he was he looking for from the Joint Audit Panel. The CC said that their work should comprise of assurance over the high risk areas; such as financial risk, operational risk, vulnerability and the people agenda.

He described the financial risk which the Force was experiencing due to COVID-19 and the uncertainty with respect to additional funding. He described the improvements the Force had made with respect to recruiting, developing and retaining colleagues from diverse backgrounds but that there is still much more to be done in this area.

He informed members of the COVID working safely secure measures which the Force has put in place to ensure all staff are protected as far as possible when in the workplace safe. The Force is working to maintain standards and comply with government guidance and there is a role for the Panel to scrutinise this work going forward.

Members were advised GMP will be inspected by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) in early 2021, for the Integrated Police Effectiveness, Efficiency and Legitimacy (PEEL) Assessment. The framework for PEEL has changed significantly since the last inspection; therefore, it is recommended members receive training on this topic later on this year.

ACTION: Internal Audit to ensure the new Terms of Reference are updated with the feedback from April's papers.

M092/JAP Approval of June 2020 minutes and actions

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

M093/JAP Chief Constables Unaudited Statement of Accounts 2019/20 Update

The Chair requested all queries on the Annual Governance Statement be directed to him outside of the meeting.

GMP provided an overview of the reserves as illustrated in the GMP Insurance Fund Breakdown. Assurance was given to the Panel on the Force's claims history and associated work which has allowed the actuary to make his current assessment of the level of provision required.

GMP confirmed all actions in relation to the Unaudited Statements of Accounts have been resolved and incorporated into the Audited Statement of Accounts. A breakdown of the changes will be provided in the September 2020 meeting. Members were advised on how the volatility of the stock markets can affect the pension fund and is considered in GMPs accounts. The new pension ruling is viewed to have a significant effect on 2020/21 accounts; this will be addressed nationally.

M094/JAP Management Assessment of Going Concern

This item has been deferred to the next meeting scheduled for 10th September 2020 to coincide with the final Chief Constable's Statement of Accounts and external audit opinion.

M095/JAP Internal Audit Plan Progress Report

Internal Audit provided an update to members on the progress made since the June 2020 meeting; whereby five reports have been issued to GMP, seven audits previously paused due to COVID-19 have been agreed to be resumed, and three audits will also be included in the emergent plan. Details of these audits are noted in the report.

Members were advised that if there are to be any unallocated audit days remaining, Internal Audit will work with GMP's Deputy Chief Constable and ACO (Resources), and the Deputy Mayor's Executive meetings, to define the rest of the Internal Audit Plan.

Internal Audit have been liaising with their outsourced IT audit providers to ensure a suitable IT element is within the plan for 2020/21. A needs assessment will be conducted to refresh the understanding of the IT systems in place in GMP, and to identify the appropriate IT risks for the Force.

A backlog was recognised as one of the problematic areas in relation to the CARE Disclosure Report; whereby the team haven't been able to fulfil the timing requirements, and the forms used for obtaining the requests could be improved to understand what is needed. Training and quality review processes around disclosure were also identified as areas for improvement. GMP highlighted that the Force requested the CARE Disclosure Audit due to difficulties faced within the unit. The Panel noted the actions within this report may not have much effect in the short term, and more work needs to be done to resolve the areas in the long term. The Panel also noted an action timescale for completion, in relation to a checklist, could be brought forward. Members were advised the Chief Constable of GMP recently met with Her Honour Judge Sarah Singleton QC, who is a full time Circuit Judge sitting in the Family Court and the Court of Protection across Greater Manchester. GMPs CARE Disclosure findings were discussed at the meeting, where a commitment was made to the Judge that GMP will be compliant in this area by January 2021, when taking into account current demand. A representative from GMP will be present at the October Joint Audit Panel to bring updated projections and answer further questions on this report.

Internal Audit provided an overview of their findings in the 'Training – specialist posts and Initial Crime Investigators Development Programme' and the 'Provision of Training – 'acting up' and 'newly promoted' Sergeants and Inspectors' reports.

The Chair noted the rarity of having three reports out of five given a limited assurance level. GMP advised this is not a systemic issue and other factors should be taken into account. A new management team along with a transformational project has been established in the Organisational Learning and Workforce Development (OLWD) Branch since both training audits began in 2019, and the clearing of reports has taken a while due to ongoing discussions around the content.

Internal Audit provided an update on the work conducted so far in the Compliance with COVID-19 Workplace Guidance Audit, whereby 50 out of 60 GMP sites have been visited. Compliance so far has been generally good, any minor areas to be rectified have been done so very quickly.

Internal Audit informed members of positive outcomes following attendance at GMPs Executive Committee (Exec Co). Internal Audit will be attending Exec Co on a quarterly basis to provide an update on audit progress and performance. Members were advised there is new governance in place to allow for internal audit actions to be monitored through GMPs Operational Committee (Ops Co).

Members were advised the Internal Audit Action Tracker Report will come to the Joint Audit Panel again in 2020.

Internal Audit noted they are confident in completing the 2020/21 plan in the projected timescales.

M096/JAP Integrated Operational Policing System (iOPS) Update

GMP provided an update to members on the progress the Force has made since iOPS was last discussed in October 2019, noting the success of implementing ControlWorks in the Operational Communications Branch (OCB) which has helped sustain business change, improve productivity and support other transformation projects within the OCB. Further enhancements will be made to PoliceWorks in autumn 2020 as part of the next iOPS upgrade, which is aimed at improving user experience.

Members were advised GMP’s mobile technology is leading the way nationally and the Force has recently won UK Business Awards for innovation and the overall prize for mobile technology.

Six months of 2020 crime figures have recently been released to the Deputy Mayor of Greater Manchester, along with a comparison to 2019. More work needs to be done to provide a complete set of Annual Data Returns (ADR) to the Home Office. In July 2020, GMP began submitting ADRs to the Home Office. Throughout the summer, the Force will continue to submit more ADRs, which will in turn improve the exposure of crime data to the general public.

Members were assured there is a good baseline for iOPS after one year of its implementation, and there are plans in place to deliver effective changes through a work stream titled ‘iOPS Futures’.

M097/JAP GMPs Risk Register

GMP advised the risks presented in the Risk Register are all of equal priority, and there are other organisational risks beneath those listed which have their own registers and are managed by individual branches and clusters. The Strategic Risk Register and Branch/Cluster Registers are recurring items open for scrutiny in GMP committee meetings. Operational risks cannot be shared with the Joint Audit Panel due to the sensitive content. A greater explanation on how the new risk management processes are working will be brought to future meetings.

GMCA GREATER MANCHESTER COMBINED AUTHORITY

GMCA Audit Committee

Date: 8 September 2020

Subject: GMCA – Draft 2019/20 Annual Governance Statement

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

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PURPOSE OF REPORT

To provide the Committee with the draft 2019/20 Annual Governance Statement (attached as appendix A) for comment, prior to coming back to the Committee as a finalised version for approval in October.

RECOMMENDATIONS:

The Audit Committee is requested to:

(1) consider and comment on the draft Annual Governance Statement; and
(2) endorse the Annual Governance Statement for submission to the October 2020 meeting for approval.

CONTACT OFFICERS:

Liz Treacy, Monitoring Officer, GMCA,
l.treacy@greatermanchester-ca.gov.uk

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

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

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

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

BACKGROUND PAPERS: GMCA Constitution – https://democracy.greatermanchester-ca.gov.uk/documents/s4351/GMCAConstitution2019.pdf

<table>
<tr><td colspan="3">TRACKING/PROCESS</td><td colspan="2"></td></tr>
<tr><td colspan="4">Does this report relate to a major strategic decision, as set out in the GMCA Constitution</td><td>No</td></tr>
<tr><td colspan="5">EXEMPTION FROM CALL IN</td></tr>
<tr><td colspan="2">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?</td><td colspan="3">No</td></tr>
<tr><td>TfGMC</td><td colspan="2">Overview & Scrutiny Committee</td><td colspan="2" rowspan="2"></td></tr>
<tr><td>N/A</td><td colspan="2">N/A</td></tr>
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DRAFT ANNUAL GOVERNANCE STATEMENT 2019-20

CONTENTS

1. INTRODUCTION

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

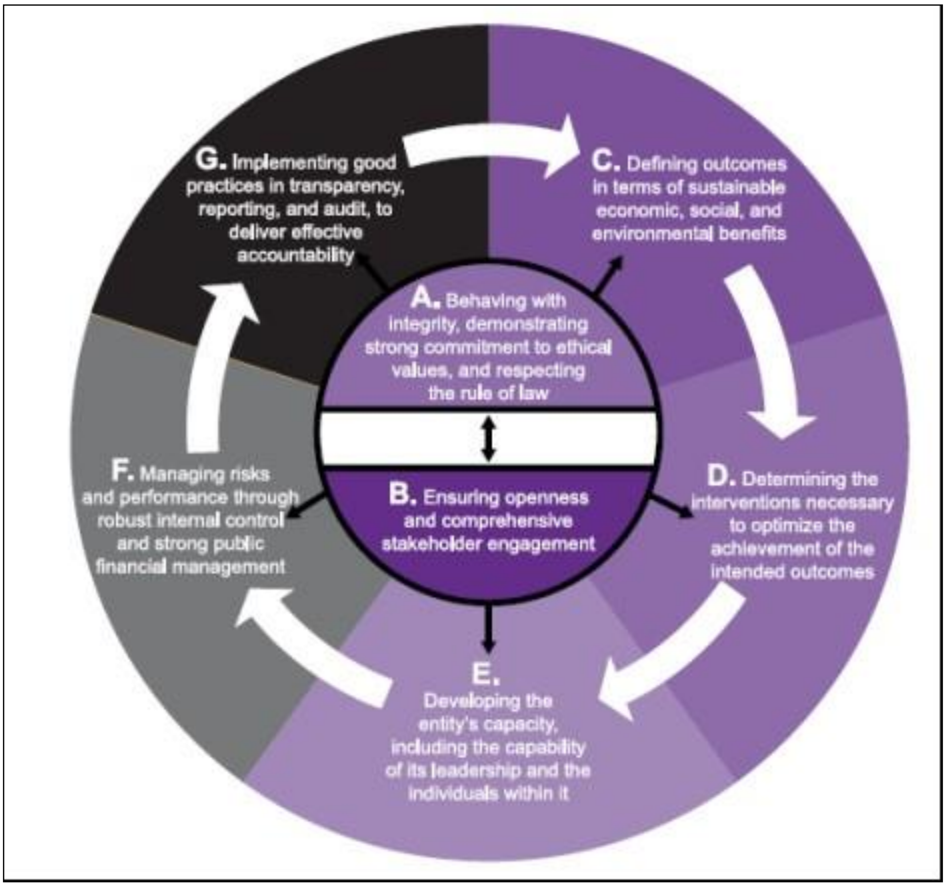

Fig.1 Seven Principles of Good Governance

2. LEGISLATIVE, STRATEGIC AND POLICY CONTEXT

2.1 The GMCA was established on 1 April 2011 by the Greater Manchester Combined Authority Order 2011 and comprised of ten members, being the Leaders of the constituent councils. The GM Mayor was elected on 4th May 2017, and will remain in office until May 2021 when the rescheduled GM Mayoral election is due to take place. The Mayor is the chair and 11th member of the GMCA. The Mayor also appoints the Deputy Mayor for Policing and Crime who has substantial delegated authority covering policing and crime. All members have clear portfolio responsibilities as listed below:

Member	Representing	Portfolio Responsibility
Mayor Andy Burnham	GM Mayor	Strategy, Transport & Reform
Baroness Beverley Hughes	Deputy Mayor	Safe & Strong Communities
Cllr David Greenhalgh	Bolton	Culture
Cllr Eamonn O'Brien	Bury	Young People & Cohesion
Sir Richard Leese	Manchester	Health & Care
Cllr Sean Fielding	Oldham	Employment, Skills & Digital
Cllr Allen Brett	Rochdale	Community Co-ops & Inclusion
Mayor Paul Dennett	Salford	Housing & Homelessness
Cllr Elise Wilson	Stockport	Economy
Cllr Brenda Warrington	Tameside	Age-Friendly GM & Equalities
Cllr Andrew Western	Trafford	Green City Region
Cllr David Molyneux	Wigan	Resources & Investment

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

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

2.4 The GM Local Enterprise Partnership (LEP) 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 (GMS) and is responsible for providing strategic direction to ensure that the strategy is successfully delivered.

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

2.6 A range of statutory and non-statutory member-led committees and boards sit below the GMCA and LEP, with responsibility for overseeing work in relation to the various portfolios. The three Overview and Scrutiny Committees 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. The GM Transport Committee oversees the travel services provided by Transport for Greater Manchester (TfGM).

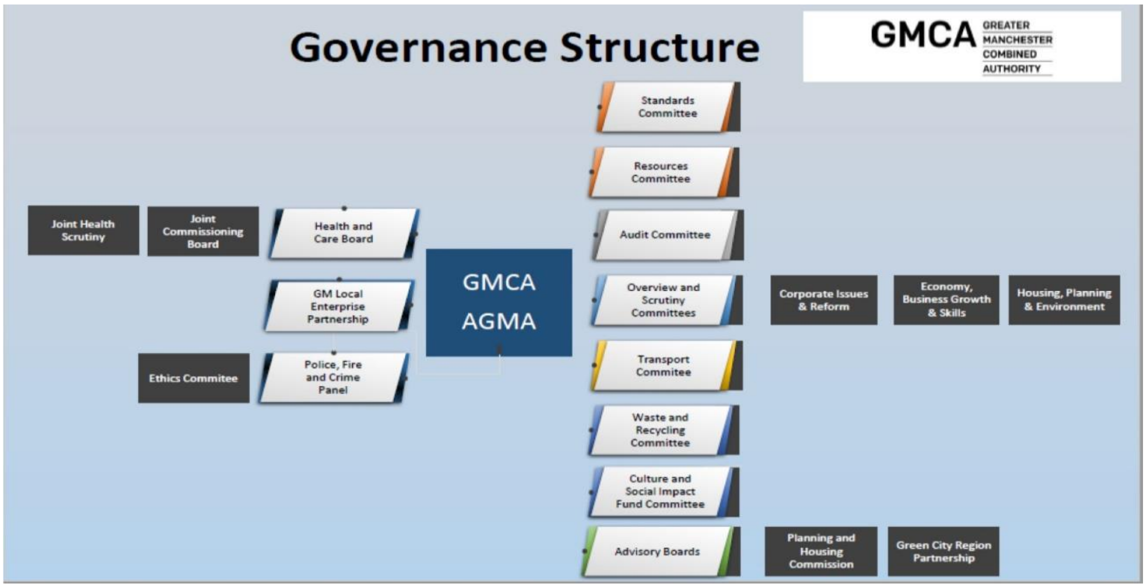

Fig.2 Governance Structure

3. LEGISLATIVE ARRANGEMENTS DURING COVID-19 PANDEMIC

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

3.2 Although GM is well practised in working in this way across a wide range of emergencies, the current Covid-19 emergency has a range of specific characteristics that has required GM to keep the emergency structures under review and to ensure that they link across into established governance and decision-making arrangements. The emergency structures are designed to support and not replace local 'business-as-usual' systems.

3.3 Contrary to the majority of emergencies experienced since the introduction of the current UK framework, the Covid-19 emergency required a whole system response, affecting the whole of society and requiring sustained effort over at least the next 2 years based on current projections. It is also unlikely to transition from a relatively short response directly into a longer-term recovery, and there may be a need for recurrent response activity during the recovery period. Therefore, it is likely to require flexibility in future structures and approaches to facilitate the reinstatement of business as usual as Government legislation and regulations change and the UK moves to a new normality.

3.4 In response to the Covid-19 emergency, GM had established a multi-agency response structures that dovetailed with the national emergency response framework, whilst also being adapted to address local need. A C19 Executive Group, co-chaired by the Chief Constable of GMP and the Chief Executive of GMCA, has been sitting since early March with districts strongly engaged through Chief Executive portfolio leads and a local authority Chief Officers Group. A GM Strategic Coordinating Group (SCG) chaired by the Assistant Chief Constable, supports the C19 Executive and had in turn, established a number of thematic sub-groups, emergency operation cells and sector coordination groups. In line with UK doctrine, a Recovery Coordinating Group (RCG) was set up in the early stages of the response, and has been running in parallel with the C19 Executive. The C19 Executive and RCG work closely together, with the Chair of the RCG sitting on the C19 Executive.

3.5 The structures are subject to ongoing reviews and will continue to evolve as appropriate in line with the nature of the crisis.

3.6 With regard to GMCA decision making during the Covid-19 Emergency, the GMCA Constitution gives delegated authority to the Head of Paid Service, to take any action which is required as a matter of urgency in the interests of the GMCA, in consultation (where practicable) with the Chair of the GMCA. These decisions have been published in accordance with usual practice.

3.7 The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 came into effect on the 4 April 2020. These Regulations remove the requirement for local authorities to only hold meetings in person, make provision for members of local authorities to attend meetings remotely and for public and press access to these meetings.

3.8 Following the development of a technical solution and the required procedures and protocols, virtual meetings of the GMCA and its committees have been held. The regulations will apply to local authority meetings held before 7th May 2021.

4. SCOPE OF RESPONSIBILITY

4.1 The GMCA's Code of Corporate Governance sets out how the GMCA operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. The Code of Corporate Governance can be found on p196 of the GMCA Constitution.[1]

4.2 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.

4.3 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.

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

5. GOVERNANCE REVIEW ACTIVITY 2019/20

GMCA Audit Committee and GM Joint Audit Panel

5.1 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 five times during 2019/20 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.

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

5.2 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 2019/20

5.3 Based on the work undertaken by Internal Audit in respect of 2019/20 the opinion of the Head of Internal Audit on the overall adequacy and effectiveness of GMCA's framework of governance, risk management and control was limited (by volume). Audit work undertaken was significantly less than anticipated in the agreed Internal Audit Plan. This was due to limited internal audit resource being available during the year whilst the in-house internal audit team was being established.

However, assurance can be taken from the internal audit work that was performed, of which:

- no individual assignment reports were rated as "No Assurance"
- no critical risk findings were identified
- work undertaken covered a range of the key risks within the organisation
- any high risk rated findings were isolated to specific activities and were/are scheduled to be implemented in line with agreed timescales

Assurance can also be taken from other external and internal sources of assurance, including HMICFRS, ICO and GMFRS second line assurance activities.

Annual Review of the System of Internal Audit 2019/20

5.4 An assessment of the effectiveness of the Internal Audit Function has been undertaken by the Head of Audit and Assurance. That assessment concluded that whilst the extent of Internal Audit work has been limited in 2019/20 due to the establishment of the team, the work that was performed was in conformance with PSIAS.

A Quality Assurance and Improvement Programme has been implemented within the Internal Audit Team for 2020/21, which will assist in the monitoring and evaluation of the effectiveness of the team moving forwards.

GMCA Standards Committee

5.5 The GMCA has a Standards Committee to deal with matters of conduct and ethical standards regarding members of the Greater Manchester Combined Authority and its committees should they arise. It also provides a reviewing function for key policies in relation to the behaviour and actions of elected members whilst serving in their Greater Manchester capacities. The Committee has considered the Committee on Standards in Public Life – Annual Report, reviewed the GMCA Members Code of Conduct at their meetings this year, and have made a number of recommendations with regard to ensuring that Members adhere to their responsibilities in line with the Code of Conduct.

6. PROGRESS IN ADDRESSING THE CHALLENGES IDENTIFIED IN THE 2018/19 ANNUAL GOVERNANCE STATEMENT

Action Identified in 2018/19	Progress Made
Progress the embedding of a Service Improvement Plan for the GMFRS – addressing the areas of concern raised by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS).	GMFRS was inspected by HMICFRS in Tranche 2 of its 2018/19 inspection programme, with the final inspection report received in June 2019. Following the publication of the inspection report GMFRS developed both an external and internal action plan. The plans were developed in conjunction with directorates to ensure all key activities and timescales were captured along with any gaps identified to monitor progress and support the implementation of further improvements. GMFRS' second inspection was planned to take place in September 2020, but in March, HMICFRS confirmed suspension of their planned inspection regime, resulting in the postponement until late 2021. Since the inspection, significant work has been undertaken by the Service, primarily in conjunction with the Programme for Change activities, and addressing the findings set out in the HMICFRS Inspection Report. Prior to the pandemic, we were in the process of finalising all the activities and progress to-date ahead of the second inspection, but these activities were placed on hold as the Service reprioritised

	workloads and responded to the pandemic. As part of our recovery activities and the reintroduction of governance arrangements, we have commenced our strategic planning process with all directorates developing their functional action plans, each of which is focused on five key areas: Service Recovery, Workforce Recovery, Future Change including Programme for Change (PfC), HMICFRS and Other Priorities / Considerations. This process required each directorate to review their HMICFRS activities to ensure they were updated with progress to-date and delivery timescales, highlighting where appropriate, the impact of the pandemic against expected progress. The progress against the areas identified for improvement is ongoing and whilst not concluded in its entirety, have already delivered significant improvements.
Consider how GMFRS back office functions could be improved and better integrated to ensure that as the function was migrated – the most effective use of budgets and resources could be achieved.	The GMFRS Programme for Change has undertaken a whole service review and developed a proposed operating model for GMFRS together with a range of options to deliver savings for GMFRS, alongside investment required to deliver transformational change. As part of this back office functions have been reviewed and opportunities for use of technology to streamline processes and support service delivery with changes implemented as follows: Workstream: Business Admin/Support Services ✓ Level 2 Administration structure implemented ✓ Savings targets met in full for Admin, as per the OBC Workstream: Digital Delivery ✓ Introduction of a ‘sprint’ approach to business analysis in key areas of change e.g. Prevention Safe & Well assessment process and solutions

	✓ Upgrades and improvements to core business systems to support the achievement of PfC related business efficiencies Given the continued financial pressures, ongoing work will take place in all back office areas to support most effective use of the budgets and resources in these areas.
To remain focussed on ensuring transparency by continuing to put in place measures that ensure meetings, papers and meeting all requirements of the Local Government Transparency Code.	The GMCA has introduced Modern.Gov agenda management system, which links to the public website and makes access to papers easier. All the GMCA public meetings are also livestreamed. During the pandemic, new regulations provide for the GMCA and bodies to hold virtual meetings, which are also shared via livestream in order to maintain transparency. The Covid-19 regulations apply to meetings held before 7th May 2021 and a review by Government will required prior to their expiry next May.
To undertake a review of governance – ensuring that decision-making processes were effective, unnecessary duplication removed and that best governance arrangements be strengthened.	A review of governance took place during 2018 & 2019. This included changes to the Transport Committee terms of reference and arrangements, which are now in place. The remainder of the review focused on non-statutory bodies particularly those overseeing portfolios in order to streamline arrangements and avoid duplication. Portfolio arrangements are reviewed annually to ensure they are fit for purpose as GMs priorities change. The GMCA & Mayor have also established new panels in relation to Equalities and the Youth Combined Authority.
Increase the level of integration between GMCA and TfGM following the adoption of a joint Chief Executive	The GMCA has reviewed the terms of reference of Transport governance and formed a new GM Transport Committee, which is a joint committee of the districts, the Mayor & GMCA. This replaces the former Transport for GM Committee, which was a joint Committee of the districts and the GMCA. Joint approaches between TfGM and CA have been developed in relation to the integration of

	resources e.g. Communications, Strategy, Finance, Legal. This work continues to develop. There are a number of key roles now shared between GMCA and TfGM. These include: • Chief Executive • Director of HROD • Head of Internal Audit • Data Protection Officer These roles help improve collaboration, efficiency and sharing of good practice across both organisations.

7. AREAS FOR FOCUS IN 2020/21

Good Governance Principle	Action	Lead(s)
A. Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values, and Respecting the Rule of Law	That the revised Whistleblowing Policy and Procedure be agreed and finalised; and that awareness of the policy and how to access it be embedded throughout the organisation.	Head of Audit and Assurance
A. Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values, and Respecting the Rule of Law	The revised Complaints Procedure to be developed, produced and published; and that awareness of the procedure and how to access it be embedded throughout the organisation.	Assistant Director of Governance & Scrutiny
B. Ensuring Openness and Comprehensive Stakeholder Engagement	Following the introduction of the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 – ensure that transparency of decision-making is maintained, and that online tools for	Assistant Director of Governance & Scrutiny

	meetings are made as accessible to all as possible.	
E. Developing the Entity's Capacity, Including the Capability of its Leadership and the Individuals Within It	That the organisational challenges raised in terms of new working environments/ways of working continue to be subject to ongoing review throughout the pandemic period.	Strategic Director of HR and OD
E. Developing the Entity's Capacity, Including the Capability of its Leadership and the Individuals Within It	GMFRS to ensure that the progress against the areas identified for improvement is completed as part of the Service Improvement Programme ahead of HMICFRS re-inspection in late 2021.	Chief Fire Officer / Strategic Director of HR and OD
E. Developing the Entity's Capacity, Including the Capability of its Leadership and the Individuals Within It	That the ongoing integration of resources between TfGM and the CA continues to develop – including the development and introduction of relevant GM Transport Sub-Committees.	Deputy Monitoring Officer
E. Developing the Entity's Capacity, Including the Capability of its Leadership and the Individuals Within It	That Member status be achieved on the GM Good Employment Charter through excellent employment practices.	Strategic Director of HR and OD
E. Developing the Entity's Capacity, Including the Capability of its Leadership and the Individuals Within It	Following the launching of a health and wellbeing area on the CA intranet. Ensure that knowledge of the area is embedded throughout the organisation.	Strategic Director of HR and OD
F. Managing Risks and Performance Through Robust Internal Control and Strong Public Financial Management	Establishment of a GMCA-wide risk management framework to embed consistent risk management policy and practice throughout the organisation, at an operational and strategic risk level. The Head of Internal Audit will take responsibility for development and implementation of the framework.	Head of Internal Audit

G. Implementing Good Practices in Transparency, Reporting, and Audit, To Deliver Effective Accountability	Continued monitoring of the implementation of external audit actions through the new audit action tracking process being implemented by Internal Audit in 2020/21.	Head of Audit and Assurance

8. SUMMARY

8.1 The GMCA has demonstrated an ongoing commitment to best practice and good corporate governance within the principles of the framework, demonstrated by a pro-active adoption of this framework and delivery of improvements suggested in the Annual Governance Statement 2018/19.

8.2 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.

8.3 The COVID-19 pandemic has had a significant and, in some instances, devastating impact on Greater Manchester. Not only has the crisis shone a harsh light on latent inequalities within our communities, but also caused significant damage to the city region's economy. Greater Manchester's Living with COVID Resilience Plan frames the conurbation's response to the pandemic and sets out how the city region will begin the process of recovery, address the impacts of the disease and build resilience for now and in the future. In concert with the GMS, this plan will define the organisation's direction for the next year.

Concluding thoughts from Chair of CA and/or CEX.

Signed by……………………………………………………………………………….

Signed by……………………………………………………………………………….

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

Date…………………………………………………………………………………….

Glossary of terms

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

Appendix – CIPFA SOLACE – Good Governance Principles

A. BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES, AND RESPECTING THE RULE OF LAW
The GMCA reviewed and updated its Constitution during 2018/19, and published the final version in June 2019, to ensure it remains relevant and appropriate. The Constitution incorporates an Operating Agreement between the GMCA and the ten Constituent Councils, which governs the exercise of concurrent functions. The GMCA Standards Committee meets twice annually and deals with matters of conduct and ethical standards of GMCA Members. A Code of Conduct for Officers and for Members form part of the GMCA Constitution. The Code of Conduct for Members is reviewed annually by the Standards Committee, most recently in September 2019. The GMCA Standards Committee has the ability to undertake a review should any member of the GMCA or its committees fail to adhere to the Code. Each member receives an annual reminder of their duties under the Code. A Whistleblowing Policy and Procedure is in place, last reviewed and updated in March 2018, a revised draft was presented to Standards Committee in line with the review period in March 2020. Information on how to report concerns are easily located on both the external facing website and the staff intranet. An Anti-Fraud and Corruption Policy forms part of the Constitution. The Complaints Procedure was previously updated in 2018/19, and is currently in the process of a task and finish review to ensure that it remains fit for purpose going forward. Information on how to submit complaints, the process, and relevant FAQs are provided on the external website. Declarations of Interest is a standard agenda item on all GMCA meetings, minutes of which are published on the external website, and members are asked to complete a register of their personal and pecuniary interests on an annual basis. These are uploaded to each councillor's individual portfolio via the GMCA's governance portal and are also viewable on the website. A Greater Manchester Independent Ethics Committee is now fully established in order to help build trust and public confidence in policing. The Committee advises the Deputy Mayor for Policing and Crime, and Greater Manchester Police on the complex dilemmas that policing faces in the modern world. The committee has been given a wide remit, with GMP pledging to give access to the service's systems and people. When established, it was the first of its type in the country. The committee decides which issues it wants to consider, as well has having issues referred in by both GMP and the Deputy Mayor. Members of the public can raise issues with the committee - but it does not consider individual complaints about police. The committee considers both broad thematic issues - such as discrimination, safe drug use, and surveillance - and practical day-to-day issues, such as the use of body-worn cameras by police officers. 'Role of the Monitoring Officer' is a statutory role under section 5 of the Local Government and Housing Act 1989. The Monitoring Officer is to report on matters they believe are, or are likely to be, illegal or amount to maladministration; to be responsible for matters relating to the conduct of members; and to be responsible for the operation of the Constitution.
Areas for Focus in 2020/21: • That the revised Whistleblowing Policy and Procedure be agreed and finalised; and that awareness of the policy and how to access it be embedded throughout the organisation.

- The revised Complaints Procedure to be developed, produced and published; and that awareness of the procedure and how to access it be embedded throughout the organisation.

B. ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT
Meetings of the GMCA and its committees are live-streamed and retained for later viewing by all members of the public via the GMCA's YouTube channel. GMCA Committee agendas, reports, and minutes are published on the GMCA website. Inspection Copies of papers for each meeting are kept in reception at the GMCA's offices at Churchgate House. The GMCA website includes publication of all Key Decisions, Officer and Mayoral Decisions, and Forthcoming Decisions. Reports for GMCA Committees are released into the public domain unless specifically excluded for items that are private and confidential; such reports must be marked Part B, and justification for keeping a decision confidential must be provided. The GMCA is committed to ensuring that public meetings are DDA compliant, and all venues have now been confirmed as compliant – this includes the use of hearing loops and the ability to produce agenda papers in alternative formats if requested. The GMCA runs a Consultation Hub website to ensure that local residents are able to actively engage with decisions and projects. Recent consultations included topics such as Police funding, the GM Hate Crime Plan, a GM Health and Justice Strategy, and a High Rise Residents survey, among others. The GMCA is founded on a long-term relationship between local authorities through the previous arrangements under the Association of Greater Manchester Authorities. The 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. In addition, the GMCA maintains formal and informal partnerships through committees such as the Transport Committee; Planning and Housing Commission; Police, Fire and Crime Panel; GM Culture and Social Impact Fund Committee; GM Green City Region Partnership; and the GM Local Enterprise Board. The GM VCSE Accord ensures that there is a shared commitment and close partnership working with Greater Manchester's 16,000 VCSE organisations. Community engagement events regularly take place (including the GM Youth Combined Authority; the Mayor's Disabled Peoples Panel; LGBTQ+ Panel; and the Faith, Race & Women's Panel). Regular feedback mechanisms are offered through the proactive use of social media platforms and the supporting of surveys such as the 'GM Big Disability Survey' – which provided important insight into the issues faced by disabled people across GM during the Covid-19 pandemic.
<u>Areas for Focus in 2020/21:</u> • Following the introduction of the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 – ensure that transparency of decision-making is maintained, and that online tools for meetings are made as accessible to all as possible.

C. DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS
The coronavirus pandemic has highlighted more than ever the importance of securing Greater Manchester's long-term ambition to create a green and prosperous city-region. The Clean Air Plan, Spatial Framework and Minimum Licensing Standards plans form part of this vision, looking to offer a better quality of life for everyone living and working in the city-region. The GM Strategy and Implementation Plan have been agreed as the overarching Strategy for all GM work. Performance against the Strategy's priorities and performance is reported to three Overview and Scrutiny Committees on a 6 monthly basis. The GM Strategy and info graphics used in the GM performance report describe the anticipated impacts of the delivery of the GM Strategy. The GMCA Business Plan further defines GMCA's vision, objectives and outcomes in relation to economic, social and environmental developments within GM. The GMCA Business Plan and subsequent publications have been developed with stakeholders to ensure the organisational priorities and objectives are in line with shared ambitions. In response to the COVID-19 pandemic, the GM Living with COVID Resilience Plan frames the actions Greater Manchester will take to support the city region's recovery. This plan supplements and does not replace the existing GMS, it provides an overview of the actions to be taken over the next year before that document is refreshed in 2021. As part of the plan, Leaders will be asked to agree that all GMCA report recommendations for agreement should identify the impact of the proposal on inequalities, environmental and financial issues in relation to the topic, along with a commitment to collect, analyse and report on data, including community intelligence, to understand that impact. Despite its significant detrimental impact, the pandemic has highlighted the importance of securing Greater Manchester's long-term ambition to create a green and prosperous city region. Brought together, the developing Greater Manchester Spatial Framework, Clean Air Plan and Minimum Licensing Standards provide a holistic view of the city region's economic, social and environmental ambitions, looking to offer a better quality of life for everyone living and working in the city-region. Greater Manchester's Five Year Environment Plan sets out a further suite of actions that will support the conurbation's goal of carbon neutrality by 2038. Capital programmes for both transport and economic development schemes are assessed using a fully rounded appraisal mechanism which includes deliverability alongside social, economic and environmental considerations. The GMCA Social Value Policy is actively applied in commissioning and procurement activities. This Policy has been updated to reflect the revised objectives in the Greater Manchester Strategy Our People, Our Place and will support commissioners to set out their procurement and contract management requirements to maximise relevant social value, and providers to develop and submit proposals.

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

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

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

Internal and external stakeholders are engaged through consultation on key strategies and plans – for instance the GM Strategy, Culture Strategy, and the GM Spatial Framework – to help determine how services and other courses of action are planned and delivered. The Our Pass concessionary scheme for young people which successfully launched in September 2019 was developed with the GM Youth Combined Authority, whilst the GM Good Employment Charter which launched in January 2020 was co-designed with employers, trade unions, professional bodies and academics.

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

The GMCA seeks to achieve 'social value' through service planning and commissioning. A Procurement Strategy is part of the GMCA Constitution, and this is supported by a GMCA Social Value in Procurement Policy. The GM Procurement Hub offers a centralised procurement service that can support joint commissioning across GM organisations. A recent example of this could be seen in the securing of a world-class digital infrastructure, in which GMCA have appointed Virgin Media Business to deliver up to 2,700km of new fibre-optic broadband infrastructure across the region, allowing businesses and residents across the region to benefit from next generation connectivity – supporting economic growth and jobs.

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

E. DEVELOPING THE ENTITY'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT
Each Member has a clear role profile in relation to their portfolio. The assigned portfolios are published through the GMCA website, so members of the public are aware of which member of the GMCA has strategic responsibility for which area. Leaders meet regularly with senior officers in relation to their portfolio. Member Induction Sessions are held at the beginning of each year, and Member capabilities and skills are supported through the Member development programmes. Informal briefings are provided to Members in advance of all Audit Committee and Overview and Scrutiny Committees. The Chief Executive Officer's role has been widened to include oversight of Transport for Greater Manchester. Part 3 of the GMCA Constitution sets out a Scheme of Functions Delegated to Chief Officers and those exercisable only by the GMCA to ensure clarity over the types of decisions that are delegated and those that are reserved for collective decision making of the Board. Strategic management oversight and direction is provided through the Chief Executives Management Team, which is also the Incident management Group for emergencies, the Senior Leadership Team. The wider Leadership Team, Senior Leadership Team and Extended Leadership Teams meet regularly to discuss and share knowledge. An increased focus on leading the delivery of system change through the Greater Manchester Strategy with improved co-ordination the GMCA and with Place has required: • A wider range of Directors coming together to pull the 'professional specialisms' from across the CA together to lead/drive the organisation as a whole to meet agreed priorities. No one team can deliver system change • A generic 'Director' role with a specialist portfolio – to show role is about working cross the organisation with 'blocks of activity' grouped under Directors. By definition these 'Directorates' will rely on each other to deliver 'whole system change'. • Corporate/Enabling Services are integral part of driving forward overall outcomes of the CA and the work of individual Directorates These renewed directorates have been based on what the CA is trying to achieve: • We want everyone to be Life Ready with the skills needed throughout live to succeed (Edn/Skills block) • We want people to have good jobs in a prosperous economy (Economy block) • We want people to live in vibrant and safe places (Place Making and Police/Fire/Criminal Justice blocks) • We want GM to be a Low Carbon city region at the forefront of the 4th Industrial Revolution (Green and Digital blocks) • We want joined-up public services that support individuals' holistically, focussing on prevention and the promotion of the best life chances (Public Service Reform block) A comprehensive GMCA business plan is in place and can be found on the GMCA's website[2]. This includes a set of performance targets. All the actions are drawn from the GMS and monitoring performance against the GMS is delivered through the Implementation Plan whose performance dashboard is reported through the Scrutiny Committees, and to the GMCA, on a six-monthly basis. The GMCA has developed a GM Good Employment Charter and has achieved Supporter status.

[2] https://www.greatermanchester-ca.gov.uk/media/2242/gmca_business_plan_2019_full_public.pdf

Work is now taking place to enhance this and achieve Member status through our excellent employment practices. The integrated staff Personal Development Plans first developed through 2017/18 as part of enhanced HR and organisational development service for overall GMCA continue to take place. Further recent initiatives include: • The launching of a health and wellbeing area on the intranet that includes a comprehensive suite of online support, virtual learning and opportunities to have face to face support • An expanded portfolio of e-learning modules for staff and manager including equality and diversity awareness • The launch of Mi Learning with a suite of new and improved managerial support tools to help people managers improve their knowledge and skills • Leadership Development Programme procured and being rolled out across GMFRS • Specialist recruitment strategies - Firefighter and Senior Recruitment - utilising Digital Technology A staff engagement survey was completed in September 2019, with more than 850 people (43% of total staff) taking part. The results had highlighted three areas of focus for taking forward: reinforcing clarity; encouraging greater engagement from managers; and increasing focus on staff wellbeing. To aid in taking these actions forward, a full review was undertaken of internal engagement and information sharing and regular 'pulse checks' were arranged to see how people were feeling – the pulse checks becoming particularly important during covid-19 and the move to homeworking across the organisation.
<u>Areas for Focus in 2020/21:</u> • That the organisational challenges raised in terms of new working environments/ways of working continue to be subject to ongoing review throughout the pandemic period • GMFRS to ensure that the progress against the areas identified for improvement is completed as part of the Service Improvement Programme ahead of HMICFRS re-inspection in late 2021. • That the ongoing integration of resources between TfGM and the CA continues to develop – including the development and introduction of relevant GM Transport Sub-Committees. • That Member status be achieved on the GM Good Employment Charter through excellent employment practices. • Following the launching of a health and wellbeing area on the CA intranet. Ensure that knowledge of the area is embedded throughout the organisation.

F. MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT
The GMCA Corporate Risk Register (CRR) was reviewed and updated on a quarterly basis throughout during 2019-20. The CRR identifies risk ownership for specific risks, and is owned by the Governance and Risk Group .The GMCA Audit Committee receives quarterly updates on the CRR. Given the Covid-19 pandemic, a Covid-19 risk register was developed in April 2020 which will continue to be monitored in 2020/21. The Audit Committee is responsible for overseeing the effective operation of the systems of governance, risk and Internal control arrangements. New Internal Audit arrangements were implemented in 2019/20 with the appointment of a new in-house Head of Internal Audit and the establishment of an in-house GMCA Internal Audit team. The Internal Audit Plan is approved by Audit Committee, and Internal Audit provide quarterly progress reports to Audit Committee. The Head of Internal Audit produces an Annual Assurance opinion. There is an established Scrutiny process comprised of three themed committees (Corporate Issues & Reform; Economy, Business Growth & Skills; and Housing, Planning & Environment) with each being subject to the scrutiny / call-in process whereby any Member of Constituent Councils can refer items for possible scrutiny. Areas for each scrutiny committee to are also proposed by the Chair and other members of the committees who are the owners of each committee's work programme. GMCA's Revenue and Capital Budget and Monitoring Reports; Mayoral General Revenue and Capital Budget and Monitoring Reports; Mayoral Police and Crime Revenue and Capital Budget and Monitoring Reports; Treasury Management Strategy and Treasury Management Outturn Reports are all subject to appropriate reviewing, scrutiny and challenge where appropriate through the Corporate Issues & Reform Scrutiny Committee and via the Audit Committee.
Areas for Focus in 2020/21: • Establishment of a GMCA-wide risk management framework to embed consistent risk management policy and practice throughout the organisation, at an operational and strategic risk level. The Head of Internal Audit will take responsibility for development and implementation of the framework.

G. IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING, AND AUDIT, TO DELIVER EFFECTIVE ACCOUNTABILITY
Transparency of decision-making is achieved through live streaming of key meetings, a centralised FOI process, and through the GMCA Communications Strategy. In terms of reporting: the annual accounts with narrative introduction; GMCA Annual Performance Report; Police and Crime Annual Report; Head of IA Annual Assurance Opinion; Annual Governance Statement; and Statement of Accounts are considered by the GMCA Audit Committee and the GMCA and contained within publically viewable agendas. New External Auditors (Mazar's) were appointed from 1 April 2018, and they have produced an external audit findings report. The Audit Committee has oversight on the final accounts process. Actions taken to implement External Audit Recommendations will be reported as part of a combined audit recommendations tracker for 2020/21 as part of a revised audit action tracking process. The Annual Internal Audit Opinion sets out compliance with the Public Sector Internal Audit Standards (PSIAS) and for 2019/20 confirmed that work had been undertaken in line with PSIAS. As the Internal Audit service was brought in-house in 2019/20, it was agreed with Audit Committee that the service would be subject to an external quality assessment within the next three years.
Areas for Focus in 2020/21: • Continued monitoring of the implementation of external audit actions through the new audit action tracking process being implemented by Internal Audit in 2020/21.

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GMCA GREATER MANCHESTER COMBINED AUTHORITY

Date: **8th September 2020**

Subject: **Unaudited Draft Statement of Accounts 2019/20**

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

PURPOSE OF REPORT

This report provides a copy of the Authority's unaudited Draft Statement of Accounts and sets out the process for approval of the audited statements.

RECOMMENDATIONS:

Audit Committee members are requested to note the Greater Manchester Combined Authority (GMCA) Unaudited Draft Statement of Accounts for 2019/20, which have been signed by the Treasurer.

Consider and comment on the letters from Mazar's in respect to the 2019/20 Audit – understanding those charged with governance processes and arrangements.

CONTACT OFFICERS:

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Risk Management – the risk from setting unsuitable accounting policies and determining critical accounting judgments is that the External Auditor could qualify the GMCA Accounts and require adjustments which may have a an impact on the Authority and Mayoral General / PCC reserves.

Legal Considerations – included in Section 3

Financial Consequences – Revenue – N/A

Financial Consequences – Capital – N/A

Number of attachments included in the report: 3

BACKGROUND PAPERS:

Non

TRACKING/PROCESS			
Does this report relate to a Key Decision, as set out in the GMCA Constitution or in the process agreed by the AGMA Executive Board			No
EXEMPTION FROM CALL IN			
Are there any aspects in this report which means it should be considered to be exempt from call in by the AGMA Scrutiny Pool on the grounds of urgency?	No		

AGMA Commission	TfGMC	Scrutiny Pool
N/A	N/A	N/A

1. INTRODUCTION

1.1 This report provides a copy of the Authority's unaudited Statement of Accounts (appendix 3) and sets out the process for the approval of the audited Statements.

2. BACKGROUND

2.1 The Accounts and Audit Regulations issued by the Ministry for Housing, Communities and Local Government (MHCLG) set out the requirements for the production and publication of the Annual Statement of Accounts. The Regulations set out that the unaudited accounts are to be certified by the Treasurer as providing a true and fair view of the financial position of the Authority as at 31 March 2020 and its income and expenditure for the year ended 31 March 2020.

