

**GREATER MANCHESTER COMBINED AUTHORITY AUDIT
COMMITTEE**

DATE: Wednesday, 20th September, 2023

TIME: 10.00 am

VENUE: The Tootal Buildings - Broadhurst House, 1st Floor, 56
Oxford Street, Manchester, M1 6EU

**ANNUAL GENERAL MEETING
AGENDA**

- 1. Apologies For Absence**
- 2. Appointment of Chair of the Audit Committee 2023-2024**

To seek nominations for the appointment of Chair of the Committee for 2023/2024.

- 3. Chair's Announcements and Urgent Business**
- 4. Membership of the Committee 2023-2024**

To note the membership of the Committee for the Municipal Year 2023/24:-

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.

Councillor Dylan Butt	Trafford Council (Con)
Councillor Christine Carrigan	Stockport Council (Lab)
Councillor John Merry	Salford City Council (Lab)
Councillor Mary Whitby	Bury Council (Lab)
*Councillor Christine Roberts	Wigan Council (Lab)
*Councillor Shelley Lanchbury	Manchester City Council (Lab)

Gwyn Griffiths	Independent Member
Grenville Page	Independent Member
Catherine Scivier	Independent Member
Susan Webster	Independent Member

*Substitute Members:

5. Members Code of Conduct and Register of Interest 1 - 14

To remind Members of their obligations under the Code of Conduct, and to complete their Annual Declaration of Interest form if not already done so.

6. Audit Committee Terms of Reference 15 - 24

To note the Terms of Reference for the GMCA Audit Committee.

7. Code of Corporate Governance 25 - 42

To note the Code of Corporate Governance as set out in Part 7 (Section E) of the GMCA Constitution.

8. Audit Committee Schedule of Meetings 2023/2024

To note the following programme of meetings for 2023/24:-

Wednesday 20th September 2023.

Wednesday 15th November 2023

Wednesday 24th January 2024.

Wednesday 13th March 2024.

Meeting will commence at 10:00 am unless otherwise notified.

ORDINARY BUSINESS AGENDA

9. Declarations of Interest 43 - 46

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

10. Minutes of the Previous Audit Committee Meeting 47 - 62

To consider the approval of the minutes of the meeting held on 15th March 2023.

11. Update From the Joint Audit Panel "To Follow"

To receive an update on the Joint Audit Panel.

12. Audit Committee Annual Report "To follow"

Report of the Interim Audit Committee Chair.

13. Internal Audit Opinion 2022-2023 63 - 80

Report of the Deputy Director Audit and Assurance, GMCA

14.	Annual Governance Statement 2022-2023	81 - 124
	Report of the GMCA Treasurer and the GMCA Solicitor and Monitoring Officer.	
15.	Risk Management Update	125 - 148
	Report of Deputy Director of Audit and Assurance, GMCA.	
16.	Internal Audit Progress Report	149 - 220
	Report of Deputy Director of Audit and Assurance, GMCA.	
17.	Audit Action Tracking Follow Up	221 - 238
	Report of Deputy Director of Audit and Assurance, GMCA.	
18.	Annual Report: GMCA Whistleblowing Outcomes	239 - 244
	Report of the GMCA Treasurer.	
19.	Quarterly Treasury Management Update - 30 June 2023	245 - 264
	Report of the GMCA Treasurer.	
20.	Unaudited GMCA Annual Statement of Accounts 2022/23	265 - 468
	Report of the Treasurer, GMCA.	
21.	Assessment of Going Concern	469 - 484
	Report of the GMCA Treasurer.	

22. External Audit Progress Report - To Follow

Report of Mazars, LLP External Auditor.

23. Audit Committee Work Programme- To Follow

To consider the Committee work programme.

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

This agenda was issued on Tuesday 12 September 2023, on behalf of Julie Connor, Secretary to the Greater Manchester Combined Authority, Broadhurst House, 56 Oxford Street, Manchester M1 6EU

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GMCA AUDIT COMMITTEE

Date: 20th September 2023
Subject: Code of Conduct and Register of Interests
Report of: Gillian Duckworth, GMCA Solicitor and Monitoring Officer

PURPOSE OF REPORT

To remind Members that the GMCA's Member Code of Conduct sets out high expectations with regard Members' conduct. As Members are co-opted on to a GMCA Committee, the GMCA's code applies to them when they are acting in this capacity.

RECOMMENDATIONS

Members are requested to:

Note the GMCA's Member Code of Conduct (Appendix A) and to complete an annual register of interest form (Appendix B).

CONTACT OFFICER

Paul Harris
GMCA Senior Governance & Scrutiny Officer
paul.harris@greatermanchester-ca.gov.uk

Risk Management – none

Legal Considerations – none

Financial Consequences – none

Financial Consequences – Capital – none

Number of attachments included in the report: 2

GMCA's Member Code of Conduct (Appendix A) and Annual Register of Interest Form (Appendix B).

BACKGROUND PAPERS

The following is a list of the background papers on which this report is based in accordance with the requirements of Section 100D (1) of the Local Government Act 1972. It does not include documents, which would disclose exempt or confidential information as identified by that Act.

None.

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

LOCALISM ACT 2011

GREATER MANCHESTER COMBINED AUTHORITY (GMCA) CODE OF CONDUCT FOR MEMBERS

Register of Members' and Substitute Members' Disclosable Pecuniary Interests (in accordance with Sections 30 and 31 of the Localism Act 2011 and the relevant authorities (disclosable pecuniary interests) Regulations 2012 (S.I 2012 No.1464) and Members and Substitute Members personal interests in accordance with paragraph 2.1 of the GMCA's Code of Conduct for Members.

I,

Member of the GMCA (or one of its Committees) give notice that I have set out at Part 1 below under the appropriate heading the disclosable personal interests that I am required to notify to the GMCA's Monitoring Officer in accordance with Sections 30 and 31 of the Localism Act 2011 and The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 and/or by virtue of Rule 21 of the GMCA's Procedure Rules and that I have set out at PART 2 below the personal interests which I am required to notify to the GMCA's Monitoring Officer under Paragraphs 7.1 and 7.2 of the Code of Conduct for Members adopted by the GMCA at its meeting on the 27 July 2012 and have put 'NONE' where I am not required to notify any disclosable personal interests or personal interests under any heading.

I am aware that in accordance with Section 30(3) of the Localism Act 2011, I am required to notify at Part 1 both my own disclosable personal interests and also any disclosable personal interests of:

- 1. my spouse or civil partner,**
- 2. a person with whom I am living as husband and wife, or**
- 3. a person with whom I am living as if we were civil partners**

("my partner"), where I am aware that my partner has the disclosable personal interest.

PART 1**DISCLOSABLE PECUNIARY INTERESTS****1. Any employment, office, trade, profession, or vocation carried out for profit or gain**

Member	
Partner	

NB: You need to include details of any employment or business in which you or your Partner are engaged. Employees should give the name of their employer. You should give the name of any company of which you or your Partner are a partner or remunerated director. Where you or your Partner hold an office, give the name of the person of the body which appointed you or your Partner (in the case of a teacher in a maintained school – the local education authority; in the case of an aided school – the school’s governing body)

2. Sponsorship

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NB: You must declare any payment or provision of any other financial benefit (other than from the GMCA) made or provided to you in respect of any expenses incurred by you in carrying out your duties as a Member / Substitute Member of the GMCA, or towards your election expenses, within the period of 12 months ending with the day on which you give your notification to the GMCA’s Monitoring Officer for the purposes of Section 30(1) of the Localism Act 2011 and/or by virtue of Rule 21 of the GMCA’s Procedure Rules. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

3. Contracts with the GMCA

Member	
Partner	

NB: You should describe all contracts of which you are aware, which are made between the GMCA and either yourself or your Partner or a body in which you or your Partner have a beneficial interest (being a firm in which you or your Partner is a partner, or a body corporate of which you or your Partner is a director, or in the securities of which you or your partner have a beneficial interest),

which are not fully discharged and which are contracts under which goods or services are to be provided or works are to be executed.

Please note that the reference to “securities” means “shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

4. Land in the area of the GMCA

Member	
Partner	

NB: You should include any land (including houses, buildings or parts of buildings and any interests as mortgagee) within the GMCA’s boundaries in which you or your Partner, either alone or jointly, have a proprietary interest for your or your Partner’s benefit. You should give the address or brief description to identify it. **If you live within the GMCA’s boundaries you should include your home under this heading** either as owner, lessee or tenant. You should also include any property from which you or your partner receive rent, or of which you or your partner are the mortgagees.

If you wish to redact your home address you must apply for a sensitive interest redaction via your Local Authority giving the reasons for this request, once approved this can also be applied to your GMCA declaration, subject to the approval of the GMCA Monitoring Officer.

5. Licences to occupy land

Member	
Partner	

NB: You should include any land (including buildings or parts of buildings) within the GMCA's boundaries which you or your Partner have a right to occupy for 28 days or longer (either alone or jointly with others). You should give the address or a brief description to identify it.

6. Corporate tenancies

Member	
Partner	

NB: You should list here any tenancies of properties of which you are aware, where the landlord is the GMCA and the tenant is a body in which you or your Partner have a beneficial interest (being a firm in which you or your Partner is a partner, or a body corporate of which you or your Partner is a director, or in the securities of which you or your partner have a beneficial interest).

Please note that the reference to “securities” means “shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

7. Securities

Member	
Partner	

NB: You should list here any beneficial interest of you or your Partner in securities of a body where –

- a) that body (to your knowledge) has a place of business or land within the GMCA’s boundaries; and
- b) either –
 - i. the total nominal value of the securities held by you or your Partner exceeds £25,000 or one hundredth of the total issued share capital of that body; or

- ii. if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you or your Partner has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

Please note that the reference to “securities” means “shares, debentures, debenture stock.

Loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

PART 2

PERSONAL INTERESTS

1. Bodies to which you are appointed or nominated by the GMCA

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NB: You should record here details of your **position of general control or management**, in any –

- Body to which you have been appointed or nominated by the GMCA as its representative.

2. Interests in charities, societies and other bodies

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NB: You should record here details of your **position of general control or management**, in any –

- Public authority or body exercising functions of a public nature;
- Company, industrial and provident society, charity, or body directed to charitable purposes. (Freemasons should include here membership of the Masonic Grand Charity)
- Body whose principal purposes include the influence of public policy, including party associations, trade union or professional association.

3. Gifts and hospitality

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You should list here any person from whom you have received a gift(s) or hospitality with an estimated value of at least £100 (including multiple gifts and/or hospitality with an aggregate value of at least £100 from the same person). You should provide a description of the gift(s) or hospitality and the person you believe to be the source of the gift(s) and hospitality (including accumulative gifts and/or hospitality).

You should list any such gifts or hospitality which you have received within whichever is the shortest of the period of 3 years or the period since you were first elected as a Member / Substitute Member of the GMCA.

I recognise that it can be a CRIMINAL OFFENCE under Section 34 of the Localism Act 2011 to: -

1. fail to comply with the obligation to notify the GMCA's Monitoring Officer of any disclosable pecuniary interests as required by Section 30(1) of the Localism Act 2011;
2. provide information in relation to disclosable pecuniary interests that is materially false or misleading, and
3. fail to comply with the obligation to notify the GMCA's Monitoring Officer of any further disclosable pecuniary interests that require notification in accordance with Sections 30(2) and 30(3) of the Localism Act 2011.

I authorise this information to be made available in the GMCA's Public Register of Member's / Substitute Member's Interests which will be published on the GMCA's website as required by Section 29(6)(b) of the Localism Act 2011.

Signed:

Date:

OFFICE USE ONLY

Received Date:

Signed: GMCA

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GMCA AUDIT COMMITTEE

Date: 20th September 2023
Subject: Terms of Reference GMCA Audit Committee
Report of: Gillian Duckworth, GMCA Solicitor and Monitoring Officer, GMCA

PURPOSE OF REPORT

To set out the Terms of Reference for the GMCA Audit Committee.

RECOMMENDATIONS

Members are requested to:

Note the Terms of Reference of the Committee.

CONTACT OFFICER

Paul Harris
GMCA Senior Governance & Scrutiny Officer
paul.harris@greatermanchester-ca.gov.uk

Risk Management – none

Legal Considerations – none

Financial Consequences – none

Financial Consequences – Capital – none

Number of attachments included in the report: 1

BACKGROUND PAPERS

The following is a list of the background papers on which this report is based in accordance with the requirements of Section 100D (1) of the Local Government Act 1972. It does not include documents, which would disclose exempt or confidential information as identified by that Act.

None.

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

GMCA Audit Committee

This GMCA Audit Committee oversees all aspects of GMCA including Mayoral functions. The Mayor has also established an Audit Panel which oversees the control environment of the Chief Constable.

1. Statement of purpose

- 1.1 The Audit Committee is a key component of corporate governance providing an independent, high-level focus on the audit, assurance and reporting framework underpinning financial management and governance arrangements. Its purpose is to provide independent review and assurance to Members on governance, risk management and control frameworks. It has delegated power to approve the annual accounts and it oversees year-end financial reporting, the Annual Governance Statement process and internal and external audit, to ensure efficient and effective assurance arrangements are in place.
- 1.2 The Constitution makes the GMCA's Treasurer responsible for discharging the functions of the 'responsible financial officer' under the Accounts and Audit Regulations 2015, including ensuring risk is appropriately managed.

2. Composition and Procedure

2.1 Membership

The Audit Committee shall be appointed by the GMCA and shall have a total of eight members, comprising:

- Four co-opted elected members of the Constituent Councils of the GMCA (who are not also Members or Substitute Members of the GMCA or Assistant Portfolio Holders);
- The GMCA will also appoint two substitute co-opted elected members who may be invited to attend as full members of the Audit Committee when apologies have been received. Substitute members will be appointed from the nominations received from constituent councils following their annual meetings and will be politically inclusive.
- Four co-opted members, who are Independent Persons.

All members of the Committee will have voting rights.

2.2 Independent Person

For the purposes of paragraph 2.1 above an individual is an Independent Person if that person:

(i) is not a member, substitute member, co-opted member or officer of the GMCA;

(ii) is not a relative, or close friend, of a person within (i) above; and

(iii) was not at any time during the 5 years ending with their appointment to the Audit Committee a member, substitute member, co-opted member or officer of the GMCA.

[For the purposes of paragraph 2.2(ii) above 'relative' has the meaning contained in Article 2(2) of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017.]

2.3 Political Balance

In appointing co-opted elected members to the Audit Committee the GMCA must ensure that the members of the committee taken as a whole reflect so far as reasonably practicable the balance of political parties for the time being prevailing among members of the Constituent Councils when taken together, in accordance with Rule 15.3 of the GMCA Procedure Rules set out in Section A of Part 5 of this Constitution.

2.4 Chairing the Committee

The Audit Committee will be chaired as determined by the Committee.

2.5 Quorum

At least two-thirds of the total number of members of the Audit Committee (i.e. six members) must be present at a meeting of the Audit Committee before any business may be transacted, as required by the Scrutiny Order.

2.6 Voting

Each member to have one vote, no member is to have a casting vote.

3. Role and Function

The overarching functions of the GMCA's Audit Committee are:

- 3.1 Reviewing and scrutinising the GMCA's accounting framework.
- 3.2 Reviewing and assessing the GMCA's risk management, internal control and corporate governance arrangements.
- 3.3 Reviewing and assessing the economy, efficiency and effectiveness with which resources have been used in discharging the GMCA's functions.
- 3.4 Making reports and recommendations to the GMCA in relation to reviews conducted under paragraphs 3.1 to 3.3 above.
- 3.5 To require Members, including the Mayor, of the GMCA or Transport for Greater Manchester Committee, or senior officers of the GMCA, Transport for Greater Manchester to attend before the Audit committee to answer questions on relevant items.

In particular the functions of the GMCA's Audit Committee are:

4. Approval of Accounts

- 4.1 Approve under delegated powers the annual statement of accounts for GMCA including consolidated figures for Transport for Greater Manchester (TfGM), NW Evergreen Holdings Limited, Greater Manchester Fund of Funds Limited ,

Commission for New Economy and Chief Constable of Greater Manchester Police.

5. Governance, Risk and Control

- 5.1 Review corporate governance arrangements against the Code of Corporate Governance and the good governance framework.
- 5.2 Review the Annual Governance Statement (AGS) prior to approval to ensure it properly reflects the risk environment and supporting assurances.
- 5.3 Review the effectiveness of arrangements to secure value for money.
- 5.4 Ensure the assurance framework adequately addresses risks and priorities including governance arrangements in significant partnerships.
- 5.5 Monitor the GMCA's risk and performance management arrangements including review of the risk register, progress with mitigating action and the assurance map.
- 5.6 Consider reports on the effectiveness of internal controls.
- 5.7 Monitor the anti-fraud strategy, risk-assessment and any actions.

5.8 Receive the annual report of the Chair of the Joint Audit Panel – Police and Crime, written summaries of and the minutes of meetings of the Panel as, amongst other things, a means of providing assurance with regard to GMP's internal control environment and risk management framework for the management of operational risk.

6. Internal audit

6.1 Approve the Internal Audit Charter.

6.2 Oversee Internal Audit's effectiveness including strategy, planning and process and ensure conformance with Public Sector Internal Audit Standards (PSIAS).

6.3 Approve (but not direct) the risk-based internal audit plan including resources, the reliability of other sources of assurance and any significant in-year changes.

6.4 Consider reports and assurances from the Head of Audit and Assurance in relation to:-

- Internal Audit performance including key findings and actions from audit assignments, significant non-conformance with PSIAS and the Quality Assurance and Improvement Programme.
- Annual Assurance Opinion on the adequacy and effectiveness of the framework of governance, risk management and control.
- Risk management and assurance mapping arrangements.

- Progress to implement recommendations including concerns or where managers have accepted risks.
- Provision of assurances over the effectiveness of internal audit functions assuring the internal control environments of TfGM, Chief Constable for Greater Manchester Police, NW Evergreen Holdings Limited and Greater Manchester Fund of Funds Limited.

6.5 Contribute to the Internal Audit Quality Assurance and Improvement Programme, including the external quality assessment of internal audit.

6.6 Consider and comment on the Treasurer's Annual Review of the Effectiveness of the System of Internal Audit.

6.7 Develop effective communication with the Head of Audit and Assurance and senior audit staff.

7. External audit

7.1 Consider reports including the Annual Audit Letter, assess the implications and monitor managers' response to concerns.

7.2 Comment on the nature and scope of work to ensure it gives value for money.

7.3 Advise on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

8. Financial reporting

- 8.1 Consider whether accounting policies were appropriately followed and any need to report concerns to the GMCA.
- 8.2 Consider the Treasurers arrangements for the maintenance of the Police Fund and the Mayoral General Fund
- 8.3 Consider any issues arising from external audit's audit of the accounts.
- 8.4 Ensure there is effective scrutiny of the treasury management strategy and policies in accordance with CIPFA's Code of Practice.
- 8.5 Make recommendations to the Treasurer and Monitoring Officer in respect of Part 6 of the GMCA's Constitution (Financial Procedures).

9. Accountability arrangements

- 9.1 Report the Committee's findings, conclusions and recommendations to the GMCA and the Mayor, as appropriate, on the effectiveness of governance, risk management and internal controls, financial reporting and internal and external audit functions.

GMCA AUDIT COMMITTEE

Date: 20th September 2023

Subject: GMCA Code of Corporate Governance

Report of: Gillian Duckworth, GMCA Solicitor and Monitoring Officer

PURPOSE OF REPORT

To provide the Committee with the GMCA Code of Corporate Governance as set out in Part 7 (Section E) of the GMCA Constitution

RECOMMENDATIONS:

The Audit Committee is requested to:

Note the GMCA Code of Corporate Governance.

CONTACT OFFICERS:

Paul Harris, Senior Governance & Scrutiny Officer, GMCA,
paul.harris@greatermanchester-ca.gov.uk

Equalities Implications: N/A

Climate Change Impact Assessment and Mitigation Measures: N/A

Risk Management – None.

Legal Considerations – None

Financial Consequences – Revenue – None

Financial Consequences – Capital – None

Number of attachments included in the report: Code of Corporate Governance extract from the GMCA Constitution (Part 7 section E).

BACKGROUND PAPERS: GMCA Constitution –

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

TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

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SECTION E CODE OF CORPORATE GOVERNANCE

1 INTRODUCTION

- 1.1** This Code of Corporate Governance sets out the Greater Manchester Combined Authority's (GMCA's) governance standards. 'Corporate governance' describes how the GMCA (the Authority) directs and controls what it does.
- 1.2** Good governance provides the conditions for the GMCA and its partners to work effectively, economically and ethically. The Authority should carry out its functions in a way that demonstrates accountability, transparency, effectiveness, integrity, and inclusivity. Good governance will support the Authority to pursue its vision and secure its agreed objectives.
- 1.3** The GMCA's governance framework comprises the legislative requirements, principles, management systems and processes – including the Authority'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.
- 1.4** This Code is a public statement that sets out the way in which the GMCA and its attendant structures will fulfil these principles in practice and demonstrate its commitment to good corporate governance. The business of the Authority will be conducted in accordance with the Seven Principles of Public Life identified in The Nolan Committee Report (1995), namely: selflessness; integrity; objectivity; accountability; openness; honesty; and leadership.
- 1.5** This Code will be reviewed annually to ensure it continues to be fit for purpose and relevant. The Authority will review the effectiveness of its governance arrangements and internal control systems and publish the review outcomes in an annual governance review. These standards ensure the Authority is doing the right things, in the right way in a timely, inclusive, open, effective, honest and accountable manner.
- 1.6** The governance of the combined area of Greater Manchester is subject to a series of Parliamentary orders which continue to provide the legislative framework in which the GMCA and the elected mayor operate.

1.7

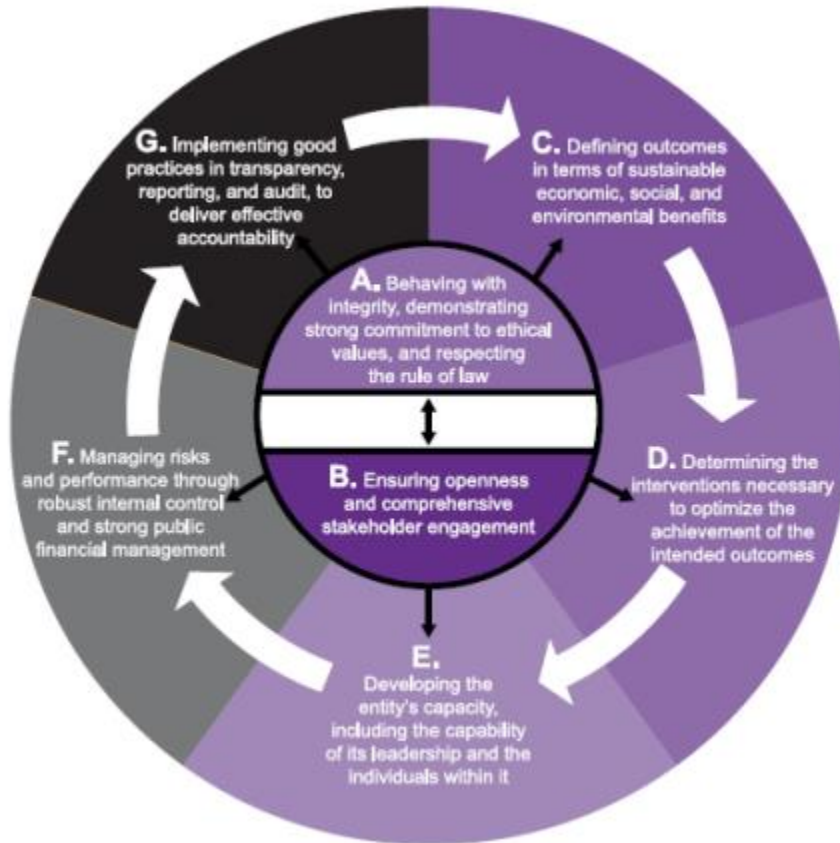
2 What is Good Governance

- 2.1** [International Framework: Good Governance in the Public Sector](#) (CIPFA/IFAC) describes governance as the:

arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved..... To deliver good governance in the public sector, both governing bodies and individuals working for

[an authority] must try and achieve their authority's objectives while acting in the public interest at all times.

2.2 The diagram below illustrates the principles of good governance, which is seen as dynamic process involving continuous evaluation and review and improvement. The following sections of this document describe how the GMCA fulfils the requirements set out in the seven principles good governance described in the diagram.



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

- 3.1** The GMCA fosters a culture of behaviour based on shared values, ethical principles and good conduct that is put into practice by members and officers alike.
- 3.2** The leadership of the GMCA embodies these values and creates a climate of openness, support and respect that covers the whole organisation. It establishes, monitors and maintains the organisation's ethical standards and performance.
- 3.3** One of the challenges of working across the combined area of Greater Manchester is being clear about the relationships and roles between the districts and the GMCA. There is an operating agreement between each district and the GMCA which sets out their respective roles and also [governance protocols](#) developed as part of the first devolution agreement in November 2014.

Behaving With Integrity

- 3.4** The GMCA is committed to maintaining its values and integrity and operates a [whistle-blowing policy](#) to ensure that individuals who draw attention to factors that compromise the GMCA's integrity are adequately protected and supported in doing so. The Policy was updated in November 2020 to ensure that it remains up-to-date and compliant with legislation. Information on how to report concerns can be located on both the external facing GMCA website and the staff intranet.

Demonstrating Strong Commitment to Ethical Values

- 3.5** The leadership of the Combined Authority has put in place robust policies and procedures which put its values into practice; these include:
- 3.6** A voluntary Standards Committee, composed of elected Members and an independent co-opted member, with responsibility for promoting and maintaining high standards of conduct; assisting Members to observe the Member Code of Conduct; overseeing the Authority's Whistleblowing Policy and monitoring the Member/Officer Protocol.
- 3.7** A Member Code of Conduct and arrangements for determining allegations that a Member has acted in breach of the Authority's Member Code of Conduct as required by the Localism Act 2011. The Code of Conduct is reviewed annually by the Standards Committee.
- 3.8** A Code of Conduct for Officers which makes it clear what standards are expected from staff across the organisation in the performance of their duties.
- 3.9** A Register of Member's Interests records members' interests in other bodies or land or assets in the Combined Authority's area and also outlines the process

for registering gifts and hospitality. Each members recorded register of interests can be found on their individual member pages on the GMCA website.

- 3.10** Systems for reporting and dealing with any incidents of wrongdoing including fraud, corruption, bribery and money laundering.

Respecting the Rule of Law

- 3.11** The GMCA has a Monitoring Officer (the GMCA's Solicitor) who is a member of both the GMCA's Senior Management Team (SMT) and the Wider Leadership Team. The Monitoring Officer ensures that decisions are taken in a lawful and fair way and agreed procedures are followed and that all applicable statutes, regulations and procedure rules are complied with.
- 3.12** The GMCA uses its legal powers to promote its values and priorities to the full benefit of the citizens and communities across Greater Manchester. The GMCA has full regard to the extent of its powers and does not act beyond them, and will observe specific requirements in legislation as well as general responsibilities of public law.
- 3.13** The GMCA's decision making process will adhere to the principles of good administrative law, respect human rights and demonstrate rationality, legality and natural justice.

Dealing With Breaches of Legal and Regulatory Power

- 3.14** The GMCA appoints Statutory Officers that have the skills, resources and support necessary to perform effectively in their roles. These statutory officers include:
- Head of the Paid Service (Chief Executive)
 - Monitoring Officer
 - Chief Finance Officer (GMCA Treasurer - Section 73 officer)
- 3.15** The officers working on GMCA business support these statutory officers as well as other key post holders and elected members to fulfil their responsibilities within legislative and regulatory requirements.

4 B. ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT

Openness

- 4.1** The GMCA sets out its commitment to openness in this Code, the Constitution and Annual Governance Statement.
- 4.2** Decisions taken by the GMCA subject to limited exemptions, are made in public, [minuted](#) (alongside the reasons and the evidence considered) and information relating to those decisions is made available to the public. This includes access

through live webcasts of the public part only of the Authority, Police Fire and Crime Panel and Overview and Scrutiny meetings which remain online for six months.

- 4.3** The Authority ensures that, subject to limited exemptions, its most significant decisions are recorded and that information relating to such decisions is made available to the public. The Authority publishes its intention to take key decisions through the GMCA's Register of Key Decision's which is published monthly along with GMCA's papers. Decisions taken at each meeting of the GMCA and Transport for Greater Manchester Committee are published on the web page relating to that meeting and are also circulated by email to members of the GMCA Scrutiny Pool.
- 4.4** The GMCA has established one overview and scrutiny committee. The overarching purpose of these new structure is to improve the quality of decisions made by the GMCA and elected Mayor. The committees will do this by:
- Reviewing the work and decisions of the GMCA and the elected Mayor, and
 - By acting as a critical friend in the development of policy and new work streams.
- 4.5** The GMCA's approach is consistent with the requirements of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012. The Authority holds its key meetings in public with the agenda and public reports available on the GMCA's website. However, certain exclusions apply where there is a need to comply with confidentiality laws. . The Authority informs, consults and involves residents in significant decisions and their views are submitted to those making decisions for consideration.
- 4.6** In May 2017 the Greater Manchester Combined Authority (Transfer of Police and Crime Commissioner Functions to the Mayor) Order 2017 transferred all property, rights and liabilities of the former Police and Crime Commissioner for Greater Manchester to the GMCA and made the functions of the police and crime commissioner in Greater Manchester, functions exercisable by the Mayor.
- 4.7** In accordance with the legislation, the Mayor has arranged for the Deputy Mayor for Policing and Crime to exercise PCC functions and he has made a Mayor's PCC Scheme of delegation as set out in the Police and Crime Commissioner Functions - Governance Documents contained in Part 9 of the GMCA Constitution.
- 4.8** The Police and Crime Panel, which is a joint committee of the Constituent Councils, was established in 2017. Following the passing in parliament of the the Greater Manchester Combined Authority (Fire and Rescue Functions) (Amendment) Order 2020 – the GM Mayor was permitted to incorporate fire and rescue into the functions exercised by the GM Deputy Mayor. As of June 2020, the Panel evolved into the Police, Fire & Crime Panel. Membership of the

Police, Fire and Crime Panel may no longer include members or substitute members of the GMCA. The role of the GMPCP is to scrutinise and review decisions made or actions taken by the Mayor, the Deputy Mayor for Policing and Crime and any other person who exercises any PCC function of the Mayor.

Engaging Comprehensively with Institutional Stakeholders

- 4.9** The Authority develops and maintains relationships with leaders of other organisations across the private, public and voluntary sector. They to help deliver the shared vision for the city region through formal governance structures and through partnership working.

Engaging With Individual Citizens and Service Users Effectively

- 4.10** The GMCA consults communities, individuals, service users and other stakeholders whenever there is a legal duty to do so. The Authority informs, consults and involves residents on strategic matters and issues of interest to them. This dialogue is sustained and encouraging through a number of channels, including the live streaming of GMCA meetings and through an active social media presence on Facebook, and Twitter.
- 4.11** The Authority is committed to considering and acting upon feedback from residents and stakeholders. A transparent complaints handling procedure is in place which enables the Authority to learn effectively from the complaints it has received.

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

Defining Outcomes

- 5.1** The GMCA's strategic plan: the Greater Manchester Strategy [[About Greater Manchester](#)] is jointly owned by the GMCA and the GM Local Enterprise Partnership.
- 5.2** The Greater Manchester Strategy sets out Greater Manchester's ambitions for the conurbation and both bodies are jointly responsible for ensuring that the ambitions contained within these plans are delivered.
- 5.3** The Strategy 2021-2031 sets out a vision to make Greater Manchester a place where everyone can live a good life, growing up, getting on and growing old in a greener, fairer and more prosperous city region.

At the heart of the Strategy stood three shared outcomes:

- People's Wellbeing: better homes, jobs, transport, and health, living in vibrant communities
- Thriving Organisations: which succeed and look after their people, places and planet
- Leading the UK and the World: in sectors including low carbon and digital

-

5.5 To enable the GMCA and GM LEP to understand performance across all strategic priorities, headline progress measures, targeted indicators and qualitative assessments will form the basis of the comprehensive performance framework and progress monitoring of the delivery of the Greater Manchester Strategy.

Sustainable Economic, Social and Environmental Benefits

5.7 The Greater Manchester Strategy's vision for the conurbation is predicated on developing a modern and productive economy, where residents are able to contribute to and benefit from growth, and where social and environmental objectives are delivered alongside GM's economic ambitions. All of its priorities are focused on delivering this vision and ensuring that everyone in GM realises their potential and all parts of Greater Manchester become thriving places.

5.8 An Equalities Impact Assessment has been undertaken for the new Greater Manchester Strategy and its Implementation Plan, with no significant adverse impacts identified against any groups with protected characteristics.

5.9 The leader portfolio for Equalities, Inclusion and Cohesion continues to ensure that all of the conurbation can play the fullest part and benefit from the growth of Greater Manchester.

5.10 The portfolio holder's work is informed in part, by the Equality Act (2010) and help work to ensure that:

- GM's key strategic initiatives proactively embed the principles of promoting equalities, inclusion and cohesion within their design (and in so doing fulfil the requirements of the general equality duty);

- As an employer the GMCA integrates the consideration of equalities, inclusion and cohesion into its day-to-day business and adopts best practice to fulfil the aims of the general equality duty.

5.11 Finally, the GMCA has been proactive in using Social Value as an enabler to deliver additional benefits for suppliers and partners across all procurement and commissioning activity. GM understands that social value can be used to reinforce the core objectives of the GM strategy and to increase the spending power – in the widest sense of the word - of every pound spent in GM. The GMCA's funding is subject to the provisions of the Public Services (Social Value) Act 2012 and so has adopted a **Social Value Framework** whose objectives are:

- To provide the best employment that you can
- To keep the air clean in Greater Manchester
- To create the employment and skills opportunities that we need to build back better

- To be part of a strong local community
- To make your organisation greener
- To develop a local, GM based and resilient supply chain

6 Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes

Determining Interventions

- 6.1** The GMCA provides decision makers with objective and rigorous analysis of options, covering intended outcomes, financial impact and associated risks supporting efficient service delivery.
- 6.2** Greater Manchester has invested heavily in developing the evidence base which underpins its policy interventions. This has been a distinctive feature of GM's approach to developing strategic interventions. High quality evidence (including a forecasting model) together with Treasury Green Book compliant techniques for undertaking cost benefit analysis on policy interventions have been developed over the last decade. Key aspects of GM's strategic approach to evidence include the MIER (2008) – the Manchester Independent Economic Review: a significant assessment of the opportunities and challenges faced by Greater Manchester; the Greater Manchester Forecasting Model – an externally commissioned model which provides a twenty year forward look; and the Greater Manchester 'Deep Dive' work – an assessment of sectoral growth opportunities and the driver and barriers to enhanced productivity and labour market participation performance.

Planning Interventions

- 6.4** The GMCA plans its activity through its budget and business planning cycle and does this in consultation with internal and external stakeholders to ensure that work delivered across different organisations and partners complement each other and avoid duplication.
- 6.5** This is facilitated by GM's [comprehensive governance structures](#) which support the delivery of GM's priorities across the conurbation and co-ordinate their activity. The effectiveness of interventions are monitored through the provision of regular performance reports to thematic meetings such as the Low Carbon Hub and as well as the GMCA itself.