2.2 The unaudited accounts were certified by the Treasurer and published on the Authority's website on the 28th September. They were then passed to Mazars for the audit process to commence.

2.3 It is considered good practice that the Audit Committee should have the opportunity to consider the unaudited draft accounts prior to receiving the audited accounts for their approval.

2.4 The audited accounts together with the external audit report will be considered at the Audit Committee meeting in November 2020.

3. KEY ISSUES IN THE ANNUAL ACCOUNTS

3.1 On 3 April 2020 the Ministry of Housing, Communities and Local Government (MHCLG) wrote to Local Authorities confirming details of changes made to the *Accounts and Audit Regulations 2015* as a result of the Coronavirus (COVID-19) pandemic.

3.2 The Authority is normally required by *The Local Audit and Accountability Act 2014* and the *Accounts and Audit Regulations 2015* to present its Statement of Accounts (and associated documents) for public inspection for a period of 30 days which must include the first 10 working days of June.

3.3 Having considered the increasing impact that coronavirus is having on Local Authorities as they divert resources to support the community in these unprecedented times, MHCLG extended the statutory deadlines for local authorities to approve and publish their accounts for the 2019/20 financial year. The revised deadlines applicable to local authorities are as follows:

- Approve Draft Accounts by 31 August 2020 (previously 31 May);
- Public Inspection Period to start on or before first working day of September 2020 (previously included first 10 working days of June);
- Publish Final Audited Accounts by 30 November 2020 (previously 31 July).

3.4 The *Accounts and Audit (Coronavirus) (Amendment) Regulations 2020* have implemented these new deadlines by amending the *Accounts and Audit Regulations 2015* and came into force on 30 April 2020.

4. PRESENTATION OF THE ANNUAL ACCOUNTS

4.1 The annual accounts contain the following sections:

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

4.3 The first section covers the single entity statements and comprises:

4.4 The Comprehensive Income and Expenditure Statement (CIES) which shows the accounting cost of the Authority's activities rather than the amount to be funded from grants, precepts the share of business rates, district contributions and the transport levy.

4.5 The Movement in Reserves Statement (MIRS) which explains the movement in the Authority's usable and unusable reserves during the financial year.

4.6 The Balance Sheet which shows the total assets, liabilities and reserves of the Authority as at the end of the financial year.

4.7 The Cash Flow Statement which shows the reasons for the change in cash and cash equivalents during the financial year.

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

4.9 The single entity statements are followed by supplementary statements including the following sections:

- Police Pension Fund
- Fire Pension Fund
- Mayoral Police Fund
- Mayoral General Fund

4.10 The group accounts follow the supplementary statements and these show the full extent of the Authority's economic activities by reflecting the Authority's involvement with its group companies and organisations. The reasons for including / excluding various bodies in the group consolidation are set out in note 1 of the accounts – accounting concepts and policies.

5. 2019/20 AUDIT – UNDERSTANDING THOSE CHARGED WITH GOVERANCE PROCESSES AND ARRANGEMENTS

5.1 Mazar's have issued letters to the Chair of the Audit Committee and the Treasurer, The response to the letters are attached in appendix 1 and 2 for discussion and any comments that need to be considered.

6. RECOMMENDATIONS

6.1 Members are requested to note the unaudited Annual Accounts 2019/20 which have been signed by the Treasurer to the GMCA.

6.2 Consider and comment on the letters from Mazar's in respect to the 2019/20 Audit – understanding those charged with governance processes and arrangements.

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GMCA GREATER MANCHESTER COMBINED AUTHORITY

Annual Statement of Accounts

Year ended 31 March 2020

Subject to Audit

Annual Statement of Accounts 2019/20

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Narrative Report by the Authority Treasurer

Welcome to the Greater Manchester Combined Authority's (the Authority) Annual Statement of Accounts for 2019/20. 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 financial performance for the year 2019/20;
- 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 2020 and is structured as below:

- How the Authority Performed in 2019/20
- Devolution and Impact in 2019/20
- The Authority's Group of Companies
- Revenue Budget and Financial Performance 2019/20
- Capital Programme and Financing 2019/20
- Treasury Management Performance in 2019/20
- Forward Look – Financial Landscape
- Core Financial Statements

How the Authority Performed in 2019/20

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. 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.

The COVID-19 Pandemic has had a significant impact on Greater Manchester. At meetings in June and July 2020 the GMCA considered the development of a one year Greater Manchester Living with COVID-19 Plan and financial implications for GMCA and TfGM. The narrative below includes context on the response by the Authority to the pandemic and the short to medium term impact for GM priorities and financial position.

The Greater Manchester Local Industrial Strategy

In June 2019 Greater Manchester published its ambitious Local Industrial Strategy, designed to deliver an economy fit for the future, with prosperous communities across the city-region and radically increased productivity and earning power. This Local Industrial Strategy represents a strong partnership between local leaders and government, setting out an ambitious plan to achieve the aspirations of the national Industrial Strategy and to continue to contribute to Greater Manchester's prosperity. The strategy is based on the robust evidence provided by the 2019 Independent Prosperity Review, and the 2016 Science and Innovation Audit. It has been developed from the ground up with local and national stakeholders, including business and social enterprises, trade unions, universities and colleges, and community and voluntary organisations.

The Greater Manchester Local Industrial Strategy will not work in isolation. It complements other national and local strategies including the national Industrial Strategy and the Greater Manchester Strategy 'Our People, Our Place'. Our People, Our Place sets a clear objective to make Greater Manchester one of the best places in the world to grow up, get on in life and grow old.

To achieve this ambition, it identifies actions around five foundations of productivity: Ideas, People, Infrastructure, Business Environment and Places, which are the essential attributes of every successful economy. It also identifies opportunities grouped under four Grand Challenges: Artificial Intelligence and Data, the Ageing Society, Future of Mobility and Clean Growth, where the UK has the potential to be at the forefront of industries of the future. The Greater Manchester Local Industrial

Strategy takes an approach that builds on local strengths and develops a city region specific approach to tackling the foundations of productivity and capitalising on the Grand Challenges.

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 Greater Manchester Good Employment Charter, developed with employers, trade unions, professional bodies and others, is raising employment standards and tackling economic inequality through spreading more secure work and higher pay. It has now engaged over 200 employers with more than 200,000 employees in the city 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. 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 GM Investment Funds are used as a lever to deliver the Investment Strategy and focus on our strategic priorities in business, housing and commercial property. At the end of 2019/20, the GM Investment Funds included over £635m of funds under direct and indirect management. Projects to the value of £862m have been approved to date across the funds. The main elements of the Funds are:

1. The Greater Manchester Housing Investment Loans Fund (HIF): HIF aims to unlock the delivery of at least 10,000 homes over the 10-year life of the fund providing the high quality housing offer needed to support GM's economic growth. Over £432m has been committed so far to support the delivery of almost 6,000 new homes. In 2018/19 HIF novated from Manchester City Council to the Authority. 2019/20 was the final year under which GMCA was able to draw down funds from MHCLG, with a net total of £181m drawn down to the end of the year.

   As existing investments made by the Fund are re-paid the monies are available for reinvestment by the Fund. The COVID-19 pandemic and lockdown has caused delays to the completion of developments, and the rate at which properties are sold or let will likely be slower than originally anticipated. As such, extended timeframes before borrowers are able to repay the debt are expected, although at the time of writing there have been no defaults. It is also expected that the Fund may experience increased demand as appetite on the part of other lenders tightens.

   HIF represents a cornerstone of GM's strategy to increase housing supply, and maintaining support for developers is considered strategically important to GM's recovery from the impact of the COVID-19 Pandemic. Alongside requests to government regarding the provision of further HIF, GMCA have approved a strategy to use other funding available to it in order to maintain and increase the Fund's investment capacity. All HIF investments are based on an assessment of risk and are structured to mitigate GMCA's exposure to loss and supported with appropriate security. Where it is proposed to refinance existing commitments, this will be considered in light of an up to date risk assessment.

2. City Deal Receipts: In 2015 it was agreed that receipts realised by Homes England from the disposal of its land and property within Greater Manchester would be provided to GMCA to invest in support of the housing and regeneration objectives set out in the 2012 Greater Manchester City Deal. To date Homes England, which has to approve the investments made using City Deal Receipts, has provided £29m to the GMCA for investment, of which £2.9m has been used.

3. The Core Recycled Funds: The Core Recycled Funds originated from Regional Growth Fund (RGF) and Growing Places Fund (GPF) monies which have been recycled and are now reinvested into businesses and commercial property. As part of this overarching programme, the funds offered investments at commercial rates to businesses and organisations to fund schemes that boost local employment, improve people's skills and contribute to the region's economic growth. These funds have invested over £167m into more than 170 companies across Greater Manchester who are contracted to create and safeguard over 7,790 jobs.

   The business funds have been used to support a market gap for finance and therefore, given the nature of the portfolio, defaults are expected. The impact of COVID-19 on the business portfolio remains unclear but provisions have been made to estimate the risk, in accordance with IFRS 9. Where requested, companies have been granted short term payment deferrals to assist them to manage through the pandemic.

4. Commercial property funds: the dedicated commercial property funds are managed by CBRE Ltd on behalf of the Authority and have supported the development of 700,000m^2 of commercial floor space and the redevelopment of over 50 hectares of Brownfield land. Developments in the year are expected to unlock over 20,000m^2 of industrial space.

5. Local Growth Fund (LGF): LGF monies are provided to Local Enterprise Partnerships for projects that benefit the local area and economy. Greater Manchester's LGF allocation is £493m and is administered jointly between the LEP and GMCA. The 2015-2020 programme has been allocated to approximately 60 projects including a mixture of Transport, Economic Development and Skills Capital (FE providers) projects. The fund is now fully committed and expected to leverage £210m match funding and create 6,250 jobs. To date £315m of LGF has been leveraged into projects, 908 jobs created and £184m of match spend secured.

6. Life Sciences Fund: The £30m Life Sciences Fund was established in 2016 in partnership with Cheshire East Council and Bruntwood to further develop the Alderley Park site and support life sciences businesses across the city region. As at 31 March 2020, the Fund had committed £18.4m into 29 businesses and has created 193.5 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.

7. Low Carbon Fund: the £15m Low Carbon Fund is managed by CBRE Ltd on behalf of the Authority. The Fund was established to promote the production and distribution of energy derived from renewable resources in the region.

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

BGH has performed well in 2019/20 exceeding a range of challenging targets across a broad range of external and internal agendas. The overall level of performance is positive given that this has been achieved in an uncertain policy, commercial and commissioning environment arising from Brexit, a General Election, with the impact of COVID-19 in the final quarter of the year.

The BGH, in partnership with the Local Enterprise Partnership (LEP), GMCA, Local Authorities and other partners, has responded to the COVID-19 pandemic with speed and agility leveraging the breadth of service provision to provide support to business and individual clients. This has included a range of activities such as:

- Growth Company Business Finance are administering financial support provided by the LEP/GMCA to businesses and have been on the forefront as an accredited Coronavirus Business Interruption Scheme (CBILS) provider with additional local funding made available.

- COVID-19 website - a dedicated COVID-19 landing page launched in early March to provide information to businesses on the support available and how to access. There have been more than 154,000 unique visitors to the Growth Hub website and the Coronavirus pages have seen over 70,000 unique visits to date.

- #HereForBusiness Campaign launched on 30th March, as an extension/revamp of the COVID-19 specific business support already being delivered. Just under 27,000 individuals have been reached with content being displayed almost 533,238 times since the launch of the campaign.

- Webinars, the first of which was held on 1 April and was attended by 1000 participants. Its objective was to raise the profile of the financial/practical support available and to hear directly from businesses on the issues being faced.

The BGH will support Recovery will be informed by the ambition and objectives of the LEP and GMCA and underpinned by the Build Back Better approach. It will also be framed by the emerging shape of the recession and the needs of businesses and individuals, which will continue to undertake needs analysis and intelligence gathering alongside GMCA, LEP and other partners.

Digital City Region

Greater Manchester has made important strides in becoming the UK's leading Digital City region. During 2019/20 our priorities have evolved for a refreshed Greater Manchester Digital Blueprint, and are now more clearly focused on delivering benefits that help the city region's people lead healthier, happier lives. Each of our five digital priorities, co-designed and developed with the input of key stakeholders is supported by pan-Greater Manchester public sector projects. These combine with inclusive community, local authority, private, not-for-profit and academic work.

The plan connects the wealth of digital change and will help us reach a shared ambition that underpins and enables both the Local Industrial Strategy and the Greater Manchester Strategy. Each of our five digital priorities, co-designed and developed with the input of key stakeholders is supported by pan-Greater Manchester public sector projects. These combine with inclusive community, local authority, private, not-for-profit and academic work.

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.

The COVID-19 pandemic is affecting all areas of life in many and substantial ways, the GMCA Digital Portfolio have been working to identify ways digital technologies can be used to improve people's lives across Greater Manchester. This has not only included new innovations but assessing the possibility of bringing forward priorities identified in the GM Digital Blueprint.

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. Over the course of the year GMCA and all 10 Local Authority Districts have declared a Climate Emergency.

To initiate delivery of the Plan and support the climate emergency declarations, the Authority has this year been successful in securing £6m of InnovateUK funding to support the development of a Local Energy Market. Inter alia, the programme will create Local Area Energy Plans across all 10 Districts.

The existing Warm Homes Fund concluded this year after accessing £2.6m of investment in 2018/19, to provide first time central heating systems to 500 fuel poor homes. This delivery has secured a successor scheme, delivered by a partner, which could bring in the same level of investment between now and the end of 2021.

In addition, the Authority has supported a successful bid to the Ministry for Housing Communities and Local Government (MHCLG) for a £17.2m European Regional Development Fund (ERDF) project, `Unlocking Clean Energy GM', led by Energy Systems Catapult. A second project bid, totalling £5.2m, into the same fund is still being reviewed with a decision due before October 2020.

On the natural environment, the Authority was successful in securing a further £4m of EU funding from the Urban Innovative Actions Initiative for the IGNITION project, with £700,000 supporting activity for 3 years (to 2022) to develop the investment case for green infrastructure in Greater Manchester. This complements ongoing EU-LIFE funding for Natural Course, which together fund 90% of the Authority's spending in this area."

Skills and Employment

Skills and Employment support are the thread that 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.

Adult Education

The 2019/20 academic year saw the first year of the devolved Adult Education Budget (AEB) programme to GM, and the key focus was to ensure that adult education and skills functions worked better when planned and managed locally than as part of a national 'one size fits all' approach. GMCA has been clear from the outset that its approach would not involve sweeping changes to funding policy in the early years, but rather the development of an evidence base to inform future policy changes, building strong collaborative relationships with providers, working together to proactively monitor and management performance, and a more strategic approach to the number and range of providers delivering AEB funded provision to our residents (compared to the 300+ providers operating in GM prior to devolution, of which over three quarters were based outside of GM and a fifth delivered provision to just a single GM resident within their AEB cohort).

The AEB has supported around 65,000 - 70,000 GM residents each year and GMCA aims to support approximately 75,500 GM residents by the end of the first devolved academic year. Many providers and colleges are flexing their offer to provide online resources. The main gap is support for vulnerable residents who have been accessing skills and training in community venues at a very local level who may not have access to IT / digital learning at home. The majority of community learning is delivered by smaller organisations who are less able to continue to deliver learning as learners need additional support.

A key strength implemented in the first year, has been stronger working relationships with each of the 10 localities and improving connection between local stakeholders and the AEB providers within these areas.

Small and Medium Enterprise

During 2019/20, apprenticeships remained a key pathway into work and skills improvement for our residents. Building on the momentum of the devolved Apprenticeship Grant for Employers, Greater Manchester launched a 12 month Small and Medium Enterprise (SME) Apprentice Support offer – a £1.9m support package, providing the tools and funding needed to help SME's recruit apprentices with grants of £3,000 given to 283 SMEs. In addition 804 SMEs were supported to create workforce plans leading to 163 apprenticeship starts. The Levy Matchmaking Service was launched which during its first 12 months of operation has attracted over £3.1m of available funding that has supported 51 SME's to create 130 new apprenticeship opportunities engaging with 215 businesses in total.

Public Sector Apprenticeships

The approach has supported well over 9,000 apprenticeship starts across GM Public Services since 2017. There have been over 20 collaborative apprenticeship programmes working across traditional organisation and geographical boundaries. This has included local authorities working alongside NHS Trust to share learning, good practice and negotiate bespoke GM delivery models that wouldn't ordinarily be able to take place. Collaborations have continued to thrive despite COVID-19 including the Level 4 Policy Officer featuring GMCA and two other Local Authorities, which was able to start using an online delivery method during the Lockdown period. An excellent uptake of the Levy Matchmaking service has seen further collaborations across the wider Public Services including 20 different Primary Care organisations working together to launch a cohort of GM Nursing Associate apprentices.

Removing Barriers

As part of our work to remove Barriers to Apprenticeships for underrepresented groups, GMCA launched a call for proposals to develop projects leading to apprenticeship starts. We will shortly announce the successful projects which will lead to at least 70 new apprenticeship opportunities. This builds on the work undertaken with Department for Education as part of the Five Cities Black, Asian and minority ethnic Pilot and work with the Ageing Hub on Over 50's apprenticeships.

ESF Skills for Growth

The design of the £40m Skills for Growth programme has been completed which will support 3,000 businesses to understand their skills needs and over 25,000 individuals to develop their technical skills. The 1st phase of commissioning for this has started with external delivery beginning in October 2020.

Employment Support

The devolved GM Working Well, Work and Health Programme (WHP) continues to support GM residents who are out of work due to poor health/disabilities and the long term unemployed, to help address their individual barriers to employment with a view to helping them enter or return to work. The £52m programme will support over 22,000 GM residents over its five-year span (2018-2024). To the end of March 2020, there have been 10,178 individual starts onto the programme with 2,738 of those starting employment and 1,274 achieving an earnings outcomes (sustained jobs). The programme is one of the best performing Contract Package Areas in England and Wales.

The impact of COVID-19 has been felt across the WHP, with the movement from a payment by results model to a cost plus model enabling the provider to continue to support all participants on programme and minimising the risk of great financial difficulty. The crisis has been used to push forward the implementation of an improved digital offer and social prescribing platform to ensure participants are not missing out on opportunities to improve their health, wellbeing and employability, despite remote working practices. Alongside this, the commissioning of Working Well Lite, an addition to the WHP contract that aims to provide light-touch support to those newly unemployed during the pandemic, will enable the provider to deliver to cohorts not previously eligible for support.

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. This 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.

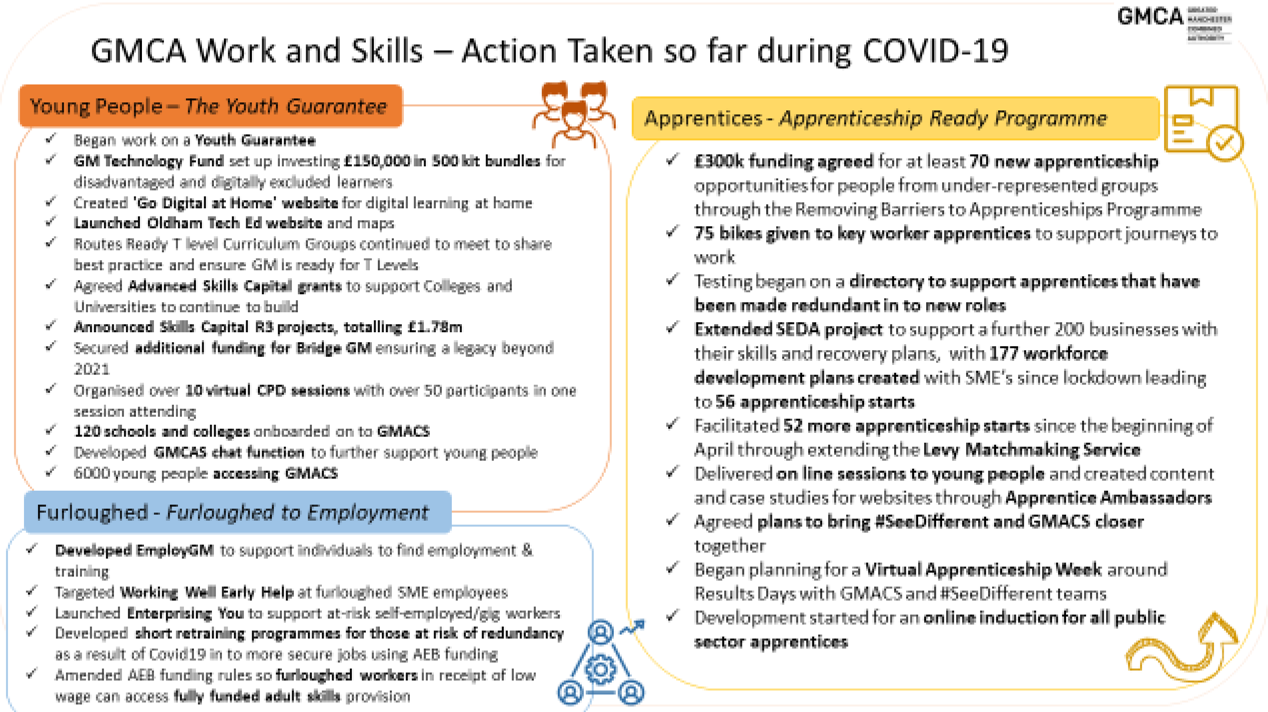
COVID-19 Pandemic

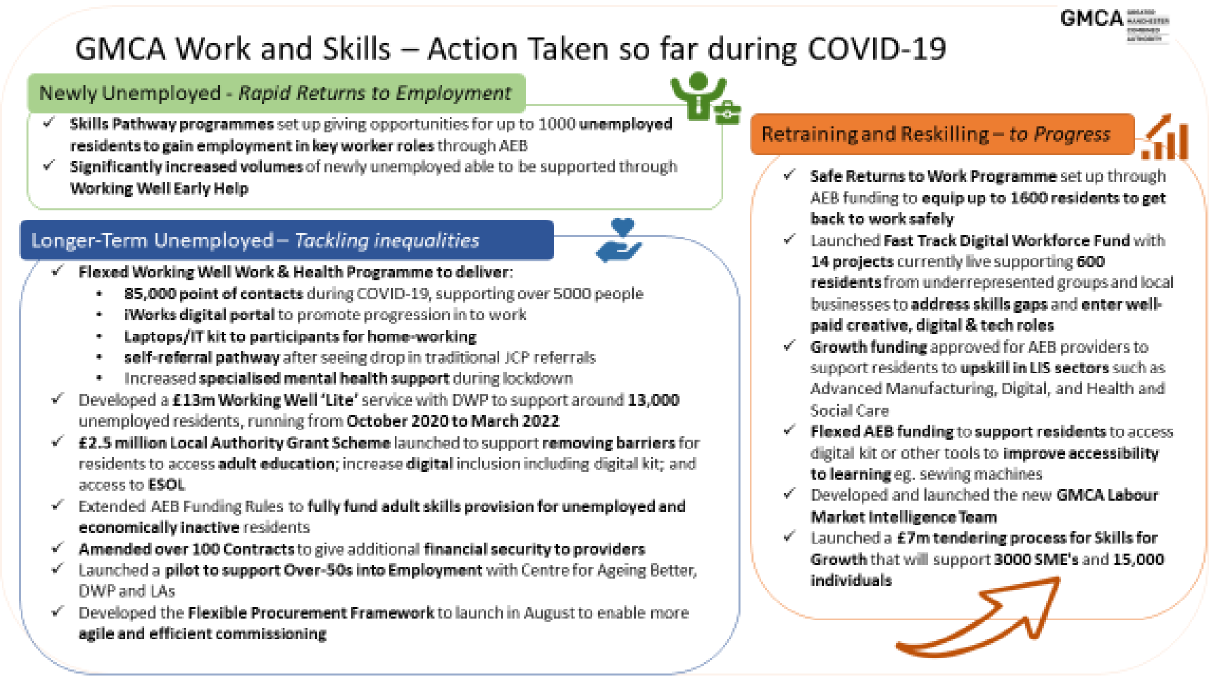
Our people and their skills, knowledge and experience will be a key focus of Greater Manchester's recovery and ability to build back better. More than ever, we need to ensure that no-one is held back and no-one is left behind, aided by inclusive co-design with stakeholders and residents. To achieve that, related skills and work activity must be properly resourced.

Early into the lockdown period, GMCA worked with its delivery partners to secure and stabilise around 100 locally commissioned contracts for skills and employment support activity worth a cumulative total of over £200m. Since then we have taken significant steps to review, re-purpose/refocus and adapt existing activity, as well as making additional resources available where possible through our devolved functions/budgets and other sources of funding.

The response from providers and partners has been exceptional, and the willingness to adapt to serve the interests of GM's residents demonstrates that building back better can be a central theme in Greater Manchester's future. This has involved more than just reacting to support residents who have been most impacted by lockdown, but also maintaining services and provision for children of key workers and some of GM's most vulnerable young people and other residents.

Since March, together with our core strategic and delivery partners, GM has taken many steps to mitigate the impact, provide support and lay the foundations for recovery:





Housing

Following consultation in early 2019, during 2019/20 the Greater Manchester Plan for Homes, Jobs and the Environment (GM Spatial Framework) has been produced which sets up how GM should develop up until 2037. The GM Spatial Framework focuses on 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 with a target of 50,000 additional affordable homes, promotes a 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.

Tackling homelessness

Tackling homelessness and rough sleeping have continued to be key priorities and policy objectives in 2019/20. 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.

The A Bed Every Night programme has provided a key accommodation and support pathway for people who are experiencing rough sleeping, or at imminent risk, in Greater Manchester for the last 2 years. Since 2018, over 3,000 people experiencing homelessness with no statutory duty owed them, including those with No Recourse to Public Funds, have been accommodated and supported under this programme.

The role of A Bed Every Night becomes even more critical as a humanitarian relief programme during the 'living with COVID-19' phase and to help manage the continued risk to life that this presents to those who are vulnerable. A Bed Every Night makes up one part of the response to accommodating those who have been accommodated under 'Everyone In', where this cannot be sustained.

The continuation of A Bed Every Night is essential to ensure that those currently accommodated within it, and COVID-19 response hotels, have the certainty of ongoing accommodation and support, and to ensure that Greater Manchester can continue to offer accommodation and support to people who are sleeping rough, now and in the next 9 months.

A Bed Every Night in its third phase will run from July 2020 to March 2021. It will be delivered as one part of a wider system of activity to prevent and relieve rough sleeping, including the Rough Sleeper Initiative, Rapid Rehousing Programme, and Housing First pilot, all of which should be delivered with reference to one another and provide options and complementary resources for people who rough sleep.

The Housing First pilot has completed its first full year of implementation, supporting 150 people with multiple and complex needs experiencing exclusion from housing options and support, with 116 people moving into their own tenancy. Despite not hitting the full year targets of 140 tenancies, significant barriers are being exposed and broken down regarding the support and accommodation challenges for this cohort.

The second year of Housing First, delayed until August 2020 due to COVID-19, has been re-profiled to enable a greater number of support workers and therefore beneficiaries on the programme. This recognises the acute need for settled housing and intensive support for people for whom A Bed Every Night and other forms of temporary or supported accommodation are not suitable. Greater Manchester Housing Providers have renewed their commitment to deliver property offers into the programme as part of their priority activity to support re-housing of people who are homeless.

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.

Having reached the target set by Government to successfully work with 27,230 families at the end of the 2019/20 with the announcement that the Troubled Families programme Greater Manchester will receive a further allocation of c. £10.7m to work with an additional 6,263 families.

Reform Investment

The Reform Investment Fund provides a vehicle through which central Government funding can be brought together with funding in order to invest more flexibly in activity that supports Greater Manchester reform priorities. In 2019/20 this included a £2m contribution to the GM Digital Unified Architecture programme. In response to the pandemic approximately £1.7m has also been allocated in 2020/21 to support the GM homelessness response in order to secure suitable alternative accommodation and support options. Discussions are now taking place around further investment options for 2020/21 which include a proposal for a Young Persons Homelessness Prevention project and a contribution to extend the current contract for the Women's Support Alliance that run women's centres across the city-region.

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 was launched during 2019/20 is being overseen by the GM Children's Board.

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.

The Ageing Hub continue 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 response to the COVID-19 Pandemic during April the GM Ageing Hub partners produced a *Keep Well at Home* guide for older people, distributing 70,000 copies in GM and published nationally and internationally. The Hub produced an updated set of priorities in response to COVID-19, building in the views of the GM Older People's Network. This included a focus on ageism, employment, social isolation and physical and mental wellbeing. The GM Ageing in Place programme is setting out actions for local agencies in August 2020 to support the wellbeing of older people.

On 31 July 2020 the GMCA considered the response to the equalities issues arising from or exacerbated by COVID-19 and agreed to establish an independent inequalities commission and revised governance arrangements for the strategic co-ordination of equalities, under the leadership of the Age Friendly Greater Manchester and Equalities Portfolio.

Police and Crime - Safer and Stronger Communities

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

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 February 2019 the Mayor approved an increase of £24 to the policing precept. The additional funding allowed GMP to recruit an additional 320 officers during the year. The Force is committed to ensuring it is representative of the communities it serves and, of the officers joining GMP during the year, 18% were from a black, Asian or minority ethnic background and 37% were female. GMP continues to invest in projects which will transform policing and will allow the Force to implement new ways of working. This will help us to provide the best service possible to people across Greater Manchester. In July 2019 the Force went live with its new Integrated Operational Policing system which replaced its aged and outdated command and control and records management systems.

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 2019/20, 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.

Due to the full lockdown commencing in late March, most of the financial impact of COVID-19 will be incurred in the 2020/21 financial year rather than in the 2019/20 period covered by this Statement of Accounts. The revenue outturn position for 2019/20 detailed above includes approximately £0.5m of costs arising as a result of the COVID-19 pandemic. These costs mainly relate to the purchase of additional cleaning materials and personal protective equipment.

During the Pandemic GMP has maintained core policing, the Force has adapted its policing model to deal with emergency legislation and to encourage businesses and the public to adhere to the restrictions invoked.

The previous investment in the Single Online Home system has seen a significant volume of traffic shifting from traditional methods to web-based contact. GMP was quickly able to achieve the ability to allow self-isolators to answer 101 calls from home, this significantly mitigated the impact of COVID-19 on the Operational Communications Branch. This was also supplemented by significant use of Live-Chat.

Staff with existing mobile technology who were able to work from home were allowed to do so. Additionally, a number of existing desktop computers were quickly repurposed and deployed to staff enabling further working from home, allowing a total of over 2,800 staff to work remotely every day. The Force is considering a recovery plan is already in place which will align with national and Greater Manchester recovery strategies.

Greater Manchester Fire and Rescue Service

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

GMFRS work closely with the local community to make Greater Manchester a safer place to live, work and visit. 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 22 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).

Programme for Change was set up in April 2018 to undertake a whole service review of GMFRS, together with a strong focus on improving leadership and culture throughout the organisation. Phase 2, the implementation phase of the programme, commenced following the publication of the Mayoral Decision Notice.

One of the key deliverables for the programme was to design and implement a new Target Operating Model, enabling the Service to refocus on core functions and improve frontline service delivery, against a backdrop of efficiency savings due to reduced funding from Central Government.

Change plans are centred around enhancing the role of firefighters, promoting a more inclusive and supportive culture across the Service, protecting the frontline, and keeping more firefighters in communities - all whilst having minimal impact on performance and ensuring that GMFRS continues to have one of the fastest response times in the country.

Operational Performance in 2019/20

GMFRS attended 29,842 incidents (fires, false alarms and special service calls) during 2019/20, a decrease of 6.06% (1,924) when compared with 2018/19. The decrease is mainly associated with the reduction in fires and false alarms.

A revised Automatic Fire Alarm (AFA) policy was piloted on 1 April 2019 which aims to reduce mobilisations to specified non domestic property types during the hours of 0800 and 1700. There is a proposal to extend these hours to 7pm until 31 August 2020, which is currently awaiting approval.

Sadly, 12 people died as a result of a fire in 2019/20 compared with 18 fire related deaths in 2018/19. Of these, nine were accidental in nature with the majority occurring in dwellings, the majority of which (seven) are believed to have been caused by carelessly discarded smoking materials (CDSM).

There have been 189 injuries as a result of fire in 2019/20; 157 slight and 32 serious, associated with 145 unique incidents. This compares with 184 injuries during 2018/19, an increase of 2.72% (five). The majority of fires continue to originate in the kitchen and are associated with cooking.

22,298 Safe and Well visits were made to homes across Greater Manchester during 2019/20, which is a reduction of 4,893 (18%) when compared to the 27,191 delivered in 2018/19. 53% of those delivered during 2019/20 were to homes in the high and very high-risk categories, a further 29% to medium risk and the remaining 18% to low risk homes.

A number of factors have contributed towards the reduction; attendance at major incidents, a reduction in the number of pumps from 56 to 50 on 2 October 2019, further intakes of apprentice firefighters and a reduction in the number of Community Safety staff due to a recruitment freeze during an organisational review.

COVID-19

In March and April 2020, Greater Manchester Fire and Rescue Service received notification from MHCLG of allocation of COVID-19 Emergency Funding additional funding to support the COVID-19 pandemic response.

The table below summarises the GMFRS position:

Local Authority	**First Tranche of COVID-19 Funding**	**Second Tranche of COVID-19 Funding**	**Total COVID-19 Additional Funding**
Greater Manchester Combined Authority	£564,220	£2,107,898	£2,672,118

The funding is being to provide support for cost pressures in the following areas:

- Overtime costs as whole-time FF self-isolate or take on caring responsibilities
- Overtime costs as support staff self-isolate or take on caring responsibilities
- ICT infrastructure/licencing

- Reduction in income due to FRSs not providing 'special services' for which they charge.
- Personal Protective Equipment to meet public health guidelines
- Station cleaning/decontamination

Whilst the impacts of the pandemic and subsequent lockdown are yet to be fully understood, the resulting recession will impact on households' and business' ability to pay their Council Tax and Business Rates, with the Service picking up a proportion of the Collection Fund deficit from 2021/22. Early analysis indicates a significant negative impact on Council Tax Collection, which will affect the GMFRS budget beyond 2020/21, with GMFRS having a share of any Collection fund deficits and implications around calculating tax base.

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 set 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.

TfGM has strategic oversight of the Key Route Network, making up nearly 650km of Greater Manchester's busiest roads. Greater Manchester's 10 local authorities are responsible for the roads in their area, such as general maintenance and the planning of the work to deliver it. TfGM works closely with local authority partners and Highways England to coordinate day-to-day operations and deal with incidents and events on Greater Manchester's roads and motorways. This includes work aimed at tackling congestion such as managing signals to improve traffic flow, controlling pedestrian crossings, conducting long-term planning and modelling and design, and installing and modifying new signal junctions.

The Greater Manchester Transport Strategy 2040 was published in 2017 with a draft five year delivery plan published in 2019. The Strategy is updated through a series of five-year Delivery Plans, which set out Greater Manchester's shorter-term delivery priorities. The current Greater Manchester Transport Strategy 2040: Draft Delivery Plan (2020-2025) states that, to deliver our long-term Strategy, we want 50% of all journeys in Greater Manchester to be made by walking, cycling and public transport by 2040. Achievements during 2019/20 include:

Contactless launch

In July 2019 TfGM launched contactless payment on Metrolink. Contactless removes the need to buy a paper ticket or download an app, with passengers simply required to use their contactless enabled devices, such as bank cards, phones and watches, to 'touch-in' and 'touch-out' at tram stops at the start and end of their journey, with the system working out their fare, up to a daily cap.

Developed in partnership with one of the leading global payments providers, contactless is a simple and convenient way for people to pay for their journeys. Since launch over 2.25m contactless journeys have taken place using the new system.

Wayfinding pilot

As part of Greater Manchester Connected Wayfinding project 28 eye-catching and information signs were installed at prominent locations between Piccadilly and Victoria stations in the Regional centre. The signs provide a clear route between the two interchanges as well as directions to important shopping and cultural destinations. The signs support Greater Manchester's goals to encourage walking in Manchester city centre by making it easier, faster and more enjoyable.

Our Pass

TfGM has helped to develop and support the Mayor's Our Pass scheme which was launched in September 2019. The pass provides free bus travel across the city-region for 16 to 18-year-olds, as well as discounted or free access to a wide range of cultural and leisure opportunities in Greater Manchester. The pass enables young people to access education, explore the city-region and encourages them to become regular users of Greater Manchester's bus network. Since launch more than 39,000 young people across Greater Manchester have signed up to the scheme, and journeys taken to date are in excess of 7.5m.

Improved Customer Digital Services

Throughout the year TfGM has continued to enhance our digital customer offer, including developing tools to support journey planning, the handling of customer queries and the sharing of travel information through open data. These improvements are helping to make travel in Greater Manchester as simple and accessible as possible. They also reduce the costs of printed information.

GM Clean Air Plan conversation

In May 2019 TfGM launched a public conversation to give Greater Manchester's residents, businesses, organisations, interest groups and politicians the chance to have their say on how they think the city-region should tackle air pollution. The seven-week conversation has helped us further develop the GM Clean Air Plan with stakeholder and government feedback, in advance of a statutory public consultation on the detailed proposals.

In June 2019 a series of events for Clean Air week were held, including a "Pollution Pods" exhibition to raise awareness of the air pollution in cities across the world. Alongside the exhibition other activity included schools' events and community roadshows, which included the chance to drive electric cars. Clean Air Week helped inform the public about how air pollution can affect their health and there was a focus this year on encouraging people to try walking and cycling more for short journeys.

Flexible working campaign

As part of the Greater Manchester Congestion Deal, TfGM have continued to work alongside partners such as the Greater Manchester Chamber of Commerce to encourage businesses and organisations across the city-region to explore flexible working. Congestion costs the city-region around £1.3bn every year and a large cause is people travelling to and from work at the same time. Flexible working will help cut the number of cars on roads as well as providing other benefits for staff, including better work-life balance and improved morale.

The Bee Network

In June 2019 TfGM launched ambitious plans for a city-region wide walking and cycling scheme: The Bee Network. Work on delivering the ambitious plans have continued and to date 82 schemes across all ten Greater Manchester local authorities have been announced, subject to funding.

The first to be completed was the Muddy Mile in Wigan along the Bridgewater Canal, which launched in August 2019. Work on Chorlton Cycleway, a major scheme providing a link to Manchester city centre, is now well underway on the stretch between Chester Road roundabout to Stretford Road. This includes the creating of an innovative CYCLOPS junction,_which is an orbital cycle route that separates cyclists from motor traffic, at Royce Road.

The first Parklet and Pocket Park was also launched in June 2019 in Stockport, which provides a place for people to stop, rest, socialise and park up a bike. This is being monitored and if successful it is intended to roll this out to other areas in Greater Manchester.

Recovery phases for COVID-19 Pandemic will mean that the delivery of further schemes to enable Active Travel will be required on an accelerated basis, and GM is in a strong place to deliver these based on the work that was previously ongoing.

Integrating the Operations

Prospectus for Rail:
Published by the Mayor in September 2019 the Prospectus sets out a bold vision to transform our rail services and rebuild passenger trust in trains. It outlines a step-change in the role of rail to support the region’s planned growth, including the need to double rail passenger numbers to 200,000 in the regional centre by 2040; doubling rail journeys to Manchester Airport and moving towards a minimum four trains per hour service from stations. It also includes plans to build on the success of Metrolink through further expansion and enhancements, with an aspiration for local rail services to meet the same high-quality standards. The Prospectus will need to be revisited to consider the impacts of COVID-19 on future travel requirements including on rail travel.

Consultation on a proposed bus franchising scheme:
Between October 2019 and January 2020 TfGM supported the GMCA’s major public consultation on a proposed bus franchising scheme. The consultation aimed to get a wide range of views from across Greater Manchester and beyond. The consultation was promoted via a marketing and communications campaign and included a series of events across the city-region. The three-month consultation received over 8,000

responses, with the results being analysed by an independent market research agency and TfGM. A report on the Consultation was presented to GMCA in June 2020.

Trafford Park Line Opening**:**
The £350m Trafford Park line opened on 22 March 2020, 7 months ahead of schedule, increasing the city's Metrolink light rail network to 101km with 99 stops. The new line runs through Europe's largest industrial estate and some of Greater Manchester's most prominent cultural and shopping attractions, including into Trafford Centre, Old Trafford and the Imperial War Museum North.

Expanding Park and Ride:
Development is well underway on expanding the current Park and Ride network, with four sites being progressed on the Metrolink network, including spaces on the new Trafford Park Line. Overall the programme intends to create an additional 1,000 spaces across Greater Manchester.

Asset Management Information System

TfGM owns and manages a diverse and complex range of assets that are vital to keep Greater Manchester moving. Over the past 12 months TfGM have been developing the first phase of a new Asset Management Information System (AMIS). The implementation of AMIS will help to improve service and financial performance, operational efficiency and risk management. This approach will ensure we continue to make the best use of our capital investment, and that operating budgets are efficiently applied to extend asset life and sustain long-term performance.

COVID-19 Pandemic

The end of the period covered by this Statement of Accounts and the period since the year end have been significantly impacted in a number of ways by the pandemic. Government support has been provided from Government for Metrolink and Bus.

TfGM has undertaken a vital role in supporting the GM response to the ongoing crisis, redeploying resources to this effort. This has included providing programme and project management support to the GM COVID-19 cells and projects including the NHS Nightingale Hospital North West, temporary mortuary facilities, supporting the GM Logistics Cell and the development and rapid deployment of a bike loan scheme for the NHS.

TfGM continued to provide a service on Metrolink during the lockdown period to enable travel by key workers and provided free travel for key workers in the health sector and facilitated free travel before 0930 for the elderly on bus and tram to support access to essential journeys for food and provisions.

TfGM has, and continues to, incur significant revenue costs to support scheme / pipeline development/feasibility work on GMCA priorities, including the development of potential public transport solutions that will support the city region's growth agenda; the development of the Greater Manchester Infrastructure Programme (GMIP); and to support the development of the Greater Manchester Spatial Framework and the 2040 Delivery Plan.

To date the costs of this work have been funded from a combination of Transport Reserves and Earnback funding. The Budget report presented to GMCA in February 2020 noted a potential investment of £10m in 2020/21 to support the development of GMIP. Due to the pandemic work has been undertaken to reconsider the requirements for expenditure in 2020/21 in the context of the wider pressures on funding and reserves. The revised priorities for 2020/21 include scheme development for early delivery of infrastructure to support fiscal stimulus objectives; developing solutions that assist in the viability of the Existing Land Surplus element of the GMSF; in formulating GM's response to the Integrated Rail Plan, including HS2; and supporting the delivery of Our Network. It has been agreed to fund the revised forecast costs in 2020/21 from a 'top slice' of up to 10%, which would equate to up to c. £7m from the previously announced £69.7m of 'Transforming Cities Fund 2'.

In July 2018 TfGM signed a contract for 27 new Metrolink trams to increase capacity on the UK's largest tram network. The trams are funded by the Transforming Cities Fund and are part of a range of measures to help reduce traffic in the city-region as part of the Mayor's 'Congestion Deal'. The first trams are due to be delivered from late 2020, but the pandemic has created additional challenges as it has affected international supply chains.

As the pandemic continues there will likely be further measures implemented by government, by further legislation or other means, which will impact the ongoing activities of TfGM and the operating environment that it works within. This will include the following:

- Further developing protocols for the use of public transport which take account of the requirements for social distancing and other measures;
- An increased emphasis on Active Travel / cycling and walking;
- Requirement for ongoing financial support in a number of areas to support the transport network until such a point when it can become self-sustaining again and within the context of it needing to continue to support travel for key workers through the Response and Recovery phases.

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 2019/20, along with funds held in reserves on behalf of the LEP.

	Income £000s	**Expenditure £000s**	**Variance £000s**
Revenue Funds			
LEP Capacity	(500)	465	(35)
Business Growth Hub	(844)	844	0
Business Rates (Enterprise Zones)	0	0	0
Total Revenue	**(1,344)**	**1,309**	**(35)**
Capital Funds			
Growth Deal	(47,904)	47,904	0
Growing Places Fund	0	0	0
Total Capital	**(47,904)**	**47,904**	**0**
Grant Total	**(49,248)**	**49,213**	**(35)**

LEP Reserves	**31 March 2019 £000s**	**Transfers in/out £000s**	**31 March 2020 £000s**
LEP Capacity	(581)	19	**(562)**
Business Rates (Enterprise Zones)	(340)	0	**(340)**
Total Reserves	**(921)**	**19**	**(902)**

Devolution and the impact on the Authority in 2019/20

As signalled in the 2018/19 Statement of Accounts, additional responsibilities are gradually being conveyed on the Authority and these had various levels of impact during 2019/20.

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 now exercised and made by the Authority and are reflected in the General Fund.

The closing balance sheet of GMWDA was 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. For 2019/20 the Waste Income and Expenditure and Balance Sheet forms part of the Single Entity accounts.

There have been a number of financial impacts from COVID-19 on GM waste service which has resulted in increased tonnages of waste being collected. GMCA and Districts continue to work closely to forecast the ongoing financial implications which are expected to be managed within the overall waste budget and earmarked reserves.

Adult Education

A Parliamentary Order was passed in November 2018, which provides for the conferral of certain adult education functions on the Authority. The full responsibility and funding for adult education transferred from 1 August 2019.

Housing Investment Fund

The Greater Manchester Housing Investment Fund (HIF) has been designed to accelerate and unlock housing schemes and support the growth ambitions for new homes across GM. The HIF 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. In September 2018 the GMCA agreed in principle to support the creation of a MDC in Stockport to support regeneration in the area. During 2019/20 the Stockport Town Centre West Mayoral Development Corporation Strategic Business Plan 2020-25 was developed and approved by the GMCA in June 2020.

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.

In November 2016 the Authority established Greater Manchester Fund of Funds Limited Partnership (FoFLP) to act as a holding fund for ERDF funding. FoFLP will invest in sub funds that seek to support the shift towards a low carbon economy and for research and innovation.

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

- NW Fire Control Company;
- Greater Manchester Accessible Transport Limited (GMATL);
- Manchester Investment and Development Agency Service (MIDAS); and
- HIVE Homes.

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

Revenue Outturn 2019/20

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 2019/20 financial year:

Function / Service	Budget 2019/20 £000s	Outturn 2019/20 £000s	Outturn Variation 2019/20 £000s	Transfer to/(from) Earmarked Reserves £000s	Transfer to General Funds £000s
Mayoral General Fund	142,977	138,957	(4,020)	1,356	2,664
Economic Development & Regeneration	157,906	156,789	(1,117)	0	1,117
Highways and Transport	247,065	248,159	1,094	(1,094)	0
Waste Disposal	174,634	174,634	0	0	0
Mayoral Police Fund	589,049	579,773	(9,276)	6,951	2,325

Capital Programme and Financing 2019/20

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 in the tables below:

GMCA CAPITAL SPEND 2019/20	Spend 2019/20 £000s
<u>TRANSPORT</u>	
<u>Greater Manchester Transport Fund</u>	
Metrolink Programme	4,222
Metrolink Renewals & Enhancement	2,230
Subtotal Metrolink	**6,452**
Park and Ride	51
Bus Priority Programme	372
Bolton Interchange	529
Subtotal Other Schemes	**952**
Greater Manchester Transport Fund total	**7,405**
<u>Road Schemes (Stockport)</u>	
Stockport Town Centre Access Plan (DfT retained scheme)	6,818
A6 MARR / SEMMMS	4,697
Stockport Council Schemes total	**11,514**
<u>Metrolink Schemes</u>	
Trafford Extension	79,234
Metrolink Schemes total	**79,234**
<u>Transforming Cities</u>	
Mayors Challenge Fund	4,099
Metrolink Capacity Improvement Programme	19,163
Transforming Cities	**23,262**
<u>Other Capital Schemes and Programmes</u>	
Smart Ticketing	1,992
Cycling-CCAG 2- Cycle Safety	1,482
Clean Bus Fund	0
Early Measures Fund	1,113
Other Capital Schemes total	**4,587**
<u>Growth Deal</u>	
TfGM Majors	18,389
Local Authorities Majors	17,855
Growth Deal 3 TfGM schemes	2,635
Growth Deal 3 Local Authorities	4,321
Growth Deal total	**43,199**
<u>Minor Works</u>	
ITB Local Authorities and TfGM	81
Growth Deal 1 Local Authorities & TfGM	207
Growth Deal 2 Local Authorities	4,609
Growth Deal 2 TfGM Schemes	3,758
Minor Works total	**8,655**

GMCA CAPITAL SPEND 2019/20	Spend 2019/20 £000s
TRANSPORT (Cont'd)	
GMCA Controlled Transport Schemes	
Traffic Signals (Externally Funded)	1,845
Highways Maintenance	34,325
Full Fibre Network	30
GMCA Controlled Transport Schemes total	**36,201**
Total Capital - Transport	**214,056**
ECONOMIC DEVELOPMENT AND REGENERATION FUNCTIONS	
Recycled GPF / RGF Capital Receipts	12,723
Empty Homes Programme	309
Housing Investment Fund	106,167
Growth Deal - Skills Capital	8,948
Growth Deal - Life Sciences Fund	814
Growth Deal - International Screen School Manchester	1,879
Growth Deal - Investment Fund Loans	4,290
LGBT Centre	113
Total Capital - Economic Development & Regeneration	**135,243**
GREATER MANCHESTER FIRE AND RESCUE	
Estates Related	1,544
IT Schemes	374
Vehicles and Equipment	2,447
Total Capital - GM Fire & Rescue	**4,365**
WASTE	
Waste and Recycling Sites	17,069
Former Landfill Sites	0
Total Capital - Waste and Resources	**17,069**
TOTAL	**370,734**

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

Financed by:	**£000s**
GMCA Resources	
Borrowing	61,504
Capital Grants	91,505
Revenue Contribution to Capital Outlay	51,169
External Contributions	1,845
TfGM / District Resources	
Third Party Contributions	87
District Contributions	7,946
Total Transport	**214,056**
Borrowing	106,167
Capital Grants	16,241
Revenue Contribution to Capital Outlay	113
Useable Capital Receipts	12,723
Total Economic Development and Regeneration	**135,243**
Revenue Contribution to Capital Outlay	4,365
Total GM Fire and Rescue Service	**4,365**
Borrowing	14,762
Revenue Contribution to Capital Outlay	2,307
Total Waste	**17,069**
Total Funding	**370,734**

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 was as follows:

Police Fund Capital Spend 2019/20	**Actual Spend £000s**
Target Operating Model	14,254
IS Transformation Programme	10,606
Oher Branches	184
Digital Investigation Unit	183
North West Counter Terrorism Unit	609
Business Support Services - Estates	1,093
Information Services	824
Business Support Services - Fleet	4,267
Total Spend	**32,020**

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

Capital Funding	**£000s**
Borrowing	28,152
Capital Grants	2371
Capital Receipts	474
Revenue Contributions to Capital	244
Additional In-Year Funding	779
Total Funding	**32,020**

Treasury Management Performance in 2019/20

Borrowing and Borrowing Limits

In 2019/20, the Authority had an authorised limit for external debt of £2,203.2m, which compares to the actual level of debt outstanding at 31 March 2020 of £1,554.6m. Debt outstanding (including accounting adjustments) is made up of the following figures:

2018/19 £m		**2019/20 £m**
617.5	Public Works Loan Board (PWLB)	588.5
605.6	European Investment Bank (EIB)	582.8
106.0	Market	106.2
56.3	Temporary	90.8
182.9	MHCLG – HIF	158.3
0.0	Homes England	28.0
1,568.3	**Total**	**1,554.6**

Total borrowings show a net decrease during the year of £13.7m. Borrowings increased due to the transfer of Homes England debt from Manchester City Council and increases in temporary borrowings were offset by scheduled repayments to PWLB and EIB and other accounting adjustments.

Short Term Investments for Treasury Management Purposes

Whilst the Authority held short term borrowing at the end of the financial year, a level of short term cash is always held to cover unexpected cash flow requirements. Short term deposits (excluding bank current accounts) as at 31 March 2020 were £58.9m. This is made up of the following figures:

2018/19 £m		2019/20 £m
15.0	Bank Deposits	14.9
42.5	UK Government Backed Deposits	44.0
118.2	Manchester City Council (Housing Investment Fund)	0.00
175.7	**Total**	**58.9**

Total investments showed a decrease in the year of £120.1m due to the novation of the Housing Investment Fund from Manchester City Council.

Outlook for the future – financial landscape.

Mayor's 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 2020/21 and consultation is due to commence for future funding arrangements. 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 2020/21 the Mayor proposed a precept of £90.95 (Band D) which included the previous level of precept which was £76.95. The increase of £14 was to provide budget support to the Fire and Rescue Service which would receive £66.20 of the precept and other Mayoral General Functions which would receive £24.75. 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 was 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 COVID-19 Pandemic and 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 District's 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 future Business Rates Retention

Scheme, the outcome of the Autumn 2020 Spending Review and the impact on this from the COVID-19 Pandemic.

Business Rate growth in 2020/21 is likely to be significantly impacted by the Pandemic, it is still too early to predict these levels but there is a risk that there will be no additional growth from business rates in 2020/21. A review of existing commitments and potential additional commitments identified for the 2020/21 budget will be reviewed to determine whether they can be delivered for less and prioritisation where funding is restrained.

Mayor's 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 2021/22. 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 is in the Statements of Accounts?

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

Statement of Responsibilities for the Statement of Accounts

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

Movement in Reserves Statement (MIRS)

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

Comprehensive Income and Expenditure Statement (CIES)

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

Balance Sheet (BS)

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

Cash Flow Statement

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

Expenditure and Funding Analysis

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

Accounting Policies and Concepts

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

Notes to the Financial Statements

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

Events after the reporting period and authorised for issue date

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

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 and GM Fund of Funds Limited Partnership.

Glossary of financial terms

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

Steve Wilson

Greater Manchester Combined Authority Treasurer

Statement of Responsibilities for the Statement of Accounts

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

Further Information

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

Greater Manchester Combined Authority,
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

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 2020 and of its income and expenditure for the year ended 31 March 2020.

Steve Wilson
Greater Manchester Combined Authority Treasurer

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 2018/19 £000s	Gross Income 2018/19 £000s	Net Expenditure 2018/19 £000s	Comprehensive Income and Expenditure Statement	Note	Gross Expenditure 2019/20 £000s	Gross Income 2019/20 £000s	Net Expenditure 2019/20 £000s
			Transport, Waste, Economic Development and Regeneration				
375,583	(39,072)	336,511	Highways and Transport Services		360,609	(23,450)	337,159
84,810	(36,070)	48,741	Economic Development and Regeneration		146,020	(148,088)	(2,068)
150,055	(12,427)	137,628	Waste Disposal		134,167	(2,595)	131,572
610,448	**(87,569)**	**522,880**	**Total**		**640,796**	**(174,133)**	**466,663**
			Mayoral General Fund Services				
157,217	(6,539)	150,678	Fire and Rescue Services		103,015	(12,739)	90,276
18,263	(14,429)	3,835	Mayors Office		26,486	(14,156)	12,330
175,480	**(20,968)**	**154,513**	**Total**		**129,501**	**(26,895)**	**102,606**
			Mayoral Police Fund Services				
19,768	(94,271)	(74,503)	Mayoral Policing Services		27,786	(107,510)	(79,724)
616,902	0	616,902	Funding provided by the Mayor to the Chief Constable to fund Police and Crime Services		664,358	0	664,358
636,670	**(94,271)**	**542,399**	**Total**		**692,144**	**(107,510)**	**584,634**
1,422,599	**(202,807)**	**1,219,792**	**Total Cost of GMCA Operations**	12	**1,462,441**	**(308,538)**	**1,153,903**
426	0	426	Loss on Disposal of Non Current Assets		5,767	0	5,767
111,399	(6,951)	104,448	Financing and Investment Income and Expenditure	14	113,925	(13,424)	100,501
0	(1,244,496)	(1,244,496)	Taxation and Non Specific Grant Income	15	0	(1,241,648)	(1,241,648)
117,148	(117,148)	0	Home Office grant payable towards the cost of Police retirement benefits		107,284	(107,284)	0
1,651,573	**(1,571,402)**	**80,170**	**(Surplus) / Deficit on Provision of Services**	10	**1,689,417**	**(1,670,894)**	**18,523**
			Items that will not be subsequently classified in deficit on provision of services				
		48,305	Re-measurement of the net defined benefit liability				(144,721)
		(29,397)	(Surplus) / Deficit on revaluation of non current assets				(14,018)
		18,908	**Other Comprehensive (Income) & Expenditure**				**(158,739)**
		99,078	**Total Comprehensive (Income) and Expenditure**				**(140,216)**

Steve Wilson
Greater Manchester Combined Authority Treasurer

Date: 28 August 2020

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 **£000s**	Capital Grants Unapplied Reserve £000s	Capital Receipts Reserve £000s	**Total Usable Reserves** **£000s**	**Total Unusable Reserves** **£000s**	**Total Authority Reserves** **£000s**
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	**80,170**	0	0	**80,170**	0	**80,170**
Total Comprehensive Income and Expenditure	**0**	0	0	**0**	18,908	**18,908**
Total Adjustments between accounting basis & funding basis under regulations	**(117,343)**	1,209	(15,661)	**(131,796)**	131,796	**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)**	**150,704**	**99,078**
Balance as at 31 March 2019	**(459,073)**	**0**	**(41,169)**	**(500,242)**	**3,331,731**	**2,831,489**
Movement in Reserves during 2019/20						
(Surplus) or deficit on the provision of services	**18,523**	0	0	**18,523**	0	**18,523**
Total Comprehensive Income and Expenditure	**0**	0	0	**0**	(158,739)	**(158,739)**
Total Adjustments between accounting basis & funding basis under regulations	**(32,270)**	0	(41,555)	**(73,825)**	73,825	**0**
Transfers to or from Earmarked Reserves	**0**	0	0	**0**	0	**0**
(Increase) / decrease in year	**(13,747)**	**0**	**(41,555)**	**(55,302)**	**(84,914)**	**(140,216)**
Balance as at 31 March 2020	**(472,820)**	**0**	**(82,724)**	**(555,545)**	**3,246,818**	**2,691,273**

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.

2018/19 £000s	Balance Sheet	Note	2019/20 £000s
	Non Current Assets		
624,306	Property, Plant and Equipment	20	592,258
83	Heritage Assets		83
53	Investment Property		53
712	Intangible Assets	21	54,148
41,732	Long Term Debtors and Payments in Advance	22	82,591
1,054	Long Term Investments		2,419
667,939	**Total Non Current Assets**		**731,552**
	Current Assets		
2,336	Inventories and Stocks		2,851
156,275	Short Term Debtors and Payments in Advance	22	316,660
171,851	Cash and Cash Equivalents	23	45,555
8,337	Short Term Investments	23	10,000
323	Short Term Assets Held for Sale		0
339,121	**Total Current Assets**		**375,066**
	Current Liabilities		
(180,036)	Short Term Borrowing	29	(130,058)
(256,881)	Short Term Creditors and Receipts in Advance	24	(271,329)
(30,341)	Capital Grants Receipts in Advance	14	(41,234)
(17,630)	Revenue Grants Receipts in Advance	14	(17,723)
(8,579)	Short Term Provisions	25	(9,664)
(2,673)	Short Term Lease Liability	26	(3,240)
(6,522)	Short Term Deferred Liability	27	(6,857)
(502,661)	**Total Current Liabilities**		**(480,106)**
	Long Term Liabilities		
(1,388,297)	Long Term Borrowing	29	(1,424,516)
(13,699)	Long Term Provisions	25	(9,138)
(47,658)	Long Term Lease Liability	26	(44,418)
(14,169)	Long Term Deferred Liability	27	(7,302)
0	Long Term Capital Grants Receipts in Advance	14	(65,024)
(1,872,065)	Pensions Liability	33	(1,767,387)
(3,335,888)	**Total Long Term Liabilities**		**(3,317,785)**
(2,831,489)	**Net Assets (Liabilities)**		**(2,691,273)**
	Financed by:		
(500,242)	Usable Reserves	9,10	(555,545)
3,331,731	Unusable Reserves	28	3,246,818
2,831,489	**Total Reserves**		**2,691,273**

Steve Wilson
Greater Manchester Combined Authority Treasurer
Date: 28 August 2020

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.

Restated 2018/19 £000s	**Cash Flow Statement**	**Note**	**2019/20 £000s**
80,170	**Net (surplus) / deficit on the provision of continuing operations**		**18,523**
(193,434)	Adjustments to net surplus on the provision of services for non cash movements		86,801
830	Adjust for items included in the net surplus on the provision of services that are investing and financing activities		16,000
(112,434)	**Net Cash Flows from Operating Activities**	32a	**121,324**
(306,554)	Investing Activities	32b	15,612
277,356	Financing Activities	32c	(10,640)
(141,632)	**(Increase) / Decrease in Cash and Cash Equivalents**		**126,296**
23,335	Cash and cash equivalents on 1 April for continuing operations		171,851
6,884	Cash and cash equivalents on 1 April 2018 for Waste Disposal transferred operations		0
30,219	**Cash and cash equivalents brought forward for all operations**		**171,851**
171,851	**Cash and cash equivalents at the end of the reporting period**	23	**45,555**

Greater Manchester Combined Authority

Single Entity Accounts

Notes to the Core Financial Statements

Notes to the Core Financial Statements

1 Accounting Concepts and Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. 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 2019/20, 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.

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 MRP contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

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 and its Group are divided between two separate pension schemes: The Government Actuary Department Pension Scheme for its uniformed firefighters and police officers and the Local Government Pension Scheme for all other staff.

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.

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.

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.

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.

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 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 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.

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 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 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.

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised). Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authorities goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant area in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant area in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

Fair Value
The Authority measures some of its non-financial assets, such as Investment Properties and Surplus Assets, and some of its financial instruments at fair value at each reporting date, if material. Fair value is the price that would be received to sell

an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

Where financial liabilities and financial assets are carried in the balance sheet at amortised cost, they are shown below. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

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

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

- Level 1 inputs – quoted prices in active markets for identical assets that the Authority can access at the measurement date;

- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs – unobservable inputs for the asset or liability where market data is not available.

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 included within the annual Treasury Management Strategy agreed by the Authority, which details the guidance and options for the basis of the provision. The GMCA has adopted the following policy:

- MRP in relation to capital expenditure incurred before 1 April 2008 will be based upon 4% of the adjusted Capital Financing Requirement (CFR) in accordance with Option 1: the Regulatory method.
- For capital expenditure incurred between 1 April 2008 and 31 March 2018 the following will apply (being the policies adopted by the previous organisations):
    - For capital expenditure incurred on the Metrolink and Transport Delivery Programme schemes and Waste Disposal assets, MRP will be calculated using Option 3b: the Asset life (Annuity) method.
    - For capital expenditure incurred on PCC assets MRP will be calculated using Option 3a: the Asset Life (Equal Instalment) method.
    - For capital expenditure incurred on GM Fire assets MRP will be calculated using Option 4: the Depreciation method.
- For capital expenditure incurred on or after 1 April 2018, MRP will be calculated using Option 3b: the Asset life (Annuity) method for all classes of asset. The interest rate applied will be linked to market interest rates and the useful life of the asset.
- MRP in respect of on balance sheet leases and PFI contracts is regarded as met by the amount that writes down the balance sheet liability.
- MRP will generally commence in the financial year following the one in which the expenditure was incurred. However, for long life assets, the authority will postpone the commencement of MRP until the financial year following the one in which the asset becomes operational.
- Estimated asset lives will reflect the life assigned to the asset on the asset register unless the GMCA considers a different life is more appropriate.

Estimated asset lives will be determined in the year that MRP commences and may not subsequently be revised. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the GMCA. However, the GMCA reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

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-GMCA 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 taxpayers.

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.

In 2019/20 Greater Manchester continues to be a pilot area for the 100% Business Rates Retention Scheme and the relevant shares of NNDR income for 2019/20 are Central Government (0%), GM District Councils (99%) and GMCA (1%).

For both council tax and NNDR, the income reflected in the CIES in 2019/20 is the 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 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.

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.

The Authority produces 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.

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 Reporting Period

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

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

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

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

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, NW Evergreen Holdings LP and GM Fund of Funds 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 2018/19, the Authority adopted a policy of not accruing for employee benefits if the value of the adjustment was considered immaterial. An annual assessment will be made each year and should this result in an adjustment that would be material then these benefits will be accrued.

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:

- An accrual will be introduced at the wage and salary rates applicable in the following accounting year, being the period in which the employee will take the benefit. The accrual will be charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement, so that holiday benefits are charged to the General Fund in the financial year in which the holiday absence occurs.

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

- The reversion clause within the PFI agreement results in the Authority having a residual interest in the buildings at the end of the agreement;
- The services provided and the use of the building is controlled by the Authority through the PFI agreement; and
- The PFI agreement is between the PFI contractor and the Authority.

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, the claim does not meet the recognition criteria as an asset or a contingent asset for inclusion in the accounts at 31 March 2019.

Group Accounts Considerations
A review of the entities related to the Authority in 2019/20 has taken place and the conclusions are provided below:

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

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

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

For information, details of transactions with 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 £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, £15m of which was drawn down in March 2020. On the grounds of materiality, it has been decided that **FoFLP will be included** in the group accounts.

NW Evergreen Holdings Limited Partnership (NWEH)
NWEH will 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 £60m 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 will not be included** in the group accounts.

Greater Manchester Accessible Transport Limited (GMATL)
GMATL is a private company limited by guarantee without share capital. The Authority is the person with significant control and has previously included GMATL in its group accounts. The balance sheet value is approximately £2m. On the grounds of immateriality, it has been decided that **GMATL will not be included** in the group accounts.

Manchester Investment and Development Agency Service (MIDAS)
MIDAS is a private company limited by guarantee without share capital. The Authority is the person with significant control and has previously included MIDAS in its group accounts. The balance sheet value is approximately £2.5m. On the grounds of immateriality, it has been decided that **MIDAS will not be included** in the group accounts.

HIVE Homes

HIVE Homes is a joint venture with 10 Registered Housing providers and has been incorporated to acquire sites in Greater Manchester and then develop them for sale as residential use. From March 2019 the Authority has a 20% share within the company, 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.

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.

The Authority's valuer, Salford City Council Property Services (SCCPS), has noted the following in relation to material uncertainty for the valuation of police and fire assets in 2019/20:

- The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, SCCPS consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that they are faced with an unprecedented set of circumstances on which to base a judgement.

- Their valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to their valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, they recommend that the Authority keeps the valuation of its property under frequent review.

- It is understood that this statement is more particularly designed to urge caution regarding valuations for lending purposes. However, it serves as a general warning as to likely forthcoming market instability and re-adjustment. The restructuring of markets and the time frame for such adjustment is presently an unknown quantity.

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 2019/20 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 28 Investments in Associates and Joint Ventures: Long Term interests in Associates and joint ventures

- Annual Improvements to IFRS Standards 2015-2017 Cycle;

- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

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

5 Events After the Reporting Period

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

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

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

6 Authorisation for the Issue of the Statement of Accounts

The 2019/20 Draft Statement of Accounts was authorised for issue by the Treasurer on the 28 August 2020.

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.

2018/19				2019/20		
Net expenditure chargeable to the General Fund Balance £000s	**Adjustments between Funding and Accounting Basis £000s**	**Net expenditure in the Comprehensive Income and Expenditure Statement £000s**		**Net expenditure chargeable to the General Fund Balance £000s**	**Adjustments between Funding and Accounting Basis £000s**	**Net expenditure in the Comprehensive Income and Expenditure Statement £000s**
			Continuing Services			
278,475	58,036	336,511	Highways and Transport Services	303,049	34,109	337,159
43,361	5,380	48,741	Economic Development and Regeneration	23,780	(25,847)	(2,067)
161,280	(23,652)	137,628	Waste Disposal Services	156,781	(25,209)	131,572
108,447	46,066	154,513	Mayoral General Fund Services	111,180	(8,574)	102,606
551,609	(9,211)	542,399	Mayoral Police Fund Services	576,225	8,409	584,634
1,143,172	**76,620**	**1,219,792**	**Cost of Services**	**1,171,015**	**(17,112)**	**1,153,903**
(1,180,346)	40,723	(1,139,622)	Other Income and Expenditure	(1,184,762)	49,382	(1,135,380)
(37,174)	**117,343**	**80,170**	**(Surplus)/Deficit**	**(13,747)**	**32,270**	**18,523**
272,290			**Opening General Fund Balance and Earmarked Reserves Continuing Services**	**459,073**		
149,610			Opening General Fund Balance and Earmarked Reserves transferred from GMWDA	0		
421,899			**Restated Opening General Fund Balance GMCA Services**	**459,073**		
37,174			Surplus / (Deficit) on General Fund Balance in year	13,747		
0			Transfers between reserves			
459,073			**Closing General Fund Balance at 31 March**	**472,820**		

7b Note to the Expenditure and Funding Analysis

2018/19					2019/20			
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				
58,036	0	0	58,036	Highways and Transport Services	34,109	0	0	34,109
4,691	689	0	5,380	Economic Development and Regeneration	(28,109)	2,262	0	(25,847)
(23,735)	83	0	(23,652)	Waste Disposal Services	(25,407)	198	0	(25,209)
152	45,915	0	46,067	Mayoral General Fund Services	(221)	(8,354)	0	(8,574)
(9,262)	51	0	(9,211)	Mayoral Police Fund Services	8,246	163	0	8,409
29,882	**46,738**	**0**	**76,620**	**Net Cost of Services**	**(11,381)**	**(5,731)**	**0**	**(17,112)**
(2,369)	43,929	(837)	40,723	**Other Income and Expenditure**	(2,625)	45,774	6,232	49,382
27,513	**90,667**	**(837)**	**117,343**	**Difference between General Fund Surplus and CIES Deficit on the Provision of Services**	**(14,005)**	**40,043**	**6,232**	**32,270**

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 e.g. 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 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.

2018/19					2019/20			
General Fund Balance £000s	**Capital Receipts Reserve £000s**	**Capital Grants Unapplied £000s**	**Movement in Unusable Reserves £000s**		**General Fund Balance £000s**	**Capital Receipts Reserve £000s**	**Capital Grants Unapplied £000s**	**Movement in Unusable Reserves £000s**
				Adjustments to the Revenue Resources				
				Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
(90,666)	0	0	90,666	Pension cost (transferred to (or from) the Pensions Reserve)	(40,043)	0	0	40,043
40	0	0	(40)	Financial Instruments (transferred to the Financial Instruments Adjustments Account)	3	0	0	(3)
10	0	0	(10)	Council tax and NDR (transfers to or from the Collection Fund)	(3,722)	0	0	3,722
149	0	0	(149)	Holiday pay (transferred to the Accumulated Absences reserve)	0	0	0	0
(131,406)	0	0	131,406	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)	(133,155)	0	0	133,155
(221,873)	**0**	**0**	**221,873**	**Total Adjustments to Revenue Resources**	**(176,917)**	**0**	**0**	**176,917**
				Adjustments between Revenue and Capital Resources				
0	(19,781)	0	19,781	Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	384	(54,278)	0	53,894
(2,463)	0	0	2,463	Movement in Capital Bad Debt Provision	5,708	0	0	(5,708)
76,287	0	0	(76,287)	Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	80,357	0	0	(80,357)
30,706	0	0	(30,706)	Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	58,197	0	0	(58,197)
104,530	**(19,781)**	**0**	**(84,749)**	**Total Adjustments between Revenue and Capital Resources**	**144,647**	**(54,278)**	**0**	**(90,370)**
				Adjustments to Capital Resources				
0	4,120	0	(4,120)	Use of the Capital Receipts Reserve to finance capital expenditure	0	12,723	0	(12,723)
0	0	1,209	(1,209)	Application of capital grants to finance capital expenditure	0	0	0	0
0	**4,120**	**1,209**	**(5,329)**	**Total Adjustments to Capital Resources**	**0**	**12,723**	**0**	**(12,723)**
(117,343)	**(15,661)**	**1,209**	**131,796**	**Total Adjustments**	**(32,270)**	**(41,555)**	**0**	**73,825**

9 Transfers to/from Reserves

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

Earmarked Reserves and Balances	**1 April 2018**	**Transfers in/out**	**31 March 2019**	**Transfers in/out**	**31 March 2020**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Transport, Economic Development and Regeneration & Waste					
Earn-back Revenue	**(8,227)**	(1,953)	**(10,180)**	140	**(10,040)**
Life Chances	**(4,789)**	(211)	**(5,000)**	285	**(4,715)**
Clean Air Plan	**(1,003)**	(3,224)	**(4,227)**	(10,034)	**(14,261)**
Reform and Investment Fund	**(3,182)**	396	**(2,786)**	900	**(1,886)**
Youth Contract	**(2,438)**	27	**(2,411)**	166	**(2,245)**
City Deal	**(2,183)**	297	**(1,886)**	326	**(1,560)**
GM Trailblazer	**(1,734)**	0	**(1,734)**	1,734	**0**
Growing Places Fund	**(1,554)**	0	**(1,554)**	0	**(1,554)**
Housing First	**0**	(1,105)	**(1,105)**	680	**(425)**
One Public Estate	**(1,033)**	379	**(655)**	123	**(532)**
Creative Scale Up Project	**0**	(650)	**(650)**	(650)	**(1,300)**
Manchester Western Loop	**(775)**	176	**(599)**	44	**(555)**
LEP Strategic Plans Funding	**(474)**	(108)	**(581)**	19	**(562)**
Working Well-Care and Support	**0**	(182)	**(182)**	(577)	**(759)**
Planning & Delivery Fund	**0**	(544)	**(544)**	0	**(544)**
Business Rates Top Up	**(34,305)**	(20,085)	**(54,390)**	17,261	**(37,129)**
RGF/GPF Interest and Arrangement Fees	**(7,441)**	(1,475)	**(8,916)**	(1,205)	**(10,121)**
GM Connect	**(1,850)**	727	**(1,123)**	243	**(880)**
Churchgate House Accommodation	**0**	(700)	**(700)**	0	**(700)**
Adult Education Budget Devolution	**(45)**	45	**0**	(3,024)	**(3,024)**
Integrated Ticketing Reserve	**(12,500)**	0	**(12,500)**	0	**(12,500)**
Capital Programme Reserve	**(14,224)**	(85,772)	**(99,996)**	8,252	**(91,744)**
Business Rates Growth Pilot & Levy	**(46,073)**	(6,105)	**(52,178)**	(35,800)	**(87,978)**
HIF Interest and Arrangement Fees	**0**	0	**0**	(7,921)	**(7,921)**
Other Transport and ED&R Reserves	**(3,855)**	1,350	**(2,505)**	367	**(2,138)**
Transport and ED&R General Fund Balances	**(7,211)**	(634)	**(7,845)**	2,515	**(5,330)**
Waste Engagement Activities Reserve	**(466)**	364	**(102)**	(256)	**(358)**
Waste Disposal Insurance Reserve	**(8,604)**	(4,090)	**(12,694)**	0	**(12,694)**
Waste Interest Rate Reserve	**(2,000)**	0	**(2,000)**	0	**(2,000)**
Waste Pension Deficit Funding Reserve	**(812)**	0	**(812)**	0	**(812)**
Waste MTFP Funding Reserve	**(116,184)**	79,824	**(36,360)**	18,810	**(17,550)**
Waste Optimisation and Efficiency	**(5,000)**	0	**(5,000)**	0	**(5,000)**
Waste Composition Analysis	**(500)**	314	**(186)**	186	**0**
Waste Lifecycle Reserve	**(3,911)**	0	**(3,911)**	0	**(3,911)**
Waste General Fund Balance	**(12,132)**	0	**(12,132)**	(0)	**(12,132)**
Total General Fund Reserves	**(304,505)**	**(42,936)**	**(347,444)**	**(7,416)**	**(354,860)**
Usable Capital Receipts Reserve	**(25,508)**	(15,661)	**(41,169)**	(41,555)	**(82,724)**
Capital Grants Unapplied Reserve	**(341)**	341	**0**	0	**0**
Total Transport, ED&R and Waste	**(330,354)**	**(58,256)**	**(388,613)**	**(48,972)**	**(437,585)**

Earmarked Reserves and Balances	**Restated Balances 1 April 2018 £000s**	**Transfers in/out £000s**	**31 March 2019 £000s**	**Transfers in/out £000s**	**31 March 2020 £000s**
Mayoral General Fund					
Capital Reserve	**(10,559)**	1,608	**(8,951)**	4,275	**(4,676)**
Earmarked Budgets Reserve	**(4,500)**	2,542	**(1,958)**	(502)	**(2,460)**
Revenue Grants Unapplied	**(5,350)**	2,605	**(2,745)**	(2,030)	**(4,775)**
Insurance Reserve	**(2,849)**	0	**(2,849)**	0	**(2,849)**
Business Rates Reserve	**(2,123)**	0	**(2,123)**	30	**(2,093)**
Restructuring Reserve	**(418)**	0	**(418)**	0	**(418)**
Innovation and Partnership CYP	**(127)**	0	**(127)**	0	**(127)**
Projects Reserve	**(244)**	244	**0**	0	**0**
Transformation Fund	**(500)**	(3,104)	**(3,604)**	0	**(3,604)**
Mayoral General Fund Balances	**(15,174)**	2,399	**(12,775)**	1,160	**(11,615)**
Total General Fund Reserves	**(41,844)**	**6,294**	**(35,550)**	**2,933**	**(32,617)**
Capital Grants Unapplied Reserve	**(868)**	868	**0**	0	**0**
Total Mayoral General Fund	**(42,712)**	**7,162**	**(35,550)**	**2,933**	**(32,617)**
Mayoral Police Fund					
Revenue Expenditure Reserve	**(7,262)**	(571)	**(7,833)**	(7,337)	**(15,170)**
Insurance Reserve	**(15,173)**	1,004	**(14,169)**	(1,712)	**(15,881)**
PCC Earmarked Reserves	**(24,715)**	(4,479)	**(29,194)**	1,501	**(27,693)**
Capital Expenditure	**(2,219)**	2,219	**0**	0	**0**
PFI Reserve	**(12,302)**	476	**(11,826)**	599	**(11,227)**
Mayoral Police Fund Balances	**(13,880)**	819	**(13,061)**	(2,314)	**(15,375)**
Total Mayoral Police Fund	**(75,551)**	**(532)**	**(76,083)**	**(9,263)**	**(85,346)**
Combined					
General Fund Balances	**(421,900)**	(37,173)	**(459,073)**	(13,747)	**(472,820)**
Usable Capital Receipts Reserve	**(25,508)**	(15,661)	**(41,169)**	(41,555)	**(82,724)**
Capital Grants Unapplied Reserve	**(1,209)**	1,209	**0**	0	**0**
Total Usable Reserves	**(448,617)**	**(51,625)**	**(500,242)**	**(55,302)**	**(555,545)**

10 Purpose of Earmarked Reserves

The purpose and operation of the reserves are as follows.

Transport, Economic Development & Regeneration	
Earnback Revenue Reserve	Funding from the devolution deal to be used for infrastructure investment.
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.
Working Well Care and Support	Now called Working 'Well Specialist Employment Service'. Supported employment for people with a learning disability and autistic people (or people with both). Supports Individual Placement and Support (IPS) for people with a severe mental illness.

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.
Adult Education Budget Devolution	Funds adult further education (all 19yrs+ provision with the exception of apprenticeships/traineeships), community learning and discretionary learner support. Supports the local labour market and economic development, in particular, it focuses on ensuring that adults have the core skills that they need for progression in learning and work, including guaranteeing a number of statutory entitlements relating to English, Maths and (from 2020/21 academic year onwards) digital skills, as well as first level 2 and 3 qualifications and English for Speakers of Other Languages (ESOL).
Integrated Ticketing Reserve	Funding to support the integrated ticketing scheme.
Capital Programme Reserve	Surpluses of capital financing costs which have been set aside to fund future capital programme related expenditure.
Business rates Growth Pilot & Levy	Funding to support Greater Manchester Strategic Priorities.
HIF Interest and Arrangement Fees	Interest, arrangement fees and other income earned from loans funded by the funding agreement with Ministry for Homes, Communities and Local Government. With the surplus to be used to support the GM housing strategy.
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 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 Receipts	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.

11 Expenditure and Income Analysed by Nature

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

Restated 2018/19 £000s	**Nature of Expenditure and Income**	**2019/20 £000s**
	Expenditure	
146,122	Employee Costs	102,954
117,148	Cost of Police Officer retirement benefits	107,284
168,827	Grants Expenditure	254,697
616,902	Funding set aside for the Chief Constable	664,358
221,877	Other Service Expenditure	199,968
26,933	Capital Charges including Depreciation and Impairment	27,135
111,399	Financing and Investment Expenditure	113,925
241,938	Revenue Expenditure Funded from Capital Under Statute	213,329
426	Loss on Disposal of Non-current Assets	5,767
1,651,572	**Total Expenditure**	**1,689,417**
	Income	
(6,951)	Financing and Investment Income	(13,424)
(48,119)	Fees, charges and other service income	(70,002)
(117,148)	Home Office grant payable towards the cost of retirement benefits	(107,284)
(251,348)	Income from Council Tax and NNDR	(297,032)
(370,467)	Transport and Waste Levy Income	(329,926)
(777,369)	Government Grants and Contributions	(853,226)
(1,571,402)	**Total Income**	**(1,670,895)**
80,170	**Deficit / (Surplus) on the Provision of Services**	**18,523**

12 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.

2018/19 £000s	REFCUS	2019/20 £000s
234,144	Highways and Transport Services	201,266
7,744	Economic Development and Regeneration Services	12,063
241,887	**REFCUS Total**	**213,329**

13 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:

2018/19 £000s	Income including Grants and Contributions Credited to the Cost of Services	2019/20 £000s
	Highways and Transport Services	
(6,450)	GM Clean Air Plan (Feasibility Study) - DEFRA	(21,097)
(640)	Cycling & Walking to Work Award - DfT	0
(182)	Transport for the North - DfT	0
(364)	NWQ Multi Modal Study - DfT	(33)
(241)	District & External Contributions to Traffic Signals Repairs / S278	(320)
0	Light Rail Funding	(2,000)
(31,195)	Revenue Expenditure Funded by Capital under Statute - DfT	0
(39,072)		**(23,450)**
	Economic Development and Regeneration Services	
(176)	Regional Growth Fund / Growing Places Fund Arrangement fees	(454)
(1,671)	Business Support Grants & Contributions	(6,477)
(25)	Elena Grant - EIB	(6)
(6,999)	Works & Skills Grants & Contributions	(3,012)
(316)	Adult Education Budget	(58,130)
(1,082)	Environment & Low Carbon Grants & Contributions	(1,217)
(251)	One Public Estate - Cabinet Office	0
102	GM Technical Assistance - ERDF/ESF	(8,520)
(6,145)	Homelessness Grants - CLG	(4,210)
(7,764)	Troubled Families - CLG	(7,843)
(134)	100 Resilient Cities	(28)
(60)	Ageing Better	0
(950)	Planning Delivery Fund - CLG	(16)
(93)	Digital Funding - DCLG	(94)
(673)	Innovation & Reform Grant - DfE	(5,211)
0	Self Employment Pilot Programme	(626)
0	Future Workforce Fund	(1,222)
0	Rough Sleeping Initiative	(507)
0	Creative Industry Scale Up	(650)
0	Warm Homes Fund	(1,107)
(792)	Other Grants	(6,050)
(4,291)	District Contributions to ED&R Functions	(9,271)
(3,835)	External Contributions and Income Towards ED&R	(9,289)
(916)	Revenue Expenditure Funded by Capital under Statute - DCLG / HCA	(24,148)
(36,070)		**(148,088)**
	Waste and Resources	
(12)	Erasmus Grant - EU	(6)
(10,019)	PFI Credit	0
(2,396)	Contributions & Income	(2,589)
(12,427)		**(2,595)**
	Mayoral General Fund Services	
(14,429)	Mayor's Office	(14,156)
(1,456)	Business Rates Top-Up Grant	(7,778)
(2,941)	Fire Service Specific Grants	(2,505)
(2,142)	Fees, charges and other service income	(2,456)
(20,968)		**(26,895)**
	Mayoral Police Fund Services	
(26,023)	Police other Contributions	(43,129)
(34,433)	CTU grant	(36,404)
(14,688)	Other revenue grants	(8,436)
(7,266)	Airport policing	(8,157)
(6,546)	Collaborations	(6,069)
(5,315)	PFI grant	(5,315)
(94,271)		**(107,510)**
(202,807)	**Total Income including Grants and Contributions Credited to the Cost of Services**	**(308,538)**

14 Grants and Contributions Received in Advance

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

2018/19 £000s	Grants Received in Advance	2019/20 £000s
	Capital Grants Receipts in Advance	
(6,020)	Clean Bus Technology Grant	(6,020)
(5,041)	Cross City Bus Package	(4,896)
(8,705)	Cycle City Ambition Grant 2	(7,147)
0	Stockport Town Centre Access	(3,813)
(6,327)	Integrated Transport & Highway Maintenance	0
(58)	Local Sustainable Transport Fund	(58)
(2,649)	Early Measure (GM Clean Air Plan)	(1,535)
(1,542)	Cycle Safety Grant	(1,542)
0	Clean Air Charging Zone	(36,000)
0	OLEV ULEV Taxi Infrastructure	(1,800)
0	Transforming Cities	(31,738)
0	Revenue Expenditure Funded by Capital under Statute - DfT	(11,433)
(10)	Police Capital Grants	(277)
(30,351)	**Total Capital Grants RIA**	(106,258)
(30,341)	Due to be recognised within 1 year	(41,234)
(10)	Due to be recognised over 1 year	(65,024)
	Revenue Grants Receipts in Advance	
(3,472)	Made Smarter	(1,546)
(375)	Trailblazer	0
0	Private Sector Rented Fund	(357)
(91)	Homeless Veterans Fund	(12)
(61)	EU Step-In	(48)
(54)	Rogue Landlord Enforcement	(42)
(48)	Early Help Innovation Fund	(396)
(45)	Skills Analysis Panel	(1)
(24)	Warm Homes Fund	0
(17)	Grow Green	(5)
(13)	Careers and Enterprise - Manchester City Council	(4)
(9)	Careers and Enterprise - Bolton College	(20)
0	Careers & Enterprise Grant - Wigan MBC	(9)
(28)	100 Resilient Cities	0
(6,757)	Innovation & Reform Funding	(796)
(1,000)	Planning Delivery Fund	(1,000)
(92)	HSCP Apprenticeship Strategy Grant	(50)
(1,505)	Work and Health Programme	(2,805)
(49)	Heat Network Delivery Project	0
(237)	Firelink Grant	0
0	Digital Skills Academy Fund	(2,474)
0	Good Employment Charter	(82)
0	Growth Hub	(73)
0	Housing Advisor Programme Grant	(50)
0	NHS Early Help Transformation Fund	(1,890)
0	Self Employment Pilot Programme	(1,893)
0	UIA Ignition Project	(1,033)
(1,505)	Mayoral Police Fund National Training	0
(1,186)	Mayoral Police Fund Asset Incentivisation	(281)
(1,064)	Mayoral Police Fund Other	(2,854)
(17,631)	**Total Revenue Grants RIA**	(17,723)
(17,631)	Due to be recognised within 1 year	(17,723)
0	Due to be recognised over 1 year	0

15 Financing and Investment Expenditure and Income Analysis

Restated 2018/19 £000s	Financing and Investment Expenditure	2019/20 £000s
27,473	PWLB	30,730
21,853	European Investment Bank	17,510
6,346	Others	6,838
1,408	Former Greater Manchester Council Debt	1,159
6,081	Interest Element of PFI Unitary Charge	7,628
48,239	Interest on Plan Liablities	50,060
111,399	**Total Financing and Investment Expenditure**	**113,925**

2018/19 £000s	Financing and Investment Income	2019/20 £000s
(80)	Interest receivable on deposits	(1,213)
(2,563)	Interest receivable on loans	(7,925)
(4,308)	Interest on Plan Assets	(4,286)
(6,951)	**Total Financing and Investment Income**	**(13,424)**

16 Taxation and Non Specific Grant Income

2018/19 £000s	Taxation and Non Specific Grant Income	2019/20 £000s
	Income from Levies	
(280,453)	Transport Levy from the Greater Manchester Districts	(187,473)
(90,014)	Waste levy from the Greater Manchester Districts	(142,453)
	Income from Council Tax and Business Rates	
(130,496)	Council Tax Police Precept Income	(149,827)
(50,815)	Council Tax Mayoral Precept Income (inc Fire)	(58,317)
(70,037)	Non Domestic Rates Income	(88,889)
	Income from Revenue Grants	
(43,377)	Business Rates Top up Grant	(43,377)
(19,938)	Revenue Support Grant	0
(428,019)	Police Grant	(443,851)
(500)	Growth Deal Grant (LEP)	(500)
(12,000)	Earnback Grant	(15,000)
	Income from Capital Grants	
(2,369)	Capital Contributions Receivable for Traffic Signal Schemes	(1,845)
(116,478)	Capital Grants and Contributions	(110,117)
(1,244,496)	**Total Taxation and Non Specific Grant Income**	**(1,241,649)**

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.