Optimising Achievement of Intended Outcomes

- 6.6** GMCA is required to secure value for money as set out in the Code of Audit Practice 2010. The GMCA has to put in place proper arrangements to:
- secure economy, efficiency and effectiveness in its use of resources
 - ensure proper stewardship and governance

- review regularly the adequacy and effectiveness of these arrangements.
- consider the GMCA's arrangements to secure economy, efficiency and effectiveness.

6.7 The GMCA's approach to investing in interventions which will deliver its intended outcomes is guided by its investment strategy, which focuses on maximising the uplift in jobs and GVA. GM's model was originally developed for transport investment but has since been expanded to include regeneration and economic development investment funds to support businesses and has been complemented by more recent work using cost benefit analysis in the development of public service reform interventions.

6.8 The Authority procures goods and services in compliance with UK and Authority regulations and ensure that value for money is obtained through a balanced consideration of social, economic and environmental impacts that can be derived from procurement spend.

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

Developing the Organisation's Capacity

7.1 The GMCA monitors its governance and staffing to support the delivery of planned work programme. The Authority ensures that resources are directed to those activities that will make the greatest contribution to the conurbation's vision through its budget and business planning process.

7.2 Where possible the Authority seeks information about functions, expenditure and performance from comparator organisations and uses these findings to inform its own work. Where intelligence suggests different ways of doing things will lead to improved value for money these options are explored.

7.3 The GMCA continues to develop all aspects of its approach to workforce planning and development.

Developing The Capability of the Organisation's Leadership and Other Individuals

7.4 The roles and responsibilities of members and senior officers are clearly defined within the GMCA Constitution, Operating Agreement and Protocols. The Constitution also sets out the GMCA's scheme of delegation (see part 3 section D) and a protocol governing member/officer relations so that elected members and senior officers have a shared understanding of their respective roles.

7.5 The GMCA is committed to developing the capability of people with governance responsibilities and ensuring that officers working on GMCA business understand the importance of governance within their role. An induction and training programme for members and officers is tailored to individual needs and

provides an opportunity to learn about new developments as well as their governance responsibilities.

- 7.6 The Authority has an open approach to external and peer review and inspection and actively considers constructive feedback.

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

Managing Risk

- 8.1 The GMCA maintains a risk register, which supports the identification and management of key risks. The risk register is reviewed at every meeting of the [Audit Committee](#) and informs decision making, protects the Authority's reputation and other assets and is compliant with statutory and regulatory obligations. The GMCA's Corporate Risk Register names risk **owners** for each of its key strategic risks.

Managing Performance

- 8.2 Regular performance reports are provided to the GMCA's thematic meetings who manage the Authority's work programme as well as the GMCA itself.
- 8.3 Relevant, objective and reliable performance information is used to inform decision making, alongside the financial implications and risk information associated with each decision.

Effective Overview and Scrutiny

- 8.4 The Authority believes that effective overview and scrutiny of decisions leads to improved decision making and improved public services. The Authority has established and maintains an effective Scrutiny function as required by the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 which is able to constructively challenge decision-makers, including those who work in partnership with the Authority, and policy makers.

Robust Internal Control

- 8.5 Internal control systems support the Authority to achieve its objectives by managing its risks while complying with regulations and organisational policies. This safeguards the Authority's resources against loss, fraud, misuse and damage and safeguards the confidentiality and integrity of its ICT and information systems. The Authority maintains clear policies and arrangements in respect of counter fraud and anti-corruption.

- 8.6 The GMCA's [Audit Committee](#) provides a further source of assurance of the GMCA's approach to risk management and the control environment.

Managing Data

- 8.7 The Authority is committed to safeguarding the personal data it holds and sharing this data only in circumstances permitted by law. Its approach to data protection is set out in its publication scheme. The Authority is committed to the safe-sharing of data -where appropriate- with other agencies where this supports the delivery of the Greater Manchester Strategy's priorities and vision.
- 8.8 The GMCA complies with the [Local Government Transparency Code 2015](#) by publishing accurate data within appropriate time frames in the areas mandated by the Code on the [GMCA website](#). The Authority regularly reviews the quality and accuracy of the data it produces, and uses in decision making and performance monitoring.

Strong Public Financial Management

- 8.9 The Authority's approach to financial management ensures that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively. Its approach supports both long term achievement of objectives and short term financial and operational performance.
- 8.10 The Section 73 Officer, the GMCA's Treasurer, ensures that appropriate advice is given on all financial matters, proper financial records and accounts are kept, and oversees an effective system of internal financial control. The Treasurer ensures well developed financial management is integrated at all levels of planning and control including management of financial risks and controls.
- 8.11 The GMCA maintains a prudential financial framework; keeps its commitments in balance with available resources; and monitors income and expenditure levels to ensure that this balance is maintained and takes corrective action if necessary.

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

Implementing Good Practice in Transparency

- 9.1 The Authority is committed to publishing information including reports in a manner which is accessible to residents and other stakeholders. The publication of information will strike a balance between satisfying the demands of transparency and becoming too onerous for users to understand.

Implementing Good Practices in Reporting

9.2 The Authority seeks to demonstrate to its stakeholders that it has delivered its priorities. It publishes an Annual Report setting out how it has performed, charting the city region's progress towards delivering its vision. There is also an annual review of the effectiveness of its governance framework including its system of internal control and an Annual Governance Statement which is published alongside its accounts.

Assurance and Effective Accountability

9.3 The GMCA welcomes peer challenge, internal and external review and audit, and inspections from regulatory bodies. Officers and relevant member bodies consider any recommendations made and put in place arrangements for the implementation of actions agreed to be taken as a result. There is clear oversight from the GMCA and wider leadership team on the conclusions and resultant actions.

Monitoring and Review

9.4 This Code is reviewed on an annual basis to ensure it is kept up to date. Where the review identifies that changes to the Code are necessary, the revised Code will be submitted to Standards and Audit Committee for comments before being incorporated within the GMCA's Constitution.

9.5 The GMCA has two committees that are jointly responsible for monitoring and reviewing corporate governance arrangements. These committees are:

- Audit Committee – responsible for approving the GMCA's annual accounts and responding to the auditor's annual management letter. It also oversees the effectiveness of the GMCA's governance and risk management arrangements, the internal control environment and associated anti-fraud and anti-corruption arrangements
- Standards Committee – responsible for promoting and maintaining high standards of conduct amongst Members, for advising the GMCA on the adoption and revision of the Code of Conduct for Members, and for monitoring the operation of the Code.

9.6 Full terms of reference for each of these Committees are included in the GMCA's Constitution. The GMCA's members are informed of the work of these Committees through minutes submitted to the GMCA.

9.7 The GMCA will ensure that corporate governance arrangements are kept under continual review by updating, as appropriate, these Committees on:

- The work of Internal and External Audit
- The opinion of other review agencies and inspectorates
- Opinions from the GMCA's Statutory Officers

- General matters relating to the implementation of the Code
- The production of the Annual Governance Statement and actions planned to address arising governance issues.

The Annual Governance Statement

- 9.8** Each year the GMCA publishes an Annual Governance Statement to accompany the Annual Accounts. The Statement provides an overall assessment of the GMCA's corporate governance arrangements and how it adheres to the governance standards set out in this Code. Evidence relating to the principles of this Code is reviewed and analysed to assess the robustness of the GMCA's governance arrangements.
- 9.9** The Statement includes an appraisal of the key controls in place to manage the GMCA's principal governance risks and the effectiveness of systems and processes governing decision making and financial control. The Statement also provides details of where improvements need to be made. Actions to address significant governance issues are identified and recorded in an action plan. The Annual Governance Statement is audited by the GMCA's external auditors as part of the audit of the annual accounts.

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AUDIT COMMITTEE – 20th September 2023

Declaration of Member's 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

YOU MUST

- Notify the governance officer for the meeting as soon as you realise you have an interest

FOR PREJUDICIAL INTERESTS

YOU MUST

- Notify the governance officer for the meeting as soon as you realise you have a prejudicial interest (before or during the meeting)

- 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.

- 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

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**MINUTES OF THE GREATER MANCHESTER COMBINED AUTHORITY
AUDIT COMMITTEE, HELD ON WEDNESDAY 15th MARCH 2023 AT THE GMCA
OFFICES, TOOTAL BUILDINGS, MANCHESTER M1 6EU**

PRESENT:

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

OFFICERS:

Steve Wilson	GMCA Treasurer
Andrew Lightfoot	GMCA Deputy Chief Executive
Sarah Horseman	GMCA Deputy Director, Audit and Assurance
Rachel Rosewell	Deputy Treasurer, GMCA
Lindsey Keech	GMCA, Head of Finance – Capital and Treasury Management
Damian Jarvis	GMCA Internal Audit Manager
Paul Harris	GMCA Senior Governance and Scrutiny Officer

AC/58/22 WELCOME, INTRODUCTIONS AND APOLOGIES

The Chair extended a welcome to all those present.

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

Daniel Watson, Mazars, External Auditor.

AC/59/22 CHAIR'S ANNOUNCEMENTS AND ITEMS OF URGENT BUSINESS

There were no items of urgent business reported.

AC/60/22 DECLARATIONS OF INTEREST

Grenville Page informed the Committee that he had recently been appointed as the Independent Chair of the Audit Committee at Oldham Council. Members noted that this role carried no conflict of interest with the work of this Committee.

RESOLVED/-

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

AC/61/22 MINUTES OF THE PREVIOUS AUDIT COMMITTEE MEETING

The minutes of the previous Audit Committee meeting, held on 25th January 2023, were submitted.

RESOLVED/-

That the minutes of the previous meeting of the Audit Committee, held on 25th January 2023, be agreed as a correct record.

AC/62/22 UPDATE FROM THE JOINT AUDIT PANEL

Members received a report from the Chair of the Joint Audit Panel which provided an update on the work of the Panel.

RESOLVED/-

That the update from the Joint Audit Panel be welcomed and noted.

AC/63/22 AUDIT COMMITTEE EFFECTIVENESS

Sarah Horseman, GMCA Deputy Director, Audit and Assurance, introduced a report which provided Members with the results of the self-assessment of Audit Committee effectiveness undertaken by Members and regular attendees of the Audit Committee.

Members noted that the survey is based on guidance issued by CIPFA in the recently published “The Audit Committee Member in a Local Authority” guidance.

Members noted that the terminology of the CIPFA guidance document was not helpful and suggested for future surveys that a discussion on the guidance beforehand may provide a greater understanding and therefore a better response. Members also welcomed the potential for training and development opportunities for the Committee.

A Member highlighted the good work and performance of the Internal Audit team and suggested how this good performance can be elevated further.

RESOLVED/-

That the update on the Audit Committee effectiveness findings be noted and the areas for focus outlined in the report be supported.

AC/64/22 RISK MANAGEMENT UPDATE

Sarah Horseman, GMCA Deputy Director, Audit and Assurance, introduced a report which informed Committee Members of changes in the GMCA strategic and key operational risks. The report also provided an update on the risk management activities undertaken since the last meeting of the Audit Committee.

Following an enquiry from a Member, officers clarified that the impact of potential Fire Service industrial action risk was included in the report before recent discussions with trade unions had been concluded.

In response to a question from a Member regarding a potential increase in devolved powers to GMCA, it was noted that there would be a change to the risk profile of GMCA should further devolved powers be received as part of any Trailblazer announcements. Consideration of governance and assurance frameworks would be required. A review of corporate resourcing matters would also be needed to ensure that the capacity and infrastructure to deliver these new powers was correct. In addition, having a single funding settlement, on a multi-year basis, will assist with capacity issues and help longer-term planning.

A Member suggested that the GMCA's Overview and Scrutiny and Audit Committee functions be explored further to look at governance, capacity matters and joint responsibility, considering Government expectations. A Member also suggested that as part of this work consideration on the remuneration of committee members was needed. The Member highlighted that as she would be retiring as a member of the committee after this meeting there was no personal interest in making this suggestion.

A Member commented that in respect of Corporate Target 2 scoring, it was noted that some targets, such as the economic environment, are outside the control of the organisation. GMCA can look to limit the likelihood of impact even if this is outside of the control of the authority which may influence the scoring. This should be explained further in the report.

The importance of a clearly defined assurance framework with indicators of assurance on strategic objectives and key risks was noted. A Member suggested that work to develop an understanding of risk appetite across the assurance framework needed consideration.

A Member referenced ICT and Digital risks and raised concern that when aggregated together there was a more significant risk. In response, officers suggested that this matter be a focused deep dive topic at a future meeting of the Committee.

Following a comment from a Member, officers undertook to change the risk description Digital Cyber Corruption risk.

RESOLVED/-

1. That the Risk Management Update be noted.
2. That it be agreed that ICT and Digital risks be the topic of a Deep Dive study at a future meeting of this Committee.
3. Officers were to review the wording of the Digital Cyber Corruption risk description.

AC/65/22 INTERNAL AUDIT PROGRESS REPORT

Sarah Horseman, GMCA Deputy Director, Audit and Assurance introduced a report which informed Members of the Audit Committee of the progress made on the delivery of the Internal Audit Plan for Q4 2022/23.

The approval of the proposed changes to the Plan, outlined in Section 3 to the report, was sought from Members.

A Member queried if the GMCA Internal Audit team was adequately resourced to be able to give assurance required on a body as complex and large as GMCA.

Following an enquiry from a Member regarding the deferment of three ICT related internal audits to the next financial, it was noted that this deferment was a result of the timing of the procurement of the new ICT Audit provider. An audit risk assessment is being undertaken.

A Member asked about the deferment of the investigations processes as part of the development of the Fraud Response Planning 23/24. It was noted that this would be considered as part of a prioritisation process.

RESOLVED/-

1. That the report be noted.
2. That approval of the changes to the Audit Plan, as set out in section 3 to the report, be granted.

AC/66/22 AUDIT ACTION TRACKING

Sarah Horseman, GMCA Deputy Director, Audit and Assurance, introduced a report which advised Members of the progress made to date in implementing the agreed actions from internal audit assignments.

With regard to HR and Behavioural policies, a Member asked if the Committee should be concerned regarding staffing matters within the GMCA HR department and sought clarification that there is sufficient and robust management of HR policies. HR managers were to attend the June meeting of the Committee. It was also suggested that a consistent approach for gifts and hospitality policy across the organisation was need. Member asked that this matter be considered as part of a future deep dive report to this committee.

RESOLVED/-

1. That the progress of the implementation of Internal Audit actions, as set out in the report, be noted.
2. That the HR Deep Dive be considered at a future meeting of this Committee.

AC/67/22 INTERNAL AUDIT EFFECTIVENESS

Steve Wilson, GMCA Treasurer introduced a report which reminded members that as the Officer responsible for the effective functioning of the Internal Audit Team, the Treasurer must be satisfied that the Internal Audit Service is operating effectively.

Members noted that the **Deputy Director, Audit and Assurance** conducts an annual review of the effectiveness of its system of internal audit as part of its governance assurance processes and presents this to the Treasurer and Audit

Committee. It was also noted that this process is designed to provide assurance to the Audit Committee over the system of internal audit including the role, function and performance of the internal audit service.

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

RESOLVED/-

That the report be noted.

AC/68/22 EMERGING INTERNAL AUDIT PLAN 2023-2024

Sarah Horseman, GMCA Deputy Director, Audit and Assurance, introduced a report which set out the three-year internal audit plan and the operational internal audit plan for 2023/24.

A Member suggested that the Plan should be linked to the strategic objectives rather than having a directorate approach.

A Member commented that how HR and Health and Safety matters were linked in the plan. It was suggested that these activities should be treated separately within the emerging plan. Officers undertook to explore this suggestion.

A Member asked about how the resourcing of the Internal Audit Team and noted that the plan was 50-60% deliverable. In response, officers explained that the risks highlighted in the Plan will be prioritised.

An enquiry was made by a Member in respect of what self-assessment checks can be undertaken by service managers.

A Member raised concern that it is not clear what the Audit Plan can deliver because of current resourcing constraints. It was suggested that this approach is not a

sustainable option in terms of assurance to be off plan and deferring audits. Where there isn't sufficient resource to deliver this plan, the matters should be escalated to GMCA.

Following an enquiry from a Member regarding GMCA Chief Executive oversight of Internal Audit plans, it was noted that senior management receive regular updates on what can and can not be delivered.

Members requested that the actual audit plan on what can be delivered over the next three years, be submitted to the next meeting of the Committee. The GMCA Chief Executive was asked to attend the next meeting also.

In response to these comments, officers noted that this emerging plan presented a long list of items with the view to provide a shorter list with deliverable items for future consideration. Discussions were needed to look at prioritisation, longer-term matters in respect of capacity and short-term planning on what can and can not be delivered. Members noted that there has been an upward journey with internal audit in the Authority and the longer-term capacity challenges were to be explored.

A Member suggested that a report from the Audit Committee Annual Report could seek assurances from senior management on audit activity.

A Member suggested that an update should be presented to GMCA on key messages from GMCA Audit Committee.

Following a comment from a Member regarding the scoring of the Plan, officers noted that scenarios are overlaid in order to test the scoring methodology.

RESOLVED/-

1. That the emerging Internal Audit Plan be noted.
2. That the reservations of Members set out in the preamble above be noted.
3. That a further iteration of the Internal Audit Plan be presented to the next meeting of the Audit Committee.

Sarah Horseman, GMCA Deputy Director, Audit and Assurance introduced a report which reminded Members that 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.

The report explained that 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 Deputy Director of Audit and Assurance and the charter presented to the Audit Committee annually for approval.

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

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

RESOLVED/-

That the Internal Audit Charter, as set out in the report, be approved.

AC/70/22 ANNUAL GOVERNANCE STATEMENT

Members considered a report of Gillian Duckworth, GMCA Monitoring Officer and Solicitor and Steve Wilson, GMCA Treasurer which provided the Committee with the

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

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

RESOLVED/-

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

AC/71/22 TREASURY MANAGEMENT STRATEGY STATEMENT, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2023/24

Steve Wilson, GMCA Treasurer introduced a report which set out the proposed Treasury Management Strategy Statement, Borrowing Limits and Prudential Indicators for 2023/24 to 2025/26 for the Authority. Members noted that the strategy reflected the 2022-2026 capital programme for Transport, Economic Development, Fire and Rescue, Waste and Police.

A Member suggested that having recently undertaken Treasury Management and noted that in respect of CIPFA training, further training focussing on Fire and Waste management matters would be helpful.

Following a comment from a Member, it was noted that the Audit Committee was not responsible for the approval of budgets.

RESOLVED/-

That the proposed Treasury Management Strategy Statement and Annual Investment Strategy, to apply from the 1 April 2023, be approved, as set out in the report and in particular:

- a) The Treasury and Prudential Indicators listed in Section 2, to the report.
- b) The Minimum Revenue Provision (MRP) Strategy in Section 2, to the report.
- c) The Treasury Management Scheme of Delegation at Appendix F to the report.
- d) The Borrowing Strategy outlined in Section 3 to the report.
- e) The Annual Investment Strategy detailed in Section 4 to the report.
- f) Delegation to the Treasurer to step outside of the investment limits to safeguard the GMCA's position as outlined in section 4.7 to the report.

AC/72/22 CAPITAL STRATEGY 2023-2024

Steve Wilson, GMCA Treasurer introduced a report which reminded Members that the Capital Strategy sets out the over-arching principles and processes by which the capital and investment decisions set out in the Capital Programme will be prioritised against the key aims of the Greater Manchester Strategy (GMS).

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

Members also noted that the Capital Strategy also provided an overview of the governance arrangements for capital investment decisions and outlines the Authority's arrangements for managing risk.

A Member commented that the content of the Capital Strategy may need to be revisited following the Trailblazer announcements. In response, officers explained that capital budget is revised quarterly. In addition, it was noted that a report on inflationary matters in respect of City Region Sustainable Transport Schemes (CRSTS) will be considered at the May 2023 meeting of GMCA. In addition, a Deep Dive item on inflation will be presented at the next meeting of this Committee.

In terms of updating the Capital Strategy, officers would review if there was any merit to update the strategy in year.

RESOLVED/-

That the Capital Strategy 2023-2024, as set out in the report, be noted and that the Audit Committee recommends the Strategy for consideration for approval by GMCA.

AC/73/22 GMCA STATEMENT OF ACCOUNTS 2021-2022

Steve Wilson, GMCA Treasurer introduced the Greater Manchester Combined Authority (GMCA) group accounts for 2021/22. The Chair suggested that this item be discussed along with the External Auditor Report at AC/74/22, below.

The report updated the Committee Members on the changes since the draft accounts were published and confirmed, subject to the Committee's approval of the accounts and the unadjusted misstatements, that the final accounts expect to receive an unqualified opinion from the authority's external auditors subject to outstanding issues set out in the report.

A Member sought clarification on why the GM Pension Fund Scheme has impacted on the GMCA accounts without affecting on the Pension Fund's accounts. In response, it was noted that this was still unclear but added that the Pension Fund's Actuaries will provide a report on assets and liabilities for the pension scheme. This is predominately a re-evaluation of assets.

A Member suggested that a technical note in the accounts in respect of the Pension Fund. In response, officers noted that this approach could present a reputational risk to the organisation.

A Member enquired that with regard to the reported unadjusted misstatements, if there was a clear understanding on how these misstatements occurred and learning if there was any learning to avoid future incidents where possible. In addition, the Member sought clarification on the reasoning in not to making these adjustments. In response, officers explained that lessons learned have informed Finance Team training sessions. Key to not making changes officers noted that any change would not alter what the accounts were reporting.

An accounting issue regarding Group Companies and Entities was highlighted by a Member and enquired if there was a reason for not consolidating because on them not being material to the accounts and applying the Accounting Standard. In response, officers explained that the GMCA approach was less onerous than reporting all entities. This is a management judgement and External Audit explores this as part of their audit processes. Officers undertook to explore how GMCA benchmarks this approach across other authorities.

A Member suggested that where things have been excluded because of materiality, that there is some commentary on this.

In noting the report recommendation to delegate to the GMCA Treasurer, in consultation with the Audit Committee Chair, the publication of the final accounts following audit completion, the Chair explained that as this was to be her last meeting, the appointment of an Interim Chair of the Audit Committee, until the AGM meeting in June 2023, was needed. A nomination was received for Grenville Page to be the Interim Chair for the period specified.

RESOLVED/-

1. That the final statement of accounts 2021/22 and to note the changes to accounts during the audit period and to approve the unadjusted misstatements contained within this report, be noted.
2. That Grenville Page be appointed as Interim Chair of the Audit Committee to cover the intervening period up to the Audit Committee's Annual General Meeting in June 2023.

3. That delegated authority be granted to the GMCA Treasurer, in consultation with the Interim Audit Committee Chair, to agree the publication of the final accounts following audit completion.

AC/74/22 EXTERNAL AUDIT PROGRESS REPORT

Mark Dalton, Mazars, External Auditor introduced a report which provided an update on progressing their responsibilities as the GMCA External Auditors.

The update explained Improvement Focused Recommendations and Value for Money work.

Thanks were also extended to the GMCA Finance Team for their support in getting the accounts together.

RESOLVED/-

That the update from the External Auditor be noted.

AC/75/22 AUDIT COMMITTEE WORK PROGRAMME

Members considered the Committee Work Programme of proposed items to focus the work of the committee for the upcoming municipal year.

RESOLVED/-

That the draft Committee Work Programme be noted.

AC/76/22 DATES AND TIMES OF FUTURE MEETINGS

RESOLVED/-

The future meeting dates for the Committee were noted.

AC/77/22 ACKNOWLEDGEMENT

a. Councillor Sarah Russell

Members wished to place on record their thanks to Councillor Russell for her hard work and diligence as Chair of the Committee. Members recognised how as Chair, openness, transparency and participation of all members was encouraged.

In response, the Chair thanked members and officers for their support during her time as a committee member and Chair of the Committee.

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GMCA Audit Committee

Date: 20th September 2023
Subject: Head of Internal Audit Annual Opinion 2022/23
Report of: Sarah Horseman, Deputy Director, Audit and Assurance

PURPOSE OF REPORT

This report has not changed since the version circulated to Members in July 2023

The Internal Audit team delivers an annual programme of audit work designed to raise standards of governance, risk management and internal control across the Greater Manchester Combined Authority (GMCA). In accordance with Public Sector Internal Audit Standard 2450 this work is required to culminate in an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

This report provides Members of the Audit Committee with the Head of Internal Audit 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 2023.

RECOMMENDATIONS:

Members are requested to consider and comment on the Head of Internal Audit Opinion 2022/23.

CONTACT OFFICERS:

Sarah Horseman - Deputy Director, Audit and Assurance

Risk Management – see paragraph 3.3

Legal Considerations – N/A

Financial Consequences – Revenue – N/A

Financial Consequences – Capital – N/A

Number of attachments included in the report: N/A

BACKGROUND PAPERS:

Papers previously presented to Audit Committee

- Internal Audit Plan 2022/23
- Internal Audit progress reports
- GMCA Corporate Risk Register

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

Head of Internal Audit Opinion 2022/23

1. Introduction

1.1 The Head of Internal Audit is obliged, under the Public Sector Internal Audit Standards (PSIAS), to provide an annual report summarising the work undertaken by internal audit during the financial year and to provide an overall opinion of the adequacy and effectiveness of the organisation’s framework of governance, risk management and internal control, derived from this work.

2. Scope

2.1 The Head of Internal Audit opinion is substantially derived from the results of the risk-based audits contained within the Internal Audit Plan for 2022/23. In addition the following are also considered:

- Grant Assurance work undertaken by Internal Audit;
- The implementation of actions agreed as part of internal audit work;
- The results of any investigation work undertaken by Internal Audit;
- Other sources of assurance, for example external inspections/reviews as well as internal “line 2” assurance activities;
- The quality and performance of the internal audit service and level of compliance with Public Sector Internal Audit Standards (PSIAS)

2.2 The opinion does not imply that Internal Audit has reviewed all risks and assurances relating to GMCA. The opinion is one component that is taken into consideration within the Annual Governance Statement.

3. Head of Internal Audit Opinion

3.1. Overall Opinion

3.1.1 Based on the work undertaken by Internal Audit in respect of 2022/23 the opinion of the Head of Internal Audit is that **reasonable assurance** is provided on the overall adequacy and effectiveness of GMCA’s framework of governance, risk management and internal control.

3.1.2 This opinion is based upon the findings of the audit work undertaken during the year as well as other sources of assurance that can be relied upon.

3.1.3 It is reflective of the continued progress made in relation to the evolving maturity of risk management arrangements in place within GMCA and in the continued development of the performance management framework, including the 2022/23 business plan and associated periodic reporting against milestones and metrics within it. Implementation of audit actions has also remained consistent throughout the year, averaging just below 80% over the year, against a target of 85%.

3.1.4 There were a number of limited assurance opinions issued during the year, but proportionately fewer than the previous year. Generally these were in relation to specific areas within the organisation that aren't necessarily an indicator of systemic failures of internal control, but rather isolated processes or activities where improvements are needed.

3.1.5 The basis for this opinion is provided in Section 4 of this report. Details of the possible audit opinions is provided in Appendix A.

3.1.6 Internal Audit work has been carried out in line with the requirements of PSIAS. The Internal Audit team has maintained its independence and objectivity throughout the year and there have been no instances identified of non-conformance with PSIAS.

4. Basis of the Opinion

4.1. Corporate Governance

4.1.1 Through the internal audit work undertaken and review evidence to support the application of the governance framework, for 2022/23 it can be confirmed that the following are in place:

4.1.2 Governance and Scrutiny

- New Scrutiny arrangements were introduced in the year, this consists of one Overview and Scrutiny Committee where there had previously been three. Meetings were held each month with the exception of May 2023 (which was the local elections period), in public and recordings and papers made available on the GMCA website.
- The Police, Fire and Crime Panel is also in place, and met regularly, in public, throughout the year.
- A Standards Committee is in place and met in February 2023.
- The Audit Committee meets regularly, in public and all papers are also publicly available.
- Meeting papers and webcasts for GMCA, Committee and Scrutiny meetings are available on the GMCA website for a period of six months after the meeting date.
- Registers of key decisions (upcoming and made) for GMCA and GMTTC are available on the GMCA website

4.1.3 Policies and Codes

- GMCA has within its Constitution a Code of Conduct for both Officers and Members which set out the key expectations around personal behaviour and professional conduct.
- There are generally robust policies and procedures in place for gathering and collating declarations of interest from Members which are available on the GMCA website. Declarations of Interest is a standing agenda item at all Committee and Scrutiny meetings.
- GMCA's whistleblowing policy was reviewed in the financial year with minor amendments approved by the Standards Committee in February 2023.

Whistleblowing reports are made to the Head of Audit and Assurance and oversight is provided by the Treasurer. The Audit Committee receives an annual report on the outcomes of whistleblowing reports, the report for 2022/23 is to be presented to the Audit Committee on 21st July 2023.

4.1.4 Objectives and Performance Measurement

- A number of strategies and plans are in place across GMCA which define outcomes and priorities. These include:
 - A refreshed Greater Manchester Strategy (GMS) which was published in 2021 and spans the 10 years to 2031. Desired outcomes and commitments are set out to achieve a greener, fairer and more prosperous Greater Manchester.
 - The Standing Together Plan 2022-2025 sets out the plan for policing and for addressing inequalities, fighting crime, and making the city-region safer. It sets out three priorities which are: keeping people safe and supporting victims; reducing harm and offending and strengthening communities and places
 - GMFRS Fire Plan sets out a number of priorities and commitments for GMFRS relating to emergency response, prevention, protection, value for money, culture and integration with partner agencies. An annual delivery plan was in place for 2022/23 with performance reported quarterly against the key performance indicators in the plan.
- Quarterly performance management metrics started to be reported to the Senior Leadership Team in 2021/22 and have continued throughout 2022/23. Delivery of business plan commitments is also monitored and reported.
- GMCA publishes quarterly information in line with 2.1 of the Local Government Transparency Code. Not all of the annual information required in section 2.2 of the Code was available on the GMCA website in 2022/23 (for example land and assets data and GMCA organisation chart)

4.2. Risk Management

4.2.1 The Deputy Director, Audit and Assurance has responsibility for the risk management framework for GMCA, supported by a part-time Corporate Risk Manager. It is clear within GMCA through the framework and the Internal Audit Charter that although development of the framework was undertaken by members of the Audit and Assurance team, ownership of the risk management activities and risks lie absolutely with management, via the Chief Executive's Management Team (CEMT) and Senior Leadership Team (SLT).

4.2.2 The Risk Management Framework was developed by the Head of Audit and Assurance and approved by Audit Committee in November 2020. Roll out of the framework has continued in 2022/23, with continued progress made across directorates. GMCA Strategic Risks were fundamentally reviewed during the year by

the leadership team and aligned to the Corporate Plan priorities. Work continues to cascade this level of review and refresh down through the various layers of risks.

4.2.3 Greater Manchester Police (GMP), Transport for Greater Manchester (TfGM) and Greater Manchester Fire and Rescue Service (GMFRS) maintain their own risk management arrangements and risk registers are owned by the Chief Constable, Chief Executive of TfGM and Chief Fire Officer respectively. Risks from these registers are escalated to the GMCA risk register where appropriate.

4.3. Internal Control

4.3.1 The audit work undertaken during 2022/23 produced a mixed set of assurance opinions. In comparison to previous years, the proportion of limited assurance opinions has continued to decline, being 31% in 2022/23, compared to 36% in 2021/22.

4.3.2 All the grant work certification work undertaken by Internal Audit in 2022/23 provides assurance that the required controls are in place to ensure grant conditions are met.

4.3.3 Implementation of audit actions has been consistent during the year, maintaining the good performance that had been made by the end of the previous year.

4.4. Internal Audit work performed

4.4.1 The Internal Audit Plan for 2022/23 was presented to and approved by the Audit Committee in June 2022.

4.4.2 A summary of the internal audit reports issued in 2022/23 is provided here:

Assurance level	Governance	Risk	Internal Control
Substantial Assurance (0%) A sound framework of governance, risk management and/or internal control was found to be in place. Controls are designed effectively, operate consistently with no evidence of systemic control failures and no high or critical risk audit findings reported			
N/A			
Reasonable Assurance (56%) Generally an appropriate framework for governance, risk management and/or internal control was found to be in place and controls are operating but there are areas for improvement in terms of design and/or consistent execution of controls.			
Grant funding and management reporting	✓		✓
Public Sector Decarbonisation Grant Process			✓
Budgetary Control	✓	✓	✓
Treasury Management	✓		✓
GMCA Performance Management follow up	✓		✓
AEB - Provider Contract management			✓

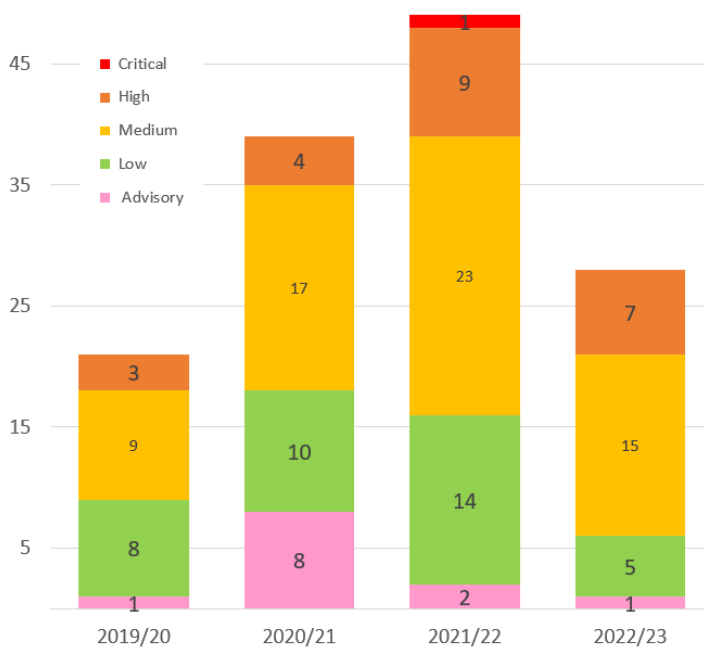
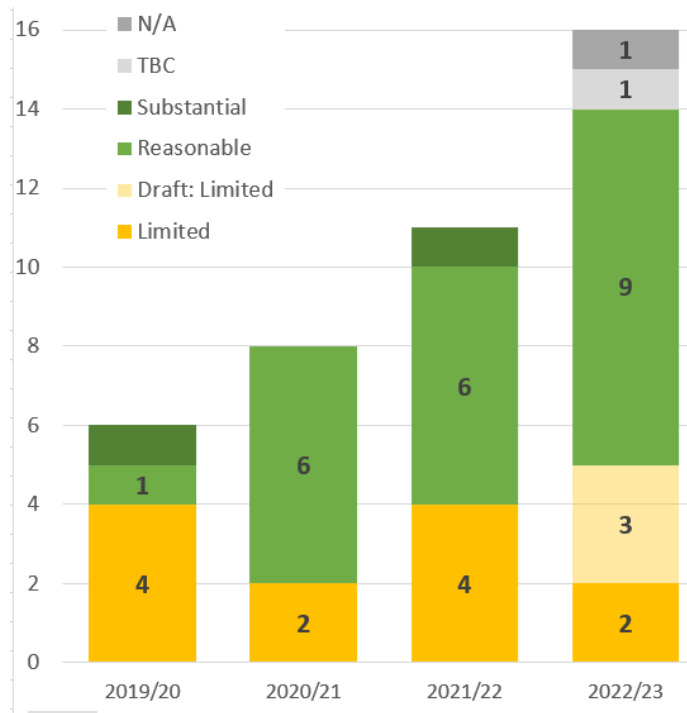
Supporting Families Framework			✓
Non-AR Income			✓
GM One Network Project			✓
Limited Assurance (31%)			
Significant improvements are required in the governance, risk management and/or control environment. A number of medium and/or high-risk exceptions were reported during the audit that need to be addressed. There is a direct risk that organisational objectives will not be achieved.			
GMFRS Maintenance and testing of operational equipment			✓
CCTV policy and practice*			✓
GM Road Safety Partnership*	✓		
Use of contractors and temporary staff*			✓
Waste Estates	✓	✓	✓
No Assurance (0%)			
The framework for governance, risk management or the system of internal control is ineffective or is absent. 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.			
N/A			
Advisory reports / Other (13%)			
An assurance opinion was not provided due to the nature of the engagement or where the audit has not yet been completed			
Safeguarding and DBS			✓
External Loans (Advisory)	✓		

*Reports in draft at the time of writing

Analysis of 2022/23 audit findings and audit opinions

There has been more internal audit work undertaken this year at GMCA than previous years.