2018/19 £000s	External Audit Fees	2019/20 £000s
35	Fees payable to Mazars with regard to external audit services carried out by the appointed auditor for the previous year	20
0	Surplus Fee refund received from Public Sector Audit Appointments (PSAA) with regard to external audit services undertaken in prior years under transitional arrangements by the Secretary of State	(9)
74	Fees payable to Mazars with regard to external audit services carried out by the appointed auditor for the year	70
3	Fees payable to Mazars for the certification of grant claims and returns for the year	0
112	**Total External Audit Fees**	**81**

Additional fees payable of £20,000 were agreed in 2019/20 with regard to external audit services carried out by the appointed auditor Mazars for the previous year due to additional general and technical audit work, including pensions in relation to McCloud and a delay in completing the Whole of Government Accounts audit for 2018/19.

18 Officer Remuneration

Officers with Remuneration above £50,000

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

Staff who have not received 2018/19	Staff who have received severance 2018/19	Total 2018/19	Salary Range	Staff who have not received 2019/20	Staff who have received severance 2019/20	Total 2019/20
60	0	60	£50,000 to £54,999	29	0	29
54	0	54	£55,000 to £59,999	58	0	58
16	0	16	£60,000 to £64,999	16	0	16
6	0	6	£65,000 to £69,999	13	0	13
5	0	5	£70,000 to £74,999	6	0	6
5	2	7	£75,000 to £79,999	7	0	7
3	0	3	£80,000 to £84,999	1	0	1
4	0	4	£85,000 to £89,999	7	0	7
0	0	0	£90,000 to £94,999	1	0	1
1	0	1	£95,000 to £99,999	0	0	0
0	0	0	£100,000 to £104,999	2	0	2
0	0	0	£105,000 to £109,999	1	0	1
0	0	0	£110,000 to £114,999	1	0	1
0	0	0	£115,000 to £119,999	0	0	0
4	0	4	£120,000 to £124,999	1	0	1
0	0	0	£125,000 to £129,999	4	0	4
0	0	0	£130,000 to £134,999	1	0	1
0	0	0	£135,000 to £139,999	0	0	0
1	0	1	£140,000 to £144,999	0	0	0
0	0	0	£145,000 to £149,999	0	0	0
0	0	0	£150,000 to £154,999	0	0	0
0	0	0	£155,000 to £159,999	0	0	0
0	0	0	£160,000 to £164,999	0	0	0
0	0	0	£165,000 to £169,999	1	0	1
0	0	0	£170,000 to £174,999	0	0	0
0	0	0	£175,000 to £179,999	0	0	0
0	0	0	£180,000 to £184,999	0	0	0
0	0	0	£185,000 to £189,999	0	0	0
0	0	0	£190,000 to £194,999	0	0	0
0	0	0	£195,000 to £199,999	0	0	0
0	0	0	£200,000 to £204,999	0	0	0
0	0	0	£205,000 to £209,999	0	0	0
0	0	0	£210,000 to £214,999	0	0	0
0	0	0	£215,000 to £219,999	0	0	0
0	0	0	£220,000 to £224,999	0	0	0
0	0	0	£225,000 to £229,999	0	0	0
0	0	0	£230,000 to £234,999	1	0	1
159	**2**	**161**		**150**	**0**	**150**

In 2018/19 the Fire and Rescue Service used overtime to support establishment numbers, whilst recruitment activity was underway. This 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 was 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	2018/19				2019/20			
		Salary (including fees and allowances) £000s	**Expenses £000s**	**Employer's Pensions Contribution £000s**	**Total Remuneration £000s**	**Salary (including fees and allowances) £000s**	**Expenses £000s**	**Employer's Pensions Contribution £000s**	**Total Remuneration £000s**
A	Chief Executive - GMCA and TfGM (Eamonn	196	0	0	**196**	219	0	0	**219**
B	Interim Chief Fire Officer (Dawn Docx)	64	0	14	**78**	0	0	0	**0**
C	Chief Fire Officer (James Wallace)	90	1	16	**107**	166	1	0	**167**
D	Treasurer (Richard Paver)	161	1	0	**162**	123	1	0	**124**
E	Treasurer	0	0	0	**0**	45	0	0	**45**
F	Chief Investment Officer (William Enevoldson)	77	0	0	**77**	73	1	0	**74**
	Deputy Chief Executive	134	0	28	**162**	137	0	29	**166**
G	Solicitor and Monitoring Officer	107	0	23	**130**	110	0	23	**133**
	Executive Director - Waste and Resources	102	0	22	**124**	104	0	22	**126**

A The GMCA received a contribution of £109,251 (2018: £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.

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

C Post Holder commenced 1 September 2018

D Post Holder left 31 December 2019

E Post Holder commenced 2 December 2019

F Post in 2018/19 is 0.5 FTE, Annual salary for 1.0 FTE would be £154,530. From 1 November 2019, the Post is 0.41 FTE, Annual salary for 1.0 FTE would be £157,621

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

Exit Costs

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

Exit package cost band	Number of compulsory departures		Number of other departures		Total number of exit package by cost band		Total cost of exits £000s	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
£0 - £20,000	0	0	3	11	3	11	22	137
£20,001 - £40,000	0	0	1	3	1	3	24	78
£40,001 -£60,000	0	0	1	4	1	4	44	200
£60,001 - £80,000	0	0	0	1	0	1	0	75
£80,001 - £100,000	0	0	0	2	0	2	0	183
£100,001 - £150,000	0	0	0	2	0	2	0	254
Total	**0**	**0**	**5**	**23**	**5**	**23**	**90**	**927**

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.

2018/19 £000s	Capital Financing Requirement (CFR)	2019/20 £000s
1,184,331	Opening CFR - General Fund	1,878,509
30,029	Opening CFR - Mayoral General Fund	28,410
234,241	Opening CFR - Mayoral Police Fund	231,388
664,976	Opening CFR - transferred into General Fund from GMWDA	0
2,113,577	**Opening CFR**	**2,138,307**
	Capital Investment In Year	
241,887	Revenue Expenditure Funded from Capital Under Statute	213,329
36,366	Property, Plant and Equipment Assets	57,975
0	Intangible Assets	238
10,136	Loan Advances	118,890
	Novated Capital Investment In Year	
0	Housing Investment Fund Loan Advances Novated to GMCA	118,158
	Sources of Finance	
(151,827)	Government Grants & Other Contributions	(112,742)
(341)	Short / Long Term Debtor financed from Capital Grants	0
(4,120)	Short / Long Term Debtor financed from Capital Receipts	(12,723)
(30,706)	Revenue Contributions	(58,197)
(378)	Useable Capital Receipts	(474)
(70,066)	Minimum Revenue Provision	(73,836)
(6,221)	Repayment of Inherited Debt	(6,522)
2,138,307	**Closing Capital Financing Requirement**	**2,382,404**
	Explanation of movements in year	
24,730	Increase / (decrease) in underlying need to borrow	244,096
24,730	**Increase in Capital Financing Requirement**	**244,096**

Restated 2018/19 £000s	Increase/decrease in CFR	2019/20 £000s
29,202	Authority Operations	229,428
(1,619)	Mayoral General Fund	(1,650)
(2,853)	Mayoral Police Fund	16,318
24,730	**Total**	**244,096**

Restated 2018/19 £000s	Closing CFR Analysed by Fund	2019/20 £000s
1,878,509	General Fund	2,107,938
28,410	Mayoral General Fund	24,758
231,388	Police Fund	249,708
2,138,307	**Total**	**2,382,404**

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:

2018/19 £000s	Capital Commitments	2019/20 £000s
1,244	Traffic Signals	1,409
2,999	Fire Programme related	1,633
8,132	Police Programme related	29,686
12,375	**Total Capital Commitments**	**32,727**

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.

In 2019/20 these valuations are reported on the basis of material uncertainty. More detail is provided in note 3 regarding the material uncertainty of valuations during the COVID-19 pandemic.

The Authority used the following valuers in 2019/20:

<u>Waste Assets</u>

- 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.

<u>Other Assets</u>

- Salford City Council Property Services (Formerly Urban Vision Ltd) carried out valuations of the Authority's remaining assets.

	Infrastructure Assets £000s	Land and Buildings £000s	Vehicles, Plant, Furniture and Equipment £000s	Surplus Assets £000s	Assets Under Construction £000s	Total £000s
Carried at Historic Cost:	81,250	0	209,878	0	23,456	**314,584**
Valued at Current Value:						
2019/20	0	250,321	43,486	0	0	**293,807**
2018/19	0	132,772	0	0	0	**132,772**
2017/18	0	56,904	0	0	0	**56,904**
2016/17	0	51,866	0	0	0	**51,866**
2015/16	0	53,844	0	0	0	**53,844**
Valued at Fair Value:	0	0	0	2,566	0	**2,566**
	81,250	**545,707**	**253,364**	**2,566**	**23,456**	**906,342**

Property, Plant and Equipment 2019/20	Infrastructure assets £000s	Land and Buildings £000s	Vehicles ,Plant, Furniture and Equipment £000s	Long Term Surplus Assets £000s	Assets under Construction £000s	Total Property Plant and Equipment £000s	PFI in PPE £000s
Cost or Valuation							
Asset values brought forward at 1 April 2019	77,191	534,346	240,187	2,111	65,164	918,999	81,056
Accumulated depreciation and impairment written off to cost or valuation	0	(2,856)	0	0	0	(2,856)	(2,655)
Additions	4,759	4,845	21,761	0	26,610	57,975	0
Revaluation increases/decreases recognised in the Revaluation Reserve	0	10,149	2,500	(25)	0	12,624	4,060
Revaluation increases/decreases recognised in the surplus or deficit on the provision of services	0	1,182	0	0	0	1,182	546
Derecognition - disposals	(708)	(1,006)	(21,323)	0	0	(23,037)	(4,575)
Derecognition - other	0	(1,499)	0	0	0	(1,499)	0
Assets reclassified to/from held for sale	0	0	0	250	0	250	0
Assets reclassified to/from assets under construction	9	775	10,238	0	(68,318)	(57,296)	0
Other movements in cost or valuation	0	(230)	0	230	0	0	0
Cost or Valuation at 31 March 2020	**81,251**	**545,706**	**253,363**	**2,566**	**23,456**	**906,342**	**78,432**
Accumulated Depreciation & Impairment							
Accumulated depreciation values brought forward at 1 April 2019	(59,356)	(62,689)	(172,635)	(13)	0	(294,693)	(8,401)
Accumulated depreciation and impairment written off to cost or valuation	0	2,856	0	0	0	2,856	2,655
Depreciation Charge	(4,593)	(16,396)	(17,204)	(16)	0	(38,208)	(2,064)
Depreciation written out on Revaluation Reserve	0	1,393	0	0	0	1,393	862
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	2,568	0	0	0	2,568	19
Derecognition - disposals	493	854	16,804	0	0	18,151	4,118
Derecognition - other	0	0	0	0	0	0	0
Depreciation eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0
Reclassifications & Transfers - depreciation	0	0	0	0	0	0	0
Other adjustment - depreciation	0	(2,844)	(3,303)	(4)	0	(6,151)	0
Closing value - depreciation	**(63,456)**	**(74,258)**	**(176,338)**	**(33)**	**0**	**(314,084)**	**(2,811)**
Net Book Value at 31 March 2019	**17,835**	**471,657**	**67,552**	**2,098**	**65,164**	**624,306**	**72,655**
Net Book Value at 31 March 2020	**17,795**	**471,448**	**77,025**	**2,533**	**23,456**	**592,258**	**75,621**
Net Book Value at 31 March 2020							
Assets deployed for GMCA activity	17,795	0	0	0	41	17,836	0
Assets deployed for Mayoral General activity	0	92,200	13,970	0	0	106,171	4,391
Assets deployed for Mayoral Police activity	0	245,854	38,052	2,533	15,903	302,342	71,230
Assets deployed for Waste activity	0	133,394	25,003	0	7,512	165,909	0
At 31 March 2020	**17,795**	**471,448**	**77,025**	**2,533**	**23,456**	**592,258**	**75,621**

Property, Plant and Equipment 2018/19	Infrastructure assets £000s	Restated Land and Buildings £000s	Restated Vehicles, Plant, Furniture and Equipment £000s	Long Term Surplus Assets £000s	Assets under Construction £000s	Total Property Plant and Equipment £000s	PFI in PPE £000s
Cost or Valuation							
Asset values brought forward at 1 April 2018	73,895	340,427	181,101	1,526	59,017	655,966	78,295
Value of Waste assets transferred in at 1 April 2018	0	170,366	40,674	0	0	211,040	0
Additions	3,726	897	15,935	0	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	0	30,360	659	28	0	31,047	4,792
Revaluation increases/decreases recognised in the surplus or deficit on the provision of services	0	2,147	0	(169)	0	1,978	24
Derecognition - disposals	(437)	0	(6,218)	0	0	(6,655)	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	7	1,315	8,339	0	(9,661)	0	0
Other movements in cost or valuation	0	(810)	0	810	0	0	0
Cost or Valuation at 31 March 2019	**77,191**	**534,346**	**240,187**	**2,111**	**65,164**	**918,999**	**81,056**
Accumulated Depreciation & Impairment							
Depreciations set values brought forward at 1 April 2018	(54,355)	(21,302)	(138,739)	(10)	0	(214,406)	(9,304)
Waste accumulated depreciation values transferred in at 1 April 2018	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	(5,237)	(13,966)	(13,721)	(14)	0	(32,938)	(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	236	0	5,785	0	0	6,021	0
Impairment losses / (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	0	(50)	(8,670)	0	0	(8,720)	0
Assets reclassified to/from held for sale	0	0	0	0	0	0	0
General Fund closing value - depreciation at 31 March 2019	**(59,356)**	**(62,689)**	**(172,635)**	**(13)**	**0**	**(294,693)**	**(8,401)**
Net Book Value summary:							
At 1 April 2018	**19,540**	**319,125**	**42,362**	**1,516**	**59,017**	**441,560**	**68,991**
At 31 March 2019	**17,835**	**471,657**	**67,552**	**2,098**	**65,164**	**624,306**	**72,655**
Net Book Value at 31 March 2019							
Assets deployed for GMCA activity	17,835	0	0	0	50	17,885	0
Assets deployed for Mayoral General activity	0	88,231	13,818	0	0	102,049	3,263
Assets deployed for Mayoral Police activity	0	246,726	34,508	2,098	61,857	345,189	69,392
Assets deployed for Waste activity	0	136,700	19,226	0	3,257	159,183	0
At 31 March 2019	**17,835**	**471,657**	**67,552**	**2,098**	**65,164**	**624,306**	**72,655**

21 Intangible Assets

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

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

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

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

	£000s
Fire and Rescue Services	(64)
Policing Service	(4,033)
Waste Disposal Services	17
	(4,080)

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

2018/19 £000s	Intangible Fixed Assets	2019/20 £000s
	Balance at start of year	
4,558	Gross carrying amount	3,887
(3,772)	Accumulated amortisation	(3,175)
786	**Net carrying amount at start of year**	**712**
	Additions:	
193	Purchases	238
17	Acquired through business combinations	0
0	Reclassified from assets under construction	57,295
(881)	Disposals	(17)
(15)	Amortisation acquired through business combinations	0
612	Amortisation for the year	(4,080)
712	**Net carrying amount at end of year**	**54,148**
	Comprising	
3,887	Gross carrying amounts	61,403
(3,175)	Accumulated amortisation	(7,255)
712	**Balance at 31 March**	**54,148**

There is one capitalised software suite that is individually material to the financial statements: The Information Services Transformation Programme had a carrying amount of £57.295m at 31 March 2020 and a remaining amortisation period of 4.5 years.

22 Short and Long Term Debtors

Short Term Debtors

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

2018/19 £000s	Short Term Debtors	2019/20 £000s
60,110	Central Government Bodies	75,089
95,690	Other Local Authorities and Police and Crime Commissioners	100,590
1,364	NHS Bodies	1,779
3,859	Public Corporations	4,420
9,012	Payments in Advance	9,668
20,743	Other entities and individuals	160,659
(34,503)	Bad Debt Provision	(35,546)
156,275	**Total Short Term Debtors**	**316,660**

Long Term Debtors

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

2018/19 £000s	Long Term Debtors	2019/20 £000s
	Other entities and individuals	
46,939	Gross Book Value	87,907
(5,207)	Bad Debt Provision	(5,316)
41,732	**Total Long Term Debtors**	**82,591**

23 Cash and Cash Equivalents

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

- Cash is represented by operating bank accounts (shown net of bank overdrafts), deposits with financial institutions for less than three months, cash in hand and petty cash balances.

- Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with an insignificant risk of change in value. These include interest bearing call accounts and money market funds with institutions that meet our required credit ratings.

- Investments that mature between three to twelve months from the date of acquisition are classified as short term investments.

The 2018/19 prior year has been restated to analyse the cash and cash equivalents based on the length of investment. In the prior year the note showed bank call accounts and short term deposit investments separately, however, in 2019/20 these types of deposits are now classified as short investments for funds invested between three to twelve months and cash equivalents for funds invested for less than three months.

Restated 2018/19 £000s	Cash and Cash Equivalents	2019/20 £000s
(1,879)	Bank current accounts	(3,879)
568	Cash held by the Authority	567
	Short term deposits with central government and other institutions	
173,162	Cash - deposits for up to 3 months	48,867
171,851	**Total Cash and Cash Equivalents**	**45,555**
	Short term deposits with central government and other institutions	
8,337	Short term investment - deposits between 3 to 12 months	10,000
180,188	**Total Cash, Cash Equivalents and Short Term Investments**	**55,555**

24 Short and Long Term Creditors

Short Term Creditors

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

2018/19 £000s	Creditors	2019/20 £000s
(25,012)	Central Government Bodies	(15,921)
(92,057)	Other Local Authorities and Police and Crime Commissioners	(96,400)
(1,049)	NHS Bodies	(1,612)
(46,115)	Public Corporations	(60,805)
(79,100)	Other entities and individuals	(74,075)
(7,013)	Prepaid Income / Receipt in Advance	(14,912)
(6,533)	Siezed Cash	(7,605)
(256,881)	**Total Creditors**	**(271,329)**

As at 31 March 2020, the Authority had no long term creditors.

25 Short and Long Term Provisions

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

Provisons	Insurance £000s	NNDR Appeals £000s	Police Pension £000s	Landcare £000s	Other £000s	Total £000s
Balances brought forward 1 April 2019						
Continuing Operations						
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
Provisions brought forward - all operations	**10,450**	**1,968**	**224**	**1,743**	**7,891**	**22,278**
Use of Provision						
GMCA	0	0	0	(498)	(247)	(745)
Mayoral General Fund	(344)	0	0	0	0	(344)
Mayoral Police Fund	(2,198)	0	0	0	(7)	(2,205)
Unused amounts moved to an earmarked reserve						
GMCA	0	0	0	0	(1,511)	(1,511)
Mayoral General Fund	0	0	0	0	(241)	(241)
Mayoral Police Fund	0	0	0	0	0	0
Top Up of Provision						
GMCA	0	0	0	0	591	591
Mayoral General Fund	0	240	0	0	0	240
Mayoral Police Fund	664	0	0	0	77	741
	0	0	0	0	0	
Balance carried forward 31 March 2020						
GMCA	0	0	0	1,245	5,376	6,621
Mayoral General Fund	664	2,208	0	0	1,100	3,972
Mayoral Police Fund	7,908	0	224	0	77	8,209
Total Provisions carried forward	**8,572**	**2,208**	**224**	**1,245**	**6,553**	**18,802**
Short Term	980	2,208	224	476	5,776	9,664
Long Term	7,592	0	0	769	777	9,138
Total Provisions carried forward	**8,572**	**2,208**	**224**	**1,245**	**6,553**	**18,802**

The provisions held by the authority are described below:

GMCA

a) Trafford Park Metrolink Line Land Provision - TfGM had to occupy the land to build the Metrolink and did so by a legal 'Group Vesting Declaration'. Although the land is now occupied there still needs to be a transfer of consideration in payment for the land but there is currently no agreed land value sum, which could take a number of years to negotiate and resolve. The provision set aside is therefore based on estimates by Expert Valuers.

b) Metrolink Compensation Provision - TfGM are liable for providing compensation from claims arising from 'Noise Pollution and Devalued House Prices' as a result of installing Metrolink lines. The Phase 3 claim submission period has a fixed start and end date which has now ended but there are a significant number of claims that now need to be assessed for eligibility.

c) Quay West Parking Provision - Peel Holdings should have entered into a lease with TfGM re: parking at Quay West. However, Peel Holdings will be in derogation of the leases with the current tenants on the land. Due to this, TfGM have provided for this liability through the provision until the point that an agreement is made with Peel Holdings.

d) Landcare Provision -_The GMWDA sold 18 sites to the private sector (Landcare (Manchester) Limited) in December 2012 in return for agreeing a fixed ten year contribution less potential income from part of any enhanced value (overage) from future development of the sites. The Landcare provision represents the maximum amounts that GMCA would have to pay each year, however as there is an overage clause if Landcare were to make money from one of the sites transferred to them, there is a mechanism to reduce the annual payment.

Mayoral General Fund

e) Insurance Provision - This provision represents the value of an actuarial assessment of the remaining liability for all self-insured claims occurring in 2018/19, all prior policy years and a prudent margin added for emerging claim types.

f) NNDR Appeals Provision - This is the estimated amount required to cover the cost of successful appeals against local non-domestic rateable values, where the cost of these appeals is required to be met locally.

g) Bear Scotland v Fulton - The Employment Appeals Tribunal has ruled in this case that non-contractual overtime needs to be included when calculating holiday pay paid to firefighter employees. This provision is the estimated amount required to pay backdated claims.

h) Fire Roster Provision– This was a provision for the payment of additional firefighter hours worked during 2018/19 following the move to a new working pattern and the impact on some individuals who would work more than their annual contractual hours due to the mid-year transition. Payments were made during 2019/20 and the provision was used in full.

Mayoral Police Fund

i) Insurance Provision - This provision represents the value of an actuarial assessment of the remaining liability for all self-insured claims occurring in 2018/19, all prior policy years and a prudent margin added for emerging claim types.

j) Police Pension Lump Sum Provision - The Pensions Ombudsman determined there was an underpayment of lump sums, to pension scheme members who retired between December 2001 and August 2006. The Ombudsman concluded that commutation formulas to convert annual pensions payments to lump sums should have been updated between 2001 and 2006 and as a result additional payments are due to those members who chose to commute pension for lump sum at retirement during these years.

k) Capital Project Retentions Provision - This is a provision to hold a percentage of a projects total funding, which is retained during the contractual defects period.

26 Short and Long Term Leases including PFI

Fire Station

2019/20 was the twenty first 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 £3.314m (average payment per year is £0.723m). However, the net cost to the Authority after income from specific government grant is estimated at £1.166m (average payment per year is £0.254m).

Police Stations

2019/20 was the seventeenth 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 £190.282m (average payment per year is £19.028m). However, the net cost to the Authority after income from specific government grant is estimated at £137.133m (average payment per year is £13.713m).

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. The current value of the liability held under each PFI arrangement is as follows:

2019/20

	PFI Arrangement Fire £000	PFI Arrangement Police £000	Total £000
Balance outstanding at start of year	1,580	48,751	50,331
Payments during the year	(216)	(2,457)	(2,673)
Balance outstanding at year-end	**1,364**	**46,294**	**47,658**

2018/19

	PFI Arrangement Fire £000	PFI Arrangement Police £000	Total £000
Balance outstanding at start of year	1,774	50,057	51,831
Payments during the year	(194)	(1,306)	(1,500)
Balance outstanding at year-end	**1,580**	**48,751**	**50,331**

Central Government Grant Subsidy
The grant received in the form of Central Government Subsidy to partly offset the cost of each PFI is credited to revenue accounts in the year of receipt.

Payments due under the PFI Contracts
The Authority makes monthly payments which comprise of a service charge, a repayment of liability and interest charge, a payment in respect of business rates and a payment to provide for lifecycle replacement costs (known as the 'Sinking Fund'). The payments into the sinking fund are treated initially as a prepayment by the Authority. The Service Provider throughout the contractual term will utilise the sinking fund for the repair and replacement of the premises, and fixture and fittings with the consent of the Authority. All payments made, other than the liability and interest charge, are subject to annual inflation increases and can be reduced if the contractor fails to meet availability and performance standards in any year. The Authority on behalf of the Mayor has the right to terminate the contact only if the contractor is compensated in full for costs incurred and lost future profits.

Future payments remaining to be made under the contracts (including an estimate of future inflation) are as follows:

Reimbursement of Capital Expenditure

	PFI Arrangement Fire £000	PFI Arrangement Police £000	Total £000
Payable within one year	242	2,999	3,241
Payable within two to five years	1,122	14,651	15,773
Payable within six to ten years	0	28,644	28,644
Total	**1,364**	**46,294**	**47,658**

Interest

	PFI Arrangement Fire £000	PFI Arrangement Police £000	Total £000
Payable within one year	140	8,980	9,120
Payable within two to five years	244	34,959	35,203
Payable within six to ten years	0	40,436	40,436
Total	**384**	**84,375**	**84,759**

Payment for Services

	PFI Arrangement Fire £000	PFI Arrangement Police £000	Total £000
Payable within one year	328	5,006	5,334
Payable within two to five years	1,238	22,681	23,919
Payable within six to ten years	0	31,926	31,926
Total	**1,566**	**59,613**	**61,179**

27 Short and Long Term Deferred Liabilities

This debt was created on 1 April 1986 when Greater Manchester Council was abolished and its debt was shared between the ten GM 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.

2018/19 £000s	Deferred Liabilities	2019/20 £000s
	Former Greater Manchester Council Debt	
(20,877)	Balance brought forward - continuing operations	(20,679)
(6,023)	Balance transferred in year from GMWDA	0
(26,900)	**Balance brought forward all operations 1 April**	**(20,679)**
6,221	Repayment in the year	6,520
(20,679)	**Balance carried forward 31 March**	**(14,159)**
6,521	Due within 1 year	6,857
14,159	Due over 1 year	7,302

28 Unusable Reserves

2018/19 £000s	Unusable Reserves	2019/20 £000s
1,618,707	Capital Adjustment Account	1,664,196
205	Financial Instruments Adjustment Account	(23,946)
1,872,065	Pensions Reserve	1,767,387
(150,745)	Revaluation Reserve	(156,087)
(603)	Financial Instruments Revaluation Reserve	(725)
(7,428)	Collection Fund Adjustment Account	(3,705)
(470)	Deferred Capital Receipts Reserve	(302)
3,331,731	**Total Unusable Reserves 31 March**	**3,246,818**

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 the capital costs of acquisition, construction and enhancement of assets.

Restated 2018/19 £000s	Capital Adjustment Account	2019/20 £000s
1,010,509	**Balance brought forward 1 April**	**1,618,707**
569,843	Balance transferred in from GMWDA	0
1,580,352	**Balance brought forward for all operations 1 April**	**1,618,707**
32,937	Charges for depreciation and impairment of non-current assets	38,208
(1,442)	Revaluation losses on non-current assets	2,401
74	Amortisation of intangible assets	4,080
241,887	Revenue expenditure funded from capital under statute	213,329
2,464	Capital bad debt provision movement	(2,366)
2,611	Revaluation and impairment of capital financial assets	2,916
0	Loan novations	(261)
426	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	6,151
278,958	**Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement**	**264,458**
3,165	Adjusting Amounts written out of the Revaluation Reserve	(8,676)
282,123	**Net written out amount of the cost of non-current assets consumed in the year**	**255,782**
(4,120)	Use of Capital Receipts Reserve to finance new capital expenditure	(12,723)
(378)	Use of Capital Receipts applied in year to finance new capital expenditure	(168)
(150,958)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(112,742)
(1,210)	Capital Grants and Contributions applied to capital financing from Capital Grants Unapplied	0
(70,066)	Statutory provision for the financing of capital investment charged against the General	(73,836)
(6,221)	Repayment of inherited debt	(6,522)
(30,707)	Capital expenditure charged against the General Fund balance	(58,197)
(263,660)	**Capital financing applied in year**	**(264,187)**
19,781	Capital Receipts debited to the Capital Adjustment Account on Repayment of loans	53,894
112	Other movements	0
1,618,707	**Balance carried forward 31 March**	**1,664,196**

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.

2018/19 £000s	Financial Instruments Adjustment Account	2019/20 £000s
245	**Balance brought forward 1 April**	**205**
(675)	Interest incurred in the year and charged to the Comprehensive Income and Expenditure Statement	(27,017)
635	Proportion of interest incurred to be charged against the General Fund Balance in accordance with statutory requirements	2,866
(40)	**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**	**(24,151)**
205	**Balance carried forward 31 March**	**(23,946)**

The movement in year is due to the Authority being in receipt of two loans from central government that are interest free for the purposes of HIF and City Deal. In accordance with statutory accounting requirements an effective interest rate has been calculated to enable the value of the financial assistance being provided to the GMCA on a net present value basis to be separated from the financing costs of the loan.

The effect of this in the accounts is to discount the value of the loans received using an interest rate at which the Authority could borrow from the Public Works Loan Board for a loan with similar terms. This will result in a lower figure for the fair value of the loan when it is initially recognised as received but each year an element of the full fair value discount will be written back. Thereby increasing the loan value on the balance sheet annually over the loan term. This will continue until the full loan value advanced is reflected in the balance sheet, which is the year repayment of the loan falls due.

The Pension Reserve relates to the net pension asset as at 31 March 2020 in accordance with the actuary's report.

2018/19 £000s	Pension Reserve	2019/20 £000s
1,726,309	Balance brought forward for continuing operations	1,872,065
6,785	Balance transferred in from GMWDA	0
1,733,094	**Balance brought forward for all operations 1 April**	**1,872,065**
48,305	Remeasurements of the net defined benefit liability / (asset)	(144,721)
(57,881)	Employer's pension contributions and direct payments to pensioners payable in the year	(60,917)
148,547	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.	100,960
1,872,065	**Balance carried forward 31 March**	**1,767,387**

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.

2018/19 £000s	Revaluation Reserve	2019/20 £000s
(65,192)	Balance brought forward for continuing operations	(150,745)
(59,762)	Balance transferred in from GMWDA	0
(124,953)	**Balance brought forward for all operations 1 April**	**(150,745)**
(31,047)	Upward revaluation of assets	(18,795)
1,670	Impairment losses not charged to the Surplus/Deficit on the Provision of Services	4,777
(29,377)	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services**	**(14,018)**
2,980	Difference between fair value depreciation and historical cost depreciation	4,480
186	Accumulated gains on assets sold or scrapped	4,196
3,165	**Amount written off to the Capital Adjustment Account**	**8,676**
420	Transfer of accumulated gains on revaluation of investments to the Financial Instruments Revaluation Reserve on implementation of IFRS9	0
(150,745)	**Balance carried forward 31 March**	**(156,087)**

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.

2018/19 £000s	Financial Instruments Revaluation Reserve	2019/20 £000s
0	**Balance brought forward 1 April**	**(603)**
(420)	Transfer of accumulated gains on revaluation of investments from the Revaluation Reserve on implementation of IFRS9	0
(183)	Upward revaluation of investments	(122)
(603)	**Balance carried forward 31 March**	**(725)**

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.

2018/19 £000s	Collection Fund Adjustment Account	2019/20 £000s
(7,418)	**Balance brought forward 1 April**	**(7,428)**
(10)	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	3,722
(7,428)	**Balance carried forward 31 March**	**(3,705)**

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.

2018/19 £000s	Deferred Capital Receipts Reserve	2019/20 £000s
(438)	**Balance brought forward 1 April**	**(470)**
(32)	Transfer to the Capital Receipts Reserve upon receipt of cash	168
(470)	**Balance carried forward 31 March**	**(302)**

29 Financial Instruments

Financial Instruments include the financial assets and liabilities of the Authority. These appear in different sections of the Balance Sheet depending on their characteristics.

Categories of Financial Instruments

The Authority is required to classify its financial assets following the adoption of IFRS9 Financial Instruments by the Code of Practice on Local Authority Accounting into one of three categories.

- Financial Assets held at amortised cost. These assets relate to instruments where the amount received relating to them are solely principal and interest and they are held to generate cashflows. The amount presented in the balance sheet represents the outstanding principal plus any accrued interest. Interest credited to CIES is the amount receivable as per the instrument’s agreement.

- Fair Value through Other Comprehensive Income (FVOCI). Amounts received relate to principal and interest but the business model for holding the asset includes the possibility of sale. These assets are measured and carried at fair value. All gains and losses due to changes in fair value are accounted for through a reserve account (the Financial Instruments Revaluation Reserve), with the balance debited or credited to CIES when the asset is disposed of.

- Fair Value Through Profit and Loss (FVPL) – all other instruments where the amounts received relating to them are not principal and interest, for example dividends as part of equity instruments. These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

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

	Non-Current Financial Assets				
	Investments		**Debtors**		**Total**
	31 March 2019 £000s	**31 March 2020 £000s**	**31 March 2019 £000s**	**31 March 2020 £000s**	**31 March 2020 £000s**
Amortised cost	0	0	41,745	77,484	77,484
Fair value through other comprehensive income - designated equity instruments	1,054	2,419	0	0	2,419
Total financial assets	**1,054**	**2,419**	**41,745**	**77,484**	**79,903**
Non-financial assets	0	0	0	5,509	5,509
Total	**1,054**	**2,419**	**41,745**	**82,993**	**85,412**

	Current Financial Assets						
	Investments		**Debtors**		**Cash**		**Total**
	Restated 31 March 2019 £000s	**31 March 2020 £000s**	**31 March 2019 £000s**	**31 March 2020 £000s**	**Restated 31 March 2019 £000s**	**31 March 2020 £000s**	**31 March 2020 £000s**
Amortised cost	8,337	10,000	98,369	272,023	171,851	45,555	**327,578**
Total financial assets	**8,337**	**10,000**	**98,369**	**272,023**	**171,851**	**45,555**	**327,578**
Non-financial assets	0	0	57,906	44,637	0	0	**44,637**
Total	**8,337**	**10,000**	**156,275**	**316,660**	**171,851**	**45,555**	**372,215**

	Non-Current Financial Liabilities						
	Borrowings		**Creditors**		**Other Long-Term Liabilities**		**Total**
	31 March 2019 £000s	**31 March 2020 £000s**	**31 March 2019 £000s**	**31 March 2020 £000s**	**31 March 2019 £000s**	**31 March 2020 £000s**	**31 March 2020 £000s**
Amortised cost	(1,388,297)	(1,424,516)	0	0	0	(7,302)	**(1,431,818)**
Amortised cost - PFI	0	0	0	0	(47,658)	(44,417)	**(44,417)**
Total financial liabilities	**(1,388,297)**	**(1,424,516)**	**0**	**0**	**(47,658)**	**(51,719)**	**(1,476,235)**
Non-financial liabilities	0	0	0	0	0	0	**0**
Total	**(1,388,297)**	**(1,424,516)**	**0**	**0**	**(47,658)**	**(51,719)**	**(1,476,235)**

	Current Financial Liabilities						
	Borrowings		**Creditors**		**Other Short-Term Liabilities**		**Total**
	31 March 2019 £000s	**31 March 2020 £000s**	**31 March 2019 £000s**	**31 March 2020 £000s**	**31 March 2019 £000s**	**31 March 2020 £000s**	**31 March 2020 £000s**
Amortised cost	(180,036)	(130,058)	(233,550)	(231,594)	0	(6,857)	**(368,509)**
Amortised cost - PFI	0	0	0	0	(2,673)	(3,241)	**(3,241)**
Total financial liabilities	**(180,036)**	**(130,058)**	**(233,550)**	**(231,594)**	**(2,673)**	**(10,098)**	**(371,749)**
Non-financial liabilities	0	0	(23,330)	(39,735)	0	0	**(39,735)**
Total	**(180,036)**	**(130,058)**	**(256,881)**	**(271,329)**	**(2,673)**	**(10,098)**	**(411,485)**

Income, Expenses, gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are summarised in the table below:

Income, Expenses, Gains and Losses				
	31 March 2019		**31 March 2020**	
	Surplus or Deficit on the Provision of Services £000s	**Other Comprehensive Income and Expenditure £000s**	**Surplus or Deficit on the Provision of Services £000s**	**Other Comprehensive Income and Expenditure £000s**
Net gains/losses on:				
Financial assets measured at amortised cost	2,197	0	5,137	0
Total net gains/losses	**2,197**	**0**	**5,137**	**0**
Interest revenue:				
financial assets measured at amortised cost	0	(2,643)	(9,138)	0
Total interest revenue	**0**	**(2,643)**	**(9,138)**	**0**
Interest expense	**0**	**63,160**	**63,865**	**0**

Fair Value of Assets & Liabilities

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Assets and liabilities are carried at amortised cost where part of their carrying amount (as per the balance sheet) will either be written down or written up via the Comprehensive Income and Expenditure Statement over the term of the financial instrument.
For the purposes of the notes to the accounts, all assets and liabilities are given a fair value, although this is only shown in the balance sheet for available for sale assets. For many financial instruments the fair value will be the same as the outstanding principal amount, but for others there could be a significant difference.

Fair Value Hierarchy

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

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

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

2018/19			2019/20	
Restated Carrying Amount £000s	**Restated Fair Value £000s**		**Carrying Amount £000s**	**Fair Value £000s**
		Financial Assets		
1,054	1,054	Equity Investments	2,419	2,419
8,337	8,377	Other Investments	10,000	10,000
197,979	197,979	Debtors	349,507	354,868
171,851	171,851	Cash	45,555	45,555
379,221	**379,261**	**Total Financial Assets**	**407,481**	**412,842**
		Financial Liabilities		
(617,268)	(905,575)	PWLB Debt	(588,501)	(947,375)
(951,065)	(1,315,357)	Non-PWLB debt	(966,073)	(1,495,918)
(50,331)	(50,331)	PFI Liability	(47,658)	(47,658)
(20,691)	(20,691)	Deferred Liabilities	(14,159)	(14,159)
(256,881)	(256,881)	Creditors	(231,594)	(231,594)
(1,896,236)	**(2,548,835)**	**Total Financial Liabilities**	**(1,847,985)**	**(2,736,704)**

The fair values disclosed in the table above have been assessed using the following assumptions:

- The Authority holds £2.419m in equity investments for a number of businesses that previously held loans plus other direct investments in 2019/20. These shares are not traded in active markets. The shares are valued based on level 2 - observable input data from the companies, such as latest filed accounts and management accounting reports.

  There have been no transfers between input levels or changes in valuation techniques during 2019/20 for this class of asset.

- The fair value of cash and cash equivalents, short-term debtors and short-term creditors is taken to be their carrying amount as this is deemed to provide a reasonable approximation in accordance with the Cipfa Code of Practice.

- The fair value of long-term debtors has been evaluated and where these relate to loan advances greater than £3m, prevailing benchmark market rates have been applied to provide the fair value. All other long-term debtors are included at their carrying value.

- Fair value for deferred liabilities in relation to the historical Greater Manchester Loan Fund is held at cost as this debt is not tradeable in any principal or alternative market.

- Fair value for PFI schemes cannot be obtained as there is no comparable information available and these have therefore been shown at cost.

- PWLB loans – premature repayment loan rates from the PWLB have been applied to provide the fair value. In comparison, by applying PWLB new loan rates their fair value would be £748.508m.

- Non-PWLB loans – premature repayment loan rates from the PWLB have been applied to provide the fair value. In comparison, by applying PWLB new loan rates their fair value would be £1,150.392m.

- The valuation techniques used for PWLB and non-PWLB debt are level 2 – observable inputs. There have been no changes in valuation technique during the financial year.

The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value, which includes accrued interest as at the balance sheet date. The Authority has therefore included accrued interest in the fair value calculation.

The discount rates used for the evaluation were obtained by the Authority from Link Asset Services. The Link Asset Group is a leading and independent provider of capital financing, treasury advisory and strategic advisory consulting services to the public sector.

Assumptions used, which do not have a material effect on the fair value evaluation are: interest is calculated using a 365 day basis; interest is paid on the maturity date; no adjustment is made to the interest value and date where a relevant date occurs on a non-working day.

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

Borrowings	**Range of interest rates payable in 19/20 from %**	**to %**	**Average Interest 2018/19 %**	**Average Interest 2019/20 %**	**Total Outstanding 2018/19 £000s**	**Total Outstanding 2019/20 £000s**
a) Analysis of loans by type:						
Public Works Loans Board	1.44%	9.75%	5.00%	4.52%	(611,970)	(583,358)
Other Loans	0.00%	4.58%	3.37%	2.68%	(933,781)	(953,171)
TfGM - Interbank					(5,792)	(10,690)
Accrued Interest Payable:						
PWLB					(5,298)	(5,143)
Others					(11,492)	(2,211)
Total as at 31 March					**(1,568,333)**	**(1,554,574)**
b) Analysis of loans by maturity						
Maturing:						
Due within 1 year: accrued interest payable						
PWLB					(5,298)	(5,143)
Others					(11,492)	(2,211)
Due within 1 year: principal						
PWLB					(28,612)	(20,832)
Others					(128,842)	(91,182)
Due within 1 year: TfGM - Interbank					(5,792)	(10,690)
Due within 1 year					(180,035)	(130,058)
In 1 to 2 years					(32,023)	(60,836)
In 2 to 5 years					(102,248)	(115,852)
In 5 to 10 years					(354,952)	(395,613)
In over 10 years					(899,074)	(852,215)
Due over 1 year					(1,388,298)	(1,424,516)
Total as at 31 March					**(1,568,333)**	**(1,554,574)**

30 Nature and Extent of Risks Arising from Financial Instruments

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

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

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

The procedures for risk management are set out through a legal framework, based on the Local Government Act 2003 and associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- ➢ by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- ➢ by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- ➢ by approving annually in advance prudential indicators for the following three years limiting:
  - The Authority's overall borrowing;
  - Its maximum and minimum exposures in the maturity structure of its debt;
  - Its management of interest rate exposure:
  - Its maximum and minimum exposures to investments maturing beyond a year.
- ➢ by approving an investment strategy for the forthcoming year, setting out its criteria for both investing and selecting Investment counter parties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Authority's annual setting of the budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The annual treasury management strategy which incorporates the prudential indicators was approved by the Combined Authority on 29/03/19 and is available on the Greater Manchester Combined Authority website.

Risk management is carried out by a central treasury team, under policies approved by the Authority in the annual treasury management strategy. The Authority maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed periodically.

Specified Investments

Specified Investments are investments in sterling denomination, with maturities up to a maximum of 1 year. All specified investments meet the minimum 'high' ratings criteria where applicable.

- Term deposits – Other Local Authorities: Credit Criteria high security;
- Term deposits – Banks and building societies; Credit Criteria Varied;
- Debt Management Agency Deposit Facility & UK Nationalised Banks – UK Government Backed;
- Certificates of deposits issued by banks and building societies covered by UK Government guarantees – UK Government explicit guarantee;
- Money Market Funds, credit criteria AAA;
- Non-UK Banks / Building Societies – Domiciled in a country which has a minimum sovereign Long Term rating of AAA;
- Treasury Bills – UK Government backed;
- Covered Bonds – Credit Criteria AAA.