The chart to the right shows the number of audit opinions issued along with the level of assurance they have provided.



Despite the greater amount of internal audit work undertaken in the year, there have been fewer audit findings than in previous years which could be representative of the continually improving control environment.

4.5. Grant certification work

A Summary of the grant certification work undertaken in 2021/22 is provided below:

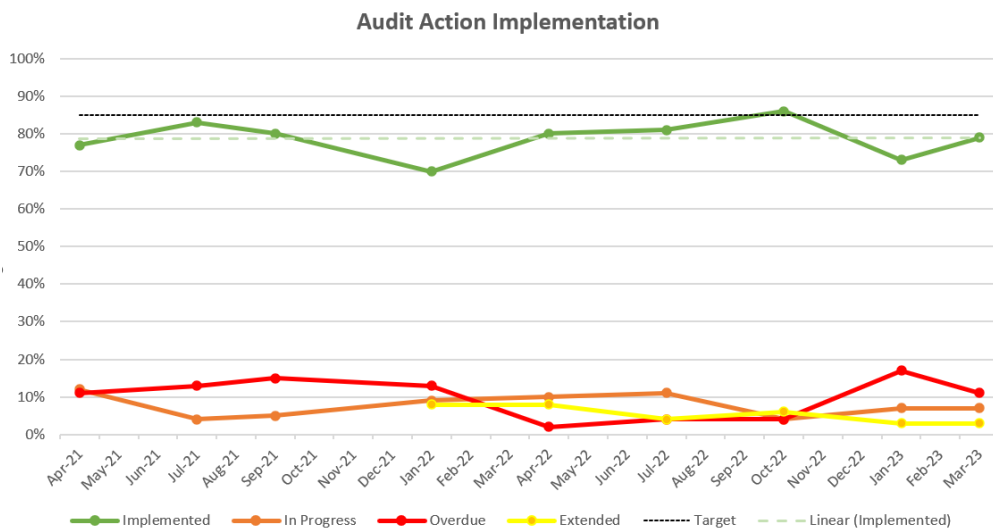
Grant	Amount certified (/grant amount)	Assurance level
BEIS Growth Hub Funding 2021/22	£0.8m	Positive
Peer Networks Grant – Annual Sign Off 2021/22 + March 22 claim	£0.6M	Positive
Public Sector Decarbonisation Scheme – Phase1 (Section 31) 31/3535	£78.2m	Positive
Local Transport Capital Block Funding (Pothole Fund) Specific Grant Determination (2021/22) (Section 31) 31/5506	£15.5m	Positive
Brownfield Housing Fund Grant 2021/22 (Section 31) /6020 & 5706	£49.2m	Positive
Local Transport Capital Block Funding (CITY DEALS FUND) 31/5675.	£22.3m	Positive
Green Homes Grant Phase 1b 31/5336	£4.8m	Positive
Green Homes Grant Phase 2 20/21 31/5337	£13.3m	Positive
NO2 Plan Implementation Fund 2019 Support for a Charging Clean Air Zone 31/3799	£36m	Positive
NO2 Plan Clean Air Fund Grant 2021 31/5480	£1.8m	Positive
NO2 Plan Clean Air Fund Grant 2021 31/5762	£3.2m	Positive

4.6. Implementation of audit actions

As part of PSIAS, we are required to consider the appropriateness of the organisation's response to the implementation of audit recommendations. GMCA Senior Leadership Team have responsibility ensuring the timely implementation of audit actions and the impact of

risk. Internal Audit track and validate the implementation of audit actions and report regularly on this to management and Audit Committee.

At the end of March 2023, the audit action implementation rate was 79% which is representative of the average implementation rate throughout the year. The target on time implementation rate is 85% so there is some scope for continued improvement. Internal Audit will continue to work with management to support further improvement. The chart below shows the performance of implementation of audit actions for the last two financial years, which apart from some seasonal variation typically at the end of each calendar year, shows consistent performance.



4.7. Effectiveness of Internal Audit during the period

An external quality assessment (EQA) of the Internal Audit Function was undertaken in 2021/22. The conclusion was that overall the service complies with PSIAS. Areas for improvement were identified and an action plan put in place to address those.

A further assessment of the effectiveness of the Internal Audit Function was undertaken in 2022/23 by the Deputy Director, Audit and Assurance. The assessment considered:

- IA team structure and resourcing
- The extent of conformance with the PSIAS in producing quality work.
- Delivering audit work in the most appropriate areas on a prioritised (risk) basis.
- Audit Committee reporting
- Progress in implementing the actions arising from the EQA
- Implementation of Internal Audit recommendations

The assessment concluded that the internal audit Function is effective and has operated in compliance with PSIAS.

5. Other Sources of Assurance

5.1. Local Government Association (LGA) – Peer Review of GMCA

5.1.1 In late December 2022, the LGA undertook a peer review. Whilst this was not an inspection of GMCA that would provide a detailed assessment of the themes of the review it is nonetheless a really useful independent view of a number of aspects of the Authority. The review focused on:

- Local priorities and outcomes
- Organisation and place leadership
- Governance and culture
- Financial planning and management
- Capacity for improvement

5.1.2 Considering the scope of this Internal Audit Opinion, the themes of Governance and Financial Planning and Management are the most relevant. In those areas, excerpts from the LGA report are:

- “The governance model is well developed and is the result of many years of collaboration across the GM authorities. This has helped to effectively ‘knit’ together a diverse range of portfolios and projects; with a lot of informal collaboration supporting statutory and advisory boards. Whilst policy issues can be challenging and involve some tough decision making, politicians air differences of opinion which are worked through and behaviours are mature: there have not been any referrals to the CA’s Standards Board since the CA was created in 2017”.
- “There is a clear process of pre-budget challenge by members and officers. There is also evidence of mature relationships reflected in budget-setting, which includes agreement on the use of and refunding of some budgets”.
- “The overall approach to budget setting and challenge is positive”

A full copy of the report can be found here [LGA Corporate Peer Challenge Final Report 2021 \(greatermanchester-ca.gov.uk\)](https://www.greatermanchester-ca.gov.uk/reports-and-publications/lga-peer-review-report-2021)

5.2. Ofsted Inspection of GMFRS Apprenticeship Scheme

5.2.1 As an employer-provider, the GMCA is responsible for managing apprenticeship funding within the rules set, delivering training, supporting learners and maintaining quality. It is also required to be on the Register of Apprenticeship Training Providers which is maintained by the Education and Skills Funding Agency. This allows registered organisations to receive government funding to train apprentices.

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- 5.2.2 Greater Manchester Combined Authority (GMCA) started its contract as an Apprenticeship Employer Provider in May 2017. As a newly set-up publicly funded Employer-Provider, GMCA was the subject of an Ofsted monitoring visit in October 2019 but in July 2022 a full Ofsted inspection took place. This was one of the first full inspections of a fire and rescue service in the UK.
- 5.2.3 At the time of the inspection, 195 apprentices were studying operational firefighting at Level 3. GMCA subcontracts the English and Mathematics functional skills tuition to another training provider. Apprentices complete a 16-week basic firefighting training programme at the fire and rescue training centres before they are posted to their watch at one of the 41 fire stations located across Greater Manchester.
- 5.2.4 The Inspection addressed the following areas:
- What is it like to be a learner with this provider?
 - What does the provider do well and what does it need to do better?
 - Safeguarding
 - What does the provider need to do to improve?
- 5.2.5 The overall outcome achieved by the service was Good. The specific outcomes were as follows:
- Quality of Education - Good
 - Personal Development - Outstanding
 - Behaviour & Attitude – Outstanding
 - Leadership and Management – Good
- 5.2.6 A full copy of the report can be found here [Greater Manchester Combined Authority - Open - Find an Inspection Report - Ofsted](#)

5.3. GMFRS - HMICFRS Inspections

- 5.3.1 Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) undertook an assessment of GMFRS in 2021/22. The assessment examined "the service's effectiveness, efficiency and how well it looks after its people". The purpose of the assessment is to give the public information about how their local fire and rescue service is performing in several important areas and how it compares to other Fire and Rescue Services across England.
- 5.3.2 At the time, a Cause of Concern was raised for how GMFRS responds to and trains staff for marauding terrorist attacks (MTAs) however during 2022/23, this was formally closed by HMICFRS, recognizing the progress made by GMFRS in addressing the original recommendation.
- 5.3.3 The full inspection report and cause of concern closure letter can be found at: [Greater Manchester - HMICFRS \(justiceinspectrates.gov.uk\)](#) and [Greater Manchester Fire and Rescue Service: Cause of concern closure letter - His](#)

[Majesty's Inspectorate of Constabulary and Fire & Rescue Services
\(justiceinspectors.gov.uk\)](http://justiceinspectors.gov.uk)

6. Recommendations

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

Appendix A – Annual Opinion Types

The table below sets out the four types of annual opinion that the Head of Internal Audit considers, along with an indication of the characteristics for each type of opinion. The Head of Internal Audit will apply judgement when determining the appropriate opinion so the guide given below is indicative rather than definitive.

Opinion	Description	Indicators
Substantial	There is a sound system of governance, risk management and internal control in place. Internal controls are designed to achieve objectives and the controls tested during the course of internal audit work were being consistently applied.	<ul style="list-style-type: none"> • Through internal audit work undertaken and/or other sources of assurance the arrangements for governance and risk management were deemed to be robust and consistently applied. • No individual assignment reports were rated as “No Assurance” • No critical or high risk rated findings were identified • A limited number of medium and low risk rated findings were identified within the audit work undertaken and were isolated to specific instances. • Management demonstrate good progress in the implementation of previous audit actions
Reasonable	<p>There is an established system of governance, risk management and internal control in place that is generally operating effectively. Some areas for improvement were identified.</p> <p>Internal Controls are generally operating effectively. Audit testing found some areas for improvement although not indicative of systemic failure in the control environment.</p>	<ul style="list-style-type: none"> • The number of internal audit reports rated as “Limited Assurance” does not outweigh those with “Reasonable”, “Substantial” Assurance • Assurance over systems of control that are pervasive across the organisation (for example corporate functions) was generally positive (ie reasonable or substantial assurance opinions). • Frameworks for governance and risk management are in place and generally operating effectively • No critical risk rated findings were identified in the audit work undertaken • Any high risk rated findings were isolated to specific activities and were implemented in line with agreed timescales • Medium risk rated findings do not indicate a systemic or pervasive weakness in

		<p>governance, risk management or internal control</p> <ul style="list-style-type: none"> • Management demonstrate reasonable progress in the implementation of previous audit actions.
Limited	<p>a) <u>Limited by volume</u></p> <p>Internal Audit undertook a limited number of audits. The work undertaken combined with other sources of assurance considered the arrangements for governance, risk management and control over a number of key corporate risks.</p>	<ul style="list-style-type: none"> • 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 major or significant risk rated findings were isolated to specific activities and were implemented in line with agreed timescales
	<p>b) <u>Limited by results</u></p> <p>There are gaps in the arrangements for governance and risk management and/or those arrangements have not been applied consistently and robustly through the year and/or</p> <p>The level of non-compliance with internal controls puts the systems objectives at risk.</p>	<ul style="list-style-type: none"> • There are significant gaps in the arrangements for governance and/or risk management or the arrangements had not been effectively executed during the year. • The number of internal audit reports rated as “Limited” or “No Assurance” outweighs those rated as “Reasonable” or “Substantial”. • Critical and High risk findings were identified in the audit work undertaken • Internal Audit findings indicated that improvements were needed to the design and/or operating effectiveness of the wider frameworks of governance and/or risk management • No more than two critical risk findings were identified and they were in relation to specific activities as opposed to indicating systemic failures and were rectified quickly. • Management do not demonstrate good performance in implementing audit actions.

<p>No Assurance</p>	<p>The arrangements for governance, risk management and internal control is generally weak, leaving the system open to significant error or abuse and/or Significant non-compliance with basic controls leaves the system open to error or abuse.</p>	<ul style="list-style-type: none"> • Audit reports are generally rated as “Limited” or “No” assurance. • Findings rated Critical and High outweigh those rated as Medium or Low. • Audit findings indicate systemic non-adherence to control procedures, indicating a poor control environment. • Frameworks for governance and risk management are not in place • Audit actions are consistently not implemented in line with agreed timescales.
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Appendix B

Below are the definitions of the assurance opinions used by Internal Audit. These opinion ratings have been defined for the GMCA Internal Audit and are consistent with the recommended definitions for engagement opinions published by CIPFA in April 2020.

	DESCRIPTION	DESCRIPTION
	SUBSTANTIAL ASSURANCE	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	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	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	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.

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GMCA Audit Committee

Date: 20th September 2023
Subject: GMCA – 2022/23 Annual Governance Statement
Report of: Gillian Duckworth, GMCA Monitoring Officer and Steve Wilson, GMCA
Treasurer

Purpose of Report

To provide the Committee with the 2022/23 Annual Governance Statement (attached as appendix A) for final comments ahead of publication.

This follows on from the draft version included on the July agenda, and now includes the addition of Section 4 pertaining to the independent first year review of the scrutiny function and a number of minor amendments that bring the Statement fully up to date.

Recommendations:

The Audit Committee is requested to:

- (1) consider and comment on the Annual Governance Statement;
- (2) endorse the Annual Governance Statement for publication alongside the Statement of Accounts.

Contact Officers

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Equalities Impact, Carbon and Sustainability Assessment:

n/a

Risk Management

The AGS forms part of GMCA's risk management arrangements.

Legal Considerations

Legal requirements are referred to throughout the AGS.

Financial Consequences – Revenue

There are no specific revenue considerations contained within the report.

Financial Consequences – Capital

There are no specific capital considerations contained within the report.

Number of attachments to the report: 1 (Final Annual Governance Statement)

Comments/recommendations from Overview & Scrutiny Committee

n/a

Background Papers

GMCA Constitution: [GMCAConstitution2023Final.docx.pdf \(greatermanchester-ca.gov.uk\)](#)

Tracking/ Process

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

~~Yes~~ / No

ANNUAL GOVERNANCE STATEMENT 2022-23

CONTENTS

1. Introduction & Purpose of the Annual Governance Statement
2. GMCA Legislative, Strategic and Policy Context
3. Addressing the Cost-of-Living Crisis Through Governance Arrangements
4. First Year Review of the Revised GMCA Scrutiny Function
5. GMCA Peer Review
6. HMICFRS Position Update (GMP & GMFRS) + Manchester Arena Inquiry Update
7. Scope of Responsibility
8. Governance Review Activity 2022/2023
9. Progress in Addressing the Challenges Identified in the 2021/2022 Annual Governance Statement
10. Areas for Focus in 2023/2024

11. Summary

Appendix - CIPFA SOLACE – Good Governance Principles

INTRODUCTION

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

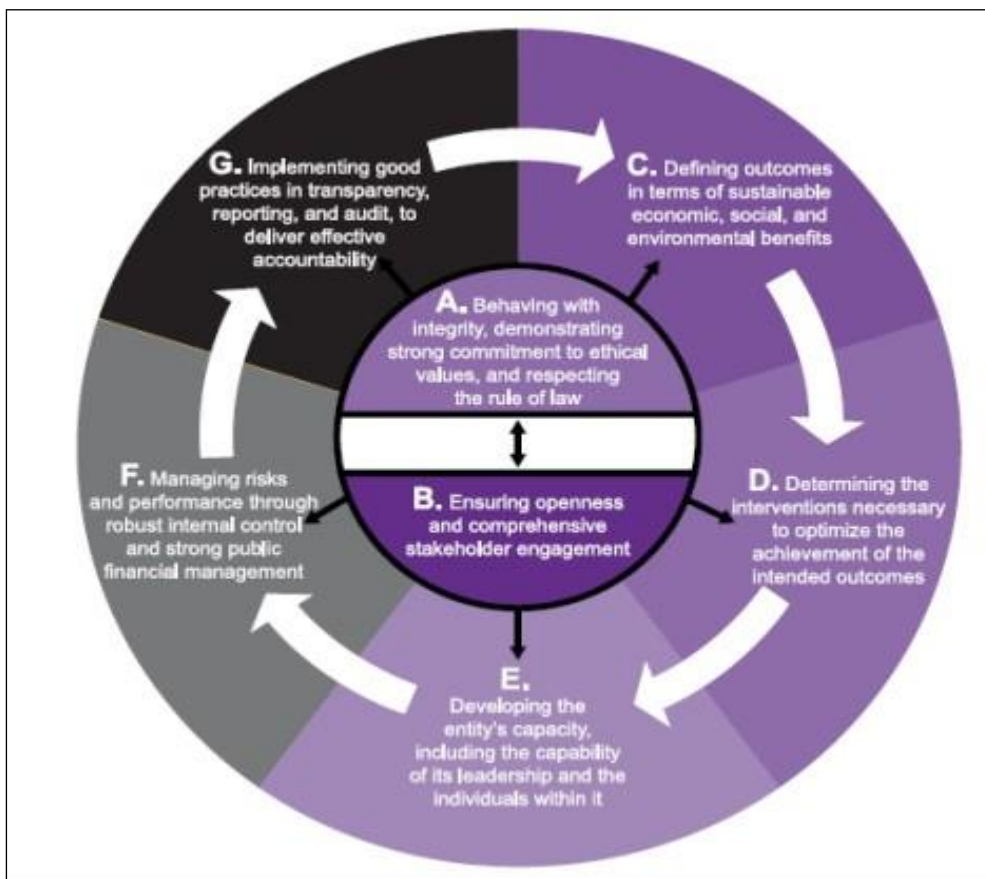


Fig.1 Seven Principles of Good Governance

LEGISLATIVE, STRATEGIC AND POLICY CONTEXT

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

2.2 In November 2022 it was announced that Baroness Beverley Hughes would be stepping down from the role of Deputy Mayor for Policing and Crime. The Mayor of Greater Manchester proposed former MP for Stretford & Urmston Kate Green for the role. This proposal was considered by the Greater Manchester Police, Fire & Crime Panel at a special meeting of the Panel on 5th December 2022, at which the proposal was accepted unanimously. Kate Green officially took up the post on 9th January 2023.

2.3 All members have clear portfolio responsibilities. Listed below is the current leadership structure in Greater Manchester following the May 2023 elections (Previous Leaders where applicable shown in italics):

Member	Representing	Portfolio Responsibility
Mayor Andy Burnham	GM Mayor	Policy, Reform & Transport
Kate Green <i>(Until 8th January 2023 Baroness Beverley Hughes)</i>	Deputy Mayor	Safer & Stronger Communities (Police and Fire)
Cllr Nicholas Peel <i>(Leader 22/23 Cllr Martyn Cox)</i>	Bolton	Digital City Region
Cllr Eamonn O'Brien	Bury	Technical Education & Skills

Cllr Bev Craig	Manchester	Economy, Business & Inclusive Growth
Cllr Arooj Shah <i>(Leader 22/23 – Cllr Amanda Chadderton)</i>	Oldham	Equalities & Communities
Cllr Neil Emmott	Rochdale	Culture
City Mayor Paul Dennett	Salford	Healthy Lives & Homelessness
Cllr Mark Hunter	Stockport	Children & Young People
Cllr Gerald Cooney	Tameside	Housing
Cllr Tom Ross <i>(Leader 22/23 until 4th January 2023 Cllr Andrew Western)</i>	Trafford	Green City Region & Waste
Cllr David Molyneux	Wigan	Resources & Investment

2.4 Each GMCA member appointed by a constituent council appoints a substitute deputy who holds full voting rights in their absence. A request is made to each authority to appoint a member of the opposite gender where possible to help in retaining a gender balance.

2.5 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.

2.6 The GM Local Enterprise Partnership (GM LEP) has acted as a private sector-led voluntary partnership, with a core function to provide strategic leadership and private sector insight (alongside the GMCA) to help deliver the

city region's growth ambitions. In March 2022, the GM LEP received a letter from Minister Neil O'Brien MP (DLUHC) and Minister Paul Scully MP (BEIS) setting out that LEPs will now be integrated into local democratic institutions following the policy announcement made in the Levelling Up White Paper as well as indicating the process by which this will be achieved.

The GM Local Enterprise Partnership is therefore evolving towards a new model of a GM Business Board fully integrated into GMCA with a remit to be as ambitious as possible, maintaining a strong business voice at the heart of city region and maximising economic growth across Greater Manchester. This model was approved by GMCA in September 2022 along with an initial framework of GMS priorities for 2023/24 including Innovation; Net Zero; Real Living Wage; Economic Resilience; Marketing and International; Business Support; Investment Finance; Addressing Inequalities; and Skills. An Integration Plan reflecting this approach has been submitted to Government.

2.7 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.

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

trailblazer, single settlement and regional devolution. For more information on the outcome of the recent independent Scrutiny Review analysing the first year of revised scrutiny structure please see Section 4.

2.9 The GMCA Audit Committee, as a statutory body, plays a key role in overseeing risk management, governance systems and financial management.

2.10 The GM Transport Committee has been replaced for 2023/24 by the newly formed Bee Network Committee that will hold an important role in developing transport policy, and advising and supporting the Constituent Councils, the GMCA and Mayor on specific transport issues. This will be a more clearly strategic body that the previous Transport Committee, leading transport decision-making at the city regional level, and having responsibility for monitoring the performance of Greater Manchester’s transport network, and the performance of Transport for Greater Manchester (TfGM), the local government body responsible for delivering Greater Manchester’s transport strategy and commitments.

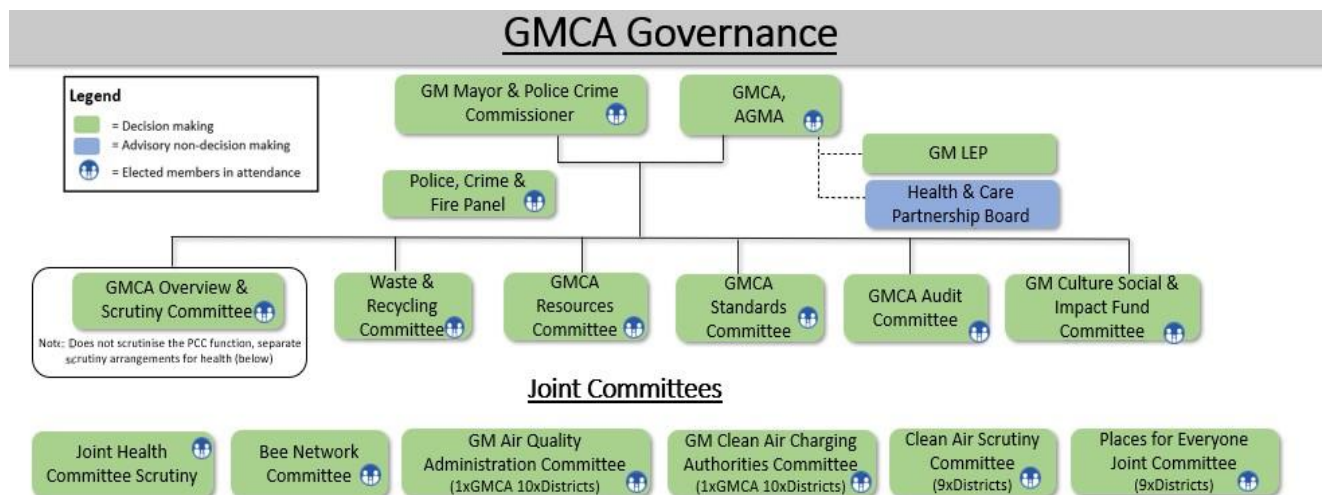


Fig.2 Governance Structure

ADDRESSING THE COST-OF-LIVING CRISIS THROUGH GOVERNANCE ARRANGEMENTS

3.1 During a period of high inflation brought about by the end of a period of economic stagnation during the Covid-19 pandemic, supply chain issues and the war in Ukraine, Greater Manchester (GM) residents are suffering from a cost-of-living crisis. This has particularly impacted those on the lowest incomes as gas, electricity and food prices have skyrocketed. The Government has provided support including caps on gas and electricity prices and cost of living payments distributed via Councils.

3.2 Initiatives across GM to support those hardest hit by the cost of living crisis have been numerous and included a network of almost 500 warm spaces for residents to use for free. As well as being safe, warm, inclusive and friendly environments, a range of ancillary services were provided including digital skills, benefits advice, free SIM cards, hot showers and vaccinations.

3.3 Greater Manchester Combined Authority (GMCA) has played a crucial role during the cost-of-living crisis. Using its convening role, it has set up the Greater Manchester Cost of Living Response Group. This group, chaired by the GMCA Deputy Chief Executive meets monthly. Its membership includes representatives from GMCA, the ten Local Authorities, the NHS, social housing providers and the voluntary, community and social enterprise (VCSE) sector. Its purpose is for partners to work together on initiatives and share data and best practices in supporting residents during the cost-of-living crisis. It has also focussed on the issues faced in the crises by older people, disabled people and other groups as well as the crucial role of the VCSE sector, and the challenges the sector faces due to funding and capacity issues.

3.4 Using data collected from national data sources, Councils, the NHS, the GM Residents survey and more, GMCA have created and maintain the Greater Manchester Cost of Living Dashboard. The dashboard allows for comparison

between each GM local authority, the city region, the North West and nationally. It provides insight and evidence into the rising cost of living in GM.

3.5 Regular updates are reported to the Greater Manchester Combined Authority on the cost-of-living pressures on residents and businesses in GM and some of the measures being put in place by GMCA and partners to provide support. This provides GMCA members with the opportunity to comment on the support provided and offer challenge and direction at a GM level.

3.6 The cost-of-living crisis shows little signs of abating, and may well get worse, as high inflation continues and interest rates increase, bringing more residents into financial hardship as mortgage costs and rents increase. Planning is well underway on the support to be offered to residents this coming winter, using lessons learned and best practice shared through the GM Cost of Living Response Group. GMCA will continue to provide a crucial role.

INDEPENDENT FIRST YEAR REVIEW OF THE GMCA SCRUTINY FUNCTION

4.1 In June 2022 the GMCA approved a series of recommendations following an independent review of its Overview & Scrutiny function by a group of elected members and supported by the Centre for Governance and Scrutiny. The review provided a clear remit for the Committee, alongside a new single committee model and a commitment to task and finish activities. One year in, the Centre for Governance and Scrutiny conducted an evaluation as to how successfully the review's recommendations had been implemented.

4.2 The review highlighted that there should be a commitment to focussing scrutiny activity and recommended a single committee model with a 'less is more' approach in order to be most effective. It has been evident that a single committee model had also provided a shared platform from which all Committee members can develop a strategic overview across all portfolio areas and an understanding of the interconnection of key policies to effectively scrutinise cross cutting issues.

4.3 The review stated that the Scrutiny Committee should be able to contribute to all policy development in respect of high-profile complex issues affecting the whole of the Combined Authority area and that this may include matters of commercial sensitivity, matters awaiting government approval and other confidential matters (in line with Access to Information Procedure Rules), dealt with as appropriately with the exclusion of the public. As a result, when a report had been taken for decision, the comments and amendments following scrutiny engagement could then be highlighted, transparently evidencing further accountability. As an example of this, the Scrutiny Committee had played a vital role in considering the preferred bidders for each tranche of bus franchising as they have progressed, ensuring processes have been robust and provided a further level of assurance.

4.4 The new scrutiny model had also enabled the establishment of a small task and finish group to consider the issue of integrated water management, something which affects many GM residents in the form of flooding or drought but was actually found to be a much wider overarching policy issue across many portfolio areas. The review's findings were put forward as a set of recommendations to the GMCA for consideration, and for inclusion into Greater Manchester's Integrated Water Management Plan.

4.5 Some specific areas of focus were highlighted for the forthcoming year, including self-led evaluation and work programming; ensuring robust accountability for the trailblazer deal; and continuing to provide training and support to new and existing members in order to strengthen their skills sets in line with their role description.

GMCA PEER REVIEW

5.1 During 2022/23, the GMCA had put itself forward as the first Combined Authority to go through the Local Government Association's Corporate Peer Challenge. The authority sought an external view on what it was doing well

and what needed to improve on in order to help the authority meet its organisational objectives and make a difference to the lives of the people in Greater Manchester. In February 2023 the independent LGA peer challenge team published its final report, which can be seen here: [GMCA CPC final report¹](#).

- 5.2 The team held more than 50 meetings and interviewed 155 people over three days in November and December 2022 – from both GMCA and the wider Greater Manchester system, including senior representatives from local councils, public sector, business and voluntary, community and social enterprise partners. The team looked at: local priorities and outcomes; organisational and place leadership; governance and culture; financial planning and management and capacity for improvement.
- 5.3 The report was overwhelmingly positive recognising the many strengths of GMCA, and by extension Greater Manchester as a whole. This included political and partnership arrangements and ways of working. It noted that GMCA *“can evidence a strong and impressive track record of strategic delivery and impact across services and programmes which matter, including transport, economic growth, health and more”* and that there was strong, visible and effective leadership within GMCA and from its Council Leaders and Chief Executives. It further stated that staff were well-motivated, enjoyed their roles and were passionate about working with the Mayor and local councils to deliver.
- 5.4 The report made 15 core recommendations where the reviewers felt there was opportunity for development, exploration of additional activities, or where collectively Greater Manchester could do something different or further than currently. It also highlighted some of the significant risks and future funding challenges. The action plan on how the GMCA will meet the recommendations is available here: [GMCA CPC action plan²](#).

¹ [LGA Corporate Peer Challenge Final Report 2021 \(greatermanchester-ca.gov.uk\)](#)

² [gmca-cpc-action-plan.pdf \(greatermanchester-ca.gov.uk\)](#)

HMICFRS POSITION UPDATE (GMP & GMFRS)

6.1 A Force wide HMICFRS revisit to GMP with regard to engagement and special measures provision of the standards of investigation across GMP had taken place during September 2022 – this visit satisfied HMICFRS to the extent that an announcement was made on 28 October 2022 that GMP were to be completely removed from special measures. At 22 months, this was the shortest turnaround time on record for any force to have been taken out of special measures.

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

6.3 The PFCP continues to hold the Deputy Mayor, Chief Fire Officer and Chief Constable to account on both the improvements at GMP and GMFRS. It was agreed that as of 2022/23 the PFCP would scale up to a bi-monthly meeting (from a previous quarterly arrangement) to ensure that it had the scope to

scrutinise all issues raised. The PFCP is also supported by a bi-monthly Steering Group.

Manchester Arena Inquiry

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

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

6.7 There were five monitored recommendations that related to GMFRS:

1. R32 Greater Manchester Fire and Rescue Service and North West Fire Control should conduct a joint review of the circumstances in which it is appropriate for Greater Manchester Fire and Rescue Service personnel to check the North West Fire Control incident log. Policies should be written by both organisations to reflect the outcome of this review. Training should be delivered to embed it into practice.
2. R36 Greater Manchester Fire and Rescue Service should ensure that its commanders are adequately trained in the use of operational discretion.
3. R37 Greater Manchester Fire and Rescue Service should review the policy by which the Incident Commander takes up the role, in light of the shortcomings identified in the policy in operation on 22nd May 2017.
4. R38 Greater Manchester Fire and Rescue Service should review its guidance and policies on how it receives and passes on information during a Major Incident. It is important that, for any update given, it is established when the last time the person receiving the update was

provided with information, to ensure that they are completely up to date.

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

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

6.9 Witness Evidence from a corporate GMFRS witness was required to be served on the Inquiry by 3 May 2023 (six months after publication of Vol. 2). The evidence set out what steps had been taken to address the monitored recommendations. The statement has been published on the Inquiry website.

6.10 Evidence Hearings – The Chairman convened further evidence hearings in June 2023. On 6 June 2023 the Chief Fire Officer gave evidence as GMFRS's corporate witness on progress against the monitored recommendations. The evidence is available to view on the Inquiry's YouTube channel [[Manchester Arena Inquiry - YouTube](#)].

6.11 On 4 July 2023 the Chairman published his General Observations on the Conclusion of the Inquiry and emphasised the importance of monitoring of the recommendations. He referred to the GMCA having established the Manchester Arena Mayoral Oversight Group by which the Mayor will satisfy himself that the recommendations made to GMP and GMCA are being implemented in an effective and timely manner in so far as they relate to the region of Greater Manchester. The Chair noted the impression he had gained that both GMP and GMCA had made real progress in implementing the recommendations.

SCOPE OF RESPONSIBILITY

7.1 The GMCA's Code of Corporate Governance sets out how the GMCA operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. The Code of Corporate Governance can be found in Part 7 (Section E) of the [GMCA Constitution](#).³

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

7.3 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.

7.4 The appendices of this document describe how the GMCA fulfils the requirements set out in the seven principles of good governance.

GOVERNANCE REVIEW ACTIVITY 2022/23

GMCA Audit Committee and GM Joint Audit Panel

³ [GMCA Constitution 2023 Final.docx.pdf \(greatermanchester-ca.gov.uk\)](#)

8.1 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 2022/23 and discussed a range of matters including: the Treasury Management Strategy Statement & Activities; updates on the Corporate Risk Register and the Statement of Accounts for the GMCA and associate bodies – additionally, the Committee also received and considered the findings of both internal and external audit.

8.2 The GMCA Audit Committee oversees all aspects of the GMCA including Mayoral functions. In line with the Home Office Financial Management Code of Practice. The Mayor has also established a Greater Manchester Joint Audit Panel which oversees the control environment of the Chief Constable and the GMCA (Police and Crime) functions, performing the functionality of an Audit Committee. The Panel assists the Mayor in discharging his statutory responsibilities to hold the Chief Constable to account and to help deliver an effective policing service. To minimise duplication and bureaucracy and to maximise value for money shared internal audit arrangements are in place to support the Mayor and the Chief Constable. The GMCA Audit Committee receives the minutes of the Audit Panel as part of its agenda and receives the annual report of the Chair of the Joint Audit Panel. These arrangements were reviewed in 2022/23 and the Audit Committee's Terms of Reference were reviewed to ensure that the responsibilities for the two Committees are clear.

Head of Audit and Assurance Annual Opinion 2022/23

8.3 Based on the work undertaken by Internal Audit in respect of 2022/23 the opinion of the Head of Internal Audit is that reasonable assurance is provided on the overall adequacy and effectiveness of GMCA's framework of governance, risk management and internal control. This opinion is based upon the findings of the audit work undertaken during the

year. It is reflective of the continued progress made in relation to the evolving maturity of risk management arrangements in place within GMCA and in the continued development of the performance management framework, including the 2022/23 business plan and associated periodic reporting against milestones and metrics within it. Implementation of audit actions has also remained consistent throughout the year. The opinion has also taken into consideration other external sources of assurance, including the LGA Peer Review.

Annual Review of the System of Internal Audit 2022/23

8.4 An external quality assessment (EQA) of the Internal Audit Function was undertaken in 2021/22. The conclusion was that the service complies with PSIAS. A further self-assessment of the effectiveness of the Internal Audit Function was undertaken in 2022/23 by the Deputy Director, Audit and Assurance. The assessment concluded that the internal audit Function is effective and has operated in compliance with PSIAS.

8.5 A Quality Assurance and Improvement Programme (QAIP) has been implemented within the Internal Audit Team and an Internal Audit Effectiveness Plan developed which is reviewed on a regular basis and updated to reflect any findings or recommendations from either external or internal effectiveness reviews. Progress with the plan is reported to the Audit Committee.

GMCA Standards Committee

8.6 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 met in 22/23 to consider the LGA Model Code

of Conduct for Members; guidance on Member/Officer relationships; and the GMCA Whistleblowing Policy.

PROGRESS IN ADDRESSING THE CHALLENGES IDENTIFIED IN THE 2021/22 ANNUAL GOVERNANCE STATEMENT

Action Identified in 2021/22	Progress Made
<p>Ensure the smooth transition to governance of the Integrated Care Partnership Strategy from previous health devolution arrangements.</p>	<ul style="list-style-type: none"> • The NHS Greater Manchester Integrated Care Partnership Board was formally constituted with its membership and terms of reference agreed at an inaugural meeting on 28 October 2022. • The Board has since met in February 2023, March 2023 and June 2023. The meetings are usually scheduled quarterly but an additional meeting was set for March 2023 due to the submission requirements for the NHS GM Integrated Care Strategy to NHS England. • NHS GM commissioned a review with Carnall Farrar to look at leadership and governance in NHS GM. The results and recommendations of the review are being considered.
<p>Embed the new Overview and Scrutiny Committee arrangements in line with the recommendations</p>	<ul style="list-style-type: none"> • This has been undertaken throughout the first year under the new scrutiny

<p>highlighted within the Implementation Plan</p>	<p>arrangements. An independent evaluation has been commissioned to determine how successful the GMCA have been in implementing the recommendations of the initial review. Its findings will be reported to the Overview & Scrutiny Committee on the 26 July and to the GMCA on the 28 July.</p>
<p>Following agreement of GM's proposed Integration Plan – ensure that the integration of the Local Enterprise Partnership into the GMCA maintains an approach conducive to continued strong local partnership working with the GM business community.</p>	<ul style="list-style-type: none"> • Delays at government level in accepting integration plans has seen a delay in the Local Enterprise Partnership fully moving to its new model of a GM Business Board that will be fully integrated into GMCA with a remit to be as ambitious as possible, maintaining a strong business voice at the heart of city region and maximising economic growth across Greater Manchester. • The integration plan has now been submitted to government with agreement being awaited.
<p>Ensure that the governance arrangements for the UK Shared Prosperity Fund (UK SPF) Board</p>	<ul style="list-style-type: none"> • The UKSPF Board held its first meeting on 20th June 2022. The Board agreed its terms of

<p>aligns with the Government's requirements around local stakeholder involvement.</p>	<p>reference and agreed its membership of a wide range of Greater Manchester stakeholders.</p> <ul style="list-style-type: none"> • The first key task for the Board was the development of the Investment Plan, which was submitted to government in July 2022, with approval granted in December 2022. • The UK Shared Prosperity Fund Board continues to meet monthly and is now actively delivering on a wide range of the proposals agreed within the investment plan. • An end of first year report was submitted to the government in May 2023.
<p>Arrangements be made for the GMCA Standards Committee to review:</p> <ul style="list-style-type: none"> • The Code of Corporate Governance • The Officer Code of Conduct • Declarations of Interest • Gifts and Hospitality 	<ul style="list-style-type: none"> • The Code of Corporate Governance – the code falls under the remit of the Audit Committee and was reviewed at the July 2022 meeting. • The Officer Code of Conduct was reviewed by the Standards Committee at their meeting in February 2023.

	<ul style="list-style-type: none"> • Declarations of Interest were last reviewed by the Standards Committee at their meeting in December 2021. • Gifts and Hospitality were reviewed as part of the Code of Conduct at the meeting of the Standards Committee in February 2023.
<p>Arrangements be made for the Audit Committee to review and refresh of the GMCA's Counter Fraud Policies and a review of the Local Government Transparency Code to ensure that the GMCA complies with its requirements.</p>	<ul style="list-style-type: none"> • Counter Fraud Policies to be considered during 2023/24 as part of the Audit Committee work programme. • **Further info being sought on review of Local Government Transparency Code.

AREAS FOR FOCUS IN 2023/24

Good Governance Principle	Action	Lead(s)/GMCA Officer Lead
B: Ensuring Openness and Comprehensive Stakeholder Engagement	Embed the Bee Network Committee within the GMCA Governance Structure	Assistant Director of Governance & Scrutiny <i>Monitoring Officer</i>
B: Ensuring Openness and Comprehensive Stakeholder Engagement C: Defining Outcomes in Terms of Sustainable Economic, Social and Environmental Benefits	Continuing to address the cost-of-living and inflation crisis via governance and work with external partners.	Deputy Chief Executive
C: Defining Outcomes in Terms of Sustainable Economic, Social and Environmental Benefits	Ensuring full understanding across the authority reporting system in terms of addressing climate crisis issues and low carbon targets.	Executive Director of Policy & Strategy
D: Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes	Ensure that the appropriate governance and decision-making structure is in place to meet the new responsibilities arising through the trailblazing and single settlement devolution deal.	Monitoring Officer

E: Developing the Entity's Capacity, Including the Capability of its Leadership and the Individuals within it.	Ensure that the next steps and further actions contained within the GMCA Corporate Peer Challenge Action Plan are embedded within the 23/24 Business Plan and delivered wherever possible over the coming year.	Deputy Chief Executive
A: Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values, and Respecting the Rule of Law	In the GMCA's role as the Lead Authority for the delivery of the GM Mayor Elections in May 2024. Ensure a legally compliant and high-quality delivery of the election.	Monitoring Officer <i>Chief Executive</i>

SUMMARY

11.1 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 2022/23.

11.2 As the organisation moves forward in 2023, the Greater Manchester Strategy will continue to be key in leading on its strategic direction and values. There is a strong focus on delivery with robust arrangements put in place to monitor delivery, performance and risk, underpinned by strong governance arrangements, which are designed to support this delivery. Additionally, rising costs of living and other factors such as the ongoing war in the Ukraine are affecting the trajectory and resilience of the GM economy. The GMCA and its partners across the public, private and voluntary, community and social enterprise sectors continue to drive recovery, as well as delivering on its longer-term ambitions to ensure that Greater Manchester is a region in which no resident feels left behind.

11.3 The Trailblazer & Single Settlement Devolution Deal will be a hugely significant development for the region, giving the ability to create the country's first integrated technical education city-region, so it works better for young people and employers, through a new partnership board with the Department for Education. More influence on regional rail services to deliver a London-style integrated public transport system - the Bee Network - by 2030. £150m of brownfield funding and powers to underpin the new Greater Manchester Good Landlord Charter, which aims to raise standards in the social and private rented sectors; and a single funding settlement similar to Scotland and Wales - the first time such a flexible grant has been given to an English region. It will be vital to ensure the most robust governance arrangements in delivering the opportunities within this for the residents of Greater Manchester.

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.....

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 2023 and was agreed by the CA in June 2023, 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 February 2023. 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, which has been reviewed and updated in February 2023. Information on how to report concerns are easily located on both the external facing website and the staff intranet. An Anti-Fraud and Corruption Policy forms part of the Constitution.

The Complaints Procedure was updated in November 2020 to ensure that it remains fit for purpose going forward. Information on how to submit complaints pertaining to each individual area of the GMCA's remit, the process, and relevant FAQs are provided on the external website.

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

member/officer relations also took place during 2022/23 which added further clarity around interactions through social media, impartiality and the rights of members to inspect GMCA documents.

A Greater Manchester [Independent Ethics Committee](#)⁴ is in place to help build trust and public confidence in policing. The Committee advises the Deputy Mayor for Policing and Crime, and Greater Manchester Police on the complex dilemmas that policing faces in the modern world. The committee has been given a wide remit, with GMP pledging to give access to the service's systems and people. When established, it was the first of its type in the country. The committee decides which issues it wants to consider, as well as having issues referred in by both GMP and the Deputy Mayor. Members of the public can raise issues with the committee - but it does not consider individual complaints about police. The committee considers both broad thematic issues - such as discrimination, safe drug use, and surveillance - and practical day-to-day issues, such as the use of body-worn cameras by police officers.

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

Areas for Focus in 2023/24

- In the GMCA's role as the Lead Authority for the delivery of the GM Mayor Elections in May 2024. Ensure a legally compliant and high-quality delivery of the election.

⁴ [Ethics Committee - Greater Manchester Combined Authority \(greatermanchester-ca.gov.uk\)](#)

B. ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT

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

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. Work has been taking place to ensure that the GMCA Boardroom is a suitable venue for most Committees of the GMCA going forward – this will allow for consistency in public knowledge of where meetings are taking place. The GMCA meeting however will continue to take place across the ten GM authorities throughout the year, offering the best opportunity to all residents of the region to be able to attend a meeting in their borough.

The GMCA runs a Consultation Hub website to ensure that local residents are able to actively engage with decisions and projects. Recent consultations included topics such as the future of Greater Manchester's Culture Fund, the concept model for the GM Community Wealth Hub, Concessionary Pass Travel and a number of consultations pertaining to new fire stations.

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

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

The ICP contains three key features:

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

By law, the ICB and each of the Local Authorities in the area of the Integrated Care System must be represented. The minimum core membership of the GM ICP will consist of the ICB Chair and elected members of 10 Local authorities. New governance arrangements for the implementation of the Health and Care Bill commenced on 1 July 2022 and a statutory integrated care system for GM is now in place with the first meeting of the Integrated Care Partnership Board having taken place on 28 October 2022 with the terms of reference and membership agreed at the meeting. The Board has subsequently agreed the NHS Greater Manchester Integrated Care Partnership Strategy at a meeting on 24 March 2023.

In addition, the GMCA continues to maintain formal and informal partnerships through committees such as the newly integrated Bee Network 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 Business Board.

The GMCA has been tasked as the lead authority for supervising the UK Shared Prosperity Fund (UK SPF) in the GM region – the UK SPF being the domestic replacement for the European Structural and Investment Fund (ESIF). The GMCA

has developed an investment plan with as wide a range of local stakeholders as possible, the Plan went on to be approved by the government in December 2022. The UK Shared Prosperity Fund Board continues to meet monthly with a diverse board of local stakeholders and is now actively delivering on a wide range of the proposals agreed within the investment plan. An end of first year report was submitted to the government in May 2023.

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

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

Areas for Focus in 2023/24

- Embed the Bee Network Committee within the GMCA Governance Structure
- Continuing to address the cost-of-living and inflation crisis via governance and work with external partners.

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

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

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

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

The Greater Manchester Strategy refresh was finalised and agreed in September 2021 with a progress report provided in July 2022. The refreshed Strategy incorporates the objectives and actions from the Living with Covid plans and also the Mayoral Manifesto commitments – in particular relating to Transport. There is a strong focus on delivery with robust arrangements put in place to monitor delivery, performance and risk, underpinned by strong governance arrangements, which are designed to support this delivery. There will be a continued focus on ensuring the effective delivery of the GMS priorities through strong governance arrangements, which are designed to support this delivery.

Greater Manchester's long-term ambition to create a green and prosperous city region is more vital than ever given the increasing detrimental impact of climate change. Brought together, the developing Greater Manchester Spatial Framework,

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

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

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

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

Areas for Focus in 2023/24

- Continuing to address the cost-of-living and inflation crisis via governance and work with external partners.

- Ensuring full understanding across the authority reporting system in terms of addressing climate crisis issues and low carbon targets.

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

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

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

Internal and external stakeholders are engaged through consultation on key strategies and plans – for instance the GM Strategy, Culture Strategy, and the GM Spatial Framework – to help determine how services and other courses of action are planned and delivered. The GM Good Employment Charter which launched in January 2020 was co-designed with employers, trade unions, professional bodies and academics; and the GM Good Landlord Charter was now being developed in conjunction with Greater Manchester Housing Providers (GMHP) to deliver a scheme that will reaffirm Greater Manchester's commitment to deliver safe, decent, and affordable housing for all residents, and acknowledge that housing is fundamental to people's health and wellbeing. Additionally every stage of the development of Destination: Bee Network involves a series of public events, surveys and engagement workshops to ensure that the Network will provide the best standard of customer experience.

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

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

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

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

Areas for Focus in 2023/24

- Ensure that the appropriate governance and decision-making structure is in place to meet the new responsibilities arising through the trailblazing and single settlement devolution deal.

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 Committees and the Overview and Scrutiny Committee.

The Chief Executive Officer's role includes 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](#)⁵. The Business Plan provides insight into the city region and the related devolution arrangements; how the GMCA works in terms of its staff, partnerships, business and governance; its business model, resources and funding arrangements; achievements and most importantly the key priorities looking forward. All the priorities are drawn from the GMS and monitoring performance against the GMS is delivered through the Implementation Plan whose performance dashboard is reported through the Scrutiny Committee, and to the GMCA, on a six-monthly basis.

During 2022/23, the GMCA had put itself forward as the first Combined Authority to go through the Local Government Association's Corporate Peer Challenge. The authority sought an external view on what it was doing well and what needed to improve on in order to help the authority meet its organisational objectives and

⁵ [Corporate Plan 2022-2025 \(greatermanchester-ca.gov.uk\)](https://www.greatermanchester-ca.gov.uk/corporate-plan-2022-2025)

make a difference to the lives of the people in Greater Manchester. In February 2023 the independent LGA peer challenge team published its final report. The report was overwhelmingly positive recognising the many strengths of GMCA, and by extension Greater Manchester as a whole. The report made 15 core recommendations where the reviewers felt there was opportunity for development, exploration of additional activities, or where collectively Greater Manchester could do something different or further than currently. It also highlighted some of the significant risks and future funding challenges. These have been captured within an action plan that will subsequently feed into the GMCA Business Plan.

The GMCA has developed a GM Good Employment Charter which has continued to expand its membership and support throughout 2022/23. The GMCA itself has achieved Member status through its own 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 initiatives include:

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

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

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

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

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

Areas for Focus in 2023/24

- Ensure that the next steps and further actions contained within the GMCA Corporate Peer Challenge Action Plan are embedded within the 23/24 Business Plan and delivered wherever possible over the coming year.

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

The Audit Committee is responsible for overseeing the effective operation of the systems of governance, risk and Internal control arrangements. Through the delivery of a risk-based Internal Audit Plan, Internal Audit provide assurance to the Committee around the effectiveness of the arrangements for governance, risk management and the effectiveness of the internal control environment.

The Internal Audit Plan is approved by Audit Committee, and Internal Audit provide quarterly progress reports to Audit Committee. In line with Public Sector Internal Audit Standards (PSIAS), the Deputy Director, Audit and Assurance produces an Annual Head of Internal Audit Opinion.

GMCA has a risk management framework in place. The Deputy Director, Audit and Assurance is responsible for the development and implementation of the framework but ownership of risk lies within GMCA Leadership and within Directorates. The Corporate Risk Register consists of the Strategic Risks faced by GMCA as well as the high scoring cross-organisational and Directorate risks. This provides an organisation-wide view of the risks that require management. The GMCA Audit Committee receives quarterly updates on the CRR and any significant movement and changes in the risk profile.

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

The Information Governance Transformational Change Programme has been developed to delivers transformational change across Greater Manchester. Project areas range from organisational interventions to pan GM work. All outcomes delivered by the Change Programme are aligned to the fulfilment of the Vision of the GM Information Strategy. The GMCA Information Governance team is running

this project to improve the existing processes of fulfilling information rights and transparency requirements requests in line with legislative, regulatory and best practise recommendations, as laid out with the Freedom of Information Act 2000, Environmental Information Regulations 2004. The success of the project will build upon the developments around Information Asset Management, and will depend on management and staff across GMCA, GMFRS and TfGM (the organisations supported by the IG shared service) being receptive to, contributing to and eventually adopting the changes and activities delivered as part of this project.

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

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

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

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

External Auditors (Mazars) produce annual reports upon the conclusion of their work. 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 2023/24 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 2022/23 confirmed that work had been undertaken in line with PSIAS.

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GMCA Audit Committee

Date: 20th September 2023

Subject: Risk Management Update Report

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

PURPOSE OF REPORT:

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

RECOMMENDATIONS:

Audit Committee is requested to note the report.

CONTACT OFFICERS:

Sarah Horseman, Deputy Director, Audit and Assurance

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Paul Chase, Corporate Risk Manager

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1.1 Equalities Impact, Carbon and Sustainability Assessment:

N/A

Risk Management

N/A

Legal Considerations

N/A

Financial Consequences - Capital

N/A

Financial Consequences - Revenue

N/A

Number of attachments included in the report:

BACKGROUND PAPERS: N/A

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

2 Introduction

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

3 Activity in the period

Teams continue to deliver the priorities laid out in our Business Plan. Actively considering emerging threats not only to their objectives but of the wider organisation.

A risk workshop with the Senior Leadership Team was facilitated in the summer to specifically review the organisational risk register to ensure it reflects current environment. This collective review identified specific themes that should form that organisational level risk register, which at a high level include:

- **Resilience** – the current risks refer to Covid19, moving forward the risk(s) around resilience will reflect more general risks to continuity while at the same time utilising the effective actions we introduced during the pandemic as continuing mitigation against future threats to continuity;
- **Devolution** – the trailblazer devolution deal will bring with it significant organisational change which will need to be managed and implemented as well as significant changes in funding (single settlement), governance and accountabilities (which will be reflected in the Strategic risk register)
- **Staffing and workplace** – wellbeing, recruitment and retention, capacity
- **Finance and Commercial** – contract and commercial management, budgetary control
- **Environmental** – failure to meet our organisational goals and targets around climate change and sustainability
- **Cyber and information security** – risks that are prevalent across the organisation therefore requiring organisational level mitigations

We are currently in the process of revising the existing organisational risk register for approval by SLT and risk owners and will be presented to a future Audit Committee meeting.

Other directorate activity includes:

- The Information Governance Team took the proactive step taken by to firstly communicate potential threats from the use of some Artificial Intelligence technologies and to begin developing an 'Acceptable Use Policy'.
- Following a detailed review by the PCCJF team there is now a clearer understanding of the risks that fall within the governance and oversight of the CA and those being managed day to day by GMP.

- Clear guidance is awaited from Government on the National Waste and Resources Strategy which is anticipated to arrive in 6-9 months' time. Specific interest falls on whether any new waste collection requirements would prove costly or disruptive.

4 Movements in risks

This section provides a summary of the significant movements in the last quarter with risks and their actions.

Strategic Risks:

- **NEW ACTION – SR7 Transport finances from bus and Metrolink** –TfGM is developing a new Customer Growth Strategy as part of a wider Financial Sustainability Plan that will promote growth in patronage and revenue.

Organisational Risks

- As above

Directorate risk:

- **NEW RISK - Subsidy control** – a risk of programme delays due to the time needed to take a position on new regulations. (ESR)
- **NEW RISK - Declining confidence in GMP around vulnerable groups and communities** - particularly among people experiencing inequality in race and gender. (PCCJF)
- **IMPROVING RISK – GMFRS Spending Review and Funding**

5 Risk Management Action Plan 2023/24

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

- Update the Organisational Risk Register in line with the SLT risk workshop
- Assess the opportunity to rationalise the number of risks focusing on the impact of COVID-19 and utilise their mitigation within existing business continuity and catastrophic risks;

- To re-assess the organisation’s risk management maturity and using the same assessment criteria as used previously a risk maturity exercise is being run from September;
 - Work with any Directorates that do not currently fall within the “Conforming” range to develop their risk management arrangements;
- A series of new introduction to risk management learning videos will be developed and piloted during autumn 2023/24 for roll out to staff via the GMCA Intranet. This will include preliminary guidance on risk appetite; and
- Move to a point where greater consideration of performance against risk appetite can be held starting with strategic risks; and
- Support all directorates in the ongoing maintenance and development of risk registers and associated risk management activities, including ensuring their risk actions are SMART.

Appendix 1 - Summary of Strategic Risks (with the last full review conducted in January 2023)

Ref	Risk	Current Score	Target Score	Risk Actions
Corporate Objective 1: Deliver Core/ Devolved services for the public				
SR3	Economic factors such as energy prices, inflation, interest rates and supply chain issues impact the Combined Authority's ability to deliver planned services and programmes for the public.	15	10	<p>Use of a dynamic cost-of-living dashboard to inform decision-making, for example on service provision.</p> <p>Economic insight anticipates and informs practical strategies to support continuity within programmes and challenge within contracting.</p> <p>Ongoing engagement with Government departments about implications for GM economy.</p>

SR7	Significant financial risk to transport (bus and Metrolink) resulting from reduced patronage levels (caused by behaviour changes as a legacy of the pandemic), increases in operating costs and uncertainty over longer term government funding support.	16	12	Department for Transport (DfT) funding has mitigated impact of revenue losses with limited funding confirmed into Quarter 1 2023/4. Delivery of a Financial Sustainability Plan (including a customer growth strategy).
SR9	Insufficient and/ or ineffective governance and scrutiny over Greater Manchester Police fails to identify and address areas of underperformance in the service provided to victims of crime, residents and communities.	15	10	Continuing work with GMP to monitor implementation of outstanding improvement actions. Plan / prepare any necessary work ahead of the next HMICFRS inspection. For example, by engaging with city-region and national bodies to anticipate and understand potential areas of focus.
Corporate Objective 2: Secure, and manage, funding and investment at a Greater Manchester level for agreed activity				
SR1	Changes in central government affects the devolution agenda meaning that devolved powers (including those from being a	15	10	Continuous discussions with departments.

	trailblazer city region) are not further developed or are reduced, access to funding is reduced and/or our ability to influence the devolution agenda is reduced.			Ensure our governance and decision-making help us take up opportunities flowing from the Trailblazer deal and to build a 'Pioneer' approach.
SR5	Factors such including inflation, energy costs, covid legacy and uncertainty around government funding have a major impact on districts ability to deliver public services.	12	9	CA continues to lobby government for more District funding. Creating a bigger voice with Government.
Corporate Objective 3: Work with the ten local authorities to drive collective activity that puts Greater Manchester at the forefront of tackling social, economic and environmental issues				
SR6	Economic, social, behavioural and financial impacts such as COVID and the cost of living affect the timescales of delivery of GMS outcomes.	8	6	GMS has been refreshed, as a 10-year strategy, to reflect long term strategy learning from Covid, IIC etc with a strong focus on the system wide actions needed to achieve a greener, fairer, more prosperous GM in all parts of the conurbation. This

				<p>includes 3-year commitments, targets and ways of working, with some neighbourhood floor targets.</p> <p>Monitored by a cross agency/sector Delivery Support Group to ensure the GM system as a whole is delivering the changes needed to achieve GM's social, economic and environmental aspirations.</p>
SR8	<p>GMCA is unable to deliver its responsibilities in relation to climate change initiatives due to insufficient funding, capacity, support and behaviour change as well as supply chain issues. This results in long term climate change risks to population, business, biodiversity and infrastructure.</p>	12	9	<p>Mission based approach - Challenge Groups and T&F groups reviewed and re-constituted – responsible for driving increased scale of the challenge and ensuring appropriate joined up actions by all partners</p> <p>Bids submitted for external funding to deliver programmes at scale and development of innovative policy and finance mechanisms.</p> <p>Progress towards targets regularly reviewed through Green City Region Partnership</p>

				<p>Six monthly updates on GMCA actions in response to its declared Climate Emergency to be reported to CA</p> <p>Review and upscale our communications strategy with districts - to drive stimulate behaviour change, e.g. Bee Net Zero.</p> <p>Development of Strategic Outline Business Case to increase level of private sector investment</p>
<p>Corporate Objective 4: Ensure Greater Manchester is speaking with one voice – developing, leading & implementing our evidence-based strategies, building our networks and partnerships and influencing policy</p>				
SR2	<p>GMCA fails to further develop trust, cohesion and credibility with and between local GM systems and partners due to ineffective stakeholder engagement, poor GMCA performance or ineffective decision making resulting in failure to deliver</p>	9	6	<p>GMCA Performance Framework uses corporate health indicators to monitor and enhance performance.</p> <p>Best practice in the Assurance Framework helps mitigate against adverse inspections by the likes of</p>

	outcomes of GMS and failure to develop and share good practice.			the ORR and HMICFRS and maintains strong relationships with the ten districts.
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Appendix 2 - Escalated Risks

Organisational Risks

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

Ref	Risk Title	Description	Inherent Score	Residual Score
OR1	Covid-19 reduces staff availability through absence, sickness, self-isolation.	Increased risk of staff absence in GMCA/GMFRS due to Covid-19 and/or caring responsibilities due to ongoing lockdown restrictions.	20	8
OR9	Funding and grants not spent in line with timescales / conditions	Capital programme and grant funding is not spent in line with spending profile or grant conditions.	20	9
OR10	Data Protection Act 2018 compliance	Failure to comply with the requirements of the Data Protection Act 2018 (Inc. GDPR).	20	12
OR12	Information Security	Processes are insufficient to deter, detect and prevent unauthorised access to ICT systems and to respond effectively.	20	15

Ref	Risk Title	Description	Inherent Score	Residual Score
OR4	Staff Mental and Physical Wellbeing	Post-covid altered working arrangements may affect staff health, wellbeing and morale.	16	6

Escalated / “Top” Directorate Risks (at 07/09/23)

There are a number of high scoring directorate risks, some of these links directly to Strategic or Organisational risks but some are discrete and specific to the directorate. Of these high scoring risks, 22 cite risk mitigations that bring the residual risk score to below 16, whilst others (17) remain ≥ 16 . The two tables below show firstly those with a residual risk score of 16 or more and secondly those with a residual score of < 16 .

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

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
Digital	DIR-DIG-01	Digital Services capacity pressures	Digital Services does not have sufficient capacity to meet both organisational demand and GM demand for project related support, leading to organisational frustrations, shadow ICT, and mental health pressures on the team	20	16
Digital	DIR-DIG-02	Full fibre network programme delivery	GM Full Fibre grant funding awarded to GMCA by DCMS is not spent in line with spending profile and this impacts programme delivery	16	16

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
Digital	DIR-DIG-04	Cyber Security	GMCA is subject to a Cyber attack	25	20
Digital	DIR-GMD-03	Covid Impact on Finances	COVID related impacts on local finances impacting deliverability of key initiatives.	25	16
Digital	DIR-GMD-02	Digital Inclusion Funding	Digital inclusion ambition is unfunded and fails to deliver on Manifesto ambitions due to resource limitations	25	20
ESR	DIR-ESR-16	NEW: Subsidy control	Programme delays due to the time it has taken GMCA to take a position on new subsidy control regulations.	16	16
EWS	DIR-EWS-03	Devolution of EWS responsibilities at national level	Continued uncertainty around future devolution/levelling up of Education, Work and Skills responsibilities at the national level may negatively impact on GM's ambitions and delivery priorities.	16	16

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
EWS	DIR-EWS-04	Support for EWS' commissioning, procurement and implementation	Lack of sufficient GMCA / LA capacity to support EWS' commissioning, procurement and implementation requirements	16	16
EWS	DIR-EWS-05	Insufficient funding to deliver priorities once current GM programmes finish	Uncertainty around future levelling up agendas leads to uncertainty as to whether current provision will be sufficiently supported beyond 2023	15	20
GMFRS	RR49	Utilities Pricing	Rising prices with significant anticipated increases in the GMFRS budget required to fund shortfalls.	25	20
GMFRS	RR22	Supply Chain and Cost of Living Crisis	Delays or increase in cost of goods in the supply chain, which may result in a pressure on contracts due to end and / or currently held (Fire & supplier) stock.	20	16

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
GOVIG	GOV-9	Major inquiry	Inquiry / Inquest into GMCA (or related) activity requires major change within GMCA	20	16
HROD	DIR- HR-05	Pension Detriment	Risk of legal action arising relating to remedy benefits for retired members and serving members due to retire. There are a number of financial risks to individuals and GMFRS which are currently being considered by LGA/ FBU/Home Office to amend previously agreed MoU	25	25
PCCJF	DIR- PCCJF- 08	Reporting, Investigation and Prosecution of RASSO	End-to-End RASSO Review commissioned in responses to low levels of prosecution and the quality of response to victims	25	20
PCCJF	DIR- PCCJF- 12	Police Complaints	Reputational impact on GMP and GMCA	20	20

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
PCCJF	DIR- PCCJF- 13	CSE Reviews	Reporting of the findings will impact on local authority and GMP confidence	25	20
PCCJF	DIR- PCCJF- 15	NEW: Confidence in GMP	Declining confidence in GMP particularly among people experiencing inequality (race, gender)	20	16

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

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

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
Digital	DIR-DIG-03	Digital Services' core service delivery	GMCA experience disruption to their IT services	20	15
EWS	DIR-EWS-02	Skills for Jobs White Paper	National legislative changes linked to Skills for Jobs White Paper will impact on GM's ability to deliver its devolved skills functions via programmes such as the Adult Education Budget (AEB).	16	12
Environment	Environment	Your Home Better	Project is unable to meet customer demand	16	12
Environment	Environment	Commercial Buildings	Development of a commercial buildings retrofit offer.	16	12
Environment	DIR-ENV-25	Environment Fund	Risk of scaling up project and secure funding	16	12

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
GMFRS	RR11	Industrial Action	Potential of future strike action by operational staff over proposed changes to firefighter's terms and conditions, fire fighter pension schemes and the current status of the national pay negotiations	20	12
GMFRS	RR19	GMFRS Budget	Due to the need to make ongoing savings, GMFRS may not fully deliver the required efficiency savings to balance their budget over the medium term.	16	12
GOVIG	GOV-8	Legal change	Successful legal challenge threatens delivery of a major programme (and outcomes)	25	15
GOVIG	GOV-9	Major inquiry	Inquiry / Inquest into GMCA (or related) activity requires major change within GMCA	20	15
EWS	DIR-EWS-01	COVID19 impacts on externally	Continued impact on the delivery of EWS' Externally Funded Programmes supporting GM Residents	20	15

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
		funded programmes			
EWS	DIR-EWS-02	Legislative changes to Skills for Jobs White Paper	National legislative changes linked to Skills for Jobs White Paper will impact on GM's ability to deliver its devolved skills functions via programmes such as the Adult Education Budget (AEB)	16	12
GOVIG	IGR-10	Information Governance - Legislative Change	Legal changes mean existing information governance processes and procedures are incorrect or do not deliver the necessary legal, operational, or strategic assurance. For example, Data Protection and Digital Information Bill.	16	12
PCCJF	DIR-PCCJF-06	Commissioning Victim Services	Commissioning a 'hybrid' victim care services integrated with GMP	16	9
PCCJF	DIR-PCCJF-07	SARC contracting,	No contract in place and the financial allocation has been disputed	16	12

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
		funding and therapeutic support			
PCCJF	DIR-PCCJF-09:	Confidence in GMP (Functionality)	Sub-optimal functionality of the police records management system	16	6
PCCJF	DIR-PCCJF-10:	Confidence in GMP (Procurement)	Procurement of a replacement records management system	16	9
PCCJF	DIR-PCCJF-11:	Resourcing of Strategic priorities through POAP Programme Plan	Lack of alignment of funding to sufficiently resource strategic priorities	20	9
Place	DIR-PLA-02	Achievement of net zero	failure to achieve publicly stages to changing environmental targets	20	15

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
Place	DIR-PLA-03	Places for everyone resource capacity	Inability to efficiently process and deliver major actions for Places for Everyone during EiP process	16	12
Reform	DIR-PSR-01	Delivery of outcomes (within funding timeframes)	Failure to achieve outcomes targeted across a range of strategies including Homelessness Prevention, Children & Young People, Ageing and other cross-cutting programmes	16	12
WASTE	DIR- ER- 02	National Waste and Resources Strategy (including DEFRA for 2025 new waste collection requirements)	DEFRA proposing new waste collection approach by March 2025 that may require substantial, unbudgeted investment across districts	16	12

Directorate	Ref	Risk Title	Description	Inherent Score	Residual Score
WASTE	DIR-ER-01	GM Waste & Recycling Contract	Difficulties arise from contractor(s) failure to deliver, construction of new facilities being delayed, the value of recyclable materials reduces or delays from Brexit related change	16	9

GMCA Audit Committee

Date: 20 September 2023

Subject: Internal Audit Progress Report

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

PURPOSE OF REPORT

The purpose of this report is to inform Members of the Audit Committee of the progress made on the delivery of the Internal Audit Plan for Quarter 1 and 2 2023/24 and presents the finalisation of outstanding reports from 2022/23. It is also used as a mechanism to approve and provide a record of changes to the internal audit plan.

RECOMMENDATIONS:

Audit Committee is requested to:

- Consider and comment on the Internal Audit progress report.
- Approve the changes to the Audit Plan (Appendix C)

CONTACT OFFICERS:

Sarah Horseman, Deputy Director of Audit and Assurance, GMCA

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Equalities Impact, Carbon, and Sustainability Assessment:

N/A

Risk Management

N/A

Legal Considerations

N/A

Financial Consequences - Capital

N/A

Financial Consequences - Revenue

N/A

Number of attachments included in the report:

BACKGROUND PAPERS: N/A

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

1 Introduction

- 1.1 The Internal Audit annual plan for GMCA was presented to the Audit Committee in March 2023 and this set out the planned assurance activity to be conducted during 2023/24 based on our understanding of the organisations strategic and operational risks.
- 1.2 The plan comprises of a range of audits agreed by the Senior Leadership Team and Audit Committee. Each audit assignment concludes with the issue of an audit report and agreed improvement actions for implementation. Each action has a named responsible officer and a target implementation date, with progress tracked and reported quarterly.
- 1.3 There are separate audit plans approved by Transport for Greater Manchester (TfGM) and Greater Manchester Police (GMP) / Police and Crime Functions with reporting to their respective Audit, Risk and Assurance Committee (ARAC) and Joint Audit Panel.
- 1.4 The purpose of this progress report is to provide Members with an update against the GMCA audit plan for 2023/24 and presents the outcomes from published final reports which concludes the work from the previous year.