Non-Specified Investments

Non-specified investments are any other type of investment not defined as specified above. Any proposals to use any non-specified investments will be reported to members for approval.

Investment Limits

The financial investment limits of banks and building societies are linked to their Fitch long-term ratings (or equivalent), as follows:

- Banks and Building Societies
  - Fitch AA+ and above £25m
  - Fitch AA+/AA- £15m
  - Fitch A+/A £15m
  - Fitch A- £10m
  - Fitch BBB+ £10m

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

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's debtors and creditors.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch and Moody's Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. All investments held as at 31 March 2020 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 following significant inputs, assumptions and estimation techniques have been used in calculating impairment loss allowances:

- The Authority assesses each loan it provides individually in terms of likelihood and quantum of recovery, taking a forward-looking approach to the assessment from two different aspects:

  - Performance - reviewing portfolio and management information to assess business risk from a performance perspective.

  - Security - reviewing the strength of the Authority's security in a loan recovery situation to allow this to be factored into the loss allowance assessment.

Loss Allowance by Asset Class: Amortised Cost				
	12 month expected credit loss £000s	**Lifetime expected credit losses – credit impaired £000s**	**Purchased or originated credit impaired financial assets £000s**	**Total £000s**
Opening Balance as at 1 April 2019	**214**	**15,169**	**8**	**15,390**
New financial assets originated or purchased	80	0	48	128
Amounts written off	0	(3,342)	0	(3,342)
Financial assets that have been derecognised	0	(1,197)	0	(1,197)
Changes due to modifications that did not result in derecognition	0	1,702	(8)	1,694
Changes in models/risk parameters	0	0	0	0
Other changes	0	0	0	0
As at 31 March 2020	**294**	**12,332**	**48**	**12,673**

- The Authority's debtors relate primarily to claims on Central and Local Government departments. Other non-trade debtors include HMRC and RGF/GPF, HIF, City Deal and Growth Deal loans.

  The RGF/GPF, HIF, City Deal and Growth Deal loans have had individual risk profiles assessed, resulting in a 'lifetime expected loss allowance' of £12.332m being included within the accounts, as per the table above.

  Of the total debtors past their due date for payment, the estimated exposure to default for trade debtors is £0.2m.

- 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 Link Asset Services creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system does not give undue preponderance to just one agency's ratings.

All credit ratings will be monitored daily and re-assessed weekly. The Authority is alerted to changes to ratings of all three agencies through its use of the Link Asset Services creditworthiness service.

- if a downgrade results in the counterparty/investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately;
- in addition to the use of Credit Ratings, the Authority will be advised of information in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in the downgrade of an institution or removal from the Authority's lending list;
- Sole reliance will not be placed on the use of this external service. In addition this Authority will also use market data and market information, information on government support for banks and the credit ratings of that government support.

Liquidity Risk

The Authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available as needed.

If unexpected movements happen, the Authority has ready access to borrowings from the money market and the Public Works Loans Board. The Authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures listed above are considered against the refinancing risk procedures, longer term risk to the Authority relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The Authority has £50m lender option borrower option (LOBO) loans. These have fixed rates of interest but the lender may seek to increase interest rates at which point the Authority has the option to repay the loan. As there is no certainty as to whether these loans will be repaid early, the Authority has treated them as fixed loans which will run to maturity. In forming this judgement the Authority has taken account of its ability to refinance through PWLB.

Liquidity Risk	**31/03/2019 £000s**	**31/03/2020 £000s**
Less than one year	163,246	122,704
Between one and two years	32,023	60,836
Between two and five years	102,248	115,852
More Than 5 Years	354,952	395,613
More Than 10 years	899,074	852,215
	1,551,544	**1,547,220**

Refinancing and maturity risk
The Authority maintained a significant debt and investment portfolio. Whilst the cash flow procedures were considered against the refinancing risk procedures, longer term risk to the Authority related to managing the exposure to replacing financial instruments as they mature.

- The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority approved treasury and investment strategies address the main risks, these include;
- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of existing debt;
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs.
- All trade creditors are due to be paid in less than one year.

Market Risk
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	**31/03/2020 £000s**
Increase in interest payable on variable rate borrowings	1,466
Increase in interest receivable on variable rate investments	(50)
Increase in LOBO risk (loans with call options within 12 months)	125
Impact on Surplus or Deficit on the Provision of Services	**1,541**

31 Related Party Transactions

The Authority is required to disclose material transactions with related parties. These are bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority. In this context the organisations in which members (The Mayor and leaders of the GM 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

2018/19 £000s	Central Government	2019/20 £000s
(755,181)	Income	(849,196)
(44,217)	Creditors / Receipts in Advance	(115,804)
(182,907)	Borrowings	(186,291)
22,487	Debtors	43,808

Borrowings in 19/20 include Ministry of Housing, Communities and Local Government £158.3m and Homes England £27.9m.

Greater Manchester Authorities

2018/19 Total £000s	Greater Manchester Authorities	2019/20 Total £000s	Manchester City Council £000s	Bolton Council £000s	Bury Council £000s	Oldham Council £000s	Rochdale Council £000s	Salford City Council £000s	Stockport Council £000s	Tameside Council £000s	Trafford Council £000s	Wigan Council £000s
(562,801)	Income	(619,488)	(132,349)	(61,013)	(43,138)	(49,519)	(47,180)	(59,359)	(67,486)	(48,262)	(58,597)	(52,585)
90,767	Expenditure	185,292	80,392	7,931	5,617	8,019	5,552	14,281	22,526	13,623	11,482	15,870
70,511	Debtors	73,134	26,271	3,767	5,210	2,858	4,547	8,916	4,007	6,134	6,316	5,108
(95,816)	Creditors	(104,487)	(32,935)	(5,807)	(4,208)	(7,187)	(7,716)	(12,637)	(12,098)	(7,080)	(7,095)	(7,723)
118,158	Short Term Investments	0	0	0	0	0	0	0	0	0	0	0
20,506	Short Term Borrowings	(64,160)	0	0	0	0	0	0	0	(64,160)	0	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:

2018/19 £000s	Transport for Greater Manchester	2019/20 £000s
277,996	Expenditure	177,496
(347)	Income	(607)
1,925	Debtors	1,929
(52,719)	Creditors	(66,689)
5,792	Borrowings	10,690

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.

32a Cash Flow Statement - Adjustments to Net Cash Flows from Operating Activities

2018/19 £000s	Operating Activities	2019/20 £000s
(40)	Finance Costs calculated in accordance with the code	(24,151)
(2,611)	Impairment of Equity Investment	(2,916)
(14,163)	Increase / (Decrease) in Debtors	274,775
(60,979)	Decrease / (Increase) in Creditors	(37,515)
(3,053)	Decrease / (Increase) in Provisions	3,475
11,334	Revaluation adjustment	894
324	Increase / (Decrease) in Stock	515
(2,197)	(Increase) in impairment of debt	(25,686)
(426)	Loss on sale of non current assets	(6,151)
(32,398)	Annual depreciation and amortisation charge	(42,288)
(90,666)	Pensions Liability	(40,043)
1,225	(Increase) / Decrease in Interest Debtors	(4,712)
313	Increase / (Decrease) in Interest Creditors	(9,442)
(98)	Other non-cash movements	45
(193,434)	**Adjustments to net surplus / deficit on the provision of services for non-cash movements**	**86,801**
62,847	Finance Costs Paid	73,307
(63,160)	Financing Expenditure	(63,865)
2,643	Financing Income	9,138
(3,868)	Interest Income Received	(4,426)
2,369	Capital grants and contributions receivable	1,845
830	**Adjust for items included in the net deficit on the provision of services that are investing and financing activities**	**16,000**

32b Cash Flow Statement - Investing Activities

Restated 2018/19 £000s	Investing Activities	2019/20 £000s
36,366	Purchase of Property, Plant and Equipment	58,213
4,460	Long and Short Term Loans paid out	12,723
(19,781)	Long Term Loans repaid / impaired	(54,278)
(176)	Proceeds from the sale of property plant and equipment	(864)
(2,369)	Capital grants and contributions received	(1,845)
(325,054)	Movement on short term investments	1,663
(306,554)	**Net Cash Inflow / (Outflow) from Investing Activities**	**15,612**

32c Cash Flow Statement - Financing Activities

2018/19 £000s	Financing Activities	2019/20 £000s
6,221	Repayment of inherited debt	6,520
1,500	Reduction of the outstanding liability relating to a finance lease and on-balance sheet PFI contracts	2,673
(611,384)	Cash receipts of short and long term borrowing	(226,037)
881,019	Repayments of short and long term borrowing	206,204
277,356	**Net Cash Inflow / (Outflow) from Financing Activities**	**(10,640)**

32d Cash Flow Statement – Reconciliation of Liabilities Arising from Financing Activities

Financing Activities	1 April 19	Financing cash flows	Non-cash changes		31 March 20
			Acquisition	Other non-cash changes	
	£000s	£000s	£000s	£000s	£000s
Long term borrowing	(1,388,297)	(50,292)	0	14,073	(1,424,516)
Short term borrowing	(180,037)	30,459	0	19,520	(130,058)
On balance sheet PFI liabilities	(50,331)	2,673	0	0	(47,658)
Repayment of former GMC Debt	(20,679)	6,520	0	0	(14,159)
Total liabilities from financing activities	**(1,639,344)**	**(10,640)**	**0**	**33,593**	**(1,616,391)**

Financing Activities	1 April 18	Financing cash flows	Non-cash changes		31 March 19
			Acquisition	Other non-cash changes	
	£000s	£000s	£000s	£000s	£000s
Long term borrowing	(1,316,205)	(72,092)	0	0	(1,388,297)
Short term borrowing	(522,072)	341,728	0	307	(180,037)
On balance sheet PFI liabilities	(51,831)	1,500	0	0	(50,331)
Repayment of inherited debt	(20,877)	6,221	0	(6,023)	(20,679)
Total liabilities from financing activities	**(1,910,985)**	**277,357**	**0**	**(5,716)**	**(1,639,344)**

33 Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

Employees of the Authority are divided between two separate defined benefit pension schemes:

The 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:

Employer Contribution Rates	2018/19	2019/20
Firefighters Pension Scheme		
1992 Scheme	37.3%	37.3%
2006 Scheme	27.4%	27.4%
2015 Scheme	28.8%	28.8%
Modified Scheme	21.7%	21.7%
Local Governement Pension Scheme	21.2%	21.2%

The Local Government Pension Scheme

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

The liabilities of the Greater Manchester Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit 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. **Interest on scheme assets** – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return. This is credited to Financing and Investment Line in the Comprehensive Income and Expenditure Statement.
6. **Actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.
7. **Contributions paid to the pension fund** – cash paid as employer's contributions to the fund.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Under IAS19 any obligation arising from other long-term employee benefits that depend on length of service need to be recognised when service is rendered, which for the Authority now includes Injury Awards.

The McCloud / Sargeant Judgement

2018/19 calculation approach

The Authority included a Past Service cost for the potential impact of the McCloud/Sargeant ruling in its 2018/19 disclosures.

The Actuary calculated this additional liability by assessing the costs for an average member over the four years to 31 March 2019 , then compared this to the liability that had been calculated for the 2018/19 accounts, rather than allowing for each member's actual career progression/salary increases etc.

The above calculation was carried out for the Fire scheme as a whole and assumed to apply proportionally to the Authority.

2019/20 calculation approach

Based on actuarial calculations the Authority has allowed for the additional accrual of “better of” benefits for affected members during the year April 2019 to March 2020. This additional liability has been included in the Current Service Cost.

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Comprehensive Income and Expenditure Statement

2018/19 LGPS £000s	2018/19 Fire £000s	2018/19 Total £000s		2019/20 LGPS £000s	2019/20 Fire £000s	2019/20 Total £000s
			Cost of Services:			
7,275	25,630	**32,905**	Current service cost	8,586	40,100	**48,686**
1,861	69,850	**32,905**	Past service cost (including curtailments)	0	6,500	**6,500**
9,136	**95,480**	**104,616**	**Total Service Cost**	**8,586**	**46,600**	**55,186**
			Financing and Investment Income & Expenditure:			
(4,308)	0	**(4,308)**	Interest income on plan assets	(4,286)	0	**(4,286)**
5,599	42,640	**48,239**	Interest cost on defined benefit obligation	5,680	44,380	**50,060**
1,291	**42,640**	**43,931**	**Total Net Interest**	**1,394**	**44,380**	**45,774**
10,427	**138,120**	**148,547**	**Total Post Employment Benefit Charged to the (Surplus)/Deficit on the Provision of Services**	**9,980**	**90,980**	**100,960**
			Remeasurements of the Net Defined Liability Comprising:			
(8,022)	0	**(8,022)**	Return on assets excluding amounts included in net interest	15,471	0	**15,471**
0	0	**0**	Actuarial gains/losses arising from changes in demographic assumptions	(7,579)	(56,760)	**(64,339)**
10,567	46,940	**57,507**	Actuarial gains/losses arising from changes in financial assumptions	(22,131)	(63,520)	**(85,651)**
0	(1,180)	**(1,180)**	Other	4,618	(14,820)	**(10,202)**
2,545	**45,760**	**48,305**	**Total Remeasurements Recognised in Other in the CIES**	**(9,621)**	**(135,100)**	**(144,721)**
12,972	**183,880**	**196,852**	**Total Post Employment Benefit Charged to the CIES**	**359**	**(44,120)**	**(43,761)**

Movement in Reserves Statement

2018/19 LGPS £000s	2018/19 Fire £000s	2018/19 Total £000s		2019/20 LGPS £000s	2019/20 Fire £000s	2019/20 Total £000s
(10,427)	(138,120)	**(148,547)**	Reversal of net charges made to the (surplus)/deficit on the provision of service	(9,980)	(90,980)	**(100,960)**
4,261	0	**4,261**	Employers' contributions payable to the scheme	4,657	0	**4,657**
0	53,620	**53,620**	Retirement benefits payable to pensioners	0	56,260	**56,260**
(6,166)	**(84,500)**	**(90,666)**	**Actual amount charged against the General Fund Balance for Pensions in the year**	**(5,323)**	**(34,720)**	**(40,043)**

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:

2018/19 LGPS £000s	2018/19 Fire £000s	2018/19 Total £000s		2019/20 LGPS £000s	2019/20 Fire £000s	2019/20 Total £000s
(234,104)	(1,816,080)	**(2,050,184)**	Present value of the defined benefit obligation	(218,826)	(1,715,700)	**(1,934,526)**
178,119	0	**178,119**	Fair value of employer assets	167,139	0	**167,139**
(55,985)	**(1,816,080)**	**(1,872,065)**	**Net Liability Arising from the Defined Benefit Obligation**	**(51,687)**	**(1,715,700)**	**(1,767,387)**

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

2018/19 LGPS £000s	2018/19 Fire £000s	2018/19 Total £000s		2019/20 LGPS £000s	2019/20 Fire £000s	2019/20 Total £000s
(162,780)	**(1,685,820)**	**(1,848,600)**	**Opening fair value of continuing scheme liabilities**	**(234,104)**	**(1,816,080)**	**(2,050,184)**
(50,577)	**0**	**(50,577)**	**Opening fair value of liabilities transferred in**	**0**	**0**	**0**
(7,275)	(25,630)	**(32,905)**	Current Service Cost	(8,586)	(40,100)	**(48,686)**
(1,861)	(69,850)	**(71,711)**	Past Service Costs	0	(6,500)	**(6,500)**
(5,599)	(42,640)	**(48,239)**	Interest Cost	(5,680)	(44,380)	**(50,060)**
(1,375)	0	**(1,375)**	Contributions from scheme participants	(1,562)	0	**(1,562)**
			Remeasurement gain			
0	0	**0**	Actuarial gains/losses arising from change in demographic assumptions	7,579	56,760	**64,339**
(10,567)	(46,940)	**(57,507)**	Actuarial gains/losses arising from change in financial assumptions	22,131	63,520	**85,651**
0	1,180	**1,180**	Other	(4,618)	14,820	**10,202**
5,930	53,620	**59,550**	Benefits Paid	6,014	56,260	**62,274**
(234,104)	**(1,816,080)**	**(2,050,184)**	**Closing fair value of scheme liabilities**	**(218,826)**	**(1,715,700)**	**(1,934,526)**

Reconciliation of movements in the fair value of the scheme assets

2018/19 LGPS £000s		2019/20 LGPS £000s
122,291	**Opening fair value of continuing scheme assets**	**178,119**
43,792	**Opening fair value of assets transferred in**	**0**
4,308	Interest Income	4,286
	Remeasurement gain	
8,022	Return on assets excluding amounts included in net interest	(15,471)
4,261	Contributions from employer	4,657
1,375	Contributions from employees into the scheme	1,562
(5,930)	Benefits Paid	(6,014)
178,119	**Closing fair value of scheme assets**	**167,139**

Local Government Pension Scheme assets comprised:

2018/19					2019/20			
Quoted prices in active markets £000s	Quoted prices not in active markets £000s	Total £000s	Percentage of Total Assets %		Quoted prices in active markets £000s	Quoted prices not in active markets £000s	Total £000s	Percentage of Total Assets %
				Equity Securities				
9,838.20		9,838.20	6%	Consumer	15,174	0	15,174	9%
10,293.30		10,293.30	6%	Manufacturing	12,838	0	12,838	8%
10,009.60		10,009.60	6%	Energy and Utilities	9,611	0	9,611	6%
14,096.40		14,096.40	8%	Financial Institutions	18,576	0	18,576	11%
5,259.70		5,259.70	3%	Health and Care	7,536	0	7,536	5%
3,180.00		3,180.00	2%	Information Technology	6,704	0	6,704	4%
1,951.60		1,951.60	1%	Other	3,487	0	3,487	2%
				Debt Securities				
6,662.40		6,662.40	4%	Corporate Bonds (investment grade)	6,321	0	6,321	4%
1,172.90		1,172.90	1%	UK Government	0	0	0	0%
4,517.70		4,517.70	3%	Other	5,391	0	5,391	3%
				Private Equity				
	8,341.80	8,341.80	5%	All	0	8,629	8,629	5%
				Real Estate				
	8,460.10	8,460.10	5%	UK Property	0	7,043	7,043	4%
				Investment Funds and Unit Trusts				
40,265.40		40,265.40	23%	Equities	16,771	0	16,771	10%
22,156.40		22,156.40	12%	Bonds	19,298	0	19,298	12%
	8,539.40	8,539.40	5%	Infrastructure	0	8,109	8,109	5%
3,471.00	15,363.80	18,834.80	11%	Other	4,191	14,810	19,002	11%
				Derivatives				
90.30		90.30	0%	Other	0	0	0	0%
				Cash and Cash Equivalents				
4,449.00		4,449.00	2%	All	2,651	0	2,651	2%
137,414	**40,705**	**178,119**	**100%**	**Totals**	**128,548**	**38,591**	**167,139**	**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		2019/20 LGPS	2019/20 Fire
		Longevity at 65 for current pensioners:*		
21.5 years	22.0 years	Male	20.5 years	21.3 years
24.1 years	22.0 years	Female	23.1 years	21.3 years
		Longevity at 65 for future pensioners:*		
23.7 years	23.9 years	Male	22.0 years	23.0 years
26.2 years	23.9 years	Female	25.0 years	23.0 years
		Rate of Inflation (Price Increases)		
3.3%	4.35%	Rate of increase in salaries (Salary Increases)	2.7%	4.0%
2.5%	2.35%	Rate of increase in pensions (Pension Increases)	1.9%	2.0%
2.4%	2.45%	Rate of discounting scheme liabilities (Discount Rate)	2.3%	2.3%

*Life Expectancy is based on the Fund's VitaCurves.

An allowance is included for future retirements to elect to take 55% of the maximum additional tax free cash up to the HMRC limits for pre-April 2008 service and 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 **Change in Assumption at 31 March 2020**	**Approximate % increase to Employer Liability**	**Approximate monetary amount** **£000s**
0.5% decrease in Real Discount Rate	10%	22,063
0.5% increase in the Salary Increase Rate	1%	2,126
0.5% increase in the Pension Increase Rate	9%	19,749

Fire Fighters Pension Scheme **Change in Assumption at 31 March 2020**	**Approximate % increase to Employer Liability**	**Approximate monetary amount** **£000s**
0.5% decrease in Real Discount Rate	(9.00)%	(156,000)
1 year increase in member life expectancy	1.50%	22,000
0.5% increase in the Salary Increase Rate	7.00%	120,000
0.5% increase in the Pension Increase Rate	3.00%	53,000

As at the date of the most recent valuation, the duration of the Employer's funded liabilities is 21 years.

The weighted average duration of the defined benefit obligation for the Firefighter scheme members is approximately 20 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 completed on 31 March 2019, the LGPS was assessed as being 102% funded. Funding levels are monitored on an annual basis.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework. A new career average revalued earnings schemes to pay pensions and other benefits has been established.

34 Contingent Liabilities

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 £0.639m. The 2017 Actuarial Review confirmed the suitability of that sum which will ensure that liabilities are met over the period.

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.

Police Pension Fund Account

2018/19 £000s	Police Pension Fund Account	2019/20 £000s
0	Opening balance at 1 April	**0**
	Contributions Receivable	
(47,700)	Contributions at 21.3% of pensionable pay from employer	(70,762)
(3,417)	Early retirements	(1,762)
0	Other (contributions from the Territorial Army)	(16)
(30,246)	Officers' contributions	(30,638)
	Transfers In	
(1,094)	Transfers in from other schemes	(1,132)
	Benefits Payable	
163,764	Pensions	171,990
41,567	Commutations and lump sum retirement benefits	38,777
	Payments to and on account of leavers	
442	Individual transfers out to other schemes	274
123	Refunds of contributions	237
204	Other (tax and interst)	316
123,643	**Net Amount Payable for the year**	**107,284**
(6,495)	Additional 2.9% funding payable by the Local Policing Body to meet the deficit for the year	0
(117,148)	Additional contribution from the Local Policing Body	(107,284)
0	**Closing balance at 31 March**	**0**

Net asset statement

2018/19 £000s	Net Asset Statement	2019/20 £000s
0	Unpaid pensions due	0
0	Amount owing to General Fund Balance	0
0	**Closing balance at 31 March**	**0**

Contribution rates

2018/19 %	Contribution Rates	2019/20 %
24.2%	Employer	31.0%
	Employee:	
14.25% to 15.05%	Old schemes	14.25% to 15.05%
11.00% to 12.75%	2006 scheme	11.00% to 12.75%
12.44% to 13.78%	2015 scheme	12.44% to 13.78%

Notes to the Police Pension Fund Account and Net Assets Statement

The Fund was established under the Police Pension Fund Regulations 2007 (SI 2007 no. 1932) and is administered and managed by the Chief Constable.

The Police Pension Scheme is an unfunded, defined benefit scheme. There are no investment assets. The fund is balanced to nil each year by a transfer from Greater Manchester Combined Authority, which is reclaimed from Central Government.

Employer and employee contributions are paid into the Fund based on a percentage of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department. (See the contribution rates table above). The latest triennial revaluation increased the employer's contribution to 31% of pensionable pay from 1 April 2019. During the period covered by the previous revaluation the actuarial employer's contribution was 21.3% but the effective rate was 24.2% as a previous actuarial reduction in rates was 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 31 March 2020 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 2020. 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.

2018/19 £000s	Firefighter Pension Fund Account	2019/20 £000s
0	Opening balance at 1 April	0
	Contributions Receivable	
(6,477)	From Employer	(12,698)
(5,406)	From Employee	(5,538)
(431)	Ill Health Retirements	(352)
	Transfers In	
(281)	Individual transfers in from other schemes	(999)
	Benefits Payable	
43,536	Pensions	45,197
8,037	Commutations and lump sum retirement benefits	8,609
	Payments to and on account of leavers	
110	Individual transfers out to other schemes	283
39,089	**Net Amount Payable for the year**	**34,501**
(39,089)	**Top-up grant receivable from the Government**	(34,501)
0	**Net amount payable/receivable for the year**	**0**

Net asset statement

2018/19 £000s	Net Assets Statement	2019/20 £000s
7,030	Pension Top-Up Grant receivable from the Home Office	5,008
0	Payments in Advance	0
0	Creditor	0
0	Debtor	0
(7,030)	Amount due from the Mayoral General Fund	(5,008)
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 2020. 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) 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 has been consolidated into GMCA's group accounts since 8 May 2017. The Mayor is responsible for the formal oversight of GMP, including provision of all funding, budget setting, performance scrutiny and strategic policy development, and for ensuring GMP is run efficiently and effectively. Operational decision-making on day-to-day policing including the employment of police staff remains the responsibility of the Chief Constable.

Under the legislative framework and local arrangements, GMCA, under sole instruction from the Mayor, is responsible for the finances of the Mayoral Police Fund including assets, liabilities and reserves. The GMCA has responsibility for entering into contracts and establishing the contractual framework under which the Chief 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 assets deployed for policing in 2019/20.

Police Fund Comprehensive Income and Expenditure Statement:

	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Policing Services	754,574	(107,510)	647,064
Net Cost of Services	**754,574**	**(107,510)**	**647,064**
(Gains) / losses on the disposal of non current assets	6,232	(306)	5,926
Home Office grant payable towards the cost of retirement benefits	107,284	(107,284)	0
Other operating expenditure	**113,516**	**(107,590)**	**5,926**
Interest payable	2,630	0	2,630
Interest element of PFI unitary payments	7,463	0	7,463
Pensions interest cost	229,260	0	229,260
Expected return on pensions assets	0	(20,691)	(20,691)
Interest income	0	(4)	(4)
Financing and investment income and expenditure	**239,353**	**(20,695)**	**218,658**
Precepts	0	(149,827)	(149,827)
Police grant	0	(443,072)	(443,072)
Capital grants and contributions	0	(3,151)	(3,151)
Taxation and non specific grant income	**0**	**(596,050)**	**(596,050)**
(Surplus) / deficit on provision of services	**1,107,443**	**(831,845)**	**275,598**
Items that will not be reclassified to the surplus/deficit on provision of services			
Revaluation gains and losses			(4,755)
Remeasurement of (gains)/losses on pension assets/liabilities			(866,570)
Other Comprehensive Income and Expenditure			**(871,325)**
Total comprehensive income and Expenditure			**(595,727)**

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 2020 £000s
Mayoral Police Fund			
Revenue Expenditure Reserve	(7,833)	(7,337)	(15,170)
Insurance Reserve	(14,169)	(1,712)	(15,881)
PCC Earmarked Reserves	(29,194)	1,501	(27,693)
Capital Expenditure	0	0	0
PFI Reserve	(11,826)	599	(11,227)
Mayoral Police Fund Balances	(13,061)	(2,314)	(15,375)
Total Mayoral Police Fund	**(76,083)**	**(9,263)**	**(85,346)**

Assets deployed in the provision of Policing Services:

	Land and Buildings £000s	Vehicles ,Plant, Furniture and Equipment £000s	Long Term Surplus Assets £000s	Assets under Construction £000s	Total Property Plant and Equipment £000s	PFI in PPE £000s
Cost or Valuation						
Asset values brought forward at 1 April 2019	256,098	155,873	2,111	61,856	475,938	77,583
Additions	724	8,739	0	22,355	31,818	0
Accumulated depreciation and impairment written off to cost or valuation	(2,856)	0	0	0	(2,856)	(2,655)
Revaluation increases/decreases recognised in the Revaluation Reserve	4,780	0	(25)	0	4,755	3,668
Revaluation increases/decreases recognised in the surplus or deficit on the provision of services	1,010	0	0	0	1,010	522
Derecognition - disposals	(1,005)	(19,018)	0	0	(20,023)	(4,575)
Derecognition - other	(1,499)	0	0	0	(1,499)	0
Assets reclassified to/from held for sale	0	0	250	0	250	0
Assets reclassified to/from assets under construction	775	10,238	0	(68,308)	(57,295)	0
Other movements in cost or valuation	(230)	0	230	0	0	0
Cost or Valuation at 31 March 2020	**257,797**	**155,832**	**2,566**	**15,903**	**432,098**	**74,543**
Accumulated Depreciation & Impairment						
Accumulated depreciation values brought forward at 1 April 2019	(9,373)	(121,365)	(12)	0	(130,750)	(8,191)
Accumulated depreciation and impairment written off to cost or valuation	2,855	0	0	0	2,855	2,655
Depreciation Charge	(6,283)	(10,924)	(16)	0	(17,223)	(1,895)
Derecognition - disposals	854	14,508	0	0	15,362	4,118
Other movements in depreciation and impairment	4	0	(4)	0	0	0
GF Closing value - depreciation	**(11,943)**	**(117,781)**	**(32)**	**0**	**(129,756)**	**(3,313)**
Net Book Value at 31 March 2019	**246,725**	**34,508**	**2,099**	**61,856**	**345,188**	**69,392**
Net Book Value at 31 March 2020	**245,854**	**38,051**	**2,534**	**15,903**	**302,342**	**71,230**

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 2019/20:

Mayoral General Fund Comprehensive Income and Expenditure Statement:

	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Fire and Rescue Services	103,015	(12,739)	90,276
Mayor's Office	26,486	(14,156)	12,330
Net Cost of Services	**129,501**	**(26,895)**	**102,606**
(Gains) / losses on the disposal of non current assets	10	0	10
Other operating expenditure	**10**	**0**	**10**
Interest payable	139	0	139
Interest element of PFI unitary payments	165	0	165
Pensions Interest cost	46,269	0	46,269
Expected return on pensions assets	0	(1,425)	(1,425)
Financing and investment income and expenditure	**46,573**	**(1,425)**	**45,148**
Precepts	0	(58,317)	(58,317)
Non Domestic Rates Income	0	(50,245)	(50,245)
Taxation and non specific grant income	**0**	**(108,561)**	**(108,561)**
(Surplus) / deficit on provision of services	**176,083**	**(136,881)**	**39,202**
Items that will not be reclassified to the surplus/deficit on provision of services			
Revaluation gains and losses			(4,698)
Remeasurement of (gains)/losses on pension assets/liabilities			(138,299)
Other Comprehensive Income and Expenditure			**(142,997)**
Total comprehensive income and Expenditure			**(103,795)**

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 £000s	Transfers in/out £000s	31 March 2020 £000s
Mayoral General Fund			
Capital Reserve	(8,951)	4,275	(4,676)
Earmarked Budgets Reserve	(1,958)	(502)	(2,460)
Revenue Grants Unapplied	(2,745)	(2,030)	(4,775)
Insurance Reserve	(2,849)	0	(2,849)
Business Rates Reserve	(2,123)	30	(2,093)
Restructuring Reserve	(418)	0	(418)
Innovation and Partnership CYP	(127)	0	(127)
Projects Reserve	0	0	0
Transformation Fund	(3,604)	0	(3,604)
Mayoral General Fund Balances	(12,775)	1,160	(11,615)
Total General Fund Reserves	**(35,550)**	**2,933**	**(32,617)**
Capital Grants Unapplied Reserve	0	0	0
Total Mayoral General Fund	**(35,550)**	**2,933**	**(32,617)**

Assets deployed in provision of Mayoral Fire and Rescue Services:

	Land and Buildings £000s	Vehicles ,Plant, Furniture and Equipment £000s	Total Property Plant and Equipment £000s	PFI in PPE £000s
Cost or Valuation				
Asset values brought forward at 1 April 2019	97,629	37,716	135,345	3,473
Additions	1,646	2,684	4,330	0
Accumulated depreciation and impairment written off to cost or valuation	0	0	0	0
Revaluation increases/decreases recognised in the Revaluation Reserve	3,305	0	3,305	392
Revaluation increases/decreases recognised in the surplus or deficit on the provision of services	172	0	172	24
Derecognition - disposals	0	(2,305)	(2,305)	0
Derecognition - other	0	0	0	0
Assets reclassified to/from held for sale	0	0	0	0
Assets reclassified to/from assets under construction	0	0	0	0
Other movements in cost or valuation	0	0	0	0
Cost or Valuation at 31 March 2020	**102,752**	**38,095**	**140,847**	**3,889**
Accumulated Depreciation & Impairment				
Accumulated depreciation values brought forward at 1 April 2019	(9,397)	(23,899)	(33,297)	(210)
Accumulated depreciation and impairment written off to cost or valuation	2,568	0	2,568	19
Depreciation Charge	(5,116)	(2,520)	(7,637)	(169)
Disposals depreciation	0	2,295	2,295	0
Accummulated depreciation and impairment written off to revaluation reserve	1,393	0	1,393	862
GF Closing value - depreciation	**(10,552)**	**(24,124)**	**(34,677)**	**502**
Net Book Value at 31 March 2019	**88,232**	**13,817**	**102,049**	**3,263**
Net Book Value at 31 March 2020	**92,200**	**13,971**	**106,171**	**4,391**

Greater Manchester Combined Authority

Group Accounts

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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.

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, £15m of which was drawn-down in March 2020. 2019/20 is the first year that FoFLP has been consolidated into the group accounts; the prior year has been restated to include FoFLP.

All intra-group trading, balances and unrealised gains and losses as at the end of the period are eliminated in full.

Bodies Not Consolidated:

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 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.

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 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.

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.

Restated Gross Expenditure 2018/19 £000s	Restated Gross Income 2018/19 £000s	Restated Net Expenditure 2018/19 £000s	Comprehensive Income and Expenditure Statement	Note	Gross Expenditure 2019/20 £000s	Gross Income 2019/20 £000s	Net Expenditure 2019/20 £000s
			Transport, Waste, Economic Development and Regeneration				
426,580	(142,681)	283,899	Highways and Transport Services		427,477	(138,118)	289,359
84,810	(36,070)	48,741	Economic Development and Regeneration Services		146,020	(148,088)	(2,068)
150,055	(12,427)	137,628	Waste Disposal		134,167	(2,595)	131,572
661,446	**(191,178)**	**470,268**	**Total**		**707,664**	**(288,801)**	**418,863**
			Mayoral General Fund Services				
157,217	(6,539)	150,678	Fire and Rescue Services		103,015	(12,739)	90,276
18,263	(14,429)	3,835	Other Functions		26,486	(14,156)	12,330
175,480	**(20,968)**	**154,513**	**Total**		**129,501**	**(26,895)**	**102,606**
			Mayoral Police Fund Services				
940,010	(94,271)	845,739	Policing Services		754,587	(107,510)	647,077
1,776,936	**(306,416)**	**1,470,520**	**Total Cost of Group Operations**		**1,591,752**	**(423,206)**	**1,168,546**
426	0	426	Loss on Disposal of Non Current Assets		5,767	0	5,767
442	0	442	Other Operating Income and Expenditure		81	0	81
334,992	(30,394)	304,598	Financing and Investment Income and Expenditure	40	348,855	(51,609)	297,246
0	(1,249,183)	(1,249,183)	Taxation and Non Specific Grant Income	41	0	(1,241,648)	(1,241,648)
117,148	(117,148)	0	Home Office grant payable towards the cost of retirement benefits		107,284	(107,284)	0
2,229,944	**(1,703,141)**	**526,803**	**(Surplus) / Deficit on Provision of Services**	38	**2,053,739**	**(1,823,747)**	**229,992**
			Items that will not be subsequently classified in deficit on provision of services				
		318,631	Re-measurement of the net defined benefit liability				(1,027,218)
		0	(Surplus) / Deficit on revaluation of available for sale non current assets				0
		(29,397)	(Surplus) / Deficit on revaluation of non current assets				(14,018)
		289,234	**Other Comprehensive (Income) & Expenditure**				**(1,041,236)**
		816,037	**Total Comprehensive (Income) and Expenditure**				**(811,244)**

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**	Authority Capital Grants Unapplied Reserve	Authority Capital Receipts Reserve	**Total Authority Usable Reserves**	**Restated Authority Share of Group Usable Reserves**	**Restated Total Usable Group Reserves**	**Authority Unusable Reserves**	**Authority Share of Group Unusable Reserves**	**Total Unusable Group Reserves**	**Restated Total Group Reserves**
	£000s	£000s	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Balance as at 31 March 2018	**(272,290)**	**(1,209)**	**(25,508)**	**(299,008)**	**(118,809)**	**(417,817)**	**2,664,163**	**5,905,965**	**8,570,127**	**8,152,310**
Transferred Services Balances as at 1 April 2018	**(149,610)**	0	0	**(149,610)**	**0**	**(149,610)**	**516,867**	**0**	**516,867**	**367,257**
Restated Balances brought forward at 1 April 2018	**(421,900)**	**(1,209)**	**(25,508)**	**(448,617)**	**(118,809)**	**(567,426)**	**3,181,030**	**5,905,965**	**9,086,994**	**8,519,567**
(Surplus) or Deficit on the provision of services	**80,170**	0	0	**80,170**	**446,633**	**526,803**	**0**	**0**	**0**	**526,803**
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	**(117,343)**	1,209	(15,661)	**(131,796)**	**(449,415)**	**(581,211)**	**131,796**	**449,415**	**581,211**	**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)**	**(1,471)**	**(53,097)**	**150,704**	**718,430**	**869,134**	**816,037**
Balance as at 31 March 2019	**(459,073)**	**0**	**(41,169)**	**(500,242)**	**(120,280)**	**(620,523)**	**3,331,732**	**6,624,395**	**9,956,126**	**9,335,603**
(Surplus) or Deficit on the provision of services	**18,523**	0	0	**18,523**	**211,469**	**229,992**	**0**	**0**	**0**	**229,992**
Total Comprehensive Income and Expenditure	**0**	0	0	**0**	**0**	**0**	**(158,739)**	**(882,497)**	**(1,041,236)**	**(1,041,236)**
Total Adjustments between accounting basis & funding basis under regulations	**(32,270)**	0	(41,555)	**(73,825)**	**(227,769)**	**(301,594)**	**73,825**	**227,769**	**301,594**	**0**
Transfers to or from Earmarked Reserves	**0**	0	0	**0**	**1,313**	**1,313**	**0**	**(1,313)**	**(1,313)**	**0**
(Increase) / Decrease in year	**(13,747)**	**0**	**(41,555)**	**(55,302)**	**(14,987)**	**(70,289)**	**(84,914)**	**(656,041)**	**(740,955)**	**(811,244)**
Balance as at 31 March 2020	**(472,820)**	**0**	**(82,724)**	**(555,545)**	**(135,267)**	**(690,814)**	**3,246,818**	**5,968,354**	**9,215,173**	**8,524,359**

Group Balance Sheet

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

Restated 2018/19 £000s	**Balance Sheet**	Note	**2019/20 £000s**
	Non Current Assets		
2,632,038	Property, Plant & Equipment	45	2,650,807
83	Heritage Assets		83
1,523	Investment Property		1,523
12,423	Intangible Assets	46	65,838
101,201	Long Term Debtors and Payments in Advance	47	142,060
3,054	Long Term Investments		6,744
2,750,321	**Total Non Current Assets**		**2,867,055**
	Current Assets		
2,557	Inventories and Stock		3,014
188,520	Short Term Debtors and Payments in Advance	47	333,867
192,456	Cash and Cash Equivalents	48a	70,507
10,426	Short Term Investments	48b	22,621
323	Assets Held For Sale		0
394,282	**Total Current Assets**		**430,009**
	Current Liabilities		
(175,483)	Short Term Borrowing	54	(120,612)
(273,028)	Short Term Creditors and Receipts in Advance	49	(277,989)
(30,341)	Capital Grants Receipts in Advance		(41,234)
(17,630)	Revenue Grants Receipts in Advance		(17,723)
(8,736)	Short Term Provisions	50	(9,975)
(2,673)	Short Term Lease Liability		(3,240)
(6,522)	Short Term Deferred Liability		(6,857)
(514,413)	**Total Current Liabilities**		**(477,630)**
	Long Term Liabilities		
(1,454,242)	Long Term Borrowing	54	(1,490,433)
(15,193)	Long Term Provisions	50	(10,407)
(47,658)	Long Term Lease Liability		(44,418)
(14,169)	Long Term Deferred Liability		(7,302)
(10,434,531)	Pensions Liability	57	(9,726,210)
(11,965,793)	**Total Long Term Liabilities**		**(11,343,794)**
(9,335,603)	**Net Assets**		**(8,524,359)**
	Financed By:		
(620,523)	Usable Reserves	37	(690,814)
9,956,126	Unusable Reserves	51	9,215,173
9,335,603	**Total Reserves**		**8,524,359**

Group Cash Flow Statement

The cash flow statement shows the changes in cash and cash equivalents of the Authority Group during the reporting period. The statement shows how the Group generates and uses cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from the operating activities is a key indicator of the extent to which the operations of the Group are funded by way of precepts, levies, contributions and grant income. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

Restated 2018/19 £000s	Group Cash Flow	Note	2019/20 £000s
526,803	**Net (Surplus) on the provision of services**		**229,992**
(775,080)	Adjustments to net surplus or deficit on the provision of services for non cash movements	56a	(259,808)
129,290	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	56a	139,290
(118,987)	**Net Cash Flows from Operating Activities**		**109,474**
(289,254)	Investing Activities	56b	18,189
267,037	Financing Activities	56c	(5,714)
(141,204)	**(Increase) / decrease in cash and cash equivalents**		**121,949**
44,368	Cash and cash equivalents on 1 April for continuing operations		192,456
6,884	Cash and cash equivalents on 1 April for Waste Disposal transferred operations		0
51,252	**Cash and cash equivalents brought forward for all operations**		**192,456**
192,456	**Cash and cash equivalents at the end of the reporting period**	48	**70,507**

Greater Manchester Combined Authority

Group Accounts

Notes to the Group Core Financial Statements

Notes to the Group Financial Statements

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 accounting policies are consistent with those applied to the GMCA Single Entity Statements with the following additions in relation to 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.

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.

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.

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 2020 amounted to £2.7m (2018/19: £1.9m).

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.

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.

Agency Services

Transactions are excluded from the Group's financial statements for all agency relationships. As stipulated by the Code the Group is acting as an agent in situations when the Group do not have exposure to the significant risks and rewards in providing the goods or services. The Group review all services provided to determine who has exposure to the significant risks and rewards and when this is not deemed to be the Group the transactions have been excluded from the financial statements.

35a 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.

2018/19				2019/20		
Restated Net expenditure chargeable to the General Fund Balance	Adjustments between Funding and Accounting Basis	Restated Net expenditure in the Comprehensive Income and Expenditure		Net expenditure chargeable to the General Fund Balance	Adjustments between Funding and Accounting Basis	Net expenditure in the Comprehensive Income and Expenditure Statement
£000s	£000s	£000s		£000s	£000s	£000s
			Continuing Services			
147,996	135,903	283,899	Highways and Transport Services	175,190	114,169	289,359
43,361	5,380	48,741	Economic Development and Regeneration	23,779	(25,847)	(2,068)
161,280	(23,652)	137,628	Waste Disposal Services	156,781	(25,209)	131,572
108,446	46,067	154,513	Mayoral General Fund Services	111,180	(8,574)	102,606
551,610	294,129	845,739	Mayoral Police Fund Services	576,225	70,852	647,077
0	0	0	Waste Disposal Services	0		
1,012,693	**457,827**	**1,470,520**	**Cost of Services**	**1,043,155**	**125,391**	**1,168,546**
(1,052,844)	109,128	(943,717)	Other Income and Expenditure	(1,073,233)	134,679	(938,554)
(40,151)	**566,955**	**526,803**	**(Surplus) / Deficit**	**(30,078)**	**260,070**	**229,992**
375,368			**Opening General Fund Balance and Earmarked Reserves Continuing Services**	**566,949**		
149,610			Opening Waste Disposal Balance and earmarked Reserves transferred from Waste Disposal Authority	0		
524,978			**Restated Opening General Fund Balance GMCA Services**	**566,949**		
40,151			Surplus / (Deficit) on General Fund Balance in year	30,078		
1,927			Transfers between reserves	0		
566,949			**Closing General Fund Balance at 31 March**	**597,027**		

35b Note to the Group Expenditure and Funding Analysis

2018/19					2019/20			
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
				Continuing Services				
127,501	8,402	0	135,903	Highways and Transport Services	106,122	8,047	0	114,169
4,691	689	0	5,380	Economic Development and Regeneration	(28,109)	2,262	0	(25,847)
(23,735)	83	0	(23,652)	Waste Disposal Services	(25,407)	198	0	(25,209)
152	45,915	0	46,067	Mayoral General Fund Services	(221)	(8,354)	0	(8,574)
(9,262)	303,279	112	294,129	Mayoral Police Fund Services	8,246	60,546	2,060	70,852
99,347	**358,368**	**112**	**457,827**	**Net Cost of Services**	**60,632**	**62,699**	**2,060**	**125,391**
(132,373)	242,338	(837)	109,128	**Other Income and Expenditure**	(127,752)	256,198	6,232	134,679
(33,026)	**600,706**	**(725)**	**566,955**	**Difference between General Fund Surplus and CIES Deficit on the Provision of Services**	**(67,119)**	**318,897**	**8,292**	**260,070**

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.