2 Progress against the 2023/24 Internal Audit Plan and conclusion of outstanding work from 2022/23.

- 2.1 Since the last meeting in March 2023, we finalised and published nine audit reports from 2022/23 plan. The Executive Summaries from these reports are appended to this report (Appendix D). These were considered as part of the Head of Internal Audit's annual assurance opinion for 2022/23. These were:

Audit Report	Opinion
Non-AR Income	Reasonable
Supporting Families Programme – System Audit	Reasonable
GM One Network Project Governance	Reasonable
External Loan Funding	Reasonable
GM Waste Estates Asset Compliance – Premises Safety Inspections	Limited
Use of Consultants and Contractors	Limited
CCTV Compliance	Limited
Safeguarding and DBS Checks	Limited
Safer Roads Greater Manchester Partnership (SRGMP) Effectiveness	Limited

- 2.2 Whilst the focus during quarter 1 has been the completion of outstanding work from the previous year, work has commenced on 2023/24 planned work with several audits underway. Progress remains reasonable at this stage, but staffing capacity and availability within the organisation to support the quick turnaround of audits can present some challenges. We continue to work with Management to review scheduled audit work and minimise the impact on Directorates.

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

Planning Stage	
GMCA Business Continuity Planning	Initial scoping discussions have taken place to determine the effectiveness of existing arrangements.
Freedom of Information Act (FOIA) and Subject Access Requests (SAR)	This is new planned work to review the arrangements for responding to FOIA requests considering recent high profile data breach cases. Scoping discussion in September.
ICT Critical System Review (External)	The proposal is to undertake a review of GMFRS Gartan system which is exclusive to GMFRS and critical to the mobilisation of firefighters. Initial discussion has taken to consider the potential scope and timing of the audit with further meetings planned in October. Scope for the audit would consider roles and responsibilities for the management of users, application security, back up and resilience, and data governance.

Fieldwork Stage	
PAM Occupational Health Contract – effectiveness	Fieldwork commenced on this audit which aims to provide assurance over the effectiveness of the contract.
GMFRS Station Standards Framework	The terms of reference were agreed in July and station visits due to commence in early September. The audit will seek to provide assurance over the implementation and operation of the Station Standards Framework.
Payroll	The terms of reference were agreed in August to provide assurance over payroll controls and processes.
ICT Threat and Vulnerability Assessment (External)	Fieldwork is ongoing for this audit.
GM Waste Fleet Assets	The scope of the work has been agreed with on-site visits to commence in September.

Reporting Stage	
Brownfield Housing Fund Grant 2022/23 (Section 31/6408)	Letter of certification completed, and Internal Position Statement over Grant Fund Usage (DRAFT) issued to Management.

2.3 Grant Certifications - We have certified six grants during the period.

- **Local Energy Market – Period October 2021 – March 2023** – Letter of certification issued May 2023.
- **BEIS Core Growth Hub Funding 2022/23 - £390k** – A written certification was provided in June 2023.
- **Brownfield Housing Fund Grant 31/6408 £44.9m** A written certification to DLUHC is prepared awaiting sign off.
- **Made Smarter Adoption NW 2022-25 £2.6m** – A written certification was issued in August 2023.
- **GMCA Innovator Accelerator Seedcorn Funding 2022/23 - £333k** - A written certification was issued in August 2023.
- **LAEP to Net Zero £19k 2022/23** - A written certification was issued in August 2023.

Details of our progress in respect of the 2023/24 Audit Plan is shown in **Appendix B**.

3 Changes to the Internal Audit Plan

- 3.1 At the March 2023 meeting a proposed internal audit plan was presented, although it was acknowledged that the entirety of the plan could not be delivered with current resourcing levels. Since then, a prioritisation process has taken place and the Plan as shown in Appendix B is the proposed plan for the year. **Appendix C** lists those audits deprioritised from the plan.
- 3.2 In addition to the prioritisation process, the internal audit plan is regularly reviewed and is 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.
- 3.3 Upon recent review, we are proposing two changes to the plan currently, with the precise scope of other work still under review. We will keep the plan under close review including the scheduling and timing of planned work.

3.4 A cumulative record of changes to the plan, with the rationale for each, is shown as an **Appendix C** to this report.

4 Other Activities

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

4.2 **Whistleblowing and Counter Fraud Activities** – So far, this financial year we have received 12 reports via the whistleblowing route. This is more than in previous years, however of these only four require action as the other reports were either: referred to other organisations (5 of the 11), closed with no further action (1) or the individual making the complaint was referred to Action Fraud (2) as they related to potential scams/fraud on members of the public.

4.3 Of the four cases that required further action or investigation:

- Once case related to misuse of social media and has resulted in disciplinary action.
- One case was investigated but the claim was not substantiated.
- One case was assessed as not a whistleblowing matter, but a matter of conduct so was passed through line management.
- One case remains under investigation.

4.4 **Anti-fraud Training** - We are working with the Learning and Development team to purchase a suite of online fraud awareness training packages which can be rolled out to staff in the Autumn. We are also working with our Digital/ICT team to develop an on-line whistleblowing reporting form which should be available in October.

4.5 **SLT Engagement** - We continue to hold quarterly engagement discussions with Service Directors to understand emerging risks/issues and help inform audit planning for 2023/24.

5 Internal Audit Performance and Development

5.1 Internal Audit Improvement Plan

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

Appendix A - Summary of Internal Audit Reports issued 2023/24

The table below provides a summary of the internal audit work completed. This will inform the annual Internal Audit opinion for the year 2023/24.

Audit	Assurance Level	Audit Findings					Coverage		
		Critical	High	Medium	Low	Advisory	GMCA	GMFRS	Waste
Brownfield Housing Fund Grant	N/A – Internal Position Statement Only	We made no recommendations in this audit.					✓		

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Grant Certifications				
BEIS Growth Hub Funding 2022/23	Positive	✓		
Brownfield Housing Fund Grant 2022/23	Positive	✓		
Local Energy Market: Period October 2021 – March 2023	Positive	✓		
Made Smarter Adoption NW 2022-25	Positive	✓		
GMCA Innovator Accelerator Seedcorn Funding 2022/23	Positive	✓		
LAEP to Net Zero £19k 2022/23	Positive	✓		

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

Assurance levels

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

Audit Finding Classification

Risk Rating	Description/characteristics	Score
Critical	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 2023/24

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

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

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
GMFRS	Service Support	Occupational Health Contract	Q1	20	●	●	○	○		Fieldwork
GMFRS	Front Line Delivery	Station Standards Framework	Q2	30	●	●	○	○		Fieldwork
GMFRS	Front Line Delivery	Operational Assurance and Organisational Learning Frameworks	Q2	10	●	○	○	○		Preliminary discussions
GMFRS	TBC	Block	Q4	30	○	○	○	○		Scope to be agreed in year
Corporate Services	People Services	Payroll	Q2	30	●	●	○	○		Fieldwork

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Corporate Services	Waste and Recycling	Fleet Assets – Maintenance	Q2	30	●	●	○	○		Fieldwork
Cross Cutting	Governance	Business Continuity Planning	Q2	20	●	○	○	○		Planning
Corporate Services	Finance	Corporate Recharge Model	Q3	20	○	○	○	○		Delayed until Q4
Corporate Services	People Services	Recruitment and Attraction	Q3	30	○	○	○	○		Not Started
Education, Work and Skills	Adult Education Budget	Performance Management	Q4	30	○	○	○	○		Not Started
Corporate Services	ICT/Digital	Threat and Vulnerability Assessment (External)	Q2	5	●	●	●	○		Delivered by Mersey Internal Audit Agency
Corporate Services	ICT/Digital	Critical Business System (External)	Q3	5	⊙	○	○	○		

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Corporate Services	ICT/Digital	IT Asset Management	Q4	5	○	○	○	○		Defer to 2024/25
Mayoral Priorities	Governance/ Assets	Bus Franchising	Q3	20	⊙	○	○	○		Not Started
Environment	Low Carbon	Net Zero achievement	Q3	20	○	○	○	○		Not Started
Place	Land and Property	Estates management	Q3	30	⊙	○	○	○		Not Started
Policy and Strategy	Governance	Trailblazer Programme Readiness	Q3	30	⊙	○	○	○		Preliminary Discussions held
Public Sector Reform	Compliance	Supporting Families Programme	Q4	10	○	○	○	○		Not Started
Cross Cutting	Programme and Project Mgt.	GMFRS Capital Programme	Q4	30	○	○	○	○		Not Started
Counter Fraud	Governance	Anti Money Laundering Policy update	Q3	10	○	○	○	○		Not Started

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Counter Fraud	Governance	Fraud Response Plan	Q4	10	○	○	○	○		Not Started
Corporate Services	Grants	Mandatory Grant Certifications	Q1-Q4	60	●	●	●	●		As required
Corporate Services	Grants	BEIS Growth Hub Funding 2022/23	Q1	-	●	●	●	●	September 2023	Completed
Corporate Services	Grants	Local Energy Market: Period October 2021 – March 2023	Q1	-	●	●	●	●	September 2023	Completed
Corporate Services	Grants	Brownfield Housing Grant	Q1	-	●	●	●			Completed - Awaiting Sign off
Corporate Services	Grants	Made Smarter Adoption NW 2022-25	Q2	-	●	●	●	●	September 2023	Completed
Corporate Services	Grants	GMCA Innovator Accelerator Seedcorn Funding 2022/23	Q2	-	●	●	●	●	September 2023	Completed

Directorate	Audit Area	Audit	Timing	Plan Days	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Corporate Services	Grants	LAEP to Net Zero £19k 2022/23	Q2	-	●	●	●	●	September 2023	Completed
Total Plan Days				485						

Other Audit Activity		Quarter
Information Governance	Head of IA is a member of the IG Board, ongoing advice, and oversight of IG risks through this forum.	All
Audit action tracking	Internal audit will monitor and report on a quarterly basis the implementation of agreed audit actions	All
Whistleblowing investigations	Receipt and investigation of whistleblowing reports	As needed
Ad-hoc advice and support	Advice and reviews requested in-year in response to new or changing risks and activities.	As needed
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 March 2023.

There are no planned changes to the audit plan this time.

Audit Area	Audit	Days	Change requested	Rationale	Approved by Audit Committee
Corporate Services: Procurement and Commercial	Social Value Model Subsidy Control Act	40	Deprioritise	Assessed as medium risk, given available resources, focus on audits in high-risk areas.	
Corporate Services: Finance	BWO access rights	20	Deprioritise	Revised IT Audit Plan based on assessment from new IT Audit Provider.	
Corporate Services: Information Governance	Information Governance Processes	20	Deprioritise	IG is a shared service with TfGM. An IG audit was undertaken at TfGM in 2022/23 which covers the same processes and controls. The findings around the control design would therefore be similar. Actions from that audit will be applied to GMCA as well as TfGM and monitored through IG Board – where IA is represented to monitor progress of actions.	
Waste	Behavioural Change and Communication Plan	20	Deprioritise	Audit of Waste Fleet Assets included in the audit plan, propose to deprioritize this audit for this year to be reconsidered in future plans.	

Audit Area	Audit	Days	Change requested	Rationale	Approved by Audit Committee
Economy and Strategy	Shared Prosperity Fund	20	Deprioritize	Focus for this plan will be on Trailblazer preparedness.	
Information Governance	Freedom of Information and Subject Access Request Processes	15	Addition	In response to recent high profile data breaches in other organisations.	
ICT/Digital	IT Asset Management	5	Defer	Digital Service are unable to support this audit at present due to capacity and resourcing issues.	

Appendix D

Non-AR (Accounts Receivable) Income



Internal Audit Report

Non-AR Income


FINAL

Issue Date 14 July 2023

Audit Team	
Sarah Horseman	Deputy Director Audit and Assurance
Damian Jarvis	Audit Manager
Stuart Richardson	Principal Auditor

Report Distribution	
For Action	
Lindsay Keech	Head of Finance, Capital, and Treasury Management
Joanne Walsh	Principal Accountant
For Information	
Audit Committee - Executive Summary Only	
Eamonn Boylan	Chief Executive
Andrew Lightfoot	Deputy Chief Executive
Steve Wilson	Treasurer
Rachel Rosewell	Deputy Treasurer
Gillian Duckworth	GMCA Solicitor and Monitoring Officer
Mazars	External Auditor

1. EXECUTIVE SUMMARY

AUDIT OBJECTIVE	ASSURANCE LEVEL																	
<p>The objective of this audit was to provide assurance that all income due to GMCA is properly identified, collected, allocated and accounted for. To do this, we sought to provide assurance over the efficiency and effectiveness of controls and processes in place to ensure the accurate and timely notification, recording and allocation of non-AR income received.</p>																		
<p>KEY RISKS IF CONTROLS ARE NOT IN PLACE AND/OR OPERATING</p>																		
<p>There are currently no risks on the Corporate Risk Register relating to non-AR Income. However, there is a Directorate risk around Systems and Process that:</p> <ul style="list-style-type: none"> Systems and Processes do not adequately support compliance with statutory requirements and accounting codes of practice or help staff exploit opportunities to improve performance (DIR-FIN-02). <p>The following inherent risks are also applicable to this area of activity and will also be considered as part of this audit:</p> <ul style="list-style-type: none"> Transactions are not initiated and recorded promptly. Debt is not monitored. Fraudulent misappropriation of income and anti-money laundering risks. 	<p>AUDIT FINDINGS</p> <table border="1"> <thead> <tr> <th>Critical</th> <th>High</th> <th>Medium</th> <th>Low</th> <th>Advisory</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td>2</td> <td>1</td> <td></td> <td>3</td> </tr> </tbody> </table>						Critical	High	Medium	Low	Advisory	Total			2	1		3
Critical	High	Medium	Low	Advisory	Total													
		2	1		3													
<p>BASIS OF AUDIT OPINION</p> <p>This is based on the scoring mechanism outlined in Section 5 & 6 of this report.</p>																		

AUDIT OPINION AND SUMMARY CONCLUSION

We provide a **Reasonable Assurance opinion** over controls in place for the identification, collection, allocation and recording of non-AR income. Non-AR income is considered as any non-invoiced income which falls outside the accounts receivable process and includes Government grants, precepts and levies, CIT loan transactions, and other miscellaneous items. Our review of the key control framework has identified that this is generally operating effectively, and transactions are recorded accurately.

We have noted areas of good practice in the design of controls and processes and that appropriate business procedures are in place for key activities, such as the allocation of income, cash flow forecasting and bank reconciliations.

Minor areas for improvement have been noted for development, primarily around better communication and engagement between stakeholders, suspense account arrangements, process notes and a review of receipts which sit outside of the AR process.

AREAS OF GOOD PRACTICE

- There are high level operational process notes in place for the use of BWO for bank journal posting, ledger and banking entries, and receipting of AR Invoices. There is also guidance in place around the high-level controls, roles and responsibilities and system and process operation for Core Investment and Treasury Management Team activity.
- There are access level controls on BWO which ensure that only role-specific individuals have access to the bank reconciliation menu branch of BWO.
- Our sample testing of 25 items found that income had been correctly allocated on the general ledger.
- Processes for the allocation of income and upload of journals are appropriate.
- There are actions in place to ensure that unidentified receipts posted to the suspense account are followed up on a regular basis.
- Income is forecast using the cashflow functionality on the Logotech system and daily cash spreadsheets are sent to senior finance staff to ensure that they are informed of the cash position of the authority.
- Bank Reconciliation processes are appropriate and designed effectively.
- There are informal arrangements to ensure that any income not received is followed up on. These are generally adequate given the nature of income received through the non-AR process.

AREAS FOR IMPROVEMENT

The main areas for improvement related to the following:

- The timely notification of grants and core investment income due is not fully embedded, with notifications not always being received promptly. This impacts on the forecasting of income and cashflow management.

- Arrangements for the regular review of the suspense account are not yet in place. It would be beneficial if there were set procedures around this to ensure that a consistent approach is applied with de minimis limits applied and a formal monthly review put in place to ensure items are cleared in a timely manner.
- Journal postings in the system do not require approval, other than as part of the year-end process. The procedures around budget monitoring and bank reconciliations do provide some compensating control in this area however, strengthening the suspense account procedures will further improve these compensating controls.
- We sample tested 15 items, across a range of revenue streams, to assess the timeliness of notifications of income. In three cases there was no evidence of any prior notification of income to be received and one notification was not received in a timely manner.

2. SUMMARY OF AGREED ACTIONS

Finding	Risk Rating	Action	Target Date
1 Delays in notification of non-AR income and undocumented controls.	Medium	<ul style="list-style-type: none"> • Non-AR income documented procedure notes will be produced which outline key processes for the management of significant income streams falling outside of the accounts receivable process including the key forms of communication with stakeholders. 	30 September 2023
2 Suspense Account arrangements are not formalised.	Medium	<ul style="list-style-type: none"> • GMCA should ensure that a formal review of the suspense account is completed monthly and produce a rationale for how items are treated. • GMCA should formally document suspense account procedures. • Aged suspense balances that are of a low value will be reviewed for write off after 12 months. 	30 September 2023
3 Review of transactions outside of the AR process	Low	<ul style="list-style-type: none"> • Non-AR transactions from the 2022/23 financial year will be reviewed and consideration will be given to whether some types of transactions may be more appropriately categorised as part of the AR process. 	30 September 2023

AUDIT SPONSOR COMMENTS

The internal audit was well planned and delivered in a timely manner with minimal disruption to key officers during a particularly busy period due to a number of key posts being vacant. The outcome of the audit offers the Audit Committee a Reasonable level of assurance that non-AR income has good controls in place and allows officers to further improve on the key findings contained within this report. This is particularly important as it will link to treasury management and budgetary control.

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

Supporting Families Programme – System Audit



Internal Audit Report

Supporting Families Programme – Systems Audit


FINAL

Issue Date 15 May 2023

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Andrew Lightfoot	Deputy Chief Executive
Steve Wilson	GMCA Treasurer
Gillian Duckworth	GMCA Solicitor and Monitoring Officer
Mazars	External Auditor

1. EXECUTIVE SUMMARY

AUDIT OBJECTIVE	ASSURANCE LEVEL																	
<p>The objective of this audit was to provide assurance that local systems and processes designed to support the delivery of the Supporting Families programme (SFP) are sufficient to demonstrate compliance with the key requirements of the programme and the updated GM SFP standards. Detailed Terms of reference is included at Section 3.</p>																		
<p>KEY RISKS IF CONTROLS ARE NOT IN PLACE AND/OR OPERATING</p>																		
<p>The following risks are applicable to this area of activity:</p> <ul style="list-style-type: none"> Local processes and controls are not designed and/or operated to comply with the expectations of the national programme and achieving the desired outcomes. Economic and financial pressures due to increased cost of living could increase the number of families presenting and our ability to properly support these. 	<p>AUDIT FINDINGS</p>																	
<table border="1"> <thead> <tr> <th data-bbox="981 756 1084 788">Critical</th> <th data-bbox="1090 756 1193 788">High</th> <th data-bbox="1200 756 1352 788">Medium</th> <th data-bbox="1359 756 1489 788">Low</th> <th data-bbox="1496 756 1626 788">Advisory</th> <th data-bbox="1632 756 1749 788">Total</th> </tr> </thead> <tbody> <tr> <td data-bbox="981 793 1084 820">-</td> <td data-bbox="1090 793 1193 820">-</td> <td data-bbox="1200 793 1352 820">-</td> <td data-bbox="1359 793 1489 820">-</td> <td data-bbox="1496 793 1626 820">-</td> <td data-bbox="1632 793 1749 820">-</td> </tr> </tbody> </table>							Critical	High	Medium	Low	Advisory	Total	-	-	-	-	-	-
Critical	High	Medium	Low	Advisory	Total													
-	-	-	-	-	-													
<p>BASIS OF AUDIT OPINION</p>																		
<p>This is based on the scoring mechanism outlined in Section 4 & 5 of this report.</p>																		
AUDIT OPINION AND SUMMARY CONCLUSION																		
<p>Based on the assurances received from Internal Audit teams within the GM Districts, we provide an overall opinion of Reasonable Assurance, that adequate systems and controls are in place and operating to support the delivery of the Supporting Families programme. Assurance ratings were received from *9/10 GM Districts and generally presented positive assurance on compliance with the key elements of the revised SF programme with no low-level assurance opinions being given. These opinions were generally consistent with those given in the previous year.</p>																		

There were no significant ‘red flag’ risks brought to our attention in the reports which required immediate attention or oversight by GMCA. Where recommendations have been made, implementation of these will be monitored by Districts themselves. We make no recommendations as part of this report and the GMCA Supporting Families Strategic Lead should consider the assurances received and findings from this report to inform future discussions with GM Early Help Leads.

A summary of the key issues identified by the nine GM Districts across the nine headline criteria is shown at **Section 6**, with a summary of overall conclusions and any recurring themes shown below.

***Note Limitations:**

We did not receive a report from Tameside Council in time for inclusion to this report.

The report provided by Oldham Council did not provide sufficient detail for evaluation and inclusion against key criteria.

AREAS OF GOOD PRACTICE

- There was evidence of action being taken to redesign existing Early Help systems and processes to meet the changing requirements of the new National outcomes framework.
- Reports from GM Districts confirmed that they understood their priority areas for improvement from the Early Help Systems Guide self-assessment exercise undertaken and action plans were in place to address these areas with ongoing monitoring and oversight on progress.
- Most reports demonstrated a good level of compliance with the headline criteria.
- All Districts provided positive assurance over the allocation of a single named key worker and these details were identifiable through system records and provided a single point of contact for families.

AREAS FOR IMPROVEMENT

The main areas for improvement related to the following:

- Audit recommendations for improved control were made by five GM Districts including Bolton, Manchester, Stockport, Trafford, and Wigan. The implementation monitoring of these actions will be completed by Audit Teams in the Districts in conjunction with Local Early Help Leads.
- Whilst caseload testing did demonstrate a good level of compliance, reports did identify some specific instances of non-compliance and inconsistencies in meeting the expected standards.
- Audit reports referred to ongoing development work to address system, process and data maturity issues and the key priorities from the Early Help – self assessments. The main areas for improvement related to:

- **Case Management Records:** The consistency of records which evidence eligibility and assessment of need for all family members and progress made. In particular, those cases led by a Partner agency.
- **Quality Assurance Processes:** The development and enhancement of data quality checking to confirm that relevant criteria are being met and identifying gaps in the consistency of recording data to measure eligibility and outcomes against the SFP National framework.
- **Performance Reporting:** Some improvements in Performance reporting requirements were identified and the robustness of management information which impacted on consistency of processing.
- **Partner Engagement:** Not all Districts use Partner agencies and some issues raised over integrated system access, data sharing and consistency of case management records, which require further review and discussion.
- **Regression Checks:** Ensuring that adequate processes are in place to conduct these checks when they become due. Most areas confirmed that revised arrangements had been considered but further assurance is required to ensure changes to process are properly embedded.

2. SUMMARY OF AGREED ACTIONS

Finding	Risk Rating	Action	Target Date
1 N/A		We made no audit recommendations as part of this report.	-

AUDIT SPONSOR COMMENTS

Greater Manchester’s Supporting Families annual audit process provides an important check in point around how effectively the programme is being delivered by GM Local Authorities. As part of the current agreement with central Government to devolve funding to GM for the delivery of the Supporting Families programme the GM audit (alongside the investment planning process) also provides an important assurance function for the national Supporting Families Unit.

The latest audit findings suggest that Local Authorities continue to uphold the core standards of the programme. We should be particularly encouraged by the emphasis on authorities’ awareness of their own strategic priorities – an area identified by the audit as one of particular strength across the city region. We also have confidence that authorities will take the necessary steps to address the areas for improvement

identified in their own local audit process. GMCA will continue to support authorities to address their priority issues through a focus on quality and practice in a shared community of practice forum, ongoing strategic support, and focused data and insights support with respect to the Early Help Systems Guide 2023 self-assessment.

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

Waste Estates – Premises Safety Inspections



Internal Audit Report


Waste Estates Asset Compliance – Premises Safety Inspections

FINAL

Issue Date 25 May 2023

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Gillian Duckworth	GMCA Solicitor and Monitoring Officer
Eamonn Boylan	Chief Executive
Andrew Lightfoot	Deputy Chief Executive
Mazars	External Auditor

1. EXECUTIVE SUMMARY							
AUDIT OBJECTIVE		ASSURANCE LEVEL					
The objective of this audit was to provide assurance that GMCA are acting in accordance with their statutory obligations in the completion of Waste premises safety inspections as set out in relevant health and safety legislation		LIMITED ASSURANCE					
KEY RISKS IF CONTROLS ARE NOT IN PLACE AND/OR OPERATING			AUDIT FINDINGS				
<ul style="list-style-type: none"> • DIR-WR-06: Management of formal landfill sites – Landfill sites fail to meet legal regulations and environmental standards. • Failure to meet legal duties as a corporate landlord and non-compliance with statutory legislation which may result in reputational damage and financial implications. • Health and Safety issues affecting the safety and welfare of staff, partners and visitors not being dealt with and addressed. 		Critical	High	Medium	Low	Advisory	Total
			1	2	1		4
		BASIS OF AUDIT OPINION					
		This is based on the scoring mechanism outlined in Section 5 & 6 of this report.					
AUDIT OPINION AND SUMMARY CONCLUSION							
<p>NOTE: GM Waste sites are split into three categories. Category A contains 22 operational waste facilities which are managed by the Contractor Suez as part of the Waste Management contract. Whilst GMCA has legal ownership for these sites, the responsibility for completing the relevant checks has been passed to Suez to manage as part of the contract. Category B & C sites consist of 7 plots of land connected to the waste management sites but not actively used, and 4 closed landfill sites owned or co-owned by GMCA. These sites remain under the control of GMCA and it is the responsibility of the Waste Engineering and Asset Management Team to ensure these sites are compliant with appropriate statutory, regulatory, and corporate standards.</p> <p>We provide a Limited Assurance opinion over the governance and control framework which provides assurance over the whole programme of inspection and the completion of all relevant statutory and regulatory safety compliance checks across the GM Waste Estate. The basis of this opinion is weighted toward the evidencing of checks taking place rather than actual completion. In summary:</p>							

- There is a lack of corporate assurance that all facilities in the Waste Estate are compliant with appropriate statutory, regulatory, and corporate standards (Cat A, B & C sites). Where responsibility for conducting these checks is with the Contractor Suez (Cat A sites), there is no formal monitoring or oversight by the GMCA Waste team over the mechanism in place for conducting these. Where responsibility remains with GMCA Waste (Cat B & C sites) there is no register which provides a view of overall compliance across these sites.
- For the GMCA managed part of the estate (Cat B & C sites) there was no formally documented risk assessments in place relating to fire safety (in accordance with the Regulatory Reform (Fire Safety) Order 2005) and lone working (in accordance with Health and Safety at work Regulations 1999 and associated best practice). It must be acknowledged that these buildings are considered 'low risk' single room and brick-built structures, and that working practices in place do take into consideration lone working arrangements and the safety of individuals. However, the lack of formally documented assessments may affect our ability to evidence compliance with relevant safety legislation. Other completed site risk assessments provided to us were dated 2019 and required updating.
- Sample checks on Cat A sites identified an out of date legionella risk assessment and not all the requested certificates were provided.

AREAS OF GOOD PRACTICE

- Details of the completion of some safety compliance checks for the Suez managed facilities are provided within the monthly service contract reports and Suez were able to evidence as part of our testing. (Cat A).
- We were able to receive copies of requested certificates of compliance from our testing of GMCA managed sites (Cat B & C).
- Management of risk is built into the working processes across the GMCA managed Waste Estate.
- Processes are in place to ensure that external contractors working on GMCA managed sites are suitably qualified and use appropriately tested equipment (Cat B & C).

AREAS FOR IMPROVEMENT

The main areas for improvement related to the following:

- Seeking assurance over the mechanisms operated by Suez to complete the programme of inspection ensuring managed facilities are compliant with statutory, regulatory and corporate standards (Cat A Sites).
- Improved compliance monitoring and reporting of inspections completed by Suez (Cat A sites).
- Consideration of a single master planner which covers all sites across the Waste estate and is used to identify and record the whole programme of inspection (Cat A, B & C).
- Ensuring the completion of up to date and documented Health and Safety risk assessments, including fire safety (Cat B & C Sites).
- Ensuring there is a record of corrective action taken to address failed tests / inspections (Cat A, B & C).

2. EXECUTIVE SUMMARY

Finding	Risk Rating	Action	Target Date
1 Periodic Risk Assessments (Category B & C Sites): Not all relevant premises risk assessments have been carried out and documented	HIGH	The completion and update of all required documented premises risk assessments including Fire safety for all sites ensuring compliance with all relevant legislation. This requirement will be informed by the specific nature of individual sites.	September 2023
2 Programme of Maintenance and Inspection (Category B & C Sites) – The ability to formally evidence completion of all types of safety checks in accordance with frequencies prescribed.	MEDIUM	Implement a single electronic register /planner to be used to record all statutory and regulatory maintenance checks to be completed including type, frequency and any specific exemptions to legislation which may be in place. Consider linking to the GMCA Estates Asset Register.	September 2023
3 Compliance Monitoring and Reporting (Category A sites): There is limited corporate assurance and oversight over the completion of all required safety checks carried out by Suez.	MEDIUM	<ul style="list-style-type: none"> i) As part of the contract monitoring arrangements, Suez to outline their mechanisms for undertaking responsibilities in this area and their programme of inspection. ii) Suez to provide a 6 monthly monitoring report detailing Health and Safety / inspections carried out and details of compliance / non-compliance and any recommendations for corrective action. (potentially as part of the performance report). iii) All certificates to be uploaded to a central repository with shared access and GMCA to sample check these against the 6-monthly report. iv) Sample validation checks completed. v) Clarification will be sought from the GMCA Director of Land and Property to determine responsibility /liability as Corporate Landlord and asset owner for Waste Premises and any potential risk of non-compliance with premises Health and Safety statutory legislation. 	September 2023

4	<p>Corrective action taken as a result of compliance checks is not documented (Cat B & C Sites) and there is a lack of oversight over action plans / remedial work at Suez managed facilities.</p>	<p>LOW</p>	<p>A record will be maintained of any actions taken as a result of compliance check recommendations. (Cat B & C Sites)</p> <p>Periodic confirmation will be obtained from Suez that all required actions are being promptly completed for Cat A Sites as part of the 6 monthly monitoring reports.</p>	<p>September 2023</p>
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AUDIT SPONSOR COMMENTS

The Waste & Resources Service, through its main waste management contracts service provider Suez, operate a large and diverse portfolio of facilities ranging from closed landfill sites with few services/utilities to complex facilities and processes requiring a complex range of compliance checks and tests. The Suez contracts and premises leases do confer the obligation to complete these tests as occupants.

The Service’s investigations have identified that tests are completed but that the collation of the records is not as coordinated as we would prefer. For example, each individual facility maintains its own database and schedule of tests with responsibility for completion held by a nominated individual which carries its own risks.

To address the actions recommended above:

1. The Service is commissioning its technical advisors to audit facilities and fire risk assessments in 2023. Fire RAs have been completed but this action will assess currency and adequacy.
2. As mentioned above registers are held at a facility level. The Service will discuss with Suez the potential to develop an overarching register looking forward and/or develop a collated backward look to conform completion of tests across all sites.
3. This action will be discussed with Suez. If an update can’t be provided then an alternative six monthly compliance check by the Service will be considered. There is a requirement for a Contract Data Room under Schedule 23 of the contracts and we will explore the inclusion of compliance documentation in this.
4. This will be an accompanying output of action 2.

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

GM One Network Project Governance



Internal Audit Report

GM One Network – Project Governance

FINAL

Issue Date 16 August 2023

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Gillian Duckworth	GMCA Solicitor and Monitoring Officer
Dave Russel	Chief Fire Officer
Ben Norman	Deputy Chief Fire Officer
Andrea Heffernan	GMFRS Director of Corporate Support
Paul Chase	Corporate Risk Manager
Mazars	External Auditor

1. EXECUTIVE SUMMARY							
AUDIT OBJECTIVE		ASSURANCE LEVEL					
The objective of this audit was to provide assurance over the general project governance and control framework which supports the successful delivery of the GM One Network Project.		REASONABLE ASSURANCE					
KEY RISKS IF CONTROLS ARE NOT IN PLACE AND/OR OPERATING			AUDIT FINDINGS				
The GMCA Corporate Risk Register includes a specific Directorate risk relating to GM One Network Project.		Critical	High	Medium	Low	Advisory	Total
<ul style="list-style-type: none"> • DIR-DIG-02 – GM Full Fibre grant funding awarded to GMCA by DCMS is not spent in line with the spending profile and this impacts on programme delivery. 				2	1		3
BASIS OF AUDIT OPINION							
This is based on the scoring mechanism outlined in Section 5 & 6 of this report.							
AUDIT OPINION AND SUMMARY CONCLUSION							
<p>We provide a Reasonable Assurance opinion over the general control framework for the delivery of the GM One Network Project. Project governance is well defined within the Collaboration agreement, and this is generally operating as intended with GMCA acting as the Lead Authority. There is a clear reporting structure to the GM One Collaboration Board who oversee delivery progress and have responsibility for decision making on behalf of the six collaboration partners GMCA/GMFRS, TFGM, Bury, Stockport, Oldham, and Rochdale Councils. This is supported by a Technical Board and Programme Board which provide more detailed input and challenge over day-to-day design issues.</p> <p>The programme is still in the design and build phase with service delivery phase due to commence later in the year. The overall project risk rating is scored by the Collaboration Board as an 'Amber' risk and this is due to three key risks relating to; migration of partners internet services; connectivity to the co-location sites, and fibre network failures.</p>							

There is a financial model in place which provides some certainty over Partner costs and there is regular oversight by GMCA Finance Team over spend profiling and forecasts. A full review of costs will be conducted after 12 months in accordance with the agreement. GMFRS is one of the Partner organisations and has representation at the Collaboration Board and internal dashboard reporting and oversight is carried out by GMFRS Performance Board and Deputy Mayors Executive (DME).

From discussions held, there were no issues raised by the Project Lead over the ability of Partners in continuing to meet their obligations.

A key requirement for the GM One Network project is ensuring it delivers on the savings plans agreed with partners and exploits opportunities for efficiency and value. Greater economies of scale from attraction of additional partner organisations remains critical to its overall success.

AREAS OF GOOD PRACTICE

- A signed Collaboration agreement is in place which defines the roles and responsibilities of GMCA as the Lead Authority, the partners and how they will govern, manage, and report on performance and any dispute resolution **Appendix A**.
- Signed contracts are in place with the main delivery partner CISCO who have responsibility for the design and build of the network infrastructure. Contracts are also in place for service delivery with Engage ESM and VMB. Responsibilities for management of these contracts is set out in the Collaboration agreement.
- A financial plan is in place and budget control processes allow GMCA as Lead Authority to understand the cost position including expected contributions from Partners over the duration of the agreement. Expenditure forecasts are monitored against the baseline costs with annual reviews in place to address any significant variations from the plan.
- GM Network One Project and contract documentation is held electronically and accessible within SharePoint.
- Baseline plan taken to Collaboration Board for approval with plan for meeting to monitor against this. The initial timeline had the project completed in January 2024 slippage is thought to be around 6 months and progress against the revised timeline (ending June 24) has been presented to the collaboration Board.
- Work is ongoing to bring more partners on board which will increase the value for money provided by the project and decrease the associated financial risks.
- Plans are currently being progressed to establish the role profiles for the Product team (day to day running of the network) and to ensure that these roles are brought on board with adequate time to ensure a complete handover from the Project Team.

AREAS FOR IMPROVEMENT
<p>The main areas for improvement related to the following:</p> <ul style="list-style-type: none"> • Ensuring that the Collaboration Board meetings are quorate in accordance with the terms of reference to ensure partners are properly represented and to avoid any impact on decision making and any possible future challenge over decisions taken by the Board. • The initial Business Case contains a base risk register, and a 'RAID' register is in place and maintained by Cisco which covers the day-to-day risks for the project, however there is no consistency with how risks are selected for presentation to the Collaboration Board and there is currently no register containing programme or project risks specific to GMCA as the Lead Authority. • Ensuring that any significant risks related to the GM One Network project which impact on GMCA as the Lead Authority are captured through the GMCA Risk Management Reporting process. This includes identified risks captured via the Digital Directorate risk register and where appropriate any escalated risks to the GMCA Corporate Risk Register to allow for adequate monitoring and oversight, beyond the Collaboration Board. • Confirming the Contract register reflects the current arrangements in place. • Whilst links to IT Teams within the Partner organisations are well established and formalised through attendance at the various boards there is no recognised reporting to senior leadership within each organisation despite many decisions taken by the Collaboration Board needing formalisation through local governance processes. <p>Other points to note:</p> <ul style="list-style-type: none"> • Finance plan shows slight shortfall, but the scheduled annual review will seek to address this.

2. SUMMARY OF AGREED ACTIONS

Finding	Risk Rating	Action	Target Date
1 Collaboration Board Governance and decision-making effectiveness	MEDIUM	<ul style="list-style-type: none"> • Ensuring Collaboration Board meetings are quorate to avoid any future challenge over decision making. • Process for decision making in the absence of all Partners. 	Sept 2023

2	Accountability for oversight and monitoring of any significant project risks, beyond the role of the GM One Network Collaboration Board.	MEDIUM	<ul style="list-style-type: none"> The inclusion in the GMCA Risk Management Reporting Framework of any significant risks relating to the GM One Network Project which directly impact on GMCA as the Lead Authority (or GMFRS as a Partner). This includes ongoing risks relating to finance, resourcing, achievement of delivery milestones and contractor risk. Having clear criterion for escalation to GMCA Senior Leadership Team and oversight by GMCA Audit Committee and those selected for inclusion on the Dashboard. 	Sept 2023
4	Encourage Senior Sponsorship engagement within GM.	MEDIUM	<ul style="list-style-type: none"> To consider ways to promote the GM One Network project through the communications plan and access to Senior Sponsorship through GM. Exploring the governance approach with senior leaders and stakeholders to formalise decisions taken by the Collaboration Board. 	Sept 2023

AUDIT SPONSOR COMMENTS	
<p>Provided by the Project Lead:</p> <p>The Audit provides a Reasonable Assurance over the general control framework for the GM One Network and highlights a number of areas of Good Practice; in particular the Collaboration Agreement that details the roles and responsibilities of the Lead Authority and the Partners regarding management and governance of the GM One Network, and the management and tracking of expenditure against the original forecast agreed with the Partners. The Programme supports and agrees with these findings.</p> <p>Good progress has been made in the three areas recommended in the report for further improvements:</p> <ul style="list-style-type: none"> Governance and Decisions Making - The Chair of Collaboration Board has reminded the Partners of the need for a Quorate for decisions to be made and ensuring at least one of the voting members attends each meeting. On occasions where there isn't a quorate (expected to be rare), decisions will be taken at the Collaboration Board, but approval will be sought via email post the Board where a Partner did not have at least one Member in attendance. 	

Use of Consultants and Contractors



Internal Audit Report

Use of Consultants and Contractors

FINAL

Issue Date 3 August 2023

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Ben Norman	Deputy Chief Fire Officer
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Andrew Lightfoot	Deputy Chief Executive
Amanda Stevens	Assistant Director People Services (Workforce Operations)
Gillian Duckworth	GMCA Solicitor and Monitoring Officer
Mazars	External Auditor

1. EXECUTIVE SUMMARY							
AUDIT OBJECTIVE		ASSURANCE LEVEL					
The objective of this audit was to provide assurance over the procedures for the appointment, management and monitoring of consultants and contractors.		LIMITED ASSURANCE					
KEY RISKS IF CONTROLS ARE NOT IN PLACE AND/OR OPERATING			AUDIT FINDINGS				
There are no strategic level risks recorded on the GMCA Corporate risk register. Related risks include:		Critical	High	Medium	Low	Advisory	Total
<ul style="list-style-type: none"> Overreliance on use of contractors and bypassing of internal recruitment procedures for short term needs. A lack of a competition and paying higher market rates for contractors for specialist skills, may result in poor value for money. Difficulties in the recruitment and retention of staff and strategic workforce planning to identify skills and knowledge requirements and avoid short term needs. 		-	1	2	-	-	3
		BASIS OF AUDIT OPINION					
		This is based on the scoring mechanism outlined in Section 5 & 6 of this report.					
KEY DEFINITIONS							
For the purposes of this report, we make the following definitions:							
Consultancy (outside of BAU activity) -The provision of management advice by independent professionals to provide expertise on a specific matter.							
Contractor (to cover BAU activity) – Individuals engaged (e.g., a temporary worker or specialist) to do a specific job for a set period, usually performing duties that would be performed by an existing member of staff (either in their day-to-day duties or as part of a project team). This does <u>not</u> include fixed term staff who are contracted for a period, on the same PayScale and Terms & Conditions as permanent staff.							

Outsourced Service – Provision of a whole service, which would normally be undertaken by internal staff, where the provider has control over how the service is provided and run, under the expectation that they will achieve certain targets or outcomes.

AUDIT OPINION AND SUMMARY CONCLUSION

We provide a **Limited Assurance opinion** over controls in place for the use of consultants, contractors, and outsourced services.

GMCA uses short-term arrangements to provide specialist skills and knowledge to support the delivery of specific programmes, projects, and services or to provide consultancy advice on strategic management priorities.

The extent of consultancy/contractor expenditure was difficult to distinguish from other contractual spend based on our analysis of financial information held in BWO/I-Trent. The latest GMCA Directorate and Corporate Health metrics report identified four (IR35) contractors; however, this does not provide a complete and consistent view on overall consultant and contractor usage or spend across the organisation. Our analysis indicated a significantly higher number and value of these arrangements (**Appendix A**).

Our audit concluded that:

- There isn't a clear definition of what constituted a 'consultant' or 'contractor' as opposed to other contracted services which had a different procurement threshold. A consultant wasn't always identifiable as a single 'individual' and often extended to the use of a consultancy firm, personal service company or agency making it difficult to identify all arrangements.
- There is limited evidence to suggest that any rigorous assessment takes place over the availability of skills internally or comparison of in-house and external costs when making proposals to appoint a consultant or contractor.
- Better internal approval processes are needed which build on existing controls to support the appointment of consultants or contractors and agreeing higher value cases and extensions to contract.
- Greater corporate oversight and transparency is needed over the use of professional consultant/contractor appointments and outsourced services which includes better reporting on consultant and contractor spend at Directorate level. This will aid the overall management and control of expenditure and securing value for money.

AREAS OF GOOD PRACTICE

Our audit sought to identify and test a variety of consultant and contractor appointments in place across the organisation. The results confirmed the following positive aspects:

- There were some positive examples where appointments to roles were evidenced by a formal business case outlining the rationale and funding requirements.

- Where IR35 assessments had been undertaken, consultants and contractors were being paid in accordance with this assessment.
- The Commercial Team do hold a record of some consultant/contractor arrangements paid via creditors system and held outside of payroll, where they are made aware.

AREAS FOR IMPROVEMENT

The main areas for improvement related to the following:

- Having robust systems and processes for monitoring and reporting on the use of consultants and contractors and related spending across the organisation. Senior Leadership Team (SLT) reports only show IR35 contractors paid via Payroll system and not those engaged and paid via invoices processed through the creditors system.
- Strengthening internal procedures, ensuring there is a documented process for the appointment and management of consultants to provide consistency of approach.
- Ensuring that appointments are accompanied by a formal business case in all instances which evidences the reasons for the decision and value for money assessment. Very few of the cases sampled were supported by a written business case.
- IR35 tax assessments are not always being completed by 'hiring' managers, with managers not always aware of requirements in this area.
- Having clear processes for dealing with contract extensions and any changes as there is often a lack of documentation held in support.
- Ensuring there is an identifiable 'hiring' manager with responsibility for the day-to-day management and monitoring of consultants including deliverables and planned start and end dates.

2. ACTION PLAN

Finding	Risk Rating	Action	Target Date
1 There is no written procedural guidance for the appointment and management of consultants.	HIGH	Strengthening internal processes with the introduction of corporate guidance and a proforma checklist which will allow for proper assessment of proposals to take place.	October 2023
2 Written contract agreements and documentation was not available for all appointments.	MEDIUM	Ensuring written agreements are in place linked to the role specification.	November 2023
3 Having robust systems for monitoring and reporting on consultant usage and expenditure.	MEDIUM	Improved corporate oversight and reporting on the use of consultant and contractor across GMCA and GMFRS and level of overall expenditure.	December 2023

AUDIT SPONSOR COMMENTS

Comments were received from the Director of People Services and the Head of Commercial Services

The report was agreed in principle, and ownership of actions is joint between Finance and People Services, with further work required to develop the immediate actions and addressing system and procedural issues.

- There is need for better data capture and recording within financial systems - this needs to be owned by Finance at a senior level and is fundamental to the issue in ensuring sufficient information is available to enable identification of the 3 strands as there may be multitude of contracts commissioned which will have no involvement from People Services. Majority providing services, consultancy rather than an interim for a specialist role.

CCTV Compliance



Internal Audit Report


CCTV Compliance

Report Issue Date	
Draft Report Issued	18 July 2023
Management Response Received	30 August 2023
Final Report Issued	31 August 2023

Audit Team	
Sarah Horseman	Deputy Director Audit and Assurance
Damian Jarvis	Head of Internal Audit
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Adnan Gire	Interim Head of Estates
John Lawrence Curtis	Assistant Director Information and Data Governance
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For Information	
Audit Committee - Executive Summary Only	
Eamonn Boylan	Chief Executive
Dave Russel	Chief Fire Officer
Ben Norman	Deputy Chief Fire Officer
Steve Wilson	GMCA Treasurer
Gillian Duckworth	GMCA Solicitor and Monitoring Officer
Mazars	External Auditor

1. EXECUTIVE SUMMARY

AUDIT OBJECTIVE	ASSURANCE LEVEL					
The objective of this audit was to provide assurance over the management and use of CCTV infrastructure across the GMCA estate and the processing and retention of data						
KEY RISKS IF CONTROLS ARE NOT IN PLACE AND/OR OPERATING	AUDIT FINDINGS					
There are several risks on the IG Directorate Risk Register relating to the area under review and the processing of personal data. These are:	Critical	High	Medium	Low	Advisory	Total
<ul style="list-style-type: none"> • OR10: Data Protection Act 2018 compliance- Failure to comply with the requirements of the Data Protection Act 2018 (inc. UK GDPR) • IGR-3: Individual rights compliance- Failure to comply with the requirements of the Freedom of Information Act 2000, the Environmental Information Regulations 2004, and the Data Protection Act 2018 • IGR- 4: Information Asset Management- Failure to manage, protect and derive value from personal and information held across systems, formats, and locations- who is responsible and how it can be used. • IGR- 5: Failure to properly create, retain and manage business records. Failure to comply with the requirements of the Public Records Act 1958. 	3	1			4	BASIS OF AUDIT OPINION
	This is based on the scoring mechanism outlined in Section 5 & 6 of this report.					

AUDIT OPINION AND SUMMARY CONCLUSION

We provide a **Limited Assurance opinion** over controls in place for the management and use of CCTV infrastructure across the GMCA and Fire Estate and the processing and retention of data.

For **GMCA**, we have been able to evidence that there are appropriate arrangements in place for effective operation of CCTV cameras across the Tootal Buildings. An up-to-date CCTV policy is in place, with a Data Protection Impact Assessment (DPIA) completed. We also observed appropriate signage where cameras are installed. Whilst arrangements are in place for sharing of data, due to the usage of location of the office space, this is rarely required.

For **GMFRS**, there are not currently sufficient arrangements for the management and usage of CCTV across the Fire Estate. There is not an up-to-date CCTV policy, with the most recent version being completed in 2015, which means recent developments in legislation, such as GDPR and the Data Protection Act 2018 are not considered. From our Station visits, we found that there was a lack of knowledge of CCTV usage on stations and a lack of clarity about responsibility for the operation of CCTV cameras. In addition to this, where CCTV cameras were in place, we identified instances where there was not appropriate signage.

We visited Bury Fire Training Centre and FSHQ as part of our audit work, with CCTV at both sites operated by Corps Security. We were unable to fully assess arrangements at both sites as it was not possible to obtain a detailed understanding of CCTV cameras in place and the arrangements for sharing information as there was no register of infrastructure assets or a log of instances where CCTV footage had been shared internally or externally with partners. There was a knowledge gap across both sites as to what the correct procedures are around the usage of CCTV or where this information could be obtained.

There did not appear to be a consistent or coordinated approach to CCTV across the organisation. We were unable to obtain a complete and accurate listing of all CCTV infrastructure assets from the GMCA Estates team, which has limited our ability to assess all areas. It was not possible to ascertain where responsibility sat with regards to governance. Some instances of good practice were identified with regards to Fire appliances. We were provided with a listing of appliances and other vehicles with CCTV cameras. There are established arrangements in place with the Vue system to obtain footage from appliances and there are controls in place to ensure that information is shared appropriately, both internally and with partner organisations. We were also able to confirm that appropriate access rights are in place for the usage of CCTV.

2. SUMMARY OF AGREED ACTIONS

Finding	Risk Rating	Action	Target Date
1 No up-to-date policy for GMFRS CCTV and limited Corporate Knowledge of CCTV infrastructure and usage across GMFRS	HIGH	<ul style="list-style-type: none"> Ensure an up-to-date and comprehensive CCTV policy is completed covering GMCA and GMFRS, which includes appropriate reference to statutory guidance, roles and responsibilities for the operation and maintenance of CCTV and guidance around storage, sharing and retention of data. In conjunction with the completion of an up-to-date CCTV policy, stakeholders across GMCA and GMFRS should ensure they meet regularly as part of a working group to share guidance and best practice regarding the usage of CCTV across the organisation to ensure there is clarity and consistency in the approach. 	31 October 2023
2 CCTV Asset Register	HIGH	<ul style="list-style-type: none"> GMCA Estates should contact station managers and perform site visits across GMFRS stations and other sites such as FSHQ and Bury Training Centre to ensure that there is a complete and accurate understanding of CCTV cameras across the Fire estate and compile this on an asset register in an appropriate format. The Operational Equipment team should ensure that there is an asset register of all CCTV assets, including appliances, other vehicles, drones, body-worn cameras etc in an appropriate format. 	31 October 2023
3 DPIA and GDPR	HIGH	<ul style="list-style-type: none"> No Data Protection Impact Assessment has been completed for GMFRS CCTV assets and no guidance has been issued around GDPR. GMFRS should ensure that this is completed as part of the updated CCTV policy and training is provided to ensure all staff are aware of implications around data protection and GMFRS processes. 	31 October 2023
4 CCTV Signage	MEDIUM	<ul style="list-style-type: none"> Ensure that CCTV signage across the GMFRS estate and assets is consistent, with requirements outlined in the updated CCTV policy. 	31 October 2023

AUDIT SPONSOR COMMENTS

The Audit Sponsor comment has been provided by the **Interim Head of Estates**:

We appreciate the insights provided by the audit report on our CCTV management. Whilst the positive practices observed are reassuring, we acknowledge the concerns raised regarding the management and usage of CCTV within GMFRS. The absence of an updated CCTV policy, especially considering the well documented changes in legislation such as GDPR and the Data Protection Act 2018, is a critical area that requires immediate attention. We are fully committed to promptly addressing the need for an updated CCTV policy, clearly defined responsibilities, an asset register, and uniformed signage. These actions underscore our dedication to enhancing compliance and transparency.

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

Safeguarding and DBS Checks



Internal Audit Report

Safeguarding and Disclosure and Barring Service (DBS)

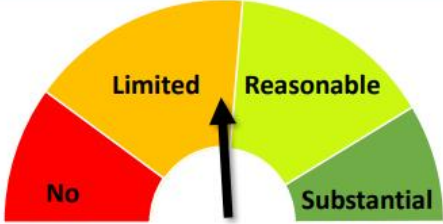
FINAL

Report Issue Date	
Draft Report Issued	4 August 2023
Management Response Received	30 August 2023
Final Report Issued	6 September 2023

Audit Team	
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Andrew Lightfoot	Deputy Chief Executive
Dave Russel	Chief Fire Officer
Ben Norman	Deputy Chief Fire Officer
Steve Wilson	GMCA Treasurer
Mallicka Mandal	Director of People Services
Gillian Duckworth	GMCA Solicitor and Monitoring Officer
Mazars	External Auditor

1. EXECUTIVE SUMMARY

AUDIT OBJECTIVE	ASSURANCE LEVEL					
<p>The audit objective is to provide assurance that there are appropriate arrangements for safeguarding and DBS in place and operating across GMFRS and GMCA.</p>	<p>Safeguarding REASONABLE ASSURANCE</p>					
<p>KEY RISKS IF CONTROLS ARE NOT IN PLACE AND/OR OPERATING</p>						
<p>There was one risk on the Corporate Risk Register which for Safeguarding which has subsequently archived as this risk is deemed to be sufficiently mitigated.</p>	<p>AUDIT FINDINGS</p>					
<p>This risk related to GMCA Safeguarding Arrangements (RR 25)- 'GMFRS safeguarding arrangements have been reviewed and developed in recent months in acknowledgement of gaps previously highlighted, but GMCA do not yet have a safeguarding policy in place, which provides a governance issue for GMFRS. An additional area of concern, which has not yet been mitigated, is the absence of a GDPR compliant recording system for safeguarding activity.'</p> <p>The following inherent risks are applicable to this area of activity and will also be considered as part of this audit:</p> <ul style="list-style-type: none"> • Safeguarding issues are not identified, raised, and escalated appropriately. • Ineffective safer recruitment procedures if appropriate DBS checks and referrals are not undertaken, and staff are appointed or retained inappropriately. 	<p>Critical</p>	<p>High</p>	<p>Medium</p>	<p>Low</p>	<p>Advisory</p>	<p>Total</p>
	<p>1</p>	<p>2</p>	<p>3</p>	<p>6</p>		
<p>BASIS OF AUDIT OPINION</p>						
<p>This is based on the scoring mechanism outlined in Section 5 & 6 of this report.</p>						

AUDIT OPINION AND SUMMARY CONCLUSION

In providing our audit opinion for arrangements in place for Safeguarding and DBS checks operating across GMCA and GMFRS, we have provided an overall **Limited Assurance opinion**. Unusually, in this instance we have however provided separate assurance opinions for each element of the audit. We provide a **Reasonable Assurance opinion** over the arrangements in place for **Safeguarding** but the findings of our audit of arrangements relating to **DBS checks** result in a **Limited Assurance opinion** for that aspect of the audit. We felt it important to distinguish the two aspects in this case due to the importance of Safeguarding to the organisation.

Safeguarding

There are appropriate safeguarding policies, procedures and designated roles and responsibilities across GMFRS. We reviewed the GMFRS self-assessment documents against Safeguarding standards and have seen evidence from which support assertions made, including development action plans. We have also confirmed that there are governance structures in place, including monitoring and oversight arrangements.

As part of our testing, we reviewed procedures for the recording, processing, and performance monitoring of caseload referrals. We found that the referrals were generally compliant with the Safeguarding referral procedure outlined in the Safeguarding policy, however noted four instances where referrals were made outside of the 24-hour timeframe and some minor inconsistencies in the completion of referrals. From discussion with GMFRS, an area of improvement has been identified with the High-Risk Case Recording Solution (HRCRS) as this system does not fully meet the current and future needs of GMFRS.

For Safeguarding for GMFRS, there has been a blended approach towards training for Firefighters, Prevention staff and other teams such as Talent, Attraction and Resourcing and Human Resources with mandatory e-learning being completed, as well as more informal in-person training delivered to Firefighters by Prevention Managers and an in-person training day for Senior Leaders. There is a KPI for a completion rate of 90% for mandatory training. This rate of completion for GMFRS was 89.5% for Q4 of 2022/23 which has increased from 59.5% from Q1.

Through our testing and review of documents, we have identified that there are established and robust arrangements for information sharing and partnership working. GMFRS attends Safeguarding Boards across the 10 GM Boroughs as a non-statutory member and engages with a range of partner organisations when issues are identified through referrals and home fire safety assessments. In addition to this, GMFRS engages across the sector and are members of the NFCC Safeguarding Board and Co-ordinators group.

Arrangements for Safeguarding at GMCA are less developed than those for GMFRS. GMCA has put arrangements in place to further develop and strengthen this area. A Safeguarding policy was published on the corporate document centre and on the staff intranet in May 2023. In addition to this, a network of designated safeguarding of officers has been established, training has been developed for staff and GMCA co-

chair a Safeguarding Board with GMFRS. Current priorities to ensure that safeguarding becomes more effectively embedded throughout the organisation relate to commissioning and completion of mandatory training. Current training completion levels for Safeguarding Training are at 62.1% in Q4 of 2022/23 against a target of 90%.

DBS Checks

Arrangements for DBS checks across GMFRS and GMCA were found to be an area requiring further development. As such, policy documents have been introduced, which include:

- Safer Recruitment Process
- Policy Statement on Employment of Ex-Offenders
- Framework for Managing Criminal Record Checks in Employment

At the time of the audit, GMCA were in the process of mapping roles on the HR iTrent system to DBS requirements. As part of this project, iTrent has been updated to include differentiation between the levels of DBS checks required for a role and an automated renewals process has been introduced, which sends email reminders to staff when a DBS check renewal is due. GMCA has a contract with a provider to complete DBS checks and is working with the provider to ensure there is central library of roles mapped to the relevant level of DBS check, whilst also ensuring there is a clear audit trail of the checks performed in this system.

We had difficulty obtaining a complete and accurate listing of all staffing roles requiring DBS checks and our testing of records where roles are required to have DBS checks performed identified issues around the maintenance and validation of records. We recommend that once the iTrent exercise has been completed, GMFRS should undertake an exercise to confirm records are validated and maintained correctly and introduce a corporate KPI around the percentage of DBS checks in date.

From July 2023, Fire and Rescue Authorities are now listed in the schedule 1 Rehabilitation of Offenders Act (1974), which will enable Fire and Rescue Services to access higher levels of DBS checks more efficiently. The amendment to the Act of Parliament means that Fire and Rescue Services will now be able to perform a minimum of standard checks for all representatives, with both NFCC and the Disclosure and Barring Service working jointly to develop guidance aimed at supporting Fire and Rescue Services in making decisions regarding eligibility of higher levels of checks.

GMFRS should continue to review guidance issued by the NFCC in relation to DBS checks to ensure that GMFRS remains compliant in this area and develop an action plan to implement arrangements in response to updated guidance.

AREAS OF GOOD PRACTICE
<ul style="list-style-type: none"> • The GMFRS Self-Assessment of Safeguarding against the NFCC template presents an accurate representation of GMRS priorities and required future actions in relation Safeguarding. • The GMFRS Safeguarding policy makes appropriate reference to statutory guidance and includes a clear description of safeguarding procedures, referral model, roles and responsibilities and designated safeguarding officers across the organisation. There are currently 38 trained designated safeguarding officers to support the referral process across the wider organisation. • We completed a sample testing of 20 referrals across the GM Boroughs for Safeguarding. We found that generally referrals were completed to a good standard and 80% of the referrals were completed within the required timeframe of 24 hours, with the remaining referrals completed within 48 hours. Appropriate forms had been used for all referrals, and where referrals had been sent by Firefighters, the Safeguarding inbox had been copied into the referral. • There are robust arrangements in place for information sharing and established arrangements for working with partners, which was evidenced through testing and review of governance arrangements and Safeguarding Boards across the GM boroughs.

2. SUMMARY OF AGREED ACTIONS

Finding	Risk Rating	Action	Target Date
1 Maintenance and Validation of DBS records	HIGH	<ul style="list-style-type: none"> • Completion of the exercise of mapping roles profiles to ensure that all relevant roles are mapped to the required level of DBS check and ensure that it is possible to produce a complete and accurate listing of roles and individuals requiring DBS checks and ensure that document validation is completed. • Ensure that scheduled DBS checks are completed, and non-completion is followed up on • Introduce a KPI reporting on the number of DBS checks that are in date and those that are overdue 	31/03/24 31/03/24 31/12/23
2 Review of Arrangements around DBS checks	MEDIUM	<ul style="list-style-type: none"> • Continue to review arrangements in place considering updated guidance around DBS checks to ensure GMFRS remains compliant in this area. 	31/03/24

3	Review of the High-Risk Case Recording Solution	MEDIUM	<ul style="list-style-type: none"> Specify and set a timescale for a successor system to the HRCRS. Implementation of automation and updated referral forms for the HRCRS, with mandatory fields 	31/03/25
4	Timescales for completion of areas of development noted in the NFCC Self-Assessment	LOW	<ul style="list-style-type: none"> Our review of the GMFRS Self-Assessment noted several areas of future development for arrangements relating to Safeguarding. GMFRS should set timescales for completion of these actions and monitor progress against these 	31/12/23
5	Updates to Safeguarding Policy	LOW	<ul style="list-style-type: none"> The Safeguarding policy should be updated to include updated arrangements regarding governance structures and performance 	31/12/23
6	Completion of Safeguarding Training	LOW	<ul style="list-style-type: none"> Ensure that action is taken to increase the completion of Safeguarding training to the target KPI of 90% to ensure awareness of Safeguarding is better embedded across the organisation 	31/08/24

AUDIT SPONSOR COMMENTS

General

- Overall, GMFRS are content with the approach, outcome and recommendations of the audit and recognise the need to distinguish gradings between arrangements for safeguarding in its broader context and processes in place to management and monitor the application of DBS.
- GMCA acknowledge that safeguarding arrangements are less developed than in GMFRS but will continue to promote, embed, and develop its' approach to safeguarding.
- It would be beneficial for the organisation to be audited in the future regarding safeguarding arrangements for employees. This will support the services' understanding of the effectiveness of these arrangements.
- As joint chairs of the joint Safeguarding Board, we would like to acknowledge the work of the Audit and Assurance Team who have facilitated this audit and taken the time to ensure they understand the subject area.

DBS Arrangements, Recording and Monitoring

Following the internal 'stock take' exercise on DBS led by People Services, a number of development areas which were identified are also flagged in this report. Action to address these areas is in progress. Furthermore, a paper was presented to GMFRS Senior Leadership in August 2023 on GMFRS DBS Arrangements and Amendments to the Rehabilitation of Offenders' (ROA) Exemptions.

The paper included recommendations on:

- Use of iTrent to maintain DBS records.
- iTrent update to include revised levels of check against each role, and an automated renewals process that auto-sends reminders.
- Revised contract with third party counter-signatory, CBS, which includes access to a central library of roles and provision of audit trail of checks in this system.
- Introduction on internal review meetings where any lapsed / close to lapsed checks are reviewed, chased and where relevant temporary modifications made to the role to ensure the organisation is safeguarding appropriately.
- Reporting on DBS compliance into GMFRS/GMCA Safeguarding Board on a quarterly basis
- Updated policy and guidance to reflect amendments to the Exemptions Order

Systems

GMFRS recognise the limitations of the systems currently in place to record and report against safeguarding activity and this has been identified as an area requiring further development. The risks associated with this have been partially mitigated through development of the existing High Risk Case Recording Solution (HRCRS) to strengthen the recording process. This involves introducing a dedicated Online Safeguarding Form (which has been mapped against referral requirements for LA safeguarding teams).

Although this is not yet live, the proposed launch is in Q3 of 2023/24. This improved process will be supported with training, guidance, and promotional material, including posters. The long-term solution, a Customer Relationship Management System (CRMS), is currently in development. This project will deliver an integrated IT solution for Prevention and Protection to record and report against all activity within Prevention and Protection Directorate, including safeguarding. This will incorporate the existing HRCRS and will be GDPR compliant.

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

External Loans – Governance – Position Statement



Internal Audit – Position Statement

To: Steve Wilson, Treasurer
Laura Blakey, Investment Director Core Investment Team

CC: Eamonn Boylan, Chief Executive; Andrew Lightfoot, Deputy Chief Executive;
Gillian Duckworth, GMCA Solicitor and Monitoring Officer; GMCA Audit Committee

From: Sarah Horseman, Deputy Director of Audit and Assurance, Damian Jarvis
Audit Manager, Jessica Jordan Principal Auditor

Subject: External Loan Funding – Governance Overview

Date: 12 July 2023

1 Introduction

- 1.1 Greater Manchester Combined Authority (GMCA) has several Investment Loan Funds which are managed and administered by appointed external Fund Managers, or GM Partner organisations, and for some of which GMCA remains the accountable body.
- 1.2 These Investment funds can be split into three categories as follows:

Category	Loan Funds	Fund Value (£M)	Fund Manager	GMCA Legal Relation to Fund
European Regional Development Funds (ERDF)	Evergreen 1*	60	CBRE	Funding Investor in Holding Funds**
	Evergreen 2	60		
	Low Carbon Fund	15		
Life Sciences	Life Science 1	30***	Catapult Praetura	Funding Investor
	Life Science 2	20***		
Growth Hub Funds	CBILs	1.31	GM Growth Hub	Funding Provider
	Bounce back Loans	10.8		
	GC Angels	1.69		

*GMCA is not a limited partner in Evergreen 1 (which is a North West Fund), but it utilises GMCA funds and is administered by GMCA on behalf of the 16 local authorities.

** Holding Fund for Evergreen 1 is NW Evergreen Holdings Limited. For Evergreen 2 and Low Carbon is Greater Manchester FoF Limited. GMCA is the sole Limited Partner for both holding funds.

*** £10m has been provided by GMCA for each of these funds.

- 1.3 As background to the ERDF funds, NW Evergreen 1 was established in 2011 by 16 North West local authorities (excl Merseyside) utilising £30m of ERDF funding and £30m of match funding from the North West Development Agency. This was supported by officers from MCC, and the European Investment Bank acted as holding fund. As the new Fund of Funds programme was being established, the holding fund was novated from EIB to GMCA giving GMCA long term control over the £60m of investment funds. GMCA now manages all ERDF investment funds, albeit it has no legal involvement in the Evergreen 1 fund. All Fund of Funds entities (EG2 and LCF) are owned by GMCA as summarised in Appendix A. GMCA Core Investment Team (CIT) has responsibility for the monitoring and oversight of these funds and gaining assurance that the funds are being properly managed and meet funding objectives. Assurances are obtained from several sources including GMCA Membership and attendance at Intermediary Body Board meetings, performance management reports prepared by the fund Manager and fourth line assurance provided by External Audit and other external bodies.
- 1.4 Internal audit sought to gain an understanding of the existing governance framework for the management and performance monitoring of these externally managed loan funds.

2 Scope

- 2.1 As part of the scoping discussions, Officers confirmed that the arrangements in place are largely dictated by the contractual terms and the legal requirements which reflect the level of liability GMCA has for the individual funds. Whilst, Core Investment Team Officers have confidence in these arrangements and the information received from the Fund Managers, there is less clarity across GMCA over the management and operation of these funds.
- 2.2 The purpose of this position statement is to provide a summary of the existing arrangements in place to manage and monitor externally managed loan funds, including our understanding of key risks and identified areas of improvement.

Limitations

- 2.3 This position statement provides a high-level overview only of the assurance mechanisms in place and is weighted towards a desk top review of key documents for each of the funds and discussions with responsible Officers from the Core Investment Team.
- 2.4 We have not examined the processes for the payment or recovery of loan amounts or whether the funds represent value for money.
- 2.5 Only the funds shown in the table at 1.2 are included in our review.

Loan Fund	Fund Value (£M)	Funding provider	Funding Aim	Value currently invested/ committed (£m)	Open to new investments	Signed Contract in place	Contract Expiry date	Frequency of update reports	GMCA Officer attending formal Fund related meetings*
Evergreen 1	60	European Investment Bank (£30m) North West Development Agency (£30m)	All funds focus on commercial regeneration projects, with Evergreen 2 and LCF having an additional focus on Research and Innovation and Energy Efficiency.	45.2	Yes	Yes	11/6/2024	Quarterly	Eamonn Boylan & Andrew McIntosh
Evergreen 2	60	ERDF from DCLG		30.4	Yes	Yes	11/6/2024	Quarterly	Eamonn Boylan & Andrew McIntosh
Low Carbon Fund	15	ERDF from DCLG		10	Yes	Yes	31/3/2024	Quarterly	Eamonn Boylan, Simon Nokes, Laura Blakey
Life Science 1	30	GMCA – Local Growth Fund	Investment in start-up / development companies within the Life Science sector	26.3	No (but can provide follow on to current portfolio)	Yes	Valid for life of Fund	Quarterly	Laura Blakey
Life Science 2	20	GMCA – recycled Core Investment Funds		2.1	Yes	Yes	Valid for life of fund	Monthly	Ian Nelson Laura Blakey
CBILS	1.31	Local Growth Fund		1.31	No	Yes	Valid for life of fund	Quarterly	Laura Blakey

Loan Fund	Fund Value (£M)	Funding provider	Funding Aim	Value currently invested/ committed (£m)	Open to new investments	Signed Contract in place	Contract Expiry date	Frequency of update reports	GMCA Officer attending formal Fund related meetings*
Bounce back	10.8	GMCA	Coronavirus recovery schemes	5.8	No	Yes	Valid for life of fund	Quarterly	Laura Blakey
GC Angels	1.69	Local Growth Fund Grant Funding	Early-Stage Investment	1.69	Yes	N/A	Valid for life of fund	Quarterly	Laura Blakey

*These roles include a mix of Statutory Board Directors and Advisory Panel Members the exact role being determined by the legal set up of the Funds which dictates the level of involvement that investors can have in day to day running of the Fund.