36 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.

2018/19					2019/20			
Restated General Fund Balance £000s	**Capital Receipts Reserve £000s**	**Capital Grants Unapplied £000s**	**Movement in Unusable Reserves £000s**		**General Fund Balance £000s**	**Capital Receipts Reserve £000s**	**Capital Grants Unapplied £000s**	**Movement in Unusable Reserves £000s**
				Adjustments to the Revenue Resources				
				Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
(600,704)	0	0	600,704	Pension cost (transferred to (or from) the Pensions Reserve)	(318,897)	0	0	318,897
40	0	0	(40)	Financial Instruments (transferred to the Financial Instruments Adjustments Account)	3	0	0	(3)
10	0	0	(10)	Council tax and NDR (transfers to or from the Collection Fund)	(3,722)	0	0	3,722
37	0	0	(37)	Holiday pay (transferred to the Accumulated Absences reserve)	(2,060)	0	0	2,060
(70,867)	0	0	70,867	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)	(80,010)	0	0	80,010
(671,484)	**0**	**0**	**671,484**	**Total Adjustments to Revenue Resources**	**(404,686)**	**0**	**0**	**404,686**
				Adjustments between Revenue and Capital Resources				
0	(19,781)	0	19,781	Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	384	(54,278)	0	53,894
(2,463)	0	0	2,463	Movement in Capital Bad Debt Provision	5,708	0	0	(5,708)
76,287	0	0	(76,287)	Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	80,357	0	0	(80,357)
30,706	0	0	(30,706)	Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	58,197	0	0	(58,197)
104,530	**(19,781)**	**0**	**(84,749)**	**Total Adjustments between Revenue and Capital Resources**	**144,647**	**(54,278)**	**0**	**(90,370)**
				Adjustments to Capital Resources				
0	4,120	0	(4,120)	Use of the Capital Receipts Reserve to finance capital expenditure	0	12,723	0	(12,723)
0	0	1,405	(1,405)	Application of capital grants to finance capital expenditure	(31)	0	31	0
0	**4,120**	**1,405**	**(5,525)**	**Total Adjustments to Capital Resources**	**(31)**	**12,723**	**31**	**(12,723)**
0	0	0	0	**Other adjustments**	0	0	0	0
(566,955)	**(15,661)**	**1,405**	**581,211**	**Total Adjustments**	**(260,070)**	**(41,555)**	**31**	**301,594**

37a 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.

Reserves and Balances	Restated 1 April 2018 £000s	Restated Transfers (in)/out £000s	Restated 31 March 2019 £000s	Transfers (in)/out £000s	31 March 2020 £000s
Transport, Economic Development and Regeneration & Waste					
Earn-back Revenue	(8,227)	(1,953)	(10,180)	140	(10,040)
Life Chances	(4,789)	(211)	(5,000)	285	(4,715)
Clean Air Plan	(1,003)	(3,224)	(4,227)	(10,034)	(14,261)
Reform and Investment Fund	(3,182)	396	(2,786)	900	(1,886)
Youth Contract	(2,438)	27	(2,411)	166	(2,245)
City Deal	(2,183)	297	(1,886)	326	(1,560)
GM Trailblazer	(1,734)	0	(1,734)	1,734	0
Growing Places Fund	(1,554)	0	(1,554)	0	(1,554)
Housing First	0	(1,105)	(1,105)	680	(425)
One Public Estate	(1,033)	379	(655)	123	(532)
Creative Scale Up Project	0	(650)	(650)	(650)	(1,300)
Manchester Western Loop	(775)	176	(599)	44	(555)
LEP Strategic Plans Funding (LEP)	(474)	(108)	(581)	19	(562)
Working Well-Care and Support	0	0	0	(577)	(577)
Planning & Delivery Fund	0	(544)	(544)	0	(544)
Business Rates Top Up	(34,305)	(20,085)	(54,390)	17,261	(37,129)
RGF/GPF Interest and Arrangement Fees	(7,441)	(1,475)	(8,916)	(1,205)	(10,121)
GM Connect	(1,850)	727	(1,123)	243	(880)
Churchgate House Accommodation	0	(700)	(700)	0	(700)
Adult Education Budget Devolution	0	0	0	(3,024)	(3,024)
Integrated Ticketing Reserve	(12,500)	0	(12,500)	0	(12,500)
Capital Programme Reserve	(14,224)	(85,772)	(99,996)	8,252	(91,744)
Business Rates Growth Pilot & Levy	(46,073)	(6,105)	(52,178)	(35,800)	(87,978)
HIF Interest and Arrangement Fees	0	0	0	(7,921)	(7,921)
Other Transport and ED&R Reserves	(3,900)	1,213	(2,687)	367	(2,320)
Transport and ED&R General Fund Balances	(7,211)	(634)	(7,845)	2,515	(5,330)
Waste Engagement Activities Reserve	(466)	364	(102)	(256)	(358)
Waste Disposal Insurance Reserve	(8,604)	(4,090)	(12,694)	0	(12,694)
Waste Interest Rate Reserve	(2,000)	0	(2,000)	0	(2,000)
Waste pesnion Deficit Funding Reserve	(812)	0	(812)	0	(812)
Waste MTFP Funding Reserve	(116,184)	79,824	(36,360)	18,810	(17,550)
Waste Optimisation and Efficiency	(5,000)	0	(5,000)	0	(5,000)
Waste Composition Analysis	(500)	314	(186)	186	0
Waste Lifecycle Reserve	(3,911)	0	(3,911)	0	(3,911)
Waste General Fund Balance	(12,132)	0	(12,132)	(0)	(12,132)
Revenue Grants Unapplied Reserve - TfGM	(314)	0	(314)	0	(314)
Property Reserve - TfGM	(12,556)	399	(12,157)	573	(11,584)
Metrolink Reserve - TfGM	(2,093)	0	(2,093)	0	(2,093)
Joint Road Safety Group Reserve - TfGM	(4,730)	937	(3,793)	(500)	(4,293)
Concessionary Fares Reserve - TfGM	(8,003)	(1,280)	(9,283)	1,294	(7,989)
TFGM Balances	(10,729)	(260)	(10,989)	665	(10,324)
NW Evergreen Holding Fund	(64,653)	(1,361)	(66,014)	(1,968)	(67,982)
Greater Manchester Fund of Funds	(14,965)	(107)	(15,072)	(15,080)	(30,152)
Total General Fund Reserves	**(422,548)**	**(44,608)**	**(467,156)**	**(22,432)**	**(489,589)**
Usable Capital Receipts Reserve	(25,508)	(15,661)	(41,169)	(41,555)	(82,724)
Capital Grants Unapplied Reserve	(1,106)	537	(569)	31	(538)
Total Transport, ED&R and Waste	**(449,162)**	**(59,732)**	**(508,894)**	**(63,957)**	**(572,851)**

37a Transfers (to)/from Reserves (Continued)

Reserves and Balances	Restated 1 April 2018 £000s	Restated Transfers (in)/out £000s	Restated 31 March 2019 £000s	Transfers (in)/out £000s	31 March 2020 £000s
Mayoral General Fund					
Capital Reserve	**(10,559)**	1,608	**(8,951)**	4,275	**(4,676)**
Earmarked Budgets Reserve	**(4,500)**	2,542	**(1,958)**	(502)	**(2,460)**
Revenue Grants Unapplied	**(5,350)**	2,605	**(2,745)**	(2,030)	**(4,775)**
Insurance Reserve	**(2,849)**	0	**(2,849)**	0	**(2,849)**
Business Rates Reserve	**(2,123)**	0	**(2,123)**	30	**(2,093)**
Restructuring Reserve	**(418)**	0	**(418)**	0	**(418)**
Innovation and Partnership CYP	**(127)**	0	**(127)**	0	**(127)**
Projects Reserve	**(244)**	244	**0**	0	**0**
Transformation Fund	**(500)**	(3,104)	**(3,604)**	0	**(3,604)**
Mayoral General Fund Balances	**(15,174)**	2,399	**(12,775)**	1,160	**(11,615)**
Total General Fund Reserves	**(41,844)**	**6,294**	**(35,550)**	**2,933**	**(32,617)**
Capital Grants Unapplied Reserve	**(868)**	868	**0**	0	**0**
Total Mayoral General Fund	**(42,712)**	**7,162**	**(35,550)**	**2,933**	**(32,617)**
Mayoral Police Fund					
Revenue Expenditure Reserve	**(7,262)**	(571)	**(7,833)**	(7,337)	**(15,170)**
Insurance Reserve	**(15,173)**	1,004	**(14,169)**	(1,712)	**(15,881)**
PCC Earmarked Reserves	**(24,715)**	(4,479)	**(29,194)**	1,501	**(27,693)**
Capital Expenditure	**(2,219)**	2,219	**0**	0	**0**
PFI Reserve	**(12,302)**	476	**(11,826)**	599	**(11,227)**
Mayoral Police Fund Balances	**(13,880)**	819	**(13,061)**	(2,314)	**(15,375)**
Total Mayoral Police Fund	**(75,551)**	**(532)**	**(76,082)**	**(9,263)**	**(85,346)**
Combined					
General Fund Balances	**(539,943)**	**(38,738)**	**(578,789)**	**(28,763)**	**(607,552)**
Usable Capital Receipts Reserve	**(25,508)**	**(15,661)**	**(41,169)**	**(41,555)**	**(82,724)**
Capital Grants Unapplied Reserve	**(1,974)**	**1,405**	**(569)**	**31**	**(538)**
Total Usable Reserves	**(567,426)**	**(52,991)**	**(620,523)**	**(70,287)**	**(690,814)**

37b 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

- Includes grant monies novated to NW Evergreen for investment in city areas.

Fund of Funds Reserve

- Includes funding from European Regional Development Fund held for investment in low carbon and energy efficiency initiatives.

38 Group Nature of Income and Expenditure

The nature of the Group's income and expenditure is outlined in the table below:

Restated 2018/19 £000s	Nature of Expenditure and Income	2019/20 £000s
	Expenditure	
1,013,743	Employee Costs	764,732
219,592	Pension Interest Costs	230,937
117,148	Cost of Police Officer retirement benefits	107,284
168,827	Grants Expenditure	254,697
219,334	Other Service Expenditure	232,264
133,409	Capital Charges including Depreciation and Impairment	126,730
115,085	Financing and Investment Expenditure	117,918
241,938	Revenue Expenditure Funded from Capital Under Statute	213,329
868	Loss on Disposal of Non-current Assets	5,848
2,229,944	**Total Expenditure**	**2,053,739**
	Income	
(29,973)	Financing and Investment Income	(51,609)
(166,181)	Fees, charges and other service income	(190,148)
(117,148)	Home Office grant payable towards the cost of retirement benefits	(107,284)
(251,348)	Income from Council Tax and NNDR	(297,032)
0	Gain on Disposal of Non-current assets	0
(370,467)	Levy Income	(329,926)
(768,024)	Government Grants and Contributions	(847,748)
(1,703,141)	**Total Income**	**(1,823,748)**
526,803	**Deficit / (Surplus) on the Provision of Services**	**229,992**

39 Group Income Including Grants and Contributions

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

2018/19 £000s	Income including Grants and Contributions Credited to the Cost of Services	2019/20 £000s
	Highways and Transport Services	
(6,450)	GM Clean Air Plan (Feasibility Study) - DEFRA	(21,097)
(640)	Cycling & Walking to Work Award - DfT	0
(182)	Transport for the North - DfT	0
(364)	NWQ Multi Modal Study - DfT	(33)
(241)	District & External Contributions to Traffic Signals Repairs / S278	(320)
0	Light Rail Funding	(2,000)
(31,195)	Revenue Expenditure Funded by Capital under Statute - DfT	0
(9,663)	Supported Bus Services	(9,268)
(72,850)	Metrolink	(73,253)
(7,275)	Management of Traffic Signals	(7,255)
(5,943)	Road Safety Activities	(7,077)
(7,878)	Other Operating Income	(17,816)
(142,681)		**(138,118)**
	Economic Development and Regeneration Services	
(176)	Regional Growth Fund / Growing Places Fund Arrangement fees	(454)
(1,671)	Business Support Grants & Contributions	(6,477)
(25)	Elena Grant - EIB	(6)
(6,999)	Works & Skills Grants & Contributions	(3,012)
(316)	Adult Education Budget	(58,130)
(1,082)	Environment & Low Carbon Grants & Contributions	(1,217)
(251)	One Public Estate - Cabinet Office	0
102	GM Technical Assistance - ERDF/ESF	(8,520)
(6,145)	Homelessness Grants - CLG	(4,210)
(7,764)	Troubled Families - CLG	(7,843)
(134)	100 Resilient Cities	(28)
(60)	Ageing Better	0
(950)	Planning Delivery Fund - CLG	(16)
(93)	Digital Funding - DCLG	(94)
(673)	Innovation & Reform Grant - DfE	(5,211)
0	Self Employment Pilot Programme	(626)
0	Future Workforce Fund	(1,222)
0	Rough Sleeping Initiative	(507)
0	Creative Industry Scale Up	(650)
0	Warm Homes Fund	(1,107)
(792)	Other Grants	(6,050)
(4,291)	District Contributions to ED&R Functions	(9,271)
0	Contributions to ED&R Programmes - Manchester City Council	0
(3,835)	External Contributions and Income Towards ED&R	(9,289)
(916)	Revenue Expenditure Funded by Capital under Statute - DCLG / HCA	(24,148)
(36,070)		**(148,088)**
	Waste and Resources	
(12)	Erasmus Grant - EU	(6)
(10,019)	PFI Credit	0
(2,396)	Contributions & Income	(2,589)
(12,427)		**(2,595)**
	Mayoral General Fund Services	
(14,429)	Mayor's Office	(14,156)
(1,456)	Business Rates Top-Up Grant	(7,778)
(2,941)	Fire Service Specific Grants	(2,505)
(2,142)	Fees, charges and other service income	(2,456)
(20,968)		**(26,895)**
	Mayoral Police Fund Services	
(26,023)	Police other Contributions	(43,129)
(34,433)	CTU grant	(36,404)
(14,688)	Other revenue grants	(8,436)
(7,266)	Airport policing	(8,157)
(6,546)	Collaborations	(6,069)
(5,315)	PFI grant	(5,315)
(94,271)		**(107,510)**
(306,416)	**Total Income including Grants and Contributions Credited to the Cost of Services**	**(423,206)**

40 Financing and Investment Expenditure and Income

Restated 2018/19 £000s	Financing and Investment Expenditure	2019/20 £000s
28,434	PWLB	31,694
21,853	European Investment Bank	17,510
9,385	Other	9,867
1,408	Former Greater Manchester Council Debt	1,159
6,081	Interest Element of PFI Unitary Charge	7,628
267,831	Interest on Plan Liabilities	280,997
334,992	**Total Financing and Investment Expenditure**	**348,855**

Restated 2018/19 £000s	Financing and Investment Income	2019/20 £000s
(525)	Interest receivable on investments and deposits	(1,519)
(2,563)	Interest receivable on loans	(7,925)
(25,491)	Interest on Plan Assets	(24,799)
(1,815)	Other income	(17,366)
(30,394)	**Total Financing and Investment Income**	**(51,609)**

41 Group Taxation and Non Specific Grant Income

2018/19 £000s	Taxation and Non Specific Grant Income	2019/20 £000s
	Income from Levies	
(280,453)	Transport Levy from the Greater Manchester Districts	(187,473)
(90,014)	Waste levy from the Greater Manchester Districts	(142,453)
	Income from Council Tax and Business Rates	
(130,496)	Council Tax Police Precept Income	(149,827)
(50,815)	Council Tax Fire Precept Income	(58,317)
(70,037)	Non Domestic Rates Income	(88,889)
	Income from Revenue Grants	
(43,377)	Business Rates Top up Grant	(43,377)
(19,938)	Revenue Support Grant	0
(428,019)	Police Grant	(443,851)
(500)	Growth Deal Grant (LEP)	(500)
(12,000)	Earnback Grant	(15,000)
(4,687)	Transport Grants	0
	Income from Capital Grants	
(2,369)	Capital Contributions Receivable for Traffic Signal Schemes	(1,845)
(116,478)	Capital Grants and Contributions	(110,117)
(1,249,183)	**Total Taxation and Non Specific Grant Income**	**(1,241,649)**

42 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.

2018/19 £000s	External Audit Fees	2019/20 £000s
35	Fees payable to Mazars with regard to external audit services carried out by the appointed auditor for the previous year	20
0	Surplus Fee refund received from Public Sector Audit Appointments (PSAA) with regard to external audit services undertaken in prior years under transitional arrangements by the Secretary of State	(9)
150	Fees payable to Mazars with regard to external audit services carried out by the appointed auditor for the year	146
3	Fees payable to Mazars for the certification of grant claims and returns for the year	0
153	**Total External Audit Fees**	**157**

43 Group Officer Remuneration

Officers Remuneration above £50,000

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

Staff who have not received severance 2018/19	Staff who have received severance 2018/19	Total 2018/19	Salary Range			Staff who have not received severance 2019/20	Staff who have received severance 2019/20	Total 2019/20
610	0	610	£50,000	to	£54,999	706	0	706
392	0	392	£55,000	to	£59,999	504	0	504
103	0	103	£60,000	to	£64,999	148	0	148
48	0	48	£65,000	to	£69,999	88	0	88
23	0	23	£70,000	to	£74,999	39	0	39
33	2	35	£75,000	to	£79,999	26	0	26
26	0	26	£80,000	to	£84,999	36	0	36
19	0	19	£85,000	to	£89,999	25	0	25
12	0	12	£90,000	to	£94,999	11	0	11
3	0	3	£95,000	to	£99,999	1	0	1
4	0	4	£100,000	to	£104,999	3	0	3
4	0	4	£105,000	to	£109,999	3	0	3
4	0	4	£110,000	to	£114,999	6	0	6
2	0	2	£115,000	to	£119,999	1	0	1
4	0	4	£120,000	to	£124,999	2	0	2
0	0	0	£125,000	to	£129,999	6	0	6
1	0	1	£130,000	to	£134,999	1	0	1
0	0	0	£135,000	to	£139,999	0	0	0
1	0	1	£140,000	to	£144,999	0	0	0
0	0	0	£145,000	to	£149,999	0	0	0
1	0	1	£150,000	to	£154,999	1	0	1
0	0	0	£155,000	to	£159,999	0	0	0
1	0	1	£160,000	to	£164,999	0	0	0
0	0	0	£165,000	to	£169,999	1	0	1
0	0	0	£170,000	to	£174,999	0	0	0
2	0	2	£175,000	to	£179,999	1	0	1
1	0	1	£180,000	to	£184,999	1	0	1
0	0	0	£185,000	to	£189,999	0	0	0
0	0	0	£190,000	to	£194,999	0	0	0
0	0	0	£195,000	to	£199,999	0	0	0
1	0	1	£200,000	to	£204,999	0	0	0
0	0	0	£205,000	to	£209,999	1	0	1
0	0	0	£210,000	to	£214,999	0	0	0
0	0	0	£215,000	to	£219,999	0	0	0
0	0	0	£220,000	to	£224,999	0	0	0
0	0	0	£225,000	to	£229,999	0	0	0
1	0	1	£230,000	to	£234,999	1	0	1
1,296	**2**	**1,298**				**1,612**	**0**	**1,612**

In 2018/19 the Fire and Rescue Service used overtime to support establishment numbers, whilst recruitment activity was underway. This 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 was 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	2018/19 Salary (including fees and allowances) £000s	2018/19 Expenses and Other Allowances £000s	2018/19 Employer's Pensions Contribution £000s	2018/19 Total Remuneration £000s	2019/20 Salary (including fees and allowances) £000s	2019/20 Expenses and Other Allowances £000s	2019/20 Employer's Pensions Contribution £000s	2019/20 Total Remuneration £000s
	Mayor of Greater Manchester (Andy Burnham)	110	0	0	**110**	110	1	0	**111**
	Deputy Mayor for Police and Crime (Baroness Beverley Hughes)	77	0	0	**77**	78	0	0	**78**
	Director - Mayor's Office	77	0	16	**93**	78	0	17	**95**
A	Chief Executive (Eamonn Boylan)	196	0	0	**196**	219	0	0	**219**
B	Interim Chief Fire Officer (Dawn Docx)	64	0	14	**78**	0	0	0	**0**
C	Chief Fire Officer (James Wallace)	90	1	16	**107**	166	1	0	**167**
D	Treasurer (Richard Paver)	161	1	0	**162**	123	1	0	**124**
E	Treasurer	0	0	0	**0**	45	0	0	**45**
F	Chief Investment Officer (William Enevoldson)	77	0	0	**77**	73	1	0	**74**
	Deputy Chief Executive	134	0	28	**162**	137	0	29	**166**
G	Solicitor and Monitoring Officer	107	0	23	**130**	110	0	23	**133**
	Executive Director - Waste and Resources	102	0	22	**124**	104	0	22	**126**
	Transport for Greater Manchester								
H	Chief Executive (Jon Lamonte)	232	0	0	**232**	0	0	0	**0**
	Chief Operating Officer (Bob Morris)	177	0	33	**210**	181	34	0	**215**
	Finance and Corporate Services Director (Steve Warrener)	175	0	33	**208**	179	34	0	**213**
	Greater Manchester Police								
	Chief Constable (Ian Hopkins)	203	1	35	**239**	208	1	0	**209**
	Deputy Chief Constable (Ian Pilling)	150	0	36	**186**	154	0	29	**183**
I	Assistant Chief Constable	86	5	15	**106**	0	0	0	**0**
J	Assistant Chief Constable	77	0	18	**95**	0	0	0	**0**
K	Assistant Chief Constable	86	6	21	**113**	0	0	0	**0**
	Assistant Chief Constable	115	5	27	**147**	118	8	36	**162**
	Assistant Chief Constable	106	0	25	**131**	115	0	35	**150**
L	Assistant Chief Constable	93	5	21	**119**	0	0	0	**0**
M	Assistant Chief Constable	98	8	23	**129**	22	3	7	**32**
N	Assistant Chief Constable	90	3	22	**115**	0	0	0	**0**
O	Assistant Chief Constable	50	1	12	**63**	105	1	33	**139**
	Assistant Chief Constable	100	9	21	**130**	111	1	33	**145**
P	Assistant Chief Constable	0	0	0	**0**	89	0	1	**90**
Q	Chief Superintendents	1,296	30	263	**1,589**	1,424	34	366	**1,824**
	Assistant Chief Officer Resources	113	14	21	**148**	115	7	22	**144**
	Head of Information Services	86	2	16	**104**	87	2	16	**105**
	Head of Legal Advisory	64	2	12	**78**	65	1	12	**78**
	Head of Legal Services	86	2	16	**104**	87	2	16	**105**
	Head of Business Support Services	82	2	15	**99**	83	1	15	**99**
	Head of External Relations & Performance	92	0	17	**109**	94	0	17	**111**
	Head of Finance	74	1	14	**89**	76	1	14	**91**
	Interim Head of Finance and Strategic Resourcing	74	0	14	**88**	77	0	14	**91**
R	Head of Corporate Communications	74	0	14	**88**	74	0	14	**88**
	Interim Head of Human Resources	68	0	12	**80**	69	0	13	**82**
S	Interim Head of Corporate Communications	0	0	0	**0**	39	8	16	**63**

A The GMCA received a contribution of £109,251 (2018: £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.
B Interim Post Holder from 23 January 2018 until 31 August 2018
C Post Holder commenced 1 September 2018
D Post Holder left 31 December 2019
E Post Holder commenced 2 December 2019
F Post in 2018/19 is 0.5 FTE, Annual salary for 1.0 FTE would be £154,530. From 1 November 2019, the Post is 0.41 FTE, Annual salary for 1.0 FTE would be £157,621
G Post in 2018/19 is 0.8 FTE, Annual salary for 1.0 FTE would be £134,357
H Post holder left 25 November 2018. Post now performed by Chief Executive of the Authority
I Assistant Chief Constable retired October 2018
J Assistant Chief Constable left November 2018
K Assistant Chief Constable left December 2018
L Assistant Chief Constable to July 2018 (Chief Superintendent from August 2018)
M Assistant Chief Constable from July 2018 until leaving in June 2019 (Chief Superintendent until June 2018)
N Chief Superintendent until December 2018. Assistant Chief Constable from January 2019. Chief Superintendent from April 2019.
O Assistant Chief Constable appointed in October 2018
P Assistant Chief Constable appointed in July 2019
Q Chief Superintendent Posts have not been individually included due to numbers. Total costs are included in the table with salaries ranging in 2018/19 from £29,000 to £92,000 for 16 posts and in 2019/20 from £29,000 to £95,000 for 19 posts
R Head of Corporate Communications left in March 2020
S Interim Head of Corporate Communications seconded from Metropolitan Police in August 2019

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	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19 £000s	2019/20 £000s
£0 - £20,000	4	3	5	25	9	28	94	303
£20,001 - £40,000	2	1	3	11	5	12	133	324
£40,001 -£60,000	3	2	4	5	7	7	336	346
£60,001 - £80,000	1	1	1	2	2	3	127	214
£80,001 - £100,000	0	0	0	5	0	5	0	446
£100,001 - £150,000	0	0	0	3	0	3	0	370
£150,001 - £200,000	1	0	0	0	1	0	194	0
Total	**11**	**7**	**13**	**51**	**24**	**58**	**884**	**2,003**

44 Group Capital and Lease Commitments

2018/19 £000s	Capital Commitments	2019/20 £000s
1,244	Traffic Signals	1,409
2,999	Fire Programme related	1,633
8,132	Police Programme related	29,686
151,586	Transport for Greater Manchester Programme related	46,862
163,961	**Total Capital Commitments**	**79,589**

The key commitments for 2019/20 are in relation to the Transport for Greater Manchester Programme and the following projects:

- Metrolink Trafford Extension £5.6m (2018/19 £82.9m) - the majority of this commitment relates to the Park and Ride works on the newly opened Trafford Park line and delivery partner fees. Construction of the Metrolink Trafford Extension Park and Ride works started January 2020 and are due to complete during the 20/21 financial year.

- Metrolink Capacity Improvement Programme (MCIP) £33.254m (2018/19 £49.6m) - this project is for the purchase of 27 additional trams and associated infrastructure.

2018/19 £000s	Lease Commitments	2019/20 £000s
	PFI Arrangements	
2,673	Payments due within 1 year	3,241
14,660	Later than 1 year and not later than 5 years	15,773
32,998	Later than 5 years	28,644
50,331		**47,658**
	Operating Lease Arrangements	
	Land and Buildings	
875	Payments due within 1 year	576
3,163	Later than 1 year and not later than 5 years	931
14,086	Later than 5 years	6,929
18,124		**8,436**
68,455	**Total Capital Commitments**	**56,094**

45 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:

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 (PPE)**	**PFI in PPE**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Cost or Valuation							
Asset values brought forward at 1 April 2019	2,266,865	548,045	299,003	2,866	325,350	3,442,129	81,056
Additions	4,759	4,845	21,761	0	148,569	179,934	0
Accumulated depreciation and impairment written off to cost or valuation	0	(2,856)	0	0	0	(2,856)	(2,655)
Revaluation increases/decreases recognised in the Revaluation Reserve	0	10,149	2,500	(25)	0	12,624	4,060
Revaluation increases/decreases recognised in the surplus or deficit on the provision of services	0	1,182	0	0	0	1,182	546
Derecognition - disposals	(708)	(1,006)	(21,495)	0	0	(23,209)	(4,575)
Derecognition - other	0	(1,499)	0	0	0	(1,499)	0
Assets reclassified to/from held for sale	0	0	0	250	0	250	0
Assets reclassified to/from assets under construction	298,828	775	11,429	0	(368,328)	(57,296)	0
Other movements in cost or valuation	0	(230)	0	230	0	0	0
Cost or Valuation at 31 March 2020	**2,569,744**	**559,405**	**313,198**	**3,321**	**105,591**	**3,551,259**	**78,432**
Accumulated Depreciation & Impairment							
Accumulated depreciation values brought forward at 1 April 2019	(539,435)	(63,965)	(206,678)	(13)	0	(810,091)	(8,401)
Accumulated depreciation and impairment written off to cost or valuation	0	2,856	0	0	0	2,856	2,655
Depreciation Charge	(70,759)	(16,845)	(21,650)	(16)	0	(109,270)	(2,064)
Depreciation written out on Revaluation Reserve	0	1,393	0	0	0	1,393	862
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	2,568	0	0	0	2,568	19
Derecognition - disposals	493	854	16,895	0	0	18,242	4,118
Derecognition - other	0	0	0	0	0	0	0
Impairment losses / (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0	0
Assets reclassified to/from held for sale	0	(2,844)	(3,303)	(4)	0	(6,151)	0
GF Closing value - depreciation	**(609,701)**	**(75,983)**	**(214,736)**	**(33)**	**0**	**(900,453)**	**(2,811)**
Net Book Value at 31 March 2019	**1,727,430**	**484,080**	**92,325**	**2,853**	**325,350**	**2,632,038**	**72,655**
Net Book Value at 31 March 2020	**1,960,043**	**483,422**	**98,462**	**3,288**	**105,591**	**2,650,806**	**75,621**
Net Book Value Split at 31 March 2020							
Assets deployed for GMCA activity	1,960,043	11,974	21,437	755	82,176	2,076,385	0
Assets deployed for Mayoral General activity	0	92,200	13,970	0	0	106,170	4,391
Assets deployed for Mayoral Police activity	0	245,854	38,052	2,533	15,903	302,342	71,230
Assets deployed for Waste activity	0	133,394	25,003	0	7,512	165,909	0
	1,960,043	**483,422**	**98,462**	**3,288**	**105,591**	**2,650,806**	**75,621**

Property, Plant and Equipment	Infrastructure Assets	Restated Land and Building	Restated 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**
Cost or Valuation							
Asset values brought forward at 1 April 2018	2,246,974	354,126	238,803	2,281	213,239	3,055,423	78,295
- Value of Waste assets transferred in at 1 April 2018	0	170,366	40,674	0	0	211,040	0
Additions	3,726	897	15,935	0	143,424	163,982	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	0	30,360	659	28	0	31,047	4,792
Revaluation increases/decreases recognised in the surplus or deficit on the provision of services	0	2,147	0	(169)	0	1,978	24
Derecognition - disposals	(4,380)	0	(6,218)	0	0	(10,598)	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	20,545	1,315	9,453	0	(31,313)	0	0
Other movements in cost or valuation	0	(810)	0	810	0	0	0
Cost or valuation as at 31 March 2019	**2,266,865**	**548,045**	**299,003**	**2,866**	**325,350**	**3,442,129**	**81,056**
Accumulated Deprecation and Impairment							
Accumulated depreciation values brought forward at 1 April 2018	(472,899)	(22,129)	(168,305)	(10)	0	(663,343)	(9,304)
- Waste accumulated depreciation values transferred in at 1 April 2018	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	(70,191)	(14,415)	(18,198)	(14)	0	(102,818)	(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	3,655	0	5,785	0	0	9,440	0
Impairment losses / (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	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 March 2018	**1,774,075**	**331,997**	**70,498**	**2,271**	**213,239**	**2,392,080**	**68,991**
Net Book Value at 31 March 2019	**1,727,430**	**484,080**	**92,325**	**2,853**	**325,350**	**2,632,038**	**72,655**
Net Book Value Split at 31 March 2019							
Assets deployed for GMCA activity	1,727,430	12,423	24,773	755	260,236	2,025,617	0
Assets deployed for Mayoral General activity	0	88,231	13,818	0	0	102,049	3,263
Assets deployed for Mayoral Police activity	0	246,726	34,508	2,098	61,857	345,189	69,392
Assets deployed for Waste activity	0	136,700	19,226	0	3,257	159,183	0
	1,727,430	**484,080**	**92,325**	**2,853**	**325,350**	**2,632,038**	**72,655**

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 mark conditions these have not been re-valued in 2019/20.

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.

46 Group Intangible Assets

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

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

Assets attributable to the Fire and Rescue Services	3 to 10 years
Assets attributable to the Policing Service	5 years
Assets attributable to the Waste Disposal Services	5 years
Assets attributable to Transport for Greater Manchester (TFGM)	4 to 5 years

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

	£000s
Fire and Rescue Services	(64)
Policing Service	(4,033)
Waste Disposal Services	17
TFGM	(3,322)
	(7,402)

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

2018/19 Internally generated £000s	2018/19 Other £000s	2018/19 Total £000s		2019/20 Internally generated £000s	2019/20 Other £000s	2019/20 Total £000s
8,770	5,390	14,160	Gross carrying amounts	13,838	4,719	18,557
(1,154)	(3,938)	(5,092)	Accumulated amortisation	(2,626)	(3,508)	(6,134)
7,616	**1,452**	**9,068**	**Net carrying amount at start of year**	**11,212**	**1,211**	**12,423**
			Additions:			
5,068	0	5,068	Internal development	3,301	0	3,301
0	193	193	Purchases	0	238	238
0	17	17	Acquired through business combinations	0	0	0
0	0	0	Reclassified from assets under construction	0	57,295	57,295
0	(881)	(881)	Disposals	0	(17)	(17)
0	(15)	(15)	Amortisation acquired through business combinations	0	0	0
(1,472)	445	(1,027)	Amortisation for the period	(3,158)	(4,244)	(7,402)
11,212	**1,211**	**12,423**	**Net carrying amount at end of year**	**143**	**53,272**	**53,415**
			Comprising:			
13,838	4,719	18,557	Gross carrying amounts	17,139	62,235	79,374
(2,626)	(3,508)	(6,134)	Accumulated amortisation	(5,784)	(7,752)	(13,536)
11,212	**1,211**	**12,423**		**11,355**	**54,483**	**65,838**

There is one capitalised software suite that is individually material to the financial statements: The Information Services Transformation Programme had a carrying amount of £57.295m at 31 March 2020 and remaining amortisation period of 4.5 years.
Internally generated assets relate to TFGM and include the development of the TFGM website, the cost of the Journey Planner and the further roll-out of Smart Ticketing as well as the development of a new Customer Experience Platform (CxP).

47 Group Short and Long Term Debtors

2018/19 £000s	Long Term Debtors	2019/20 £000s
	Other entities and individuals	
106,408	Gross Book Value	147,376
(5,207)	Bad Debt Provision	(5,316)
101,201	**Total Long Term Debtors**	**142,060**

2018/19 £000s	Short Term Debtors	2019/20 £000s
60,110	Central Government Bodies	80,484
94,810	Other Local Authorities and Police and Crime Commissioners	100,424
1,364	NHS Bodies	1,779
3,859	Public Corporations	4,420
35,179	Payments in Advance	9,668
27,701	Other entities and individuals	172,637
(34,503)	Bad Debt Provision	(35,546)
188,520	**Total Short Term Debtors**	**333,867**

48 Group Cash and Cash Equivalents

Restated 2018/19 £000s	Cash and Cash Equivalents	2019/20 £000s
18,726	Bank current accounts	21,072
568	Cash held by the Authority	567
	Short term deposits with central government and other institutions	
173,162	Cash - deposits for up to 3 months	48,868
192,456	**Total Cash and Cash Equivalents**	**70,507**
	Short term deposits with central government and other institutions	
8,337	Short term investment - deposits between 3 to 12 months	10,000
200,793	**Total Cash, Cash Equivalents and Short Term Investments**	**80,507**

Short term investments are entirely attributable to GM Fund of Funds LP.

49 Group Short Term Creditors

Restated 2018/19 £000s	Creditors	2019/20 £000s
(26,245)	Central Government Bodies	(17,279)
(46,095)	Other Local Authorities and Police and Crime Commissioners	(35,094)
(1,049)	NHS Bodies	(1,612)
(46,115)	Public Corporations	(60,805)
(135,678)	Other entities and individuals	(135,025)
(11,311)	Prepaid Income / Receipt in Advance	(20,570)
(6,533)	Siezed Cash	(7,605)
(273,028)	**Total Creditors**	**(277,989)**

50 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 2020 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 brought forward 1 April 2019							
- 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
Provisions brought forward - all operations	**10,896**	**1,968**	**224**	**1,743**	**7,392**	**1,704**	**23,929**
Use of Provision							
GMCA	(152)	0	0	(498)	(247)	0	(897)
Mayoral General Fund	(344)	0	0	0	0	0	(344)
Mayoral Police Fund	(2,198)	0	0	0	0	(7)	(2,205)
Unused amounts reversed							
GMCA	0	0	0	0	(926)	(157)	(1,083)
Mayoral General Fund	0	0	0	0	0	(242)	(242)
Mayoral Police Fund	0	0	0	0	0	0	0
Top up of Provision							
GMCA	245	0	0	0	0	0	245
Mayoral General Fund	0	240	0	0	0	0	240
Mayoral Police Fund	664	0	0	0	0	77	741
Balance carried forward							
GMCA	539	0	0	1,245	6,219	198	8,201
Mayoral General Fund	664	2,208	0	0	0	1,100	3,972
Mayoral Police Fund	7,908	0	224	0	0	77	8,209
Total Provisions carried forward 31 March 2020	**9,111**	**2,208**	**224**	**1,245**	**6,219**	**1,375**	**20,381**
Short Term	1,080	2,208	224	476	4,806	1,181	9,975
Long Term	8,031	0	0	769	1,413	194	10,407
Total Provisions carried forward 31 March 2020	**9,111**	**2,208**	**224**	**1,245**	**6,219**	**1,375**	**20,381**

51 Group Unusable Reserves

2018/19 £000s	**Unusable Reserves**	**2019/20 £000s**
(362,350)	Capital Adjustment Account	(370,006)
205	Financial Instruments Adjustment Account	(23,946)
10,434,531	Pensions Reserve	9,726,210
(154,199)	Revaluation Reserve	(159,459)
(603)	Financial Instruments Revaluation Reserve	(725)
(7,428)	Collection Fund Adjustment Account	(3,705)
4,850	Accumulated Absences Reserve	6,911
(470)	Deferred Capital Receipts Reserve	(302)
(2,461)	Capital Reserve	(2,461)
44,051	Deregulation Reserve	42,656
9,956,126	**Total Unusable Reserves**	**9,215,173**

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.

Restated 2018/19 £000s	Capital Adjustment Account	2019/20 £000s
(339,972)	**Opening Balance**	**(362,350)**
32,937	Charges for depreciation and impairment of non-current assets	38,208
(1,442)	Revaluation losses on non-current assets	2,401
74	Amortisation of intangible assets	4,080
137,730	Revenue expenditure funded from capital under statute	213,329
2,464	Capital bad debt provision movement	(2,366)
2,611	Revaluation and impairment of capital financial assets	2,916
0	Loan Novations	(261)
426	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	6,151
174,801	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	264,458
3,165	Adjusting Amounts written out of the Revaluation Reserve	(8,676)
177,966	**Net written out amount of the cost of non-current assets consumed in the year**	**255,782**
(4,120)	Use of Capital Receipts Reserve to finance new capital expenditure	(12,723)
(378)	Use of Capital Receipts applied in year to finance new capital expenditure	(168)
(107,536)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(165,887)
(1,210)	Capital grants and contributions not credited to the CI&ES that have been applied to capital financing	0
(70,066)	Statutory provision for the financing of capital investment charged against the General Fund	(73,836)
(6,221)	Repayment of inherited debt	(6,522)
(30,707)	Capital expenditure charged against the General Fund and HRA balances	(58,197)
(220,238)	**Capital financing applied in year**	**(317,332)**
19,781	Capital Receipts debited to the Capital Adjustment Account on Repayment of loans	53,894
114	Other movements	0
(362,350)	**Balance 31 March**	**(370,006)**

Pensions Reserve

This relates to the net pension asset as at 31 March 2020 in accordance with the actuary's report. Further details are shown in Note 54.

2018/19 £000s	Pension Reserve	2019/20 £000s
9,508,411	Balance brought forward for continuing operations	10,434,531
6,785	Balance transferred in from GMWDA	0
9,515,196	**Balance brought forward for all operations**	**10,434,531**
318,631	Remeasurements of the net defined benefit liability / (asset)	(1,027,218)
(296,922)	Employer's pension contributions and direct payments to pensioners payable in the year	(307,453)
897,626	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.	626,350
10,434,531	**Balance carried forward**	**9,726,210**

Revaluation Reserve

2018/19 £000s	Revaluation Reserve	2019/20 £000s
(68,728)	Balance b/f for continuing operations	(154,199)
(59,762)	Balance transferred in from GMWDA	0
(128,490)	**Balance b/f for all operations**	**(154,199)**
(31,047)	Upward revaluation of assets	(18,795)
1,670	Impairment losses not charged to the Surplus/Deficit on the Provision of Services	4,777
(29,377)	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services**	**(14,018)**
2,980	Difference between fair value depreciation and historical cost depreciation	4,480
186	Accumulated gains on assets sold or scrapped	4,196
3,166	**Amount written off to the Capital Adjustment Account**	**8,676**
0	Upward revaluation of investments charged to the Surplus/Deficit on the Provision of Services	0
502	Transfer of accumulated gains on revaluation of investments to the Financial Instruments Revaluation Reserve on implementation of IFRS9	82
(154,199)	**Balance carried forward**	**(159,459)**

Accumulated Absences Reserve

2018/19 £000s	Accumulated Absence Account	2019/20 £000s
4,886	Balance brought forward	4,850
(4,886)	Settlement or cancellation of accrual made at the end of the preceding year	(4,850)
4,850	Amounts accrued at the end of the current year	6,911
(36)	**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**	**2,061**
4,850	**Balance carried forward**	**6,911**

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.

2018/19 £000s	Deregulation Reserve	2019/20 £000s
45,444	Balance brought forward	44,051
(1,393)	Amortisation during the year	(1,395)
44,051	**Total Deregulation Reserve**	**42,656**

52 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 2019/20 £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	**6,643**
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	**382**

53 Group Contingent Liabilities

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. Further unpaid overtime claims from police officers in specific roles are still being investigated at a national level. Any claims relevant to GMP are paid when the Chief Constable is notified that a settlement has been agreed.