4 Summary Observations

Fund oversight

- 4.1 There are bespoke governance arrangements for the management of each fund.
- 4.2 The ERDF funds are managed through intermediary bodies (Fund of Funds and Evergreen Holdings) through which fund managers have been appointed. GMCA is not directly or legally responsible for the management of these funds. Both the holding fund Boards and sub-fund Boards have Directors appointed to them from the GMCA. The Fund of Funds and Evergreen Holdings' Boards are responsible for overseeing the performance of the fund managers and setting investment strategy in line with agreed parameters. The sub-fund boards receive individual investments/loans for approval, as well as receiving reports on the performance of the funds. A diagram outlining the structure of different bodies involved in some of these funds is included at **Appendix A & B**.
- 4.3 The Life Sciences Funds are Limited Partnerships with fund managers appointed as the general partner. Neither the GMCA or its officers have any involvement in managing the funds or in taking decisions on individual investments. The Life Sciences Funds have Advisory Boards which GMCA Officers attend – the Advisory Boards review the performance of the funds.
- 4.4 Growth Hub Funds operate slightly differently as the GM Growth Hub acts not as a Fund Manager but for the Bounceback and CBILs funds as a loan recipient with the contract agreement stipulating the conditions under which they will provide onward lending of the Funds. This agreement is directly between GMCA and the GM Growth Hub with additional agreements in place with Central Government alongside the main agreement which provides a guarantee over these Coronavirus Funds. These schemes aim to aid businesses in their recovery from the Coronavirus pandemic and eligibility is subject to criteria set by Government, who provide guarantees over fund losses subject to relevant conditions. The GC Angels funding has been provided to the Growth Hub as a grant and as such there is no expectation of a return of funds, GMCA however do maintain oversight of this fund alongside the two Coronavirus recovery schemes. As such the governance arrangements for these funds are different to the other two categories with less emphasis on overall performance of the fund.
- 4.5 Contracts are in place for each of the individual Loan Funds and include clauses covering:
 - Dispute resolution
 - How decision-making works
 - Method and frequency of scheme updates
 - Roles and responsibilities

- 4.6 While contracts for the Life Science and Growth Hub funds are set for the life of the funds, we will shortly be entering the final extension period for the current Fund Manager contracts for all ERDF funds and CIT have commenced work to prepare for the retender exercise ahead of the 2024 expiry dates.
- 4.7 A Core Investment Team Officer has also been assigned to oversee each category of Fund for GMCA, they receive all update reports and attend relevant board/advisory meetings. They manage the relationship with the Fund Managers and will raise queries as needed to protect GMCA's interests in the Funds.
- 4.8 The Assistant Director Economy chairs quarterly performance reviews of the Business Productivity, Innovation and Inclusive Growth Programme (BPIIG) which includes spending forecasts at programme level for the Growth Hub Funds but does not include performance reviews. Performance of the schemes are however monitored at quarterly meetings between the GMCA Investment Director and members of the Growth Hub.
- 4.9 Whilst reports are received by GMCA Board relating to the set-up of the investment funds as required, there is no subsequent reporting on the performance of these Funds to the Board. It was also noted that there had been no formal reporting on wider investment activity managed by CIT activities during the last 12 months which this could be incorporated into. Senior Officers are informed on CIT activities via involvement in Chief Executive's Investment Group, Investment Boards and through established line management arrangements.

Fund Performance

- 4.10 Performance reports are produced for each Life Science Board meeting separately. Board meetings for the Evergreen funds are normally held concurrently and one report is produced covering all these funds. The Low Carbon Fund has a separate board meeting. An update report is provided to CIT for the Growth Hub Funds quarterly.
- 4.11 Whilst the content varies between the different performance reports all normally contain:
- Details and update on any new loans progressing through to legal agreement.
 - Overview of upcoming pipeline.
 - Financial overview of the fund.
 - Cashflow predictions for the upcoming period
 - View of any risks / issues affecting individual loan agreements
- 4.12 At the time of the audit there had been no reported losses to the ERDF schemes, and losses on the Life Sciences funds were viewed to be in line with expectations for investments in early-stage science-based projects. There have been several defaults on the Growth hub funds, however we understand that all of these have been recouped from the underlying central government guarantee.

- 4.13 There are no performance criteria attached to the Growth Hub Fund contract. ERDF funds have performance criteria listed within the business cases for each agreement however these are reported in totality across the Funds as part of the Board updates. They are however monitored individually by the Fund Manager and the Holding Funds. These performance targets are based on the underlying requirements of the ERDF funding, and we were informed that the Evergreen 1 fund had completed its ERDF performance requirements. The Life Science Funds have performance criteria within the contracts – for Fund 2 if the criteria are achieved at the end of the Fund’s lifetime the Fund Manager’s fee will increase incentivising the achievement of targets.
- 4.14 Additional sources of assurances are received by CIT for several of the funds these include:
- Holding company reports for the ERDF funds from the independent company who manages the administration of the limited liability bodies.
 - External audits by the funding bodies.
 - Audited annual accounts.
 - Reviews of funding valuations included in GMCA annual accounts by GMCA external auditors.
- 4.15 Each of these provides assurances that the funds are being managed and accounted for appropriately and provides support for accuracy of the information provided in progress updates.

Fund Risks

- 4.16 Risk registers are not held by GMCA for any of the funds and there are no recorded risks associated with any of the funds included on the GMCA Corporate or Directorate risk registers. As such there is no active monitoring of risks associated with any of the funds within GMCA.
- 4.17 There are several common risks across the different funds the main ones being the risks of repayment of individual loans and misuse of funds. There are controls in place to identify and mitigate these risks across the different funds as they arise in relation to individual loans.
- 4.18 More specific funding risks currently being managed include the requirement to deploy funding across the Fund of Fund schemes (Evergreen2 and Low Carbon Fund) by the end of December 2023 as missing this deadline would result in funding needing to be returned and not being available to be recycled into further future loan funding. Additionally, the retendering of the ERDF Fund Manager with inherent risks around the procurement process and the bedding in process for a new provider.

4.19 Our review of the contract documents for the ERDF schemes shows that decision making powers rest with each fund's board, however due to the concurrent meetings for ERDF funds decisions are recorded under board meetings for only one scheme, this creates some risk as the contract terms for the relevant schemes are not being complied with.

5 Conclusion

There is very little formal reporting on fund performance, risks over fund usage or achievement of funding objectives which is shared with GMCA Board or its Statutory Committees. As a stakeholder, GMCA does receive assurance by other means, however this information is limited to a small number of officers. Greater transparency over the use of these public funds and the achievement of funding outcomes and value for money would be favourable. In most cases, the legal structures of the Funds mean that GMCA is not responsible or accountable for funding decisions taken or providing oversight and scrutiny. Our primary recommendations relate to the production of an annual summary report and inclusion on the GMCA register of significant partnerships.

6 Recommended Actions

6.1 We would recommend that management consider the following actions:

- Development of a GMCA register of significant partnerships. Additions to this should include Fund partnerships which describe the governance and accountability arrangements that exist to provide assurance over the management and monitoring of these funds, and which is reflective of their legal status and any perceived gaps. This will seek to improve transparency over these arrangements. **Responsible Officer:** GMCA Solicitor & Monitoring Officer (Creation of the Register) & Investment Director (for additions only) **Target Date:** January 2024
- Production of an annual summary report which provides a review of the external loan funds to the GMCA Board including an overview of performance (both Funds and the Fund Manager) and any upcoming key events, issues, or risks. **Responsible Officer:** Investment Director **Target Date:** September 2023
- Ensure that any significant identified risks relating to externally managed funds are escalated and captured on the GMCA risk registers to monitor any ongoing risk exposure. **Responsible Officer:** Investment Director **Target Date:** July 2023
- Ensuring that decisions made by each of the ERDF Fund boards is recorded under the relevant bodies minutes and not combined so that clarity over who has made the decision is not lost. **Responsible Officer:** Investment Director **Target Date:** July 2023
- Completion of a Matrix of responsibility for each category of Fund to distinguish where accountabilities and responsibilities sit and show how information is shared and decisions made across the Funds. This could then be shared with the GMCA Board as part of the annual summary report to ensure their understanding of roles Appendix C. **Responsible Officer:** Investment Director **Target Date:** September 2023

7 Management Response

- 7.1 The recommendations are agreed. Whilst the individual arrangements for the externally managed funds can appear complex, it should be noted that: i) fund managers have been appointed through a full procurement exercise ii) fund manager arrangements are documented through detailed legal arrangements which have been advised on by specialist legal teams iii) where there are Board positions, these are taken by senior members in the GMCA.
- 7.2 At this point there are no risks that are considered significant enough to be documented on the GMCA risk register. The point noted re: the ERDF funds spending in advance of December is the subject of each Board meeting and there are contingency projects in place to spend the funds. If these fall away over the Summer, then the risk of spend will be escalated to the risk register.

Safer Roads GM Partnership Effectiveness

SAFER ROADS GREATER MANCHESTER PARTNERSHIP EFFECTIVENESS
EXECUTIVE SUMMARY

FINAL

Internal Audit Report

Safer Roads Greater Manchester Partnership (SRGMP) Effectiveness


FINAL

Issue Date 07 August 2023

Audit Team	
Sarah Horseman	GMCA/GMP/TfGM Head of Audit, Risk and Assurance
David Knight	TfGM Audit and Assurance Manager
Cath Folan	Head of Internal Audit - GMP
Damian Jarvis	Head of Internal Audit - GMCA
Kerry Bourne	TfGM Principal Auditor (Lead)

Report Distribution	
For Action	
Gareth Parkin	Superintendent and Chair of SRGMP
Peter Boulton	Head of Highways (TfGM)
Kevin Hargreaves	Highways Manager (TfGM)
Nadeem Mohammed	Safer Roads Manager (TfGM)
Karen Delaney	Safer Roads Partnership Manager (TfGM)
Rachel Chadderton	Collision Investigations Manager (TfGM)
Melanie Newall	Business Intelligence Manager – SRAD (TfGM)
Malcolm Lowe	Head of IS (TfGM)
Andrew Bushell	Head of Management Reporting and Decision Support (TfGM)
Billy Fenwick	Area Manager/ Head of Prevention GMFRS
Dave Bryne	Partnerships Officer, GMCA
For Information	
Steve Warrener	Managing Director (TfGM)
Alex Cropper	Interim Chief Operating (TfGM)
Kate Green (Final)	Deputy Mayor of GM
Ben Norman	Deputy Chief Fire Officer (GMFRS)
TfGM Audit and Risk Assurance Committee	
GMCA Audit Committee	
GMP Joint Audit Panel	
Mazars	External Auditor

1. EXECUTIVE SUMMARY

AUDIT OBJECTIVES	ASSURANCE LEVEL					
<p>The objectives of the audit were to:</p> <p>(i) Ascertain and assess the adequacy and effectiveness of arrangements within TFGM, GMP and GMCA to ensure they can perform their road safety responsibilities under agreed protocols, efficiently, effectively, and economically.</p> <p>(ii) Ascertain and comment on the progress status of the Road Danger Reduction (RDR) Action Plan, identifying where interventions may be needed to address a lack of progress.</p> <p>(iii) Identify any opportunities for improving the effectiveness of the SRGMP and the collaboration between partners.</p>	<div style="display: flex; align-items: center; justify-content: center;"> <div style="background-color: #FFD700; padding: 10px; margin-right: 20px; text-align: center;"> LIMITED ASSURANCE </div>  </div>					
<p>KEY RISK IF CONTROLS ARE NOT IN PLACE AND/OR OPERATING</p>						
<p>Lack of accountability, clarity, transparency, and effective governance can lead to the risk of a failure to achieve the aims and desired outcomes set out in the GM Mayor’s Manifesto; RDR Action Plan; and the 2040 Transport Strategy.</p>	<p>AUDIT FINDINGS</p>					
<p>Reputational damage and failure to deliver statutory duty.</p>	Critical	High	Medium	Low	Advisory	Total
			4	1		5
<p>BASIS OF AUDIT OPINION</p>	<p>This is based on the scoring mechanism outlined in Section 5 & 6 of this report.</p>					

AUDIT OPINION AND SUMMARY CONCLUSION

Road Safety is without doubt a priority area for Greater Manchester (GM). Nationally, there are targets set for the reduction in the numbers of people Killed and Seriously Injured (KSI) on our roads each year. Within GM there are arrangements in place via the Safer Roads Greater Manchester Partnership (SRGMP) and Road Safety Protocol (RSP) that aims to improve road safety and ensure that GM Districts fulfil their statutory duties in relation to road safety. However, these RSPs are dated, they were established before GMCA was formed and don't reference other GM partners such as Greater Manchester Police (GMP) and Greater Manchester Fire and Rescue Service (GMFRS) both of whom play a vital part in preventing and responding to road safety incidents.

The audit has found that the SRGMP and associated RSP require reinvigoration. The SRGMP is now chaired by a Superintendent within GMP, and a new Vision Zero (VZ) Strategy is in development. These factors provide an opportunity to review, refresh and re-establish the importance of the Partnership. This should initially include a review of the Partnership and the RSP supporting it, to ensure it reflects the current arrangements within GM and is set up to maximise outcomes by taking advantage of the multi-agency approach, given the close working relationships between GM Districts, GMP, GMFRS and TfGM.

There are a number of improvements that could be made to aid the efficiency and effectiveness of the Partnership which are as simple as the administration of Partnership meetings and the development of a shared Road Safety Risk Register which would provide a focus for the Partnership. The VZ Strategy will be key in driving the activities across GM.

One issue that was identified in the audit was in relation to the system used at TfGM to record and analyse collision data. There is a real risk that this system will become not fit for purpose in the near future which does need addressing.

The rest of this report provides details of the areas for improvement noted in the audit and the actions that can be put in place to address those.

This is the first such "multi-agency" audit that we have undertaken, and it has been approached in the spirit of moving GM forwards in an outcome that is important to everyone but that requires a joined-up approach to delivering outcomes.

ACTION PLAN

FINDING		RISK RATING	ACTION	TARGET DATE
1	a) The Road Safety Protocol (RSP) requires review and refresh, with all parties evidencing their	MEDIUM	a) The protocol should be reviewed, refreshed, and signed up to by all partners.	a) 31 December 2023

	<p>approval and commitment to the agreement.</p> <p>b) The SRGMP does not have a formalised Partnership Agreement in place documenting the agreed obligations of each partner.</p>		<p>b) A Partnership Agreement should be drawn up for the SRGMP confirming partner obligations, financial contributions, management arrangements and termination provisions.</p>	<p>b)31 May 2024</p>
2	<p>The TfGM GMAXI System is aged, out of service and at risk of not being fit for purpose. GM Districts are at risk of no longer being able to access the collision data which TfGM is obliged to provide under the RSP.</p>	<p>MEDIUM</p>	<p>The following items need to be resolved:</p> <ul style="list-style-type: none"> • A suitable replacement/alternative for GMAXI needs to be identified, that meets current and future requirements of the parties involved. • Funding, including capital expenditure and ongoing operational costs needs to be agreed. The previous exercise identified a potential replacement with £130k capital and £40-£50k per annum operational costs) • Given the potential instability and incompatibility of GMAXI with the CRaSH system and with GM District systems, what timescales does the any potential replacement need to meet. 	<p>31 December 2023</p>
3	<p>There is no SRGMP Risk Register to facilitate the SRGMP Board to discuss, review and report on road safety risks and issues.</p>	<p>MEDIUM</p>	<p>A SRGMP Risk Register/Reporting Approach should be developed for the SRGMP Board and supporting Working Groups.</p>	<p>31 December 2023</p>
4	<p>a) There is no Terms of Reference (ToR) in place for the SRGMP meetings and representation on</p>	<p>MEDIUM</p>	<p>a) A SRGMP ToR is required, along with a stakeholder review of the SRGMP membership and distribution of data and information to ensure that those parties</p>	<p>a) 19 October 2023, SRGMP Board meeting.</p>

	<p>the SRGMP requires review, along with encouraging GM Districts to be more active at the SRGMP Board meetings.</p> <p>b) A collaborative working, monitoring and information sharing workspace is required for SRGMP Board and supporting Working Groups is not available.</p> <p>c) There is no clearly defined strategy which shapes the SRGMP Board agenda and provides a performance management monitoring and reporting framework.</p>		<p>who have an input, influence, and dependency of SRGMP deliverables is in place.</p> <p>b) A collaborative working shared space should be created for the Safer Roads Partners and respective boards promoting efficiencies, sound information governance and enhanced partnership working. Also, a dedicated SRGMP webpage should be developed.</p> <p>c) The format and structure of the SRGMP Board meetings and performance management framework should be reviewed to ensure that there is clear evidence as to how the SRGMP Board is systematically moving towards its aims and deliverables, as set out in the RDR Action Plan, and to be further defined in a published VZ Strategy.</p>	<p>b) 19 October 2023, SRGMP Board meeting.</p> <p>c) 31 December 2023</p>
5	<p>Although there have been no requests for funding for some time the governance process for releasing partnership funds should be reviewed and refreshed along with the SRGMP Board budget monitoring arrangements.</p>	LOW	<ul style="list-style-type: none"> • The SRGM funding process and associated templates should be reviewed and refreshed to ensure they remain relevant, efficiently user friendly and aligned to SRGMP priorities. • The SRGM Funding Spreadsheet should be relaunched to ensure that an ongoing listing of bids (approved and not approved). • Budget monitoring updates should be provided to the SRGMP. 	<p>19 October 2023, SRGMP Board meeting.</p>
<p>This audit has been undertaken in conformance with Public Sector Internal Audit Standards</p>				

BACKGROUND AND CONTEXT

Roles and Responsibilities

Under Section 39 of the 1988 Road Traffic Act "to take steps both to reduce and prevent accidents" GM Districts have a statutory duty to promote and deliver road safety education; training; and publicity. Other relevant legislation for Highways Authorities includes the Road Traffic Regulation Act 1984 (s122), and the Traffic Management Act 2004 (s16). There is also a GMCA (Functions and Amendment) Order 2016, which includes a brief section on road safety duties.

- The SRGMP working at a GM Level has been established to provide the collaborative framework to facilitate this. The partners include TfGM, National Highways, the 10 AGMA Local Authorities (LAs), GMP, GMFRS and the NHS - North West Ambulance Service (Nwas).
- A Road Safety Protocol (RSP) between GMCA, TfGM, TfGM and AGMA Districts has been in place since August 2015. This sets out the roles and responsibilities of each body. All parties are expected to work together, facilitated by the SRGMP, to ensure an effective, efficient, and integrated approach to matters covered in the RSP.
- In line with the 2015 RSP TfGM have established a Safer Roads Team to deliver a range of road safety responsibilities, alongside the SRGMP and various RDR Boards, Advisory and Working Groups. Currently each organisation/partner included in the SRGMP fund their own officer resources and work unless they make a formal bid to the SRGMP. The TfGM Safer Roads Team is funded from ringfenced income from the DriveSafe earnings from running speed awareness courses. This funding covers the Safer Roads Team operating costs) and the SRGMP delivery work, campaigns, interventions etc.
- GMP are currently not included in the RSP, but a National Roads Policing Strategic Threat and Risk Assessment is in place which details the various strategies, plans, processes, and risks that underpin the delivery of road policing and road safety responsibilities.
- GMCA (and more specifically GMFRS) does not have a statutory duty to deliver road safety as a prevention activity but does have a statutory duty to respond to emergencies and are engaged in community safety with key activities undertaken by the GMFRS although not linked to TfGM and GMP plans but are delivered from a GMFRS perspective linked to supporting partners.
- The SRGMP Board meets quarterly, chaired by Superintendent Gareth Parkin, GMP. There is also a SRGM Working Group which effectively is the administration and delivery arm of the SRGMP Board.
- The RDR Advisory Group are responsible for steering and having the accountability for the development of a RDR Action Plan, consisting of members from TfGM, GMP, GMCA, LA Representation, and national road safety specialists and organisations. There is also the RDR Working Group, chaired by the Head of Highways, TfGM, and attended by GMP, GM Districts, GMFRS, GMCA, National Highways etc. providing advice and facilitating the implementation of the RDR Action Plan, set up with partner representation to help formulate and prioritise actions with the aim of committing to delivery.

Strategy and Policy

- Vision Zero (VZ) is a road safety commitment to eliminate all road deaths and serious injuries whilst providing a safe, equitable and healthy environment for all. It is closely linked to wider policies to reduce congestion, improve air quality, reduce climate change emissions, create active neighbourhoods, and ensure economically vibrant town centres and high streets. VZ is also based on a multidisciplinary approach and acknowledges that many factors lead to safe mobility including design, speed, behaviour, and technology and sets goals to work together to achieve VZ.
- A Vision Zero Strategy is to be developed, led by TfGM with specialist support in place to facilitate the design, development, and delivery of the Strategy, which is to ultimately guide and underpin road safety activity across GM. The Strategy will provide a more top-down approach, led by the SRGMP, to allow a 'golden thread' which will align the various organisational and GM District sub strategies, plans, deliverables etc. The intention is that it will enable collaborative working and joint reporting by Partners on improved road safety outcomes.
- The RDR Action Plan provides the governance framework for managing both the high-level outcomes (which will be within the VZ Strategy), and the individual deliverables included in the Action Plan., At the time of the audit, the plan was being reviewed and refreshed.

Monitoring and Reporting

- GMP and the Safer Roads Team work towards the national road safety reduction targets set by the Department for Transport (DfT). The forecast to 2030 is 55% reduction on KSIs and a 41% reduction on fatalities.
- Annual GM Road Casualty Reports have been produced since 1986 and are designed to focus attention on the requirement, both nationally and locally, to meet the casualty forecast reductions set by the Government and local transport authorities.
- The latest Road Safety Update for KSI figures in 2022 and the RDR Action Plan progress was presented to the GM Transport Committee (GMTC) in October 2022 this also includes information on initiatives supported by the SRGMP and delivered at a GM level by TfGM/DriveSafe/GMFRS and other partners. The Road Safety Update was also provided to the Active Travel Committee in February 2023.
- The SRGMP Board reviews available data to identify hotspot areas or emerging trends which may be of a concern and require action. This may be in the form of an enforcement response from GMP, work to scope design and engineering works on local highways, or through targeted promotional and educational activity.

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GMCA Audit Committee

Date: 20 September 2023

Subject: Audit Action Follow up

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

PURPOSE OF REPORT

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

RECOMMENDATIONS:

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

CONTACT OFFICERS:

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

Equalities Impact, Carbon, and Sustainability Assessment:

N/A

Risk Management

N/A

Legal Considerations

N/A

Financial Consequences - Capital

N/A

Financial Consequences - Revenue

N/A

Number of attachments included in the report:

BACKGROUND PAPERS:

N/A

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

1 Introduction

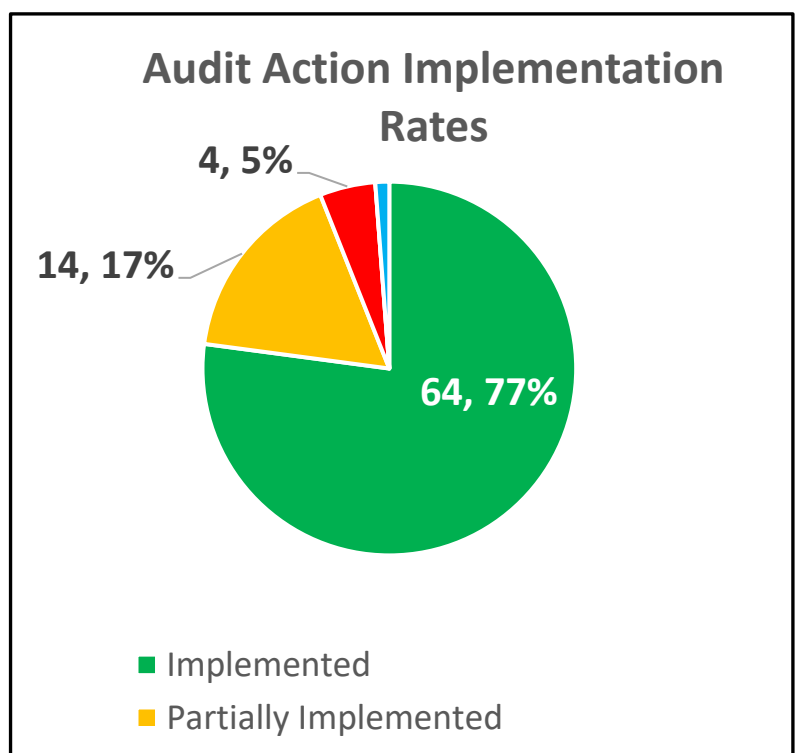
- 1.1 The GMCA Internal Audit Plan comprises a range of audits agreed by Senior Leadership Team and Audit Committee. Each audit assignment concludes with the issue of an audit report and agreed actions for implementation. Each action has a named responsible officer and an agreed target implementation date.
- 1.2 Internal Audit has responsibility for the follow up of all audit actions and reporting to Audit Committee on progress made.
- 1.3 This report provides an overview on the status of outstanding of Internal Audit actions.

2 Agreed Process

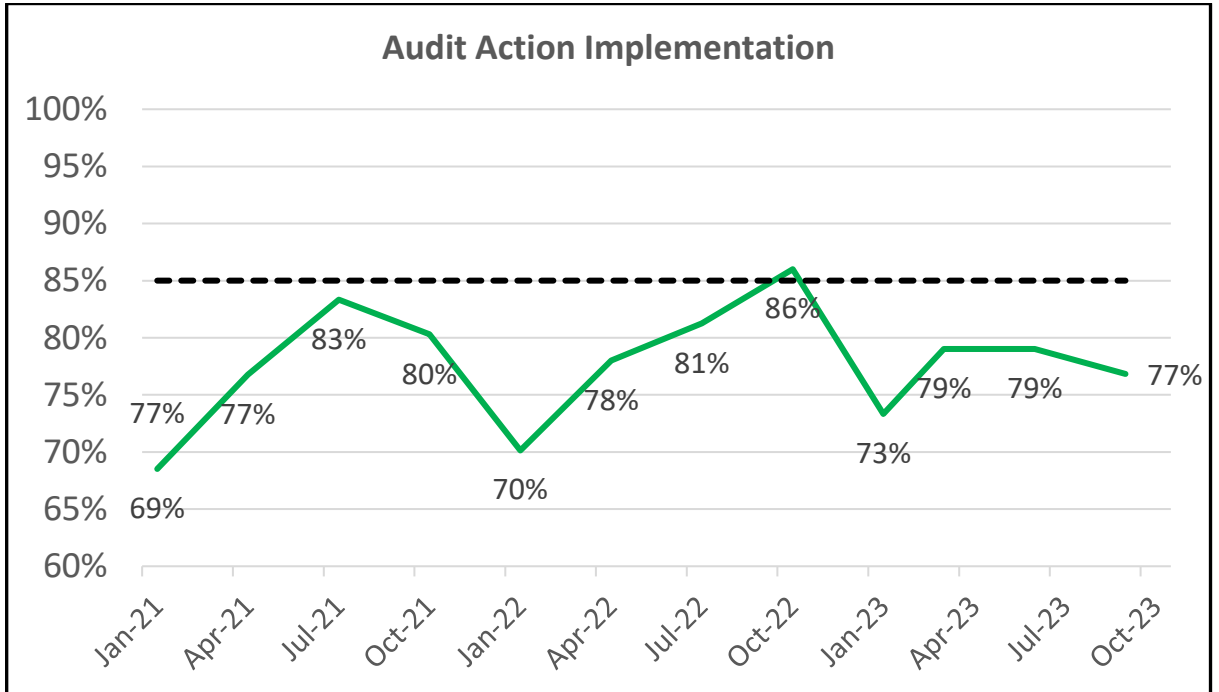
- 2.1 It is the responsibility of management to implement audit actions on time and provide updates for the tracker. To aid facilitation of this, Internal Audit maintains the action tracker which is shared with risk owners to capture updates on progress of outstanding actions.
- 2.2 GMCA Senior Leadership Team retains responsibility for overseeing the timely implementation of all audit actions and assessing the impact on risk.

3 Current Status

- 3.1 As of September 2023, **77%** of Internal Audit actions due in the last 2 years have been implemented, against the target rate of 85%.

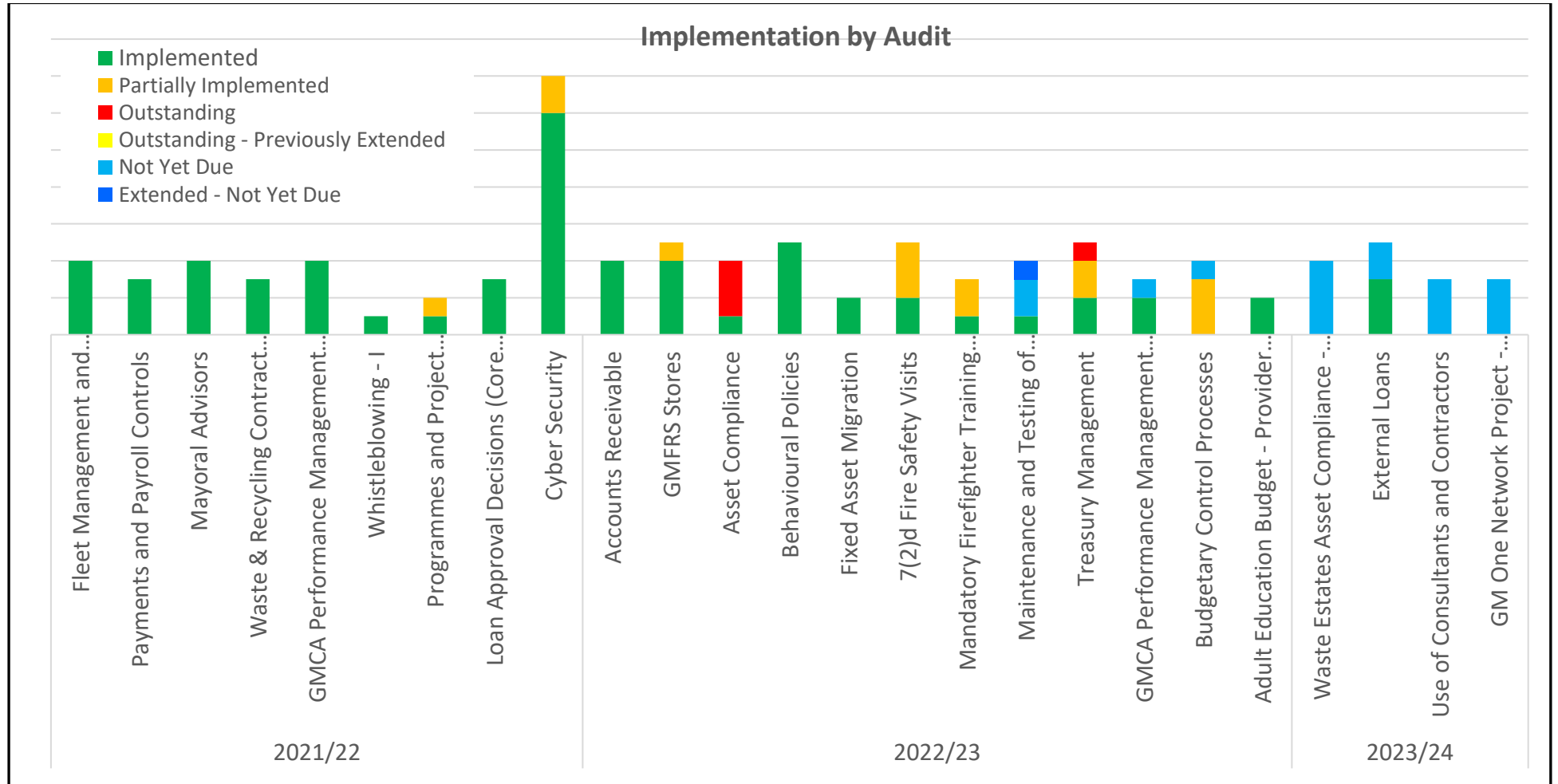


3.2 The chart below shows that implementation rates have dropped slightly on those previously reported in March 2023.



4 Analysis of Audit Actions – by Audit

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



- 4.2 Since our last report, five outstanding actions are now considered fully implemented. Eleven new actions have become due relating to Audit reports previously shared with Audit Committee.
- 4.3 Several actions remain outstanding from the GMCA Estates Asset Compliance audit, and we continue to liaise with the Estates team to understand the reasons for delay and likely completion dates. The service now has appointed a new Interim Head of Estates who is reviewing the key priorities for the service, and this will consider the outstanding actions from audit reports. The ongoing development and capabilities of the new Estates Asset Management Module remains under review.
- 4.4 Details of all overdue actions and management updates on progress have been included at **Appendix A** to allow Members opportunity to consider and comment on these.

5 Analysis of Audit Actions – by Risk Rating

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

Action Status	Total	Critical	High	Medium	Low
Implemented	64	1	10	35	18
Partially Implemented	14	0	3	8	3
Outstanding	4	0	1	0	3
Not Yet Due	16	0	4	10	2
Extended - Not Yet Due	1	0	1	0	0
Outstanding - Previously Extended	0	0	0	0	0
Total	99	1	19	53	26

- 5.2 The total number of actions being tracked this quarter is 99. Five completed actions over two years old have been removed from the tracker in the current period.
- 5.3 Any actions that are over two years old but have not been fully implemented will remain on the tracker until these have been completed and reported as implemented for at least one period.

Status of Overdue Actions at September 2023

Audit Title.	Risk Rating	Audit Finding and Agreed Management Action (Summarised version from Audit Report)	Target Date	Responsible Officer	Internal Audit Status	Audit Committee Update (September 2023)
Programmes and Project Management 18/11/2021	Medium	<p>Audit Finding: There is no consistent suite of programme and project management guides, process flows, tools, and templates.</p> <p>Management Action: We will develop and produce a project control framework against which programmes, and projects would expect to be delivered. In the first instance this should consist of a simplified but robust methodology for delivery and include a suite of guidance and process flow documents, including templates for key stages such as Business Cases and approval, project delivery, risk escalation, monitoring of progress, and performance reporting. These should be developed and made available centrally to all PMs across the organisation.</p>	October 2022	Extended Leadership Team (via Core Process Review)	Partially Implemented	<p>This action is under review by SLT.</p> <p>Basic Project Management Training has been provided, facilitated by an external training provider.</p>
Cyber Security 10/3/22	High	<p>Audit Finding: Review mechanisms to manage monitor and prevent data loss.</p> <p>Management Action: Digital Services can already make use of several DLP tools and have demonstrated their use on PoC basis to the organisation. GMCA's Information Governance team could define the outcomes that wish to achieve then allowing Digital Services to configure the DLP tools.</p>	March 2023	<p>Digital Solutions Manager</p> <p>Senior IG Lead and Deputy DPO</p>	Partially Implemented	<p>Conversations with the IG team about the protocols for these tools are ongoing and two test policies have been created to test how the system will work and how the alerts that come from the system will be dealt with.</p>

Audit Title.	Risk Rating	Audit Finding and Agreed Management Action (Summarised version from Audit Report)	Target Date	Responsible Officer	Internal Audit Status	Audit Committee Update (September 2023)
Cyber Security 10/3/22	High	<p>Audit Finding: IT disaster recovery arrangements should be fully documented and approved.</p> <p>Management Action: Digital Services via GMCA's Information Governance Group has raised the issue of Service Areas' business continuity plans and the need to align them with the organisation's IT capabilities.</p> <p>Exposure to the Service Areas' plans will allow us to formally identify the list of all critical IT systems, agreeing RTO and RPO as appropriate.</p> <p>Once this is baselined across the whole of the organisation then a sequence/running order for recovery can be produced.</p> <p>The DR plans could then be developed covering the different scenarios and likely risks. There is an item within the Digital Services' pipeline which covers this (DSPB484).</p> <p>The Digital Services' Cyber Security Program has already identified a requirement to schedule and perform regular DR testing (CSAP ref 48) via the most appropriate means.</p>	March 2023	Digital Solutions Manager	Partially Implemented	An initial disaster recovery exercise was held in July to test the team's ability to be able to respond to a disaster event and outcomes were positive. The team are now working through the details of the exercise to determine if the draft DR plan will need to be amended and plan future exercises.
GMFRS Stores 8/6/22	High	<p>Stores Strategy and overarching management requires review. Management will review the delivery model for the operation of LTSC Central Stores to demonstrate robust governance is in place and value for money at critical points in core processes and activities. This will include:</p>	30 September 2022	Head of Fleet and Logistics	Partially Implemented	Review of Stores and Logistics Delivery Model is currently underway taking into consideration changes to the organisation and efficiency savings targets for GMFRS.