54 Group Financial Instruments

Categories of Financial Instruments

The tables below show the categories of financial instruments which are carried in the Balance Sheet:

	Non-Current Financial Assets				
	Investments		Debtors		Total
	31/03/2019 £000s	31/03/2020 £000s	31/03/2019 £000s	31/03/2020 £000s	31/03/2020 £000s
Fair value through profit and loss	0	0	0	0	**0**
Amortised cost - soft loans	0	0	0	0	**0**
Amortised cost - other	0	0	101,201	77,484	**77,484**
Fair value through other comprehensive income - designated equity instruments	3,054	6,744	0	0	**6,744**
Fair value through other comprehensive income - other	0	0	0	0	**0**
Total financial assets	**3,054**	**6,744**	**101,201**	**77,484**	**84,228**
Non-financial assets	0	0	0	5,509	**5,509**
Total	**3,054**	**6,744**	**101,201**	**82,993**	**89,737**

	Current Financial Assets						
	Investments		Debtors		Cash		Total
	Restated 31/03/2019 £000s	31/03/2020 £000s	31/03/2019 £000s	31/03/2020 £000s	Restated 31/03/2019 £000s	31/03/2020 £000s	31/03/2020 £000s
Amortised cost - other	8,337	22,428	104,447	284,510	179,295	67,088	**374,026**
Total financial assets	**8,337**	**22,428**	**104,447**	**284,510**	**179,295**	**67,088**	**374,026**
Non-financial assets	0	0	84,073	44,636	0	0	**44,636**
Total	**8,337**	**22,428**	**188,520**	**329,146**	**179,295**	**67,088**	**418,662**

	Non-Current Financial Liabilities						
	Borrowings		Creditors		Other long-term liabilities		Total
	31/03/2019 £000s	31/03/2020 £000s	31/03/2019 £000s	31/03/2020 £000s	31/03/2019 £000s	31/03/2020 £000s	31/03/2020 £000s
Amortised cost	(1,454,242)	(1,490,433)	0	0	0	(7,302)	**(1,497,735)**
Amortised cost - PFI	0	0	0	0	(47,658)	(44,417)	**(44,417)**
Total financial liabilities	**(1,454,242)**	**(1,490,433)**	**0**	**0**	**(47,658)**	**(51,719)**	**(1,542,152)**
Non-financial liabilities	0	0	0	0	0	0	**0**
Total	**(1,454,242)**	**(1,490,433)**	**0**	**0**	**(47,658)**	**(51,719)**	**(1,542,152)**

	Current Financial Liabilities						
	Borrowings		Creditors		Other Short-Term Liabilities		Total
	31/03/2019 £000s	31/03/2020 £000s	31/03/2019 £000s	31/03/2020 £000s	31/03/2019 £000s	31/03/2020 £000s	31/03/2020 £000s
Amortised cost	(175,483)	(120,613)	(244,351)	(228,158)	0	(6,857)	**(355,628)**
Amortised cost - PFI	0	0	0	0	(2,673)	(3,241)	**(3,241)**
Total financial liabilities	**(175,483)**	**(120,613)**	**(244,351)**	**(228,158)**	**(2,673)**	**(10,098)**	**(358,868)**
Non-financial liabilities	0	0	(28,498)	(39,735)	0	0	**(39,735)**
Total	**(175,483)**	**(120,613)**	**(272,850)**	**(267,893)**	**(2,673)**	**(10,098)**	**(398,604)**

Income, Expenses, gains and Losses

The gains and losses recognised in the Group Comprehensive Income and Expenditure Statement in relation to financial instruments are summarised in the table below:

Income, Expense, Gains and Losses				
	31/03/2019		31/03/2020	
	Surplus or Deficit on the Provision of Services £000s	Other Comprehensive Income and Expenditure £000s	Surplus or Deficit on the Provision of Services £000s	Other Comprehensive Income and Expenditure £000s
Net gains/losses on:				
Financial assets measured at amortised cost	2,475	0	6,321	0
Total net gains/losses	**2,475**	**0**	**6,321**	**0**
Interest revenue:				
Financial assets measured at amortised cost	0	(2,643)	(7,904)	0
Total interest revenue	**0**	**(2,643)**	**(7,904)**	**0**
Interest expense	**0**	**66,814**	**0**	**0**

Fair Value of Assets & Liabilities

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

2018/19			2019/20	
Restated Carrying Amount £000s	Restated Fair Value £000s		Carrying Amount £000s	Fair Value £000s
		Financial Assets		
3,054	3,054	Equity Investments	6,744	6,744
8,337	8,377	Other Investments	22,428	22,428
268,538	268,538	Loans and Receivables	361,994	367,355
179,295	179,295	Cash	49,490	49,490
459,224	**459,264**	**Total Financial Assets**	**440,656**	**446,017**
		Financial Liabilities		
(617,268)	(905,575)	PWLB Debt	(606,701)	(969,526)
(951,065)	(1,315,357)	Non- PWLB debt	(1,004,345)	(1,551,852)
(50,331)	(50,331)	PFI Liabilities	0	0
(20,691)	(20,691)	Deferred Liabilities	(14,159)	(14,159)
(256,881)	(256,881)	Creditors	(228,158)	(228,158)
(1,896,236)	**(2,548,835)**	**Total Financial Liabilities**	**(1,853,363)**	**(2,763,695)**

The Authority holds £6.744m in equity investments:

£2.419m within the single entity accounts relates to a number of businesses that either previously held loans with the Authority and which have converted to equity investments or are a direct equity investment. These shares are not traded in active markets. The shares are valued based on level 2 - observable input data from the companies, such as latest filed accounts and management accounting reports. There have been no transfers between input levels or changes in valuation techniques during 2019/20 for this class of asset.

£4.325m of TfGM long-term investments evaluated based on level 2 – significant observable inputs from the companies and included at their carrying value. There have been no transfers between input levels or changes in valuation techniques during 2019/20 for this class of asset.

Other Financial Assets and Financial Liabilities are carried in the balance sheet at amortised cost, with carrying values as disclosed above. Their fair values disclosed in the table below have been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions;

- The fair value of cash and cash equivalents (which includes other investments), short-term debtors and short-term creditors is taken to be their carrying amount as this is deemed to provide a reasonable approximation in accordance with the Cipfa Code of Practice.

- The fair value of long-term debtors within the single entity accounts has been evaluated and where these relate to loan advances greater than £3m, prevailing benchmark market rates have been applied to provide the fair value. All other long-term debtors are included at their carrying value.

- Fair value for deferred liabilities in the single entity accounts in relation to the historical Greater Manchester Loan Fund is held at cost as this debt is not tradeable in any principal or alternative market.

- Fair value for PFI schemes cannot be obtained as there is no comparable information available and these have therefore been shown at cost.

- For loans from the PWLB, premature repayment rates from the PWLB have been applied to provide the fair value; by applying new loan rates their fair value would be £768.030m;

- 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 £1,209.740m;

- The valuation techniques used for PWLB and non-PWLB debt are level 2 – observable inputs. There have been no changes in valuation technique during the financial year.

The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value, which includes accrued interest as at the balance sheet date. The Authority has therefore included accrued interest in the fair value calculation.

The discount rates used for the evaluation were obtained by the Authority from Link Asset Services. The Link Asset Group is a leading and independent provider of capital financing, treasury advisory and strategic advisory consulting services to the public sector.

Assumptions used, which do not have a material effect on the fair value evaluation are: interest is calculated using a 365-day basis; interest is paid on the maturity date; no adjustment is made to the interest value and date where a relevant date occurs on a non-working day.

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

Borrowings	Range of interest rates payable in 19/20 from %	to %	Average Interest 2018/19 %	Average Interest 2019/20 %	Total Outstanding 2018/19 £000s	Total Outstanding 2019/20 £000s
a) Analysis of loans by type:						
Public Works Loans Board	0.00%	0.00%	4.45%	0.00%	(629,292)	(600,680)
Other Loans	0.00%	0.00%	3.65%	0.00%	(982,404)	(1,001,766)
Accrued Interest Payable:						
PWLB					(5,298)	(6,021)
Others					(12,731)	(2,577)
Total as at 31 March					**(1,629,725)**	**(1,611,045)**
b) Analysis of loans by maturity						
Maturing:						
Due within 1 year: accrued interest payable						
PWLB					(5,298)	(6,021)
Others					(12,731)	(2,577)
Due within 1 year: principal						
PWLB					(28,611)	(20,832)
Others					(128,842)	(91,182)
Due within 1 year					(175,482)	(120,612)
In 1 to 2 years					(32,023)	(60,836)
In 2 to 5 years					(128,745)	(152,674)
In 5 to 10 years					(365,277)	(395,613)
In over 10 years					(928,197)	(881,310)
Due over 1 year					(1,454,243)	(1,490,433)
Total as at 31 March					**(1,629,725)**	**(1,611,045)**

55 Nature and Extent of Risks arising from Financial Instruments

The Authority's risks are explained in note 30, this narrative covers the risk associated with TfGM, NWEH and FoFLP financial instruments.

Risk Factors

TfGM

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 no interest rate risk in relation to loans and borrowings, as all existing loans are at a fixed rate. Where required, short term funding for working capital is provided by GMCA at zero interest.

Currency risk is not a significant factor for TfGM, as it ensures that substantially all financial assets and liabilities are contracted for in sterling. The value of contracts denominated in Euros is not material.

Equity price risk is not a factor for TfGM since it holds no tradable investments.

Risks are managed in accordance with the Annual Governance Statement. Management of TfGM's cash balances and funding requirements is undertaken by the daily assessment of available funds for short-term deposits; and the regular preparation of detailed treasury and cash flow forecasts which are reviewed by the Head of Finance and the Director of Finance and Corporate Services. Where necessary, mitigating actions are taken and agreement is sought from GMCA officers if further funding is required to cover, for example, short term cash flow requirements arising from the timing difference between expenditure and grant monies being applied for and received.

NWEH and FoFLP (LPs)

The LPs' principal risks are liquidity, credit and capital management, for which risk management programmes are in place to limit the adverse effect of such risks in their financial position.

Liquidity risk

Liquidity risk is the risk that the LPs will have difficulty in meeting their obligations as and when they fall due. The LPs' approach to liquidity is to utilise cash flow forecasting to ensure that they will always have sufficient liquidity to meet liabilities as and when they fall due without incurring unacceptable credit risk or risking damage to the LPs' reputations.

Credit risk

Both NWEH and FoFLP can hold significant cash reserves at any one time and these are managed in accordance with an agreed Idle Funds strategy aligned to GMCA's treasury management policies, which are designed to reduce the credit risk of deposits.

The purpose of the LPs is to provide short term funding into urban development projects in the North-West via their sub-funds. This provides credit risk in relation to each borrower and project. The LPs manage this risk by setting agreed investment parameters under the Contingent Loan Agreements and the Investment Adviser and Operator Agreements in place, with detailed due diligence undertaken for all borrowers and projects.

Capital management

The LPs' finance their operations through the management of working capital and ultimately from the support of their partners if required.

Hedging Instruments

Neither TfGM, NWEH nor FoFLP hold any financial instruments that could be classified as hedging instruments.

56 Group Related Party Transactions

The Group is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Group or to be controlled or influenced by the Group.

Transactions and balances between the Authority and its related parties are disclosed in Note 31.

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.

57a Group Cash Flow Statement - Adjustments to Net Cash Flows from Operating Activities

The cash flows for operating activities include the following items:

2018/19 £000s	Operating Activities	2019/20 £000s
(40)	Finance Costs calculated in accordance with the SORP	(24,151)
(2,611)	Impairment of investments	(2,916)
(16,017)	Increase / (Decrease) in Debtors	277,906
(60,940)	Increase / (Decrease) in Inventories	(37,573)
(2,659)	Decrease / (Increase) in Creditors	7,147
11,334	Decrease / (Increase) in Provisions	894
324	Revaluation adjustment	515
(2,197)	Increase in bad debt provision	(25,686)
(868)	Loss on sale of non current assets	(6,232)
(103,917)	Annual depreciation charge	(116,671)
(598,926)	IAS19 adjustments	(319,044)
1,225	(Increase) / Decrease in Interest Debtors	(4,712)
313	Increase / (Decrease) in Interest Creditors	(9,442)
(101)	Other non-cash movements	156
(775,080)	**Adjustments to net deficit on the provision of services for non cash movements**	**(259,808)**
66,502	Finance Costs Paid	76,976
(66,814)	Financing Expenditure	(67,539)
2,643	Financing Income	9,138
(3,868)	Interest Income Received	(4,426)
(1,890)	IAS 19 pension finance interest	(1,913)
132,718	Capital grants and contributions receivable	127,053
129,290	**Adjust for items included in the net deficit on the provision of services that are investing and financing activities**	**139,290**

57b Group Cash Flow Statement - Investing Activities

Restated 2018/19 £000s	Investing Activities	2019/20 £000s
166,181	Purchase of property, plant and equipment	160,173
0	Purchase of long term investments	2,325
6,549	Long Term Loans paid out	23,256
(19,781)	Long Term Loans repaid	(54,278)
(116,893)	Capital grants and contributions received	(114,086)
(256)	Proceeds from sale of property, plant and equipment	(864)
(325,054)	Movement on short term investments	1,663
(289,254)	**Net Cash Inflow / (Outflow) from Investing Activities**	**18,189**

57c Group Cash Flow Statement - Financing Activities

2018/19 £000s	Financing Activities	2019/20 £000s
6,247	Repayment of inherited debt	6,548
1,500	Reduction of the outstanding liability relating to a finance lease and on-balance sheet PFI contracts	2,673
(621,730)	Receipts of short and long term borrowing	(221,139)
881,019	Repayments of short and long term borrowing	206,204
267,037	**Net Cash Inflow / (Outflow) from Financing Activities**	**(5,714)**

57d Group Cash Flow Statement – Reconciliation of Liabilities Arising from Financing Activities

Financing Activities	1 April 2019	Financing cash flows	Non-cash changes		31 March 2020
			Acquisition	Other non-cash changes	
	£000s	£000s	£000s	£000s	£000s
Long term borrowing	(1,454,244)	(50,262)	0	14,073	(1,490,433)
Short term borrowing	(175,483)	35,355	0	19,515	(120,613)
On balance sheet PFI liabilities	(50,331)	2,673	0	0	(47,658)
Deferred liabilities	(20,679)	6,520	0	0	(14,159)
Total liabilities from financing activities	**(1,700,737)**	**(5,714)**	**0**	**33,588**	**(1,672,863)**

Financing Activities	1 April 2018	Financing cash flows	Non-cash changes		31 March 2019
			Acquisition	Other non-cash changes	
	£000s	£000s	£000s	£000s	£000s
Long term borrowing	(1,382,176)	(72,068)	0	0	(1,454,244)
Short term borrowing	(507,174)	331,384	0	307	(175,483)
On balance sheet PFI liabilities	(51,831)	1,500	0	0	(50,331)
Deferred liabilities	(20,877)	6,221	0	(6,023)	(20,679)
Total liabilities from financing activities	**(1,962,058)**	**267,037**	**0**	**(5,716)**	**(1,700,737)**

58 Group Defined Benefit Pension Schemes

Employees of the Group are divided between two separate defined benefit pension schemes:

The Police Service Pension Scheme for its uniformed police officers - 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.

McCloud / Sargeant Judgement

2018/19 calculation approach

The Group included a Past Service cost for the potential impact of the McCloud/Sargeant ruling in its 2018/19 disclosures.

The Actuary calculated this additional liability by assessing the costs for an average member over the four years to 31 March 2019 , then compared this to the liability that had been calculated for the 2018/19 accounts, rather than allowing for each member's actual career progression/salary increases etc.

The above calculation was carried out for the whole Fire scheme and Police scheme and each scheme was assumed to apply proportionally to the Group.

2019/20 calculation approach

Fire scheme

The Group has allowed for the additional accrual of "better of" benefits for affected members during the year April 2019 to March 2020. This additional liability has been included in the Current Service Cost.

Police scheme

The liability calculations have been updated to allow for Authority specific membership data, rather than using data for the Police scheme as a whole. In line with CIPFA guidance this change has been included in the remeasurement item.

The Group has allowed for the additional accrual of "better of" benefits for affected members during the year April 2019 to March 2020. This additional liability has been included in the Current Service Cost.

Comprehensive Income and Expenditure Statement

2018/19 LGPS £000s	**2018/19 Fire £000s**	**2018/19 Police £000s**	**2018/19 Total £000s**		**2019/20 LGPS £000s**	**2019/20 Fire £000s**	**2019/20 Police £000s**	**2019/20 Total £000s**
				Cost of Services:				
55,431	25,630	154,110	235,171	Current service cost	71,035	40,100	223,520	334,655
7,485	69,850	343,860	421,195	Past service cost (including curtailments and settlements)	497	6,500	28,500	35,497
62,916	**95,480**	**497,970**	**656,366**	**Total Service Cost**	**71,532**	**46,600**	**252,020**	**370,152**
				Financing and Investment Income & Expenditure:				
(34,431)	0	0	(34,431)	Interest income on plan assets	(33,542)	0	0	(33,542)
44,251	42,640	189,880	276,771	Interest cost on defined benefit obligation	45,060	44,380	200,300	289,740
9,820	**42,640**	**189,880**	**242,340**	**Total Net Interest**	**11,518**	**44,380**	**200,300**	**256,198**
72,736	**138,120**	**687,850**	**898,706**	**Total Post Employment Benefit Charged to the (Surplus)/Deficit on the Provision of Services**	**83,050**	**90,980**	**452,320**	**626,350**
				Remeasurements of the Net Defined Liability Comprising:				
(68,872)	0	0	(68,872)	Return on assets excluding amounts included in net interest	138,715	0	0	138,715
0	0	0	0	Actuarial gains/losses arising from changes in demographic assumptions	(69,874)	(63,520)	(243,280)	(376,674)
132,417	46,940	228,680	408,037	Actuarial gains/losses arising from changes in financial assumptions	(160,340)	(56,760)	(323,030)	(540,130)
306	(1,180)	(19,660)	(20,534)	Other	(72,349)	(14,820)	(161,960)	(249,129)
63,851	**45,760**	**209,020**	**318,631**	**Total Remeasurements Recognised in Other in the CIES**	**(163,848)**	**(135,100)**	**(728,270)**	**(1,027,218)**
136,587	**183,880**	**896,870**	**1,217,337**	**Total Post Employment Benefit Charged to the CIES**	**(80,798)**	**(44,120)**	**(275,950)**	**(400,868)**

Movement in Reserves Statement

2018/19 LGPS £000s	**2018/19 Fire £000s**	**2018/19 Police £000s**	**2018/19 Total £000s**		**2019/20 LGPS £000s**	**2019/20 Fire £000s**	**2019/20 Police £000s**	**2019/20 Total £000s**
(72,736)	(138,120)	(687,850)	(898,706)	Reversal of net charges made to the (surplus)/deficit on the provision of service	(83,050)	(90,980)	(452,320)	(626,350)
29,252	0	0	29,252	Employer's contributions payable to the scheme	31,770	0	0	31,770
925	53,620	214,710	269,255	Retirement benefits payable to pensioners	(82)	56,260	219,000	275,178
(42,559)	**(84,500)**	**(473,140)**	**(600,199)**	**Actual amount charged against the General Fund Balance for Pensions in the year**	**(51,362)**	**(34,720)**	**(233,320)**	**(319,402)**

Pensions Assets and Liabilities Recognised in the Balance Sheet

2018/19 LGPS £000s	2018/19 Fire £000s	2018/19 Police £000s	2018/19 Total £000s		2019/20 LGPS £000s	2019/20 Fire £000s	2019/20 Police £000s	2019/20 Total £000s
(1,855,262)	(1,816,080)	(8,158,900)	(11,830,242)	Present value of the defined benefit obligation	(1,636,501)	(1,715,700)	(7,663,950)	(11,016,151)
1,395,711	0	0	1,395,711	Fair value of employer assets	1,289,941	0	0	1,289,941
(459,551)	**(1,816,080)**	**(8,158,900)**	**(10,434,531)**	**Net liability arising from the Defined Benefit Obligation**	**(346,560)**	**(1,715,700)**	**(7,663,950)**	**(9,726,210)**

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

2018/19 LGPS £000s	2018/19 Fire £000s	2018/19 Police £000s	2018/19 Total £000s		2019/20 LGPS £000s	2019/20 Fire £000s	2019/20 Police £000s	2019/20 Total £000s
(1,601,001)	**(1,685,820)**	**(7,476,740)**	**(10,763,561)**	**Opening fair value of continuing scheme liabilities**	**(1,855,262)**	**(1,816,080)**	**(8,158,900)**	**(11,830,242)**
(50,577)	**0**	**0**	**(50,577)**	**Opening fair value of liabilities transferred in**	**0**	**0**	**0**	**0**
(55,431)	(25,360)	(154,110)	(234,901)	Current Service Cost	(71,035)	(40,100)	(223,520)	(334,655)
(4,172)	(69,850)	(343,860)	(417,882)	Past Service Costs (including curtailment and settlement)	(497)	(6,500)	(28,500)	(35,497)
(44,251)	(42,640)	(189,880)	(276,771)	Interest Cost	(45,060)	(44,380)	(200,300)	(289,740)
(10,444)	0	0	(10,444)	Contributions from scheme participants	(11,414)	0	0	(11,414)
				Remeasurement gain				
0	0	0	0	Actuarial gains/losses arising from change in demographic assumptions	69,874	63,520	243,280	376,674
(132,417)	(46,940)	(228,680)	(408,037)	Actuarial gains/losses arising from change in financial assumptions	160,340	56,760	323,030	540,130
(306)	1,180	19,660	20,534	Other	72,349	14,820	161,960	249,129
43,337	53,620	214,710	311,667	Benefits Paid	44,204	56,260	219,000	319,464
(1,855,262)	**(1,815,810)**	**(8,158,900)**	**(11,829,972)**	**Closing fair value of scheme liabilities**	**(1,636,501)**	**(1,715,700)**	**(7,663,950)**	**(11,016,151)**

Reconciliation of movements in the fair value of the scheme assets

2018/19 LGPS £000s		2019/20 LGPS £000s
1,255,150	Opening fair value of continuing scheme assets	1,395,711
43,792	Opening fair value of assets transferred in	0
34,431	Interest Income	33,542
(3,313)	Effect of settlements	0
	Remeasurement gain	
68,872	Return on assets excluding amounts included in net interest	(138,715)
29,672	Contributions from employer	32,193
10,444	Contributions from employees into the scheme	11,414
(43,337)	Benefits Paid	(44,204)
1,395,711	**Closing fair value of scheme assets**	**1,289,941**

Local Government Pension Scheme Assets Comprised:

2018/19					2019/20			
Quoted prices in active markets £000s	Quoted prices not in active markets £000s	Total £000s	Percentage of total assets %		Quoted prices in active markets £000s	Quoted prices not in active markets £000s	Total £000s	Percentage of total assets %
				Equity securities:				
63,585	0	63,585	5%	Consumer	97,248	0	97,248	5%
66,526	0	66,526	5%	Manufacturing	82,275	0	82,275	5%
64,692	0	64,692	5%	Energy and utilities	61,593	0	61,593	5%
91,106	0	91,106	7%	Financial institutions	119,051	0	119,051	7%
33,994	0	33,994	2%	Health and care	48,300	0	48,300	2%
20,552	0	20,552	1%	Information technology	42,965	0	42,965	1%
12,613	0	12,613	1%	Other	22,347	0	22,347	1%
				Debt securities:				
260,778	0	260,778	19%	Corporate bonds (investment grade)	237,813	0	237,813	19%
7,581	0	7,581	1%	UK Government bonds	0	0	0	1%
29,198	0	29,198	2%	Other	34,548	0	34,548	2%
				Private equity:				
0	53,914	53,914	4%	All	0	55,302	55,302	4%
				Real Estate:				
0	54,678	54,678	4%	UK property	0	45,135	45,135	4%
				Investment Funds and Unit Trusts				
260,239	0	260,239	19%	Equities	107,482	0	107,482	19%
143,198	0	143,198	10%	Bonds	123,681	0	123,681	10%
0	55,191	55,191	4%	Infrastructure	0	51,968	51,968	4%
52,427	99,298	151,725	11%	Other	53,438	94,918	148,356	11%
				Derivatives:				
584	0	584	0%	Other	0	0	0	0%
				Cash and cash equivalents:				
25,559	0	25,559	2%	All	11,877	0	11,877	2%
1,132,631	**263,080**	**1,395,711**	**100%**	**Total**	**1,042,618**	**247,323**	**1,289,941**	**100%**

Assumptions

2018/19 LGPS	2018/19 Fire	2018/19 Police		2019/20 LGPS	2019/20 Fire	2019/20 Police
			Longevity at 65 for current pensioners:			
21.5 years	22.0 years	22.7 years	Male	20.5 years	21.3 years	21.9 years
24.1 years	22.0 years	24.3 years	Female	23.1 years	21.3 years	23.6 years
			Longevity at 65 for future pensioners:			
23.7 years	23.9 years	24.6 years	Male	22.0 years	23.0 years	23.6 years
26.2 years	23.9 years	26.2 years	Female	25.0 years	23.0 years	25.2 years
			Rate of Inflation (Price Increases)			
2.6% to 3.3%	4.4%	4.4%	Rate of increase in salaries (Salary Increases)	2.6% to 2.7%	4.0%	4.0%
2.5%	2.5%	2.4%	Rate of increase in pensions (Pension Increases)	1.8% to 1.9%	2.0%	2.0%
2.4%	2.5%	2.5%	Rate of discounting scheme liabilities (Discount Rate)	2.3%	2.3%	2.3%

Sensitivity Analysis

Local Government Pension Scheme **Change in Assumption at 31 March 2020**	**Approximate % increase to Employer Liability**	**Approximate monetary amount** **£000s**
0.5% decrease in Real Discount Rate	9% to 12%	175,532
0.5% increase in the Salary Increase Rate	1% to 2%	22,007
0.5% increase in the Pension Increase Rate	8% to 10%	151,740

Fire Fighters Pension Scheme **Change in Assumption at 31 March 2020**	**Approximate % increase to Employer Liability**	**Approximate monetary amount** **£000s**
0.5% decrease in Real Discount Rate	(9.00)%	(156,000)
1 year increase in member life expectancy	1.50%	22,000
0.5% increase in the Salary Increase Rate	7.00%	120,000
0.5% increase in the Pension Increase Rate	3.00%	53,000

Police Pension Scheme **Change in Assumption at 31 March 2020**	**Approximate % increase to Employer Liability**	**Approximate monetary amount** **£000s**
0.5% decrease in Real Discount Rate	(9.50)%	(744,000)
1 year increase in member life expectancy	1.00%	89,000
0.5% increase in the Salary Increase Rate	7.50%	591,000
0.5% increase in the Pension Increase Rate	3.00%	227,000

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 arm's length transaction.

Fees and Charges

Income arising from the provision of services, e.g. the use of premises.

Finance Lease

A finance lease is one that transfers substantially all the risks and rewards of ownership of items of property, plant and equipment to a lessee.

Financial Instruments
This is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another. The term covers both financial assets (e.g. loans receivable) and financial liabilities (e.g. borrowings).

Historical Cost

The actual cost of assets, goods or services, at the time of their acquisition.

Impairment

A reduction in the value of a property, plant and equipment below its carrying amount in the balance sheet.

Income

Amounts due to the Authority and Group for goods supplied or services rendered of either a capital or revenue nature. This does not necessarily involve cash being received - income is deemed to have been earned once the goods or services have been supplied even if the cash has not been received.

Infrastructure Assets

These are inalienable assets, expenditure on which is recoverable only by continued use of the asset created. Examples of such assets are traffic signals.

Intangible Assets

These are assets that have no physical substance, for example, the purchase of computer software licences.

Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

International Financial Reporting Standards (IFRS)

These are statements prepared by the International Accounting Standards Board to ensure consistency in accountancy matters. Many of these standards now apply to local authorities and any departure from these must be disclosed in the published accounts.

Inventory

Raw materials and consumable items the Authority's Group has purchased to use on a continuing basis and has not used by the end of the financial year.

Investment Properties

These are property or land that is held solely to earn rentals or for capital appreciation or both.

Investments

Items such as company shares, other securities and money deposited with financial institutions (other than bank current accounts).

Liabilities

Amounts due to individuals or organisations that will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

Long-term Contracts

A contract entered into for the design, manufacture or construction of a single substantial asset or service where the time taken to complete the contract is such that the contract activity falls into different accounting periods.

Material

The concept that any omission from or inaccuracy in the statements of account should not be large enough to affect the understanding of those statements by a reader.

Minimum Revenue Provision (MRP)

This is the amount that is charged to 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.

GMCA GREATER MANCHESTER COMBINED AUTHORITY

Gwyn Griffiths, Audit Committee Chair
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Mark Dalton
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10 August 2020

Dear Mark

Audit 2019/20 – understanding those charged with governance processes and arrangements

Please see attached responses to your letter dated 14 February 2020.

I apologise for the time it has taken to reply to your letter, it appears to have been mislaid within the GMCA until it was brought to the attention of the Head of Audit & Assurance just a few days ago. May I suggest that future letters are addressed to me c/o the GMCA Treasurer.

Yours sincerely

Gwyn Griffiths

Gwyn Griffiths
Chair and Independent Member of the Audit Committee

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)?	There are a number of controls in place to mitigate fraud risks associated with GMCA financial statements. Draft accounts are produced by the GMCA Finance Team under current accounting conventions. The team comprises qualified, experienced accountants with experience of working across (*inter alia*) Manchester City Council, Greater Manchester Combined Authority (GMCA), Office of the Police and Crime Commissioner for Greater Manchester (OPCC) and Greater Manchester Fire and Rescue Service (GMFRS). The Audit Committee has meetings throughout the year at which the work of internal audit and the finance function is reviewed. Further, senior officers in key functional areas of the Combined Authority appear in front of the audit committee and/or provide detailed reports of their operations on a regular basis. The Audit Committee pays close attention to GMCA's risk frameworks and the internal audit and assurance programme designed to mitigate fraud and error within functional areas of GMCA. Where the Audit Committee is concerned about risk it makes this known to the Treasurer and requires further reporting. The accounting policies and key accounting issues, and subsequently the annual accounts, are submitted to the Audit Committee for review; this affords the Audit Committee the opportunity to consider risk of fraud and error. As Audit Committee Chair, I make time outside Audit Committee meetings to discuss and understand GMCA's risk profile, risk of fraud, accounting policies, complex transactions, etc. with the Treasurer and Head of Audit and Assurance.
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?	A Corporate Risk Register has been developed and populated by the Risk and Governance Group. This will include such fraud risks as have been identified. At present, fraud risk is not an explicit risk on the register. Senior officers from GMCA, including those from policing, fire & rescue and waste management, ensure all aspects of the GMCA are represented on the Risk and Governance Group. The programme for internal audit and assurance work is reviewed by the Audit Committee to ensure that it

	includes appropriate focus on the risks associated with fraud. The Head of Audit and Assurance has responsibility to report any specific cases of fraud and irregularity at the Audit Committee meetings as part of their regular update process. In 2019/20 no such instances were reported.
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)?	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. The policy is available publicly, along with the whistleblowing policy that explains the mechanism for escalating concerns over practices taking place. The Head of Audit and Assurance reports to the Audit Committee steps taken to publicise GMCA's policies internally, and the Audit Committee has been satisfied that appropriate steps were taken in the period.
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**?	Through the continued reporting of Risk Management updates to the Audit Committee by the Head of Audit and Assurance.
How do you **oversee management 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 2019/20? If so, please provide details.	See above response in relation to oversight of management processes for identifying and responding to the risk of fraud. 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 over the systems of internal control and assurance opinions given over the year. At GMCA, internal audit work has resulted in the Head of Audit and Assurance providing a limited assurance opinion over the systems of governance, risk management and internal control. This was due to the low volume of work undertaken, rather than any indications that there were systemic issues in the governance, risk management and internal control arrangements.

	The under-resourcing of the GMCA Internal Audit team during the period and slow pace of recruitment, which together led to a significantly reduced amount of audit work being undertaken, was strongly criticised by the Audit Committee and has since been addressed by GMCA. 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. For 2019/20 the Head of Audit and Assurance reported that the arrangements for governance, risk management and internal control were of a reasonable standard. Actions have been agreed to address all of the internal audit findings. Other than the findings raised by internal audit through their work in 2019/20 I am not aware of any other instances where breaches of internal control occurred.
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.	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. Compliance with laws and regulations is also a consideration of Internal Audit in their scoping and delivery of audit work. The Whistleblowing Policy that is in place encourages employees to report any instances of fraud or illegal activity. No instances of non-compliance were brought to the attention of the Audit Committee in the period.

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 to 31 March 2019 (*if 'yes', please provide details*)?	I am not aware of any actual, suspected or alleged instances of fraud during the period.
Do you suspect fraud may be occurring within the organisation?	The potential for fraud exists in any organisation, but I have no suspicion that fraud may be occurring within GMCA.
Have you identified any specific fraud risks within GMCA?	In 2019/20 there were no specific fraud risks identified on the Corporate Risk Register. All functions and divisions in GMCA are responsible for identifying their operational risks, including risks associated with fraud. The internal controls examined and reported upon have not indicated any areas where I consider fraud risk is not appropriately addressed.
Are you satisfied that internal controls, including segregation of duties, exist and work effectively (*if 'yes', please provide details*)?	Other than the findings reported by the internal and external auditors I am satisfied that internal controls exist and work effectively within GMCA. At the very end of the period, Covid-19 caused major upheavals to the country and to every organisation. There was a risk that with a move to remote working and other changes necessitated in response to the virus internal controls could be compromised. On 9 April 2020, I met (virtually) with the Treasurer and Head of Audit and Assurance to discuss this risk in the context of both ongoing activity and accounts preparation. I was satisfied that the senior management teams were conscious of the risks and were responding appropriately.
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 which applies to Fire, Police, Greater Manchester Local Enterprise Partnership and GMCA. This is publicly available and is referred to in induction training materials to make all staff aware of it. There are periodic communications from leadership reminding staff of their responsibilities.

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?	I do not have any concerns of fraud in respect of any particular balances.
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. I am aware that GMCA does not consolidate certain immaterial subsidiaries, and that the scope of these is discussed with and agreed by you.
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. As with any organisation, that is not to say that a false accounting entry could not escape detection.
Are there any external fraud risk factors, such as collection of revenues?	I rely on the risk management process in place to identify at a corporate and functional level any risks relating to fraud. The GMCA Treasurer maintains close oversight of the annual accounts process but does not play a part in the operation of day-to-day systems. I am not aware of any external fraud risk factors.

Are you aware of any organisational or management pressure to meet financial or operating targets?	Whilst GMCA and its various divisions have financial targets and constraints, as a public authority, I am not aware of any pressure within the organisation to achieve particular financial outcomes.
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.

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GMCA GREATER MANCHESTER COMBINED AUTHORITY

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10 August 2020

Dear Daniel,

Audit 2019/20 – understanding those charged with governance processes and arrangements

Please see attached responses to your letter dated 14 February 2020.

Yours sincerely

Steve Wilson, Treasurer
Greater Manchester Combined Authority

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);	The Authority's Head of Audit and Assurance was responsible for maintaining policies, procedures and a fraud response plan for 2019/20. The Head of Audit and Assurance actively liaises with other Heads of Internal Audit and participates in awareness and update webinars and seminars by professional bodies 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. The Head of Audit and Assurance 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 2019/20).
What processes are in place at GMCA to identify and respond to **risks of fraud**;	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. In 2019/20 there were 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. The Governance Team is 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. 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. 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. 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.
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	The Combined Authority has put in place robust policies and procedures which put its values into practice; these include: - 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. 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. 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.
What processes are in place to communicate to the Audit and Governance Committee the processes for identifying and responding to fraud or error?	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.
How does management gain assurance that **all relevant laws and regulations have been complied with?** Have there been any instances of non-compliance during 2019/20?	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. The system of internal control assists in the achievement of compliance with laws and regulations.
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	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

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 2020.	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.

Responses to questions in Appendix 1

Question	Response
1. Are you aware of any **actual, suspected or alleged instances of fraud** during the period 1 April 2019 – 31 March 2020 (*if 'yes', please provide details*)?	No.
2. Do you suspect fraud may be occurring within the organisation?	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.
3. Have you identified any specific fraud risks within GMCA?	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. 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: - 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.
4. Are you satisfied that internal controls, including segregation of duties, exist and work effectively (*if 'yes', please provide details*)?	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 2019/20.
5. If not where are the risk areas?	Not applicable.

6. How do you encourage staff to report their concerns about fraud?	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. To encourage openness and transparency without fear of reprisal, there are a number of safeguards within the Whisteblowing Policy to ensure that allegations are investigated in the right spirit with the right outcome. These include provisions for/against: • Confidentiality and anonymity • Harrassment and victimisation • False and malicious allegations • Misuse of the policy
7. What concerns about fraud are staff expected to report?	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.
8. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?	As disclosed in the notes to the financial statements the related parties are: • Central Government • Greater Manchester Authorities • Transport for Greater Manchester During the year there were no reported material transactions with related parties advised by members or officers.
9. How do you mitigate the risks associated with fraud related to related party relationships and transactions?	Systems of internal control in place within GMCA ensure that appropriate controls are applied to all transactions including those with related parties. 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.
10. Are you aware of any entries made in the accounting records that you believe or suspect are false or intentionally misleading?	No.

11. Are there particular balances in the accounts where fraud is more likely to occur?	The substantial transactions in the accounts that present the most risk of fraud are: - Payments from TfGM to third parties - Payments / loans to business funded from RGF, Growing Places, evergreen and Fund of Funds - Investments and cash management. I consider the control framework that applies to income and payments in these areas mean that the risk of fraud is minimised
12. 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.
13. 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.
14. Are there any external fraud risk factors, such as collection of revenues?	No.
15. Are you aware of any organisational or management pressure to meet financial or operating targets?	No.
16. 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.
17. What arrangements has the GMCA put in place in response to the Bribery Act 2010?	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.

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GMCA GREATER MANCHESTER COMBINED AUTHORITY

Date: **8th September 2020**

Subject: **Treasury Management Annual Report**

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

PURPOSE OF REPORT

To report the Treasury Management activities of the Greater Manchester Combined Authority, (GMCA) during the 2019/20 financial year.

RECOMMENDATIONS:

The Audit Committee is asked to note the contents of the report

CONTACT OFFICERS:

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BACKGROUND PAPERS:

- GMCA Audit Committee, 9th October 2019, Treasury Management Interim Update 2019/20
- GMCA Audit Committee 16th January 2019, GMCA Treasury Management Strategy, Borrowing Limits and Annual Investment Strategy 2019/20

TRACKING/PROCESS			
Does this report relate to a Key Decision, as set out in the GMCA Constitution or in the process agreed by the AGMA Executive Board			No
EXEMPTION FROM CALL IN			
Are there any aspects in this report which means it should be considered to be exempt from call in by the AGMA Scrutiny Pool on the grounds of urgency?	No		
AGMA Commission	TfGMC	Scrutiny Pool	
N/A	N/A	N/A	

1 INTRODUCTION AND BACKGROUND

1.1 Treasury Management in Local Government is regulated by the CIPFA Code of Practice on Treasury Management in Local Authorities. The Authority has adopted the Code and complies with its requirements. A primary requirement of the Code is the formulation and agreement by the Authority of a Treasury Policy Statement which sets out Authority, Committee and Chief Financial Officer responsibilities, and delegation and reporting arrangements. This was approved by the Authority on the 27 April 2012, as part of the revised Treasury Management Strategy Statement for 2012/13.

1.2 CIPFA amended the CIPFA Treasury Management in the Public Services Code of Practice in late 2011, and the revised Code recommended that local authorities include, as part of their Treasury Management Strategy Statement, the requirement to report to members at least twice a year on the activities of the Treasury Management function. This report, along with the interim Treasury Management report received by the Audit Committee of the GMCA on the 9th October 2019, therefore ensures that the Authority meets the requirements of the Strategy, and therefore the Code.

1.3 Treasury Management in this context is defined as: 'The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks'.

1.4 This annual report covers:

Section 1:	Introduction and Background
Section 2:	Key Consideration Update
Section 3:	The GMCA's Portfolio Position as at 31 March 2020
Section 4:	Review of Economic Conditions
Section 5:	External Borrowing for 2019/20
Section 6:	Compliance with Treasury Limits and Prudential Indicators
Section 7:	PWLB Policy Change
Section 8:	Investment Strategy for 2019/20
Section 9:	Temporary Borrowing and Investment Outturn for 2019/20
Section 10:	Conclusion
Appendix A:	Public Works Loans Board (PWLB) Interest Rates
Appendix B:	Treasury Management Prudential Indicators
Appendix C:	Review of Economic Conditions, provided by advisors
Appendix D:	Glossary of Terms

2. KEY CONSIDERATIONS UPDATE

2.1 Contained within the GMCA Interim Report 2019/20, presented to the Audit Committee on 9th October 2019, were details regarding:

- Greater Manchester Housing Investment Loan Fund (GMHILF)
- City Deal Receipts
- European Investment Bank (EIB)
- Lender Option Borrower Options (LOBOs)

Greater Manchester Housing Investment Loan Fund (GMHILF)

2.2 Following borrowing powers being granted to GMCA and delegation of the necessary legal requirements, the novation of the GMHILF to the Authority commenced in the year. The loan finance from MHCLG had already been transferred from Manchester City Council to the GMCA in the previous financial year. All Manchester City Council investments were novated across to GMCA by the 31 March 2020. New and future funds from MHCLG and advances to developers will all be processed via GMCA.

City Deal Receipts

2.3 The City Deal Receipts from Homes and Communities Agency, which have previously been held and invested by Manchester City Council on behalf of the GMCA, have also been novated. The GMCA now holds the debt and the related investments.

European Investment Bank (EIB)

2.4 Discussions are continuing regarding a new loan for the Trafford Park Metrolink Scheme and a draft contract has been received by GMCA for a loan. To allow the signing of the loan agreement in a timely manner the Audit Committee previously delegated to the Treasurer, in conjunction with the Monitoring Officer, authority to finalise the loan agreement. Currently EIB rates are being monitored to determine whether this provides a competitive source of long term borrowing.

Lender Option Borrower Options (LOBOs)

2.5 Within the portfolio there were originally two Lender Option Borrower Option loans with Barclays which were taken out in 2005 and 2006 for a period of 60 years. At Barclays' initiative in 2018 these were converted to standard vanilla loans. Along with a number of Local Authorities, GMCA continues to engage with specialist legal support to pursue a claim against Barclays in relation to the historic elements of their LOBO loans. This claim remains ongoing.

3. THE GMCA's PORTFOLIO POSITION AS AT 31st MARCH 2020

3.1 The approved Treasury Management Strategy for 2019/20 forecast a borrowing requirement of £235.5m for permanent borrowing in 2019/20 to fund the capital programme. It was noted in the reports that should some of the forecast cash flows alter in scale or timing the requirement might be materially different.

3.2 The GMCA's debt position at the beginning and end of year was as follows:

	31st March 2019		31st March 2020	
	Principal £m	Average Rate %	Principal £m	Average Rate %
PWLB	612.0	4.44	583.4	4.51
EIB	595.4	3.65	581.9	3.64
Market	105.0	4.20	105.0	4.20
Temporary	50.5	0.81	80.0	0.68
TfGM	0.0	0.00	10.7	0.00
	1,282.4	**4.06**	**1,361.0**	**3.88**
Housing Invest. Fund HIF	**182.9**	**0.00**	**181.3**	**0.00**
Homes England	**0.0**	**0.00**	**29.2**	**0.00**
Gross debt	**1,545.8**	**3.47**	**1,571.5**	**3.42**
Deposits	(57.5)	0.66	(58.9)	0.24
Gross investments	**(57.5)**	**0.66**	**(58.9)**	**0.24**

3.3 When reviewing the table above it is important to note that the temporary borrowing and deposit figures fluctuate daily to meet the daily cash flow requirements of the Authority. The temporary figures in the table above are therefore only a snapshot at a particular point in time.

3.4 Total gross debt has increased by £25.7m throughout 2019/20. The details of these changes are described below.

3.5 PWLB funding decreased by £28.6m throughout the year. This was as a result of a £5m loan maturity on the 10th of May 2019 as well as a £10m loan on the 25th of June 2019. The remaining £13.6m decrease was due to principal repayments under the annuity loan structures.

3.6 EIB funding of £13.5m was also repaid in the year in the form of principal repayments as part of the annuity structure of the debt.

3.7 All temporary borrowing carried forward was repaid in the year. New temporary borrowing of £30m was taken on the 14th of November 2019 to maintain liquidity while the novation for the HCA City Deal Receipts from Manchester City Council was finalised. Subsequent further temporary borrowing of £25m was taken on the 30 March 2020 and another £25m on the 31 March 2020 to ensure liquidity by helping bridge the gap of year end and the arrival of grant funding.

3.8 Pooling arrangements were put in place with Transport for Greater Manchester (TfGM) where the Authority would invest any surplus funds alongside its own. Hence, TfGM is shown above as temporary borrowing.

3.9 The Authority has been granted the statutory powers necessary to operate the HIF. Following the approval of the statutory powers and the legal process to novate contracts the HIF was transferred to the Authority from MCC on 13 March 2019. All investments out with developers have subsequently been novated across to GMCA by the 31 March 2020. The total HIF value started at £182.9m of which £64.9m was paid back to MHCLG on the 24 April 2019. Quarterly funding was received from MHCLG of £19.4m, £18.2m, £16.1m and £9.5m.

3.10 As noted above, Homes England funding totalling £29.2m was transferred on the 30 March 2020 from Manchester City Council to GMCA.

4 REVIEW OF ECONOMIC CONDITIONS 2019/20

4.1 The Bank of England maintained the lending rate at 0.75% in the first half of the financial year. On 11 March 2020 the rate was changed to 0.25% which was subsequently followed by another drop to 0.10% on the 19 March 2020 in efforts to stimulate the economy during COVID-19.

4.2 Appendix C provides a more detailed review of the economic situation.

5. EXTERNAL BORROWING IN 2019/20

5.1 PWLB interest rates have fluctuated during the year as shown in the summary table below and in the graph on Appendix A.

PWLB Borrowing Rates 2019-20 to date for 1 to 50 years					
	1 Year	**5 Year**	**10 Year**	**25 Year**	**50 Year**
Low	1.37%	1.20%	1.33%	1.93%	1.77%
Date	03/09/2019	08/10/2019	03/09/2019	03/09/2019	03/09/2019
High	2.67%	2.65%	2.96%	3.45%	3.25%
Date	05/12/2019	13/03/2020	19/03/2020	19/03/2020	31/12/2019
Average	2.03%	1.97%	2.20%	2.76%	2.60%

5.2 GMCA is on the approved list of authorities that can access the PWLB Certainty Rate going forward, giving the Authority access to a 20 basis points reduction on the published PWLB rates. In October 2019, there was a 100 basis point rise in PWLB lending rate which had significant implications on the borrowing costs for all future borrowing. Further details are shown in section 7 of this report.

5.3 Temporary borrowing of £80m was taken in the second half of the year taking advantage of the historically low rate inter local authority market. Funding consisted of money on notice as well as maturity to allow for the flexibility of early repayment of cash once grant funding arrived in the early parts of 20/21. This ensured both liquidity and stability during the COVID-19 Pandemic.

6. COMPLIANCE WITH TREASURY LIMITS AND PRUDENTIAL INDICATORS

6.1 The Authority operated within the treasury limits and prudential indicators set out in the Treasury Management Strategy Statement on 29th March 2019. Performance against these targets is shown in Appendix B.

7. PWLB POLICY CHANGE

7.1 On the 9th of October the PWLB changed its policy to increase the margin on Gilts to Gilts plus 200 basis points, and therefore the margin on the certainty rate to Gilts plus 180 basis points. This means that interest costs on future debt increased substantially. Interest rates on PWLB the Authority already hold have not changed.

7.2 By increasing rates by 100 basis points the interest costs now faced by the Authority are similar to those towards the end of the 2018 calendar year. Therefore, whilst the existing capital programme and forecast borrowing remains affordable, the true impact of the policy change is on the capacity for further borrowing in the future.

7.3 The government has launched a consultation to work with authorities to develop a targeted intervention to stop 'debt-for-yield' activity while protecting the crucial work the authorities perform. The consultation was intended to finish in early June, but due to COVID-19 it has been extended.

8. INVESTMENT STRATEGY FOR 2019/20

8.1 A revised Treasury Management Strategy Statement (TMSS) for 2019/20 was approved by the Authority on the 29th of March 2019. The GMCA's Annual Investment Strategy, which is incorporated in the TMSS, outlines the Authority's investment priorities as, a) the security of capital and b) liquidity of investments.

8.2 The Authority's temporary cash balances are managed by the Manchester City Council's Treasury Management team and are invested with those institutions listed in the Authority's Approved Lending List. Officers can confirm these institutions meet the security criteria set out in the Annual Investment Strategy and the approved limits were not breached in 2019/20.

9. TEMPORARY BORROWING AND INVESTMENT OUTTURN FOR 2019/20

9.1 Investment rates available in the market continue to be at an historical low point. The average level of funds available for investment purposes in 2019/20 was just over £136.7m. These funds were available on a temporary basis and the level of funds available was mainly dependent on the timing of levy receipts, receipt of grants, and progress on the capital programme.

9.2 As shown below, the Authority's return was higher than the benchmark return. The relatively high level of cash balances held by the Authority has provided an opportunity to optimise the number of investments with other local authorities and Money Market Funds (MMFs), returning a higher level of yield.

	Average temporary Investment/ borrowing	Net Return/Cost	Benchmark Return / Cost
Temporary Investments	£136.8m	0.72%	0.53%*
Temporary Borrowing	£17.3m	0.87%	0.66%**

** Average 7-day LIBID rate sourced from Link*

*** Average 7-day LIBOR rate sourced from Link*

9.3 None of the institutions in which investments were made, such as banks, local authorities and MMFs, showed any difficulty in repaying investments and interest during the year. The list of institutions in which the Authority invests is kept under continuous review.

10. CONCLUSION

10.1 The current borrowing position reflects the strong balance sheet of the Authority. Cash resources have increased following the transfer of the HCA Funding on the 30th of March 2020.

10.2 Temporary borrowing was taken at the end of the year to maintain liquidity and ensure the cash was available to support both COVID-19 related activity and underlying budgeted activity.

10.3 The Authority exceeded the benchmark rate of return on temporary investments during the 2019/20 financial year. Work will continue to review all investment options, to see if a greater rate of return could be attracted without compromising the Authority's strong risk management position.

Appendix A –
PWLB Interest

APPENDIX B

TREASURY MANAGEMENT PRUDENTIAL INDICATORS: 2019/20

	Original £m	Minimum In Year £m	Maximum In Year £m
Operational Boundary for External Debt:			
Borrowing	£1,991.2	£1,411.4	£1,555.8
Other Long Term Liabilities	£0.0	£0.0	£0.0
Authorised Limit for External Debt:			
Borrowing	£2,203.2	£1,411.4	£1,555.8
Other Long Term Liabilities	£0.0	£0.0	£0.0
	Original	**Actual as at 31 March 2020**	
Authority has adopted CIPFA's Code of Practice for Treasury Management in the Public Services	Yes	Yes	
Upper Limits for Interest Rate Exposure:			
Net Borrowing at Fixed Rate as a percentage of Total Net Borrowing	100%	96.6%	
Net Borrowing at Variable Rate as a percentage of Total Net Borrowing	50%	3.45%	
Upper Limit for Principal Sums Invested for over 364 days	£0	£0	

	Lower Limit	Upper Limit	
Maturity structure of Fixed Rate Borrowing	**2019/20 Original**	**2019/20 Original**	**Actual as at 31 March 2020**
under 12 months	0%	100%	2.1%
12 months and within 24 months	0%	100%	2.7%
24 months and within 5 years	0%	100%	11.4%
5 years and within 10 years	0%	100%	19.5%
10 years and above	0%	100%	64.3%

Appendix C

REVIEW OF ECONOMIC CONDITIONS FROM APRIL 2019 TO MARCH 2020 AND FUTURE OUTLOOK

This section has been prepared by the Authority’s Treasury Advisors, Link Asset Services, and includes their forecast for future interest rates after the PWLB policy change referenced in the report.

1 ECONOMIC PERFORMANCE TO DATE MARCH 31st 2020

1.1 UK. Brexit. The main issue in 2019 was the repeated battles in the House of Commons to agree on one way forward for the UK over the issue of Brexit. This resulted in the resignation of Theresa May as the leader of the Conservative minority Government and the election of Boris Johnson as the new leader, on a platform of taking the UK out of the EU on 31 October 2019. The House of Commons duly frustrated that renewed effort and so a general election in December settled the matter once and for all by a decisive victory for the Conservative Party: that then enabled the UK to leave the EU on 31 January 2020. However, this still leaves much uncertainty as to whether there will be a reasonable trade deal achieved by the target deadline of the end of 2020. It is also unclear as to whether the coronavirus outbreak may yet impact on this deadline; however, the second and third rounds of negotiations have already had to be cancelled due to the virus.

1.2 Economic growth in 2019 has been very volatile with quarter 1 unexpectedly strong at 0.5%, quarter 2 dire at -0.2%, quarter 3 bouncing back up to +0.5% and quarter 4 flat at 0.0%, +1.1% y/y. 2020 started with optimistic business surveys pointing to an upswing in growth after the ending of political uncertainty as a result of the decisive result of the general election in December settled the Brexit issue. However, the three monthly GDP statistics in January were disappointing, being stuck at 0.0% growth. Since then, the whole world has changed as a result of the coronavirus outbreak. It now looks likely that the closedown of whole sections of the economy will result in a fall in GDP of at least 15% in quarter two. What is uncertain, however, is the extent of the damage that will be done to businesses by the end of the lock down period, when the end of the lock down will occur, whether there could be a second wave of the outbreak, how soon a vaccine will be created and then how quickly it can be administered to the population. This leaves huge uncertainties as to how quickly the economy will recover.

1.3 After the Monetary Policy Committee raised Bank Rate from 0.5% to 0.75% in August 2018, Brexit uncertainty caused the MPC to sit on its hands and to do nothing until March 2020; at this point it was abundantly clear that the coronavirus outbreak posed a huge threat to the economy of the UK. Two emergency cuts in Bank Rate from 0.75% occurred in March, first to 0.25% and then to 0.10%. These cuts were accompanied by an increase in quantitative easing (QE), essentially the purchases of gilts (mainly) by the Bank of England of £200bn. The Government and the Bank were also very concerned to stop people losing their jobs during this lock down period. Accordingly, the Government introduced various schemes to subsidise both employed and self-employed jobs for three months while the country is locked down. It also put in place a raft of other measures to help businesses access loans from their banks, (with the Government providing guarantees to the banks against losses), to tide them over the lock down period when some firms may have little or no income. However, at the time of writing, this leaves open a question as to whether some firms will be solvent, even if they take out such loans, and some may also choose to close as there is, and will be, insufficient demand for their services. At the time of writing, this is a rapidly evolving situation so there may be further measures to come from the Bank and the Government in April and beyond. The measures to support jobs and businesses already taken by the Government will result in a huge increase in the annual budget deficit in 2020/21 from 2%, to nearly 11%. The ratio of debt to GDP is also likely to increase from 80% to around 105%. In the Budget in March, the Government also announced a large increase in spending on infrastructure; this will also help the economy to recover once the lock down is ended. Provided the coronavirus outbreak is brought under control relatively swiftly, and the lock down is eased, then it is hoped that there would be a sharp recovery, but one that would take a prolonged time to fully recover previous lost momentum.

1.4 Inflation has posed little concern for the MPC during the last year, being mainly between 1.5 – 2.0%. It is also not going to be an issue for the near future as the world economy will be heading into a recession which is already causing a glut in the supply of oil which has fallen sharply in price. Other prices will also be under downward pressure while wage inflation has also been on a downward path over the last half year and is likely to continue that trend in the current environment. While inflation could even turn negative in the Eurozone, this is currently not likely in the UK.

1.5 Employment had been growing healthily through the last year but it is obviously heading for a big hit in March – April 2020. The good news over the last year is that wage inflation has been significantly higher than CPI inflation which means that consumer real spending power had been increasing and so will have provided support to GDP growth. However, while people cannot leave their homes to do non-food shopping, retail sales will also take a big hit.

1.6 USA. Growth in quarter 1 of 2019 was strong at 3.1% but growth fell back to 2.0% in quarter 2 and 2.1% in quarters 3 and 4. The slowdown in economic growth resulted in the Fed cutting rates from 2.25-2.50% by 0.25% in each of July, September and October. Once coronavirus started to impact the US in a big way, the Fed took decisive action by cutting rates twice by 0.50%, and then 1.00%, in March, all the way down to 0.00 – 0.25%. Near the end of March, Congress agreed a $2trn stimulus package (worth about 10% of GDP) and new lending facilities announced by the Fed which could channel up to $6trn in temporary financing to consumers and firms over the coming months. Nearly half of the first figure is made up of permanent fiscal transfers to households and firms, including cash payments of $1,200 to individuals.

1.7 EUROZONE. The annual rate of GDP growth has been steadily falling, from 1.8% in 2018 to only 0.9% y/y in quarter 4 in 2019. The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by purchases of debt. However, the downturn in EZ growth, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), prompted the ECB to take new measures to stimulate growth. At its March 2019 meeting it announced a third round of TLTROs; this provided banks with cheap two year maturity borrowing every three months from September 2019 until March 2021. However, since then, the downturn in EZ and world growth has gathered momentum so at its meeting in September 2019, it cut its deposit rate further into negative territory, from -0.4% to -0.5% and announced a resumption of quantitative easing purchases of debt to start in November at €20bn per month, a relatively small amount, plus more TLTRO measures. Once coronavirus started having a major impact in Europe, the ECB took action in March 2020 to expand its QE operations and other measures to help promote expansion of credit and economic growth. What is currently missing is a coordinated EU response of fiscal action by all national governments to protect jobs, support businesses directly and promote economic growth by expanding government expenditure on e.g. infrastructure; action is therefore likely to be patchy.

1.8 CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium-term risks have also been increasing. The major feature of 2019 was the trade war with the US. However, this has been eclipsed by being the first country to be hit by the coronavirus outbreak; this resulted in a lock down of the country and a major contraction of economic activity in February-March 2020. While it appears that China has put a lid on the virus by the end of March, these are still early days to be confident and it is clear that the economy is going to take some time to recover its previous rate of growth. Ongoing economic issues remain, in needing to make major progress to eliminate excess industrial capacity and to switch investment from property construction and infrastructure to consumer goods production. It also needs to address the level of non-performing loans in the banking and credit systems.

1.9 WORLD GROWTH. The trade war between the US and China on tariffs was a major concern to financial markets and was depressing worldwide growth during 2019, as any downturn in China would spill over into impacting countries supplying raw materials to China. Concerns were particularly focused on the synchronised general weakening of growth in the major economies of the world. These concerns resulted in government bond yields in the developed world falling significantly during 2019. In 2020, coronavirus is the big issue which is going to sweep around the world and have a major impact in causing a world recession in growth in 2020.

Link Asset Services Interest Rate View								
	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Month LIBID	0.45	0.40	0.35	0.30	0.30	0.30	0.30	0.30
6 Month LIBID	0.60	0.55	0.50	0.45	0.40	0.40	0.40	0.40
12 Month LIBID	0.75	0.70	0.65	0.60	0.55	0.55	0.55	0.55
5yr PWLB Rate	1.90	1.90	1.90	2.00	2.00	2.00	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50

APPENDIX D

Glossary of Terms

Authorised Limit - This Prudential Indicator represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need, with some headroom for unexpected movements.

Bank Rate – the rate at which the Bank of England offers loans to the wholesale banks, thereby controlling general interest rates in the economy.

Counterparty – one of the opposing parties involved in a borrowing or investment transaction

Credit Rating – A qualified assessment and formal evaluation of an institution's (bank or building society) credit history and capability of repaying obligations. It measures the probability of the borrower defaulting on its financial obligations, and its ability to repay these fully and on time.

Discount – Where the prevailing interest rate is higher than the fixed rate of a long-term loan, which is being repaid early, the lender can refund the borrower a discount, the calculation being based on the difference between the two interest rates over the remaining years of the loan, discounted back to present value. The lender is able to offer the discount, as their investment will now earn more than when the original loan was taken out.

Fixed Rate Funding - A fixed rate of interest throughout the time of the loan. The rate is fixed at the start of the loan and therefore does not affect the volatility of the portfolio, until the debt matures and requires replacing at the interest rates relevant at that time.

Gilts - The loan instruments by which the Government borrows. Interest rates will reflect the level of demand shown by investors when the Government auctions Gilts.

High/Low Coupon – High/Low interest rate

LIBID (London Interbank Bid Rate) – This is an average rate, calculated from the rates at which individual major banks in London are willing to borrow from other banks for a particular time period. For example, 6 month LIBID is the average rate at which banks are willing to pay to borrow for 6 months.

LIBOR (London Interbank Offer Rate) – This is an average rate, calculated from the rates which major banks in London estimate they would be charged if they borrowed from other banks for a particular time period. For example, 6 month LIBOR is the average rate which banks believe they will be charged for borrowing for 6 months.

Liquidity – The ability of an asset to be converted into cash quickly and without any price discount. The more liquid a business is, the better able it is to meet short-term financial obligations.

LOBO (Lender Option Borrower Option) – This is a type of loan where, at various periods known as call dates, the lender has the option to alter the interest rate on the loan. Should the lender exercise this option, the borrower has a corresponding option to repay the loan in full without penalty.

Market - The private sector institutions - Banks, Building Societies etc.

Maturity Profile/Structure - an illustration of when debts are due to mature, and either have to be renewed or money found to pay off the debt. A high concentration in one year will make the Authority vulnerable to current interest rates in that year.

Monetary Policy Committee – the independent body that determines Bank Rate.

Operational Boundary – This Prudential Indicator is based on the probable external debt during the course of the year. It is not a limit and actual borrowing could vary around this boundary for short times during the year. It should act as an indicator to ensure the Authorised Limit is not breached.

Premium – Where the prevailing current interest rate is lower than the fixed rate of a long-term loan, which is being repaid early, the lender can charge the borrower a premium, the calculation being based on the difference between the two interest rates over the remaining years of the loan, discounted back to present value. The lender may charge the premium, as their investment will now earn less than when the original loan was taken out.

Prudential Code - The Local Government Act 2003 requires the Authority to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable.

PWLB - Public Works Loan Board. Part of the Government's Debt Management Office, which provides loans to public bodies at rates reflecting those at which the Government is able to sell Gilts.

Specified Investments - Sterling investments of not more than one-year maturity. These are considered low risk assets, where the possibility of loss of principal or investment income is very low.

Non-specified investments - Investments not in the above, specified category, e.g., foreign currency, exceeding one year or outside our minimum credit rating criteria.

Variable Rate Funding - The rate of interest either continually moves reflecting interest rates of the day, or can be tied to specific dates during the loan period. Rates may be updated on a monthly, quarterly or annual basis.

Volatility - The degree to which the debt portfolio is affected by current interest rate movements. The more debt maturing within the coming year and needing replacement, and the more debt subject to variable interest rates, the greater the volatility.

Yield Curve - A graph of the relationship of interest rates to the length of the loan. A normal yield curve will show interest rates relatively low for short-term loans compared to long-term loans. An inverted Yield Curve is the opposite of this.

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GMCA GREATER MANCHESTER COMBINED AUTHORITY

Date:	8th September 2020
Subject:	Assessment of Going Concern Statement
Report of:	Steve Wilson, GMCA Treasurer

PURPOSE OF REPORT

The report informs members of an assessment of the Greater Manchester Combined Authority (GMCA) as a going concern for the purposes of producing the Statement of Accounts 2019/20 and provides assurance to members on the GMCA's status as a 'going concern'.

RECOMMENDATIONS:

Audit Committee is requested to:

1. Note the outcome of the assessment made of the GMCA's status as a "going concern" for the purposes of the draft statement of accounts 2019/20.

CONTACT OFFICERS:

Name: Steve Wilson
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Name: Rachel Rosewell
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BACKGROUND PAPERS:

- Greater Manchester Combined Authority GMCA Revenue and Capital Budgets 2020/21 Overview (Budget Paper A)
- GMCA Annual Governance Statement 2019/20

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	

1. INTRODUCTION

1.1 Greater Manchester Combined Authority (GMCA) is required to demonstrate that it is a going concern and remains financially sound. The concept of a 'going concern' assumes that an authority, its functions and services will continue in operational existence for the foreseeable future. This assumption underpins the accounts drawn up under the Local Authority Code of Accounting Practice and is made because local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.

1.2 As with all principal local authorities, the GMCA is required to compile its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting for 2019/20 (the Code) as published by the Chartered Institute of Public Finance and Accountancy (CIPFA). In accordance with the Code the GMCA's Statement of Accounts is prepared assuming that the GMCA will continue to operate in the foreseeable future and that it is able to do so within the current and anticipated resources available. By this, it is meant that the GMCA will realise its assets and settle its obligations in the normal course of business.

2 GOING CONCERN ASSESSMENT

2.1 The main factors which underpin the assessment of GMCA as a going concern are outlined below and include:

- GMCA's financial performance
- GMCA's strategic planning and budget framework

- The regulatory and control environment applicable to the GMCA as a local authority.
- Economic climate

3. GMCA FINANCIAL POSITION

3.1 The revenue outturn for the year ending 31 March 2020 is categorised across defined areas of the Combined Authority. All areas underspent against approved budget in 2019/20, with the exception of Transport which overspent due to a shortfall on Metrolink revenues from the impact of the Covid-19 pandemic in March 2020. It has been agreed to transfer the final balance to Earmarked Reserves and General Fund.

3.2 The position is shown in the table below:

Function / Service	Approved Budget 2019/20 £000	Provisional Outturn 2019/20 £000	Outturn Variation 2019/20 £000	Transfer to/(from) Earmarked Reserves £000	Transfer to General Funds £000
Mayoral General	29,111	27,755	(1,356)	1,356	0
Mayoral General - GM Fire & Rescue	113,866	111,202	(2,664)	0	2,664
Economic Development and Regeneration	157,906	156,789	(1,117)	0	1,117
Highways and Transport	247,065	248,159	1,094	(1,094)	0
Waste Disposal	174,634	174,634	-	-	-
Mayoral Police Fund	589,049	589,049	579,773	6,951	2,325

3.3 GMCA's capital programme includes Greater Manchester Fire and Rescue Services, Economic Development and Regeneration programmes and the continuation of the programme of activity currently being delivered by Transport for Greater Manchester (TfGM) and Local Authorities. The GMCA approved the 2019/20 Capital Programme at its meeting on 15 February 2019 and updated forecast outturns were provided on a quarterly basis during 2019/20. The actual capital expenditure for 2019/20 was £370.7m compared to forecast for 2019/20 presented to GMCA on 14 February 2020 of £406.3m.

3.4 The Police Fund capital programme is recorded separately in accordance with legislation and was a further £32m of spend in 2019/20 compared to budget of £56.7m. At the time the 2020/21 budget was set, any known slippage was built into the funded programme. Further slippage from that point has resulted in a request to carry forward £7.7m to 2020/21.

Budget 2020/21

3.5 The GMCA revenue and capital budgets were presented to the GMCA board on the 14 February 2020 and are set out below:

Budget	19/20 budget	20/21 budget	Notes
Mayoral General Budget	£29.1 million	£127.1 million	Increase of £86.7m for Transport Statutory Charge. Increase on Precept of £6.1m for continuation of "Our Pass" pilot, A Bed Every Night and other priorities. Increase of £5m due to planned use of reserves
GMCA General Budget	£157.9 million	£209.1 million	The increase in budget relates to government grants, in particular Adult Education which transferred to GMCA part way through 2019/20.
GM Fire and Rescue Service (net as per budget report)	£113.9 million	£112.1 million	Overall decrease in budget due to reduced trf to capital funding reserve. Increase in budget for inflation and reduce savings requirements.
GMCA Transport Revenue Budget	£247.1 million	£242.1 million	Additional grant funding in 2019/20
Police and Crime Commissioner	£589.1 million	£628.9 million	Increase of £30.7m in Police Grant and £10.1m from precept and £1m reduction in

			collection fund surplus
Capital Budget	£402.8 million	£351.9 million	The capital programme over the three-year period (2020-2023) will require a long-term borrowing of £307.7 million.

GMCA Balances and Reserves

3.6 GMCA General Reserves were £45.8m as at 31/03/19 and were at £44.5m as at 31/03/20. Given the current scale of activities falling on the General Budget, the level of General Reserves held is felt to be appropriate. In total the Authority held £500.3m of Usable Reserves as at 31/03/19 which increased to £555.5m as at 31/03/20.

GMCA Cash flow Model

3.7 The constitution states that the GMCA must have in place an approved treasury management strategy, investment strategy and the borrowing limits. This includes a scheme of delegation and responsibilities of member groups and officers in relation to treasury management and the role of the Treasurer in relation to treasury management.

3.8 Currently the GMCA's Treasury Management functions are operated under a service level agreement by Manchester City Council Treasury Management which reports directly to the GMCA Treasurer. The GMCA uses Link Asset Services as its external treasury management advisors. The GMCA recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

3.9 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The GMCA will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

3.10 The treasury portfolio position for the GMCA is managed at a Group level, including Transport for Greater Manchester (TfGM), which means that the combined cash flows of all the consolidated organisations will be taken into account when investing temporary surplus funds or making arrangements to meet borrowing needs. Each financial year an annual cash flow model is set up that establishes the significant items of income and expense, together with dates of these items. This gives an overview of the potential borrowing or short and long-term investment decisions that may be required. This is then updated on a daily basis and reported to the Treasurer.

4. GMCA STRATEGIC PLANNING AND BUDGET FRAMEWORK

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

Budget Process

4.2 GMCA has in place an annual budget setting process that culminates in the approval of the Budget by the GMCA Board at its meeting in March. The reports during the budget process provide an overview of the proposed GMCA budgets for 2020/21. The reports bring together the position on the Mayoral General Budget and Precept Proposals, the GMCA General Budget, GMCA Transport budgets including Transport Levy and Statutory Charge and the GM Waste Services Levy. The reports set out the implications of the proposed budgets and the resultant charges on districts and the Mayoral Precept.

4.3 The GMCA is required to operate a balanced budget which broadly means that income received during the year will meet expenditure. Quarterly budget progress update reports are provided on a quarterly basis to GMCA during the year.

4.4 Work on the GMFRS Programme for Change (which is reviewing the Fire Service ways of working to ensure that they are efficient and sufficiently future proofed) is ongoing with a number of changes made to the Outline Business Case during 2019/20. While these changes resulted in the level of savings that had originally been identified, particularly retaining current crewing levels and maintaining firefighter numbers, this has been offset by an increase in the Mayoral Precept to ensure a balanced and sustainable financial position.

Treasury Management

4.5 In 2018 CIPFA published both an updated Prudential Code and Treasury Management Code, the key change of which came into force for 2019-20 with the introduction of a formally reported capital strategy to provide full council (or equivalent) with a concise, accessible view of the authority's approach to borrowing, investment and treasury management, with a focus on risk management, this underpins the Authority's position in regards to the level of risk it is willing to take in the management of its Funds and is therefore key to GMCA's strategic planning process.

4.6 The GMCA has a Capital Strategy which provides the medium to long term context in which capital investment decisions are made and the governance for those decisions. It also gives a summary of the GMCA approach to investments and the Treasury Management Strategy and the Treasury Management Strategy Statement for 2020/21

4. REGULATORY AND CONTROL

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

Governance Arrangements

4.2 The GMCA's corporate governance structures and scrutiny arrangements ensure that they are sufficient to meet the expanding role of GMCA and the delivery of its core functions and services. GMCA has established a number of boards, panels and committees including three Corporate Overview and Scrutiny Committees which receive regular reports on transport, housing, economy and investment matters. The Authority has the statutory posts of Head of Paid Service, Monitoring Officer and the Treasurer (Chief Financial Officer) who form part of the Senior Management Team in addition to the current political arrangements.

4.3 An overview of this governance framework is provided within the GMCA Annual Governance Statement and Code of Corporate Governance 2019/20. This includes a detailed review of the effectiveness of the council's governance arrangements which concludes that the existing arrangements remain fit for purposes and provides assurance of their effectiveness. The Authority is required to operate within a highly legislated and controlled environment and particular emphasis of this can be exampled and demonstrated with the financial controls in place. Examples of controls include the requirement of Full Authority to approve a balanced annual budget, but within that to consider and have regard via assurance from the Treasurer as to the robustness of the budget, its estimates and the adequacy of reserves held.

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

5. ECONOMIC CLIMATE

5.1 The UK left the European Union on the 31 January 2020 and entered a transition period which will not extend beyond 31 December 2020. GMCA has continued to consider the implications and actions arising from this decision and the future trading arrangements through the multi-agency Greater Manchester Brexit Readiness Group.

5.2 The COVID-19 Pandemic is having a significant economic impact on GM residents, businesses and public services. A detailed review of the impact of the pandemic on Greater Manchester has been led by GMCA with the latest assessment of the estimated financial impact reported to GMCA meeting on 31st July 2020. Within GMCA the response to the pandemic is led by the Strategic Coordinating Group (SCG) chaired by the Chief Executive and Chief Constable and Covid-19 Committee chaired by the Mayor.

5.3 The most significant immediate financial impact for GMCA has been on transport revenues where Government support has been provided for Metrolink and Bus. The GMCA general budget will be impacted by a detrimental impact on Business Rates growth for 2020/21 which will potentially remove the 50% element subsequently retained by the CA. In addition there is likely to be a deficit on Local Authority collection funds and a reduction in the overall Council Tax base which will reduce income from GMFRS, Mayoral and PCC precepts in cash terms from 2021/22. Police and Fire and Rescue have incurred additional costs for overtime, personal protective equipment and loss of income.

5.4 In order to maintain continuity and stability with key providers and contractors GMCA has put in place measures which align to the principles of the Government's emergency policy advice set out in the Procurement Policy Note (PPN) – Supplier Relief due to COVID-19. It applies to goods, services and works contracts being delivered in the UK and was effective until 30th June 2020 and applicable to all contracting authorities. GMCA is reviewing the interim arrangements every quarter with the view to returning to the original contracting arrangements as soon as deemed reasonable.

5.5 There is potential slippage on capital programmes which could lead to risks where time limited grants are a funding source. Whilst GMCA is seeking maximum flexibility from Government, work is ongoing to review the position on this and determine mitigating action where necessary.

5.6 Housing and Business loans funds are being reviewed for risk of default. No new business investment applications are being progressed in the immediate term whilst the impact of COVID-19 is being determined and businesses are being directed to the government interventions. The criteria for housing investments is in the process of being reassessed in order to decrease the risk of losses to the fund. Most housing developments are back on site but delays in planned completion are expected. There is expected to be an increase in demand for housing funds if banks reduce their activity and schemes fail and require support for completion. Measures for the CA to increase capacity are limited, so it will be looking to Government to provide additional funding for housing and commercial property.

5.7 Beyond the immediate impact of the COVID-19 pandemic, there is an important role for GMCA and partners to undertake as part of the recovery process. At meetings in June and July 2020 the GMCA considered the development of a one year Greater Manchester Living with COVID-19 Plan and financial implications for GMCA and TfGM. The narrative in the 2019/20 Statement of Accounts provides context on the response by the Authority to the pandemic and the short to medium term impact for GM priorities and financial position.

5.8 Work has been ongoing since the start of the pandemic with a sub group of Treasurers looking at ways to mitigate financial impact through joint work across GM which includes:

- Maintenance of accurate record of COVID-19 related expenditure incurred and forecast including recovery costs
- Lobbying of central government for funding of all COVID-19 costs
- Ensuring all recovery activities are appropriately costed and financed
- Developing opportunities for financial recovery working across GM and within districts
- Reviewing existing pre-COVID-19 investment priorities to determine whether these are still applicable in the short to medium term world but also identifying new priorities which may have emerged

- Support other recovery activities where appropriate

5.9 The impact of the COVID-19 Pandemic on UK economy as whole is significant and the long term impact for public sector finance will be determined as part of the Autumn 2020 Spending Review which will set government departmental budgets for 2021/22 to 2023/24 and capital budgets 2021/22 to 2024/25. GMCA is leading for Greater Manchester the development of a submission to Government to influence the outcome of the Comprehensive Spending Review.

6. CONCLUSION

6.1 The assessment of the GMCA's status as a "going concern" for the purposes of the draft statement of accounts 2019/20 demonstrates that the Authority is performing effectively and is in a strong position to respond to the current and emerging challenges and risks.

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GMCA Audit Committee

Date: 8 September 2020

Subject: Internal Audit Progress Report

Report of: Head of Audit and Assurance, GMCA

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 for 2020/21. It is also used as a mechanism to approve and provide a record of changes to the internal audit plan.

RECOMMENDATIONS:

Audit Committee is requested to consider and comment on the 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 2020/21 – June 2020

<table>
<tr><td colspan="2">TRACKING/PROCESS</td><td colspan="2"></td></tr>
<tr><td colspan="3">Does this report relate to a major strategic decision, as set out in the GMCA Constitution</td><td>No</td></tr>
<tr><td colspan="4">EXEMPTION FROM CALL IN</td></tr>
<tr><td colspan="2">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?</td><td colspan="2">No</td></tr>
<tr><td>TfGMC</td><td>Overview & Scrutiny Committee</td><td colspan="2" rowspan="2"></td></tr>
<tr><td>N/A</td><td>N/A</td></tr>
</table>

1 Introduction

1.1 The annual audit plan for GMCA was presented to the June 2020 Audit Committee and allocated 350 days of internal audit support in 2020/21.

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 update against the GMCA audit plan.

1.4 The Head of Audit and Assurance has also assumed responsibility for Risk Management for GMCA. The Head of Audit and Assurance is in the process of agreeing support from TfGM to assist with the development and implementation of a risk management framework.

2 Progress against the 2020/21 Internal Audit Plan

2.1 Since the last Audit Committee on 23 June 2020, we have issued one final published report and two mandatory grant certifications, as noted below.

- GM Housing Investment Loan Fund (GMHILF)
- Grant Certification – BEIS Growth Hub Funding
- Grant Certification - GM EU Exit Preparedness Funding

2.2 Details of the number and priority of agreed actions in respect of these audits are attached in **Appendix A** and the Executive Summaries from these Final reports will be shared with Members.

2.3 Whilst progress against the plan remains broadly on track, the impact of COVID19 pandemic and unforeseen changes in working arrangements continues to affect audit resources and wider staff availability. We continue to keep this under review and make any necessary adjustments to planned audit work.

2.4 Some time was lost during the first quarter of 2020/21 as audit engagement planning was paused in order to allow GMCA Directorates to focus on implementing business continuity arrangements and supporting critical areas of the business. However, since the plan was approved by Audit Committee in June, Internal Audit fieldwork work has now commenced in several areas and the status of this work is shown below.

Fieldwork:

2.5 There are five audits currently in progress, these are:

- GM Fire Fighter's Pension Review – Draft Report
- Lessons Learned Review of the GM Mortuary Commissioning Project - Draft Report
- Fleet Services - Fieldwork
- Payment and Payroll Controls – Fieldwork
- Programme and Project Governance - Planning
- Annual Governance Statement (AGS) – 2019/20 - Advisory

Other activities completed:

2.6 In addition there have been two areas of responsive work requested which are in progress:

- At the request of the Deputy Mayor, the Head of Audit and Assurance is undertaking an investigation into a complaint received from a previous employee. This will be reported going forwards within whistleblowing reporting.

- The Chief Executive has asked Internal Audit to undertake a review of the arrangements around Mayoral Advisors and guidance in place around payments to Mayoral Advisors. This audit is currently being scheduled.

2.7 These two audits are currently being absorbed within plan contingency and reflected as "off plan" work.

2.8 Internal Audit are also facilitating the review and update of the Corporate Risk Register for Q2. We are working with SLT and the Governance team to update the register and this will be presented to Audit Committee in October.

2.9 We have also taken the opportunity to focus on the orientation of the new starters and developing Internal Audit policies, procedures and practices.

2.10 Details of our progress in respect of the 2020/21 Audit Plan is shown in **Appendix B.**

3 Changes to the Internal Audit Plan

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

3.2 At this stage there are no reported changes to the audit plan for 2020/21. However the plan remains flexible during year to reflect the need for any prioritisation of emerging risk areas as a result of the COVID19 recovery plan or changes to the control environment. We will continue to engage with Directors and the Senior Leadership team on any significant risks arising and new assurance requirements. Should there be a need to reduce the audit plan as a result of delays caused by Covid-19 or other priority audit work we will seek approval from the Audit Committee.

3.3 A full list of any proposed changes, with the rationale for each, will be shown as an **Appendix C** to this report. This provides a cumulative record of changes to the approved plan along with the date they were approved by the Committee.

4 Priorities for the Next Quarter

4.1 Key priorities for the next quarter are:

- Completion of outstanding Q2 work and scoping of Q3 planned work.
- To agree the level of support from TfGM to assist with the development and implementation of a risk management framework.
- National Fraud Initiative 2020/21 – data upload.

Appendix A - 2020/21 Summary of Internal Audit Reports issued

The table below provides a cumulative summary of the internal audit work completed in 2020/21. This will inform the annual Internal Audit opinion for the year 2020/21. Audits in bold are those that have been issued since the last Audit Committee meeting.

Audit	Assurance Level	Audit Findings					Coverage		
		Critical	High	Medium	Low	Advisory	GMCA	GMFRS	Waste
GM Housing Investment Loan Fund (b/f)	Moderate			2	1		✓		
Grant Certification - Business Energy and Industrial Strategy (BEIS)	Positive	There are no recommended audit actions					✓		
Grant Certification - Manchester EU exit Preparedness Funding	Positive	There are no recommended audit actions					✓		
Lessons Learned – GM Mortuary commissioning project*	N/A						✓		
GM Fire Service Pension Review*	Moderate			2	2	2		✓	

*Draft report

The following tables show definitions for the Assurance Levels provided to each audit report and the ratings attached to individual audit actions. Given the previous internal audit arrangements these ratings have been aligned with those used historically by MCC. The report and finding ratings will be reviewed and revised for 2020/21 onwards.

Assurance levels

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

Audit Finding Classification

Risk Rating	Description/characteristics	Score
Critical	• Repeated breach of laws or regulations • Significant risk to the achievement of organisational objectives / outcomes for GM residents • Potential for catastrophic impact on the organisation either financially, reputationally or operationally • Fundamental controls over key risks are not in place, are designed ineffectively or are routinely circumvented • Critical gaps in/disregard to governance arrangements over activities	**40**
High	• One or more breaches of laws or regulation • The achievement of organisational objectives is directly challenged, potentially risking the delivery of outcomes to GM residents • Potential for significant impact on the organisation either financially, reputationally or operationally • Key controls are not designed effectively or testing indicates a systemic issue in application across the organisation • Governance arrangements are ineffective or are not adhered to. • Policies and procedures are not in place	**10**
Medium	• Minor risk that laws or regulations could be breached but the audit did not identify any instances of breaches • Indirect impact on the achievement of organisational objectives / outcomes for GM residents • Potential for minor impact on the organisation either financially, reputationally or operationally • Key controls are designed to meet objectives but could be improved or the audit identified inconsistent application of controls across the organisation • Policies and procedures are outdated and are not regularly reviewed	**5**
Low	• Isolated exception relating to the full and complete operation of controls (e.g. timeliness, evidence of operation, retention of documentation) • Little or no impact on the achievement of strategic objectives / outcomes for GM residents • Expected good practice is not adhered to (e.g. regular, documented review of policy/documentation)	**1**
Advisory	Finding does not impact the organisation's ability to achieve its objective but represent areas for improvements in process or efficiency.	**0**

Appendix B – Progress against the Internal Audit Plan 2020/21

The table below shows progress made in delivery of the 2020/21 Internal Audit Plan.

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

Directorate	Audit Area	Audit	Timing	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Corporate Services	Governance	Corporate risk register (CRR) facilitation	All	●	●	●	○	June 2020	COVID19 CRR Completed for Q1
Chief Executive's Office	Programmes and Projects	Lessons Learned - Mortuary Commissioning Project	Q1/Q2	●	●	●	○		Draft Report Issued
Chief Executive's Office	Governance	Risk Management Framework	Q2	⦿	○	○	○		Delayed to Q3
Corporate Services	Governance	Annual Governance Statement 2018/19	Q2	●	●	●	●	Sept 2020	
Corporate Services	Governance	Code of Corporate Governance	Q2	○	○	○	○		Delayed to Q3
Corporate Services	HROD	Investigation process	Q2	●	◉	○	○		In Progress
Corporate Services	Health, Safety and Wellbeing	Health and Safety Compliance	Q2	○	○	○	○		Delayed to Q3
Corporate Services	Finance	Payments and Payroll Controls	Q2/Q3	◉	◉	○	○		In Progress

Directorate	Audit Area	Audit	Timing	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Corporate Services	Finance	Grant certifications	All	⦿	⦿	○	○		
Corporate Services	Finance	BEIS 2019/20 GM Growth Hub Finding	Q2	●	●	●	●	Sept 2020	Completed
Corporate Services	Grants	GM EU exit Preparedness Funding	Q2	●	●	●	●	Sept 2020	Completed
Cross-cutting	Programmes and Projects	Programme Governance	Q2	⦿	○	○	○		In Progress
Corporate Services	ICT	Outsourced ICT audit work	Q3	○	○	○	○		
Corporate Services	Finance	Procurement	Q3	○	○	○	○		
Place making	CIT	GM Housing Investment Loan Fund	Q4	○	○	○	○		
Corporate Services	Governance	Delegated Authorities	Q4	○	○	○	○		
Corporate Services	Waste	Core financial processes (Waste)	Q4	○	○	○	○		
Work and Health	Work	Working Well	Q4	○	○	○	○		
Education	AEB	Advice regarding AEB Assurance framework	Q4	○	○	○	○		
Cross-cutting	Programmes and Projects	Large Programme Governance	Q4	○	○	○	○		

Directorate	Audit Area	Audit	Timing	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
GMFRS	GMFRS	Pensions administration	Q2	●	●	●	○		Draft Report Issued
GMFRS	GMFRS	GMFRS Fleet	Q2	●	◉	○	○		In Progress
GMFRS	GMFRS	Training Centre	Q4	○	○	○	○		
PCC	PCC	Phase 2 audit of grant processes	Q3	○	○	○	○		
Off Plan Audit Activity									
Chief Executives Office	Governance	Mayoral Advisors	Q2	◉	○	○	○		
GMFRS	Investigation	Whistleblowing	Q2	●	◉	○	○		
Corporate Services	Counter Fraud	National Fraud Initiative 2020/21	Q3	⊙	○	○	○		Data upload due Oct 2020

Other Audit Activity		Quarter
Information Governance	Head of IA is a member of the IG Board, ongoing advice and oversight of IG risks through this forum.	All
Risk Management	Internal audit facilitate quarterly risk register updates through the Risk and Governance Group. In 20/21 consideration will be given to the COVID CRR and the eventual merging of the COVID and Corporate risk registers. Development and implementation of a GMCA-wide risk management framework.	All
Audit action tracking	Internal audit will monitor and report on progress in the implementation of agreed audit actions	All
Whistleblowing investigations	Receipt and investigation of whistleblowing reports	As needed
Ad-hoc advice and support	Advice and reviews requested in-year in response to new or changing risks and activities.	As needed
Contingency days	Days reserved to address new or emerging risks	As needed

Appendix C - Changes to the Internal Audit Plan

The internal audit plan is designed to be flexible and can be amended to address changes in the risks, resources and/or strategic objectives. Similarly management and the board may request additional audit work be performed to address particular issues. In line with Public Sector Internal Audit Standards (PSIAS) the Audit Committee should approve any significant changes to the plan. This Section records any changes to the current internal audit plan since it was originally approved in June 2020.

Audit Area	Audit	Timing	Days	Change requested	Rationale	Approved by Audit Committee
					There are no proposed changes to the audit plan	

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GMCA Audit Committee – Schedule of Business 2020/21

Agenda Item	June 2020 (AGM)	September2020	October 2020 TBC	January 2021	April 2021	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
Final Audited Statement of Accounts			✓			
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
Annual report of Audit Committee					✓	Audit Committee Chair
Risk Management						
Corporate Risk Register full review (annual)				✓		Treasurer and Head of Audit and Assurance

Agenda Item	June 2020 (AGM)	September2020	October 2020 TBC	January 2021	April 2021	Lead
Corporate Risk Register update	✓		✓		✓	Treasurer and Head of Audit and Assurance
Risk deep-dives			✓*	✓*	✓*	Risk owners
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	✓				✓	Report of Treasurer, prepared by Head of Audit and Assurance
Annual Whistleblowing Report	✓				✓	Report of Treasurer, prepared by 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
External Audit Progress Report	✓		✓		✓	External Audit

Agenda Item	June 2020 (AGM)	September2020	October 2020 TBC	January 2021	April 2021	Lead
Final Statement of Accounts – Report of the External Auditor			✓			External Audit
Private meeting with External Auditors			✓			External Audit
Financial Reporting						
GMCA Treasury Management Annual Report	✓					Treasurer
Accounting policies and critical judgements					✓	Treasurer
Treasury Management Strategy	✓				✓	Treasurer

* Risk deep-dives to be undertaken in private meetings

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