Audit Title.	Risk Rating	Audit Finding and Agreed Management Action (Summarised version from Audit Report)	Target Date	Responsible Officer	Internal Audit Status	Audit Committee Update (September 2023)
		<ul style="list-style-type: none"> • Setting out in the business development plan the aims and objectives for Central stores aligned to wider service requirements. Including a review of current key operational activities and practices. • Develop written procedures to support consistent processes. This will build on the initial work undertaken by BWO Systems Team to document systems. • Develop performance measures against which the quality and competency of the service can be measured. • Re-examine workplace risk assessments to ensure these are sufficient. • Review delegated authority and workflow within BWO to ensure there is appropriate separation of duties within key financial processes, so staff don't have autonomy to make buying decisions. • Develop performance measures against which the quality and competency of the service can be measured. • Re-examine workplace risk assessments to ensure these are sufficient. • Review delegated authority and workflow within BWO to ensure there is appropriate separation of duties within key financial processes, so staff don't have autonomy to make buying decisions. • Review of overtime usage and any capacity issues for key activities. • Identify any disruption to supply chain around critical product lines, stock management and re-order levels as part of BCM arrangements. 				

Audit Title.	Risk Rating	Audit Finding and Agreed Management Action (Summarised version from Audit Report)	Target Date	Responsible Officer	Internal Audit Status	Audit Committee Update (September 2023)
Asset Compliance 20/7/22	High	<p>Audit Finding: There is a lack of assurance over the contract status and suitability of specialist contractors engaged to conduct relevant inspections.</p> <p>Management Action: To undertake a full re-procurement exercise of key specialist contracts in conjunction with colleagues from the Commercial Team.</p>	March 2023	Head of Estates and Facilities, Strategy and Policy	Outstanding	Work in this area is ongoing with the team having reprocured some contracts. Systems are in place to check contractor suitability and a focus is now being made on setting up a reprocurement schedule for all contracts with an aim that all currently extended contracts will have been reprocured by Apr 2024.
Asset Compliance 20/7/22	Low	<p>Audit Finding: There is a lack of assurance held centrally over the completion of Statutory Premises Fire alarm testing (and other site-specific fire testing)</p> <p>Management Action: To consider use of the Active Monitoring System (AMS) or BWO Estates Module for reporting of completion of premises Fire Alarm tests (and any other specific testing undertaken by onsite staff) as a means for central monitoring. This will ensure there is a central back up and access to measure overall compliance rates.</p>	March 2023	Head of Estates and Facilities, Strategy and Policy	Outstanding	There remain issues over the suitability and functionality of the BWO Estates Asset Module to support this process. The team will now investigate the AMS system to understand its capabilities in this area.

Audit Title.	Risk Rating	Audit Finding and Agreed Management Action (Summarised version from Audit Report)	Target Date	Responsible Officer	Internal Audit Status	Audit Committee Update (September 2023)
Asset Compliance 20/7/22	Low	<p>Audit Finding: Lack of documented procedures to support the process for conducting and recording Premises Safety Inspections.</p> <p>Management Action: Detailed procedural notes will be put in place to support the use of the BWO Estates Module and manual records for completion of Premises safety Checks.</p>	March 2023	Head of Estates and Facilities, Strategy and Policy	Outstanding	The decision has been made not to document processes at this time until ongoing system development work is complete or alternative solution sought.
7(2)d Fire Safety Visits 29/9/2022	Medium	<p>Audit Finding: Underlying Assurance Strategy required.</p> <p>Management Action: To implement and embed the quality assurance process for 7 (2)(d) visits as part of the policy roll out.</p> <p>GMFRS will produce an underlying assurance strategy or mapping process on an annual basis, where audit sampling is based on an assurance programme which covers contemporary, thematic, and recurring topics.</p>	January 2023	Head of Protection and Building Safety Reform OIS and Water Manager	Partially Implemented	Guidance has been published in the updated Operational Intelligence Policy around quality assurance of 7(2)d records. The underlying assurance policy has also been drafted but has not yet been published.
7(2)d Fire Safety Visits 29/9/2022	Medium	<p>Audit Finding: Utilisation of Resources</p> <p>Management Action: GMFRS to continue to review the utilisation of available resource to support successful implementation of the Operational Intelligence policy and key priorities.</p>	April 2023	Head of Protection and Building Safety Reform	Partially Implemented	Utilisation of resource is referenced in the Efficiency and Productivity Plan for 2023/24. This plan is reliant on training courses being developed and delivered. While some of the training has been delivered, we are awaiting confirmation that courses still under

Audit Title.	Risk Rating	Audit Finding and Agreed Management Action (Summarised version from Audit Report)	Target Date	Responsible Officer	Internal Audit Status	Audit Committee Update (September 2023)
						development are rolled out prior to implementation.
7(2)d Fire Safety Visits 29/9/2022	Low	<p>Audit Finding: Monitoring of Performance</p> <p>Management Action: To ensure that guidance is updated to promote consistent management of performance across station areas. This will be achieved through the implementation and embedding of the underlying assurance strategy.</p>	January 2023	Head of Protection and Building Safety Reform OIS and Water Manager	Partially Implemented	Guidance has been updated and the OIS system updated to allow monitoring of performance and consistency between stations. We are awaiting further details around the KPIs which support this prior to implementation.
Mandatory Firefighter Training and CPD 29/9/2022	Medium	<p>Audit Finding: No clear policy implemented around promotion or Progression</p> <p>Management Action: (i) We will launch and implement the Promotions Framework. (ii) We will consider introducing a mechanism to formally and objectively identify high potential individuals through the PRA process. (iii) We will continue to develop the People Strategy, ensuring that this is aligned to key areas of the NFCC's People Strategy. This will facilitate collaboration between resourcing, training, talent and learning and development teams to work effectively in partnership to achieve GMFRS's strategic objectives and priorities.</p>	October 2022	(i) Talent and Resourcing Manager (ii) OD and Culture Manager (iii) Assistant Director of Workforce Strategy and Talent	Partially Implemented	Promotions Framework has been launched. GMFRS have developed a framework for development of high potential individuals and are currently identifying these people as part of the assessments for the Promotions Pathway. Work is ongoing in this area to determine how the PRA process can be further used to identify individuals. The People Strategy has been launched for 2022-25,

Audit Title.	Risk Rating	Audit Finding and Agreed Management Action (Summarised version from Audit Report)	Target Date	Responsible Officer	Internal Audit Status	Audit Committee Update (September 2023)
						an organisational wide strategy to facilitate the achievement of GMCA and GMFRS priorities.
Mandatory Firefighter Training and CPD 29/9/2022	Medium	<p>Audit Finding: CPD is not consistently recorded or explicitly linked to progression.</p> <p>Management Action: We will review and update the CPD Policy and Procedure as necessary to ensure it is up to date and reflective of the current roles, responsibilities, processes etc.</p> <p>We will consider how we can use our existing systems and/or PRA processes to improve the consistency of CPD records and governance over this area.</p> <p>We will ensure that, where applicable, CPD is linked to a promotion/progression framework to ensure this given appropriate prominence and recorded consistently and accurately.</p>	March 2023	Station Manager – Promotion Pathways Project	Partially Implemented	<p>The Promotions Pathway has now been launched and includes the requirement for Firefighters to be able to evidence a development portfolio.</p> <p>A CPD strategy was launched in March.</p> <p>The team are currently reviewing how MI Learning could be used to record CPD, if used this would likely require formal approval and updates to the LMS Policy.</p>
Treasury Management 16/1/2023	Medium	<p>Audit Finding: Alignment to, and update of the Treasury Management Practices document to reflect controls and processes in place and minor presentational changes required.</p> <p>Management Action: (i) We will undertake and document the monthly reconciliation process, as described in the TMP.</p>	July 2023	Head of Finance, Capital, and Treasury Management	Partially Implemented	i)The Authority’s investments and bank accounts are now reconciled to Logotech as well as the ledger and bank statements. The same process will be completed for the Authority’s borrowings.

Audit Title.	Risk Rating	Audit Finding and Agreed Management Action (Summarised version from Audit Report)	Target Date	Responsible Officer	Internal Audit Status	Audit Committee Update (September 2023)
		<p>(ii) Appropriate management information reports will be produced in line with the requirements outlined in the TMP document.</p> <p>(iii) Within the TMP, the cash flow management activities will be updated to reflect those undertaken by the Treasury Management team.</p> <p>(iv) We will explore the ability to utilise all functionalities of Logotech as part of the ongoing formalisation and embedding of controls.</p> <p>(v) It is recognised that the TMP's need updating for the new Guidance issued by CIPFA in December 2021 which applies from 2023/24. Minor presentational updates linked to CIPFA guidance and recognised best practice will be made to the TMP for 2023/24.</p>				<p>ii)The first opportunity to formally review this information is at the treasury meeting in September.</p> <p>III)The TMP's were updated and presented to the July Audit Committee meeting.</p> <p>iv)Manual records are no longer duplicated in Excel. A meeting needs to be arranged with Logotech to archive some of the data before any development work. This will ensure that only the most recent counterparties and records are being considered for any development work.</p> <p>v)The TMP's were updated and presented to the July Audit Committee meeting</p>
Treasury Management 16/1/2023	Low	<p>Audit Finding: Performance Management of the function including appointed TM advisors is not in place.</p> <p>Management Action: We will seek to develop metrics against which the overall performance of the function and the appointed advisors (Link Group) can be objectively assessed.</p>	July 2023	Head of Finance, Capital, and Treasury	Partially Implemented	<p>The overall performance of the function is monitored in the Treasury update report to Audit Committee which is to be received quarterly from 2023/24.</p> <p>TMP11 has been amended to remove the review of the performance of the consultants. The award of</p>

Audit Title.	Risk Rating	Audit Finding and Agreed Management Action (Summarised version from Audit Report)	Target Date	Responsible Officer	Internal Audit Status	Audit Committee Update (September 2023)
						the contract is on a 3-year basis and expectations for services are outlined in the tender document. Any concerns would be addressed at the meetings with them
Budgetary Control Processes 3/2/23	Medium	<p>Audit Finding: Budget Reporting to Senior Leadership Team & GMCA Board needs formalization.</p> <p>Management Action: (i) To review the mechanisms for providing budget reporting to Executive Management and their role in monitoring overall budget performance and prioritising of resources. This includes the escalation of any significant financial risks identified at Directorate and Programme Board level.</p> <p>(ii) Quarterly budget reports for GMCA Board and budget reporting at SLT/Directorate level will be reviewed to include actuals where possible and ensure variations are measured against the approved budget.</p> <p>(iii) Amendments to capital budget reports will clearly include the value of the amendment at the time approval is sought.</p>	April 2023	Deputy Treasurer	Partially Outstanding	Aiming to take the first quarterly budget report to SLT in August. Need to consider the frequency of these (monthly/qtr) and whether a narrative report on the corporate budget is produced.
Budgetary Control Processes 3/2/23	Medium	<p>Audit Finding: Capital Budget Monitoring Process needs strengthening.</p> <p>Management Action: Emphasis will be placed on strengthening recording and consolidation of the quarterly budget monitoring discussions with Directorates / Partner Organisations to help provide a</p>	June 2023	Head of Finance, Capital, and Treasury	Partially Implemented	A template has been prepared for the CA capital cost centres and is being used for the first time for the end of quarter reporting.

Audit Title.	Risk Rating	Audit Finding and Agreed Management Action (Summarised version from Audit Report)	Target Date	Responsible Officer	Internal Audit Status	Audit Committee Update (September 2023)
		more accurate capital programme spend position and details of any required changes. A consistent approach to the recording of outcomes will allow better understanding of the impact on cashflow and reserves.				
Budgetary Control Processes 3/2/23	Low	<p>Audit Finding: Budget upload into BWO Financial System should be reviewed for accuracy.</p> <p>Management Action: (i) A reconciliation of all budgets uploaded into BWO financial system against the approved budget will take place promptly after entry and any quarterly updates.</p> <p>(ii) Consideration will be given to entering the original capital programme budget into BWO and whether this would assist with the production of capital budget monitoring information and reduce the reliance of Directorates on finance staff in managing their budgets while allowing send against budget and significant variances to be tracked.</p>	June 2023	Head of Finance Corporate and Technical	Outstanding	<p>A reconciliation of revenue budgets entered into the system was undertaken at the end of Q1 and any anomalies identified are being dealt with.</p> <p>Further consideration needs to be given to the level of detail entered for capital budgets as it is possible to enter budgets down to a project level and the time profile to enter the budget over, monthly, quarterly, etc.</p>

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GMCA Audit Committee

Date: 20th September 2023
Subject: Annual report on the outcome of fraud and whistleblowing referrals
Report of: Steve Wilson, GMCA Treasurer

PURPOSE OF REPORT

This report has not changed since the version circulated to Members in July 2023

In line with the requirements of Paragraph 2.7 of Section G of the GMCA Constitution “Complaints and Whistleblowing”, this report provides a report to Audit Committee on the outcome of Whistleblowing Referrals received during the financial year 2022/23 and on the effectiveness of whistleblowing procedures.

RECOMMENDATIONS:

Members are requested to note the report

CONTACT OFFICERS:

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Sarah Horseman, Deputy Director, Audit and Assurance - GMCA,
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Equalities Impact, Carbon and Sustainability Assessment:

N/A

Risk Management

<u>BOLTON</u>	<u>MANCHESTER</u>	<u>ROCHDALE</u>	<u>STOCKPORT</u>	<u>TRAFFORD</u>
<u>BURY</u>	<u>OLDHAM</u>	<u>SALFORD</u>	<u>TAMESIDE</u>	<u>WIGAN</u>

N/A

Legal Considerations

N/A

Financial Consequences - Capital

N/A

Financial Consequences - Revenue

N/A

Number of attachments included in the report:

BACKGROUND PAPERS:

N/A

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

1. Background

- 1.1. Greater Manchester Combined Authority is committed to the highest possible standards of openness, probity and accountability. The GMCA Whistleblowing Policy is a vital part of the GMCA's governance arrangements and is designed to allow employees or others, with serious concerns about any aspect of the GMCA's work or that of its partners, to come forward and voice those concerns without fear of reprisal.
- 1.2. In the event that an individual becomes aware of activities which they believe to be illegal, improper, unethical or inconsistent with this Constitution, individuals are encouraged to report their concerns in line with procedures set out in the Whistleblowing policy.
- 1.3. Whistleblowing concerns related to the GMCA functions, including Greater Manchester Fire and Rescue Service, are referred to the Deputy Director, Audit and Assurance.
- 1.4. Section G of the GMCA Constitution "Complaints and Whistleblowing" states that the GMCA Standards Committee are responsible for reviewing the Whistleblowing Policies and approving any necessary changes. The GMCA Treasurer and Chief Executive Officer are responsible for monitoring the effectiveness of the Whistleblowing Policy and process with periodic reports provided to Audit Committee on the outcome of whistleblowing referrals.
- 1.5. This report provides the Audit Committee with a summary of the outcomes of whistleblowing referrals received by the Head of Audit and Assurance in the financial year 2022/23.

2. Referral and investigation process

- 2.1. The Whistleblowing Policy is in place to support employees in making disclosures relating to suspected wrongdoing, malpractice, illegality or risk in the workplace. It should not to be used where other more appropriate internal reporting procedures are available, such as grievances or disciplinary matters.
- 2.2. Upon receipt of a disclosure, the Deputy Director, Audit and Assurance (or other nominated recipient if the disclosure relates to Internal Audit) first determines whether the report is a "qualifying disclosure", which means it is made in the public interest. Qualifying disclosures generally fall into one or more of the following:
 - a. a criminal offence has been committed, is being committed or is likely to be committed;
 - b. a person has failed, is failing or is likely to fail to comply with any legal obligation to which they are subject;
 - c. a miscarriage of justice has occurred, is occurring or is likely to occur;
 - d. fraudulent or corrupt activity has occurred or is occurring;
 - e. unethical conduct and actions deemed unprofessional or inappropriate; this could include breaches of regulations and of the 'Nolan Principles' which are the basis of ethical standards expected of public office holders;

- f. the health or safety of any individual has been, is being or is likely to be endangered;
- g. the environment has been, is being or is likely to be damaged as a result of the GMCA's actions; or
- h. information tending to show any matter falling within any one of the preceding paragraphs has been, is being or is likely to be deliberately concealed.

2.3. If confirmed, the disclosure will then be investigated in line with the Whistleblowing Policy. If the disclosure does not fall within the Whistleblowing Policy it will be passed on to the relevant Officer/organisation to manage it through the appropriate mechanism (such as grievance or disciplinary processes).

3. 2022/23 Referrals

3.1 From 1 April 2022 to 31 March 2023 five whistleblowing reports were received by the Deputy Director, Audit and Assurance. An additional case was initially reported to People Services but in consultation with the Deputy Director, Audit and Assurance, was subsequently assessed as being a protected disclosure under the GMCA Whistleblowing Policy and therefore included in the record of whistleblowing reports received.

3.2 Of the six reports received, three were assessed to not require progressing further through the GMCA whistleblowing route: one related to GMP (and was referred to GMP), one was referred to the GMCA Disciplinary process and one was assessed as not being credible.

4. Outcomes of whistleblowing investigations

4.1 One investigation is ongoing, the outcomes of that have yet to be determined. One case has led to disciplinary actions being taken due to complaints of misconduct being upheld and in the other case, organisational recommendation to improve recording of decisions made in relation to complex employee cases.

5. Effectiveness of whistleblowing arrangements

5.1 The GMCA Whistleblowing Policy was subject to review and refresh during the year, with only one minor amendment made which was to include a reference within the policy to the Freedom to Speak Up initiative that has been established within GMFRS. The GMCA Standards Committee approved the refreshed Policy in February 2023 and this has been made available on the intranet and internet.

5.2 The number of whistleblowing cases received in the year is consistent with previous years

5.3 There are various routes for reporting whistleblowing which are described in the GMCA Whistleblowing Policy, during the year various methods have been used,

including by telephone, post and referral from the Freedom to Speak Up process indicating that the various routes are understood and can be accessed

5.4 Looking ahead, Internal Audit will continue to

- review guidance and process to enable anyone with concerns to be able to easily make a report.
- liaise with People Services to make sure any cases reported directly to People Services that are determined to be qualified disclosures are treated as such and it is made clear to all parties involved that whistleblowers are protected under the Public Interest Disclosure Act.
- Report on a regular basis the outcomes of whistleblowing investigations

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GMCA AUDIT COMMITTEE

Date: 20 September 2023
Subject: Quarterly Treasury Management Update – 30 June 2023
Report of: Steve Wilson, Treasurer

PURPOSE OF REPORT

To update Members on treasury management activities during the first quarter of 2023/24.

RECOMMENDATIONS:

Members are requested to:

1. Note the report on treasury activities during the first quarter of 2023/24.

CONTACT OFFICERS:

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Position: Treasurer, GMCA

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Name: Rachel Rosewell

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

Equalities Impact, Carbon and Sustainability Assessment:

N/A

Risk Management

There are considerable risks to the security of the GMCA's resources if appropriate Treasury Management strategies and policies are not adopted and followed. The GMCA has established good practice in relation to Treasury Management.

Legal Considerations

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

Financial Consequences – Revenue

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

Financial Consequences – Capital

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

Number of attachments to the report:

None

Comments/recommendations from Overview & Scrutiny Committee

N/A.

Background Papers

Treasury Management Strategy Statement 2023/24, GMCA 24 March 2023

Tracking/ Process

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

No

Exemption from call in

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

N/A

GM Transport Committee

N/A

Overview and Scrutiny Committee

N/A

Quarterly Treasury Management Update – 30 June 2023

1. INTRODUCTION

- 1.1 The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that Members be updated on treasury management activities at least quarterly. This report, therefore, ensures this Authority is implementing best practice in accordance with the Code.

2. ECONOMICS UPDATE

- 2.1 The first quarter of 2023/24 saw:

- a) A 0.2% m/m rise in real Gross Domestic Product (GDP) in April 2023, partly due to fewer strikes;
- b) Consumer Price Indexation (CPI) inflation falling from 10.1% to 8.7% in April 2023, before remaining at 8.7% in May 2023. This was the highest reading in the G7;
- c) Core CPI inflation rise in both April 2023 and May 2023, reaching a new 31-year high of 7.1%;
- d) A tighter labour market in April 2023, as the 3myy growth of average earnings rose from 6.1% to 6.5%;
- e) Interest rates rise by a further 75bps over the quarter, taking Bank Rate from 4.25% to 5.00%;
- f) 10-year gilt yields nearing the “mini-Budget” peaks, as inflation surprised to the upside.

- 2.2 The economy has weathered the drag from higher inflation better than was widely expected. The 0.2% m/m rise in real GDP in April 2023, following March 2023 0.3% m/m contraction will further raise hopes that the economy will escape a recession this year. Some of the strength in April 2023 was due to fewer strikes by train workers and teachers in that month. Moreover, some of the falls in activity in other areas in April 2023 were probably temporary too. Strikes by junior doctors and civil servants contributed to the fall in health output (0.9% m/m) and the meagre 0.1% m/m increase in public administration.

- 2.3 The fall in the composite Purchasing Managers Index (PMI) from 54.0 in May 2023 to a three-month low of 52.8 in June 2023 (>50 points to expansion in the economy, <50 points to contraction) was worse than the consensus forecast of 53.6. Both the services and manufacturing PMIs fell. The decline in the services PMI was bigger (from 55.2 to 53.7), but it remains consistent with services activity expanding by an annualised 2%. The fall in the manufacturing PMI was smaller (from 47.1 to 46.2), but it is consistent with the annual rate of manufacturing output falling from -0.8% in April 2023 to around -5.0%. At face value, the composite PMI points to the 0.1% q/q rise in GDP in Q1 2023 being followed by a 0.2% q/q gain in Q2 2023.
- 2.4 Meanwhile, the 0.3% m/m rise in retail sales volumes in May 2023 was far better than the consensus forecast of a 0.2% m/m decline and followed the robust 0.5% m/m rise in April 2023. Some of the rise was due to the warmer weather. Indeed, the largest move was a 2.7% m/m jump in non-store sales, due to people stocking up on outdoor-related goods. But department stores also managed to squeeze out a 0.6% m/m rise in sales and the household goods sub-sector enjoyed a reasonable performance too. Overall, the figures were far better than analysts had expected. In addition, the GfK measure of consumer confidence rebounded from -27 to a 17-month high of -24 in June 2023.
- 2.5 The recent resilience of the economy has been due to a confluence of factors including the continued rebound in activity after the pandemic, households spending some of their pandemic savings, and the tight labour market and government handouts both supporting household incomes. That said, as government support fades, real household incomes are unlikely to grow rapidly. Furthermore, higher interest rates will mean GDP is likely to contract later this year. Link's central assumption is that inflation will drop to the 2.0% target only if the Bank triggers a recession by raising rates from 5.00% now to at least 5.5% and keeps rates there until at least mid-2024. Our colleagues at Capital Economics estimate that around 60% of the drag on real activity from the rise in rates has yet to bite, and the drag on the quarterly rate of real GDP growth over the next year may be about 0.2ppts bigger than over the past year.
- 2.6 The labour market became tighter over the quarter and wage growth reaccelerated. Labour demand was stronger than the consensus had expected. The three-month change in employment rose from +182,000 in March 2023 to

+250,000 in April 2023. Meanwhile, labour supply continued to recover as the size of the labour force grew by 303,000 in the three months to April 2023. That was supported by a further 140,000 decline in inactivity as people returned to work from retirement and caring responsibilities (while inactivity due to long-term sick continued to rise). But it was not enough to offset the big rise in employment, which meant the unemployment rate fell from 3.9% to 3.8%

- 2.7 The tighter labour market supported wage growth in April 2023, although the 9.7% rise in the National Living Wage on 1 April 2023 (compared to the 6.6% increase in April 2022) probably had a lot to do with it too. The 3myy rate of average earnings growth reaccelerated from 6.1% to 6.5% (consensus 6.1%) and United Kingdom (UK) wage growth remains much faster than in the United States (US) and the Euro-zone. In addition, regular private sector wage growth increased from 7.1% 3myy to 7.6%, which left it well above the Bank's forecast for it to fall below 7.0%. Overall, the loosening in the labour market appears to have stalled in April 2023 and regular private sector wage growth was well above the Bank's forecast.
- 2.8 CPI inflation stayed at 8.7% in May 2023 (consensus 8.4%) and, perhaps more worryingly, core CPI inflation rose again, from 6.8% to a new 31-year high of 7.1%. The rise in core inflation built on the leap from 6.2% in March 2023 to 6.8% and means it is accelerating in the UK while it is slowing in the US and the Euro-zone (both fell to 5.3%). A further decline in fuel inflation, from -8.9% to -13.1%, and the second fall in food inflation in as many months, from 19.3% to 18.7%, explained why overall CPI inflation didn't rise. And the scheduled fall in the average annual utility price from £2,500 to £2,074 on 1 July 2023 means overall CPI inflation will probably ease in the coming months. But the problem is that the recent surge in core inflation and the reacceleration in wage growth shows that domestic inflationary pressures are still strengthening.
- 2.9 This suggests the Bank may have more work to do than the Fed or European Central Bank (ECB). Indeed, the Bank of England sounded somewhat hawkish in the June 2023 meeting. This came through most in the Monetary Policy Committee's (MPC) decision to step up the pace of hiking from the 25bps at the previous two meetings. The 7-2 vote, with only two members voting to leave rates unchanged at 4.50%, revealed support for stepping up the fight against high inflation.

- 2.10 That said, the Bank has not committed to raising rates again or suggested that 50bps rises are now the norm. What it did say was that “the scale of the recent upside surprises in official estimates of wage growth and services CPI inflation suggested a 0.5 percentage point increase in interest rates was required at this particular meeting”. Moreover, the Committee did not strengthen its forward guidance that any further rate hikes would be conditional on the data. However, it looks highly probable, given the on-going strength of inflation and employment data, that the Bank will need to raise rates to at least 5.5% and to keep rates at their peak until the mid-point of 2024. We still think it is only a matter of time before the rise in rates weakens the economy sufficiently to push it into recession. That is why instead of rising to between 6.00%-6.25%, as is currently priced in by markets, we think rates are more likely to peak between 5.50-6.00%. Link’s forecast is also for rates to be cut in the second half of 2024, and we expect rates to then fall further than markets are pricing in.
- 2.11 Growing evidence that UK price pressures are becoming increasingly domestically generated has driven up market interest rate expectations and at one point pushed the 10-year gilt yield up to 4.49% in late June 2023, very close to its peak seen after the “mini-budget”. Yields have since fallen slightly back to 4.38%. But growing expectations that rates in the UK will remain higher for longer than in the US mean they are still more than 70 bps above US yields. While higher interest rates are priced into the markets, the likely dent to the real economy from the high level of interest rates is not. That’s why we think there is scope for market rate expectations to fall back in 2024 and why we expect the 10-year PWLB Certainty Rate to drop back from c5.20% to 5.00% by the end of this year and to 4.20% by the end of 2024.
- 2.12 The pound strengthened from \$1.24 at the start of April 2023 to a one-year high at \$1.26 in early May 2023, which was partly due to the risks from the global banking issues being seen as a bigger problem for the US than the UK. The pound then fell back to \$1.23 at the end of May 2023, before rising again to \$1.28 in the middle of June 2023 as the strong core CPI inflation data released in June suggested the Bank of England was going to have to raise rates more than the Fed or ECB in order to tame domestic inflation. However, sterling’s strong run may falter because more hikes in the near term to combat high inflation are likely to weaken growth (and, hopefully, at some point inflation too) to such a degree that the policy rate will probably be brought back down, potentially quite quickly, as the economic

cycle trends downwards decisively. This suggests that additional rate hikes are unlikely to do much to boost the pound.

2.13 In early April 2023, investors turned more optimistic about global GDP growth, pushing up UK equity prices. But this period of optimism appears to have been short-lived. The Financial Times Stock Exchange (FTSE) 100 has fallen by 4.8% since 21 April 2023, from around 7,914 to 7,553, reversing part of the 7.9% rise since 17 March 2023. Despite the recent resilience of economic activity, expectations for equity earnings have become a bit more downbeat. Nonetheless, further down the track, more rate cuts than markets anticipate should help the FTSE 100 rally.

2.14 MPC meetings 11 May 2023 and 22 June 2023

- a) On 11 May 2023, the Bank of England's MPC increased Bank Rate by 25 basis points to 4.50%, and on 22 June 2023 moved rates up a further 50 basis points to 5.00%. Both increases reflected a split vote – seven members voting for an increase and two for none.
- b) Nonetheless, with UK inflation significantly higher than in other G7 countries, the MPC will have a difficult task in convincing investors that they will be able to dampen inflation pressures anytime soon. Talk of the Bank's inflation models being "broken" is perhaps another reason why gilt investors are demanding a premium relative to US and Euro-zone bonds, for example.
- c) Of course, what happens outside of the UK is also critical to movement in gilt yields. The US Federal Open Market Committee (FOMC) has already hiked short-term rates to a range of 5.00%-5.25%, but a further increase is pencilled in for July, whilst the ECB looks likely to raise its Deposit rate at least once more to a peak of 3.75%, with upside risk of higher to come.

3. INTEREST RATES FORECASTS

3.1 The Authority has appointed Link Group as its treasury advisors and part of their service is to assist the Authority to formulate a view on interest rates. The Public Works Loan Board (PWLB) rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012.

- 3.2 The latest forecast, made on 26 June 2023, sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, against a backdrop of a stubbornly robust economy and a tight labour market.
- 3.3 You will note that Link's forecasts have steadily increased during the quarter as the data continued to spring upside surprises, and the Bank of England continued to under-estimate how prevalent inflation is, and how tight the labour market is. The Government has also noted that despite immigration increasing markedly, high levels of ill-health amongst the workforce has led to wage demands remaining strong until such time as there is a loosening in demand for business services.
- 3.4 Link's current and previous PWLB rate forecasts below are based on the Certainty Rate.

Link Group Interest Rate View 26 June 2023

	Jun -23	Sep -23	Dec -23	Mar -24	Jun -24	Sep -24	Dec -24	Mar -25	Jun -25	Sep -25	Dec -25	Mar -26	Jun -26
BANK RATE	5.00	5.50	5.50	5.50	5.25	4.75	4.25	3.75	3.25	2.75	2.75	2.50	2.50
3 month ave earnings	5.30	5.60	5.50	5.30	5.00	4.50	4.00	3.50	3.00	2.70	2.60	2.50	2.50
6 month ave earnings	5.80	5.90	5.70	5.50	5.10	4.60	4.00	3.50	3.00	2.70	2.60	2.60	2.60
12 month ave earnings	6.30	6.20	6.00	5.70	5.30	4.80	4.10	3.60	3.10	2.80	2.70	2.70	2.70
5 yr PWLB	5.50	5.60	5.30	5.10	4.80	4.50	4.20	3.90	3.60	3.40	3.30	3.30	3.20
10 yr PWLB	5.10	5.20	5.00	4.90	4.70	4.40	4.20	3.90	3.70	3.50	3.50	3.50	3.40
25 yr PWLB	5.30	5.40	5.20	5.10	4.90	4.70	4.50	4.20	4.00	3.90	3.80	3.80	3.70
50 yr PWLB	5.00	5.10	5.00	4.90	4.70	4.50	4.30	4.00	3.80	3.60	3.60	3.50	3.50

Link Group Interest Rate View 24 May 2023

	Jun -23	Sep -23	Dec -23	Mar -24	Jun -24	Sep -24	Dec -24	Mar -25	Jun -25	Sep -25	Dec -25	Mar -26	Jun -26
BANK RATE	4.75	5.00	5.00	4.75	4.50	4.00	3.50	3.25	2.75	2.50	2.50	2.50	2.50
3 month ave earnings	4.80	5.00	5.00	4.80	4.50	4.00	3.50	3.30	2.80	2.50	2.50	2.50	2.50
6 month ave earnings	5.10	5.20	5.10	4.90	4.50	3.90	3.40	3.20	2.90	2.60	2.60	2.60	2.60
12 month ave earnings	5.40	5.40	5.30	5.00	4.50	3.90	3.40	3.20	2.90	2.70	2.70	2.70	2.70
5 yr PWLB	5.00	5.00	5.00	4.80	4.50	4.10	3.70	3.50	3.30	3.20	3.20	3.10	3.10
10 yr PWLB	5.00	5.00	5.00	4.80	4.40	4.10	3.80	3.60	3.50	3.40	3.30	3.30	3.30
25 yr PWLB	5.30	5.30	5.20	5.10	4.80	4.50	4.20	4.00	3.80	3.70	3.60	3.60	3.60
50 yr PWLB	5.10	5.10	5.00	4.90	4.60	4.30	4.00	3.80	3.60	3.50	3.40	3.40	3.40

Link Group Interest Rate View 27 March 2023

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

3.5 London Inter-Bank Offered Rate (LIBOR) and London Interbank Bid Rate (LIBID) rates ceased at the end of 2021. In a continuation of previous views, money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.

3.6 The Link forecast for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.

3.7 A Summary Overview of The Future Path of Bank Rate

- a) Our central forecast for interest rates was previously updated on 25 May 2023 and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened to a degree, especially as it moved to a more aggressive 0.5% hike in June 2023 but, with inflation remaining elevated, we anticipate that Bank Rate will need to increase to at least 5.5%, if not higher, to sufficiently slow the UK economy and loosen the labour market.
- b) Moreover, we also still anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but timing on this will remain one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged. Our current judgment is that rates will have to increase and stay at their peak until the second quarter of 2024 as a minimum.
- c) In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe, the provision of fresh support

packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine and whether there are any further implications for Russia itself following the recent aborted mutiny by the Wagner group.

- d) On the positive side, consumers are still estimated to be sitting on excess savings left over from the pandemic, which could cushion some of the impact of the above challenges and may be the reason why the economy is performing somewhat better at this stage of the economic cycle than may have been expected. However, most of those excess savings are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

3.8 PWLB Rates

- a) Gilt yield curve movements have shifted upwards, especially at the shorter end of the yield curve since our previous forecast but remain relatively volatile. PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.90% to 5.60%.
- b) We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

3.9 The balance of risks to the UK economy:

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

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

- a) Labour and supply shortages prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, the rising gilt yields we have seen of late).
- b) The Bank of England increases Bank Rate too fast and too far over the coming months, and subsequently brings about a deeper and longer UK recession than we currently anticipate.
- c) UK / EU trade arrangements – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.

- d) Geopolitical risks, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.
- e) A broadening of banking sector fragilities, which have been successfully addressed in the near-term by central banks and the market generally, but which may require further intervention if short-term interest rates stay elevated for longer than is anticipated.

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

- a) Despite the recent tightening by 0.5%, the Bank of England proves too timid in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to remain elevated for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project.
- b) The pound weakens because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- c) Longer-term US treasury yields rise strongly if inflation remains more stubborn than the market currently anticipates, pulling gilt yields up higher consequently.
- d) Projected gilt issuance, inclusive of natural maturities and quantitative tightening, could be too much for the markets to comfortably digest without higher yields compensating.

4. ANNUAL INVESTMENT STRATEGY

4.1 The Treasury Management Strategy Statement (TMSS) for 2023/24, which includes the Annual Investment Strategy, was approved by the Authority on 24 March 2023. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Authority's investment priorities as being:

- a) Security of capital
- b) Liquidity
- c) Yield

4.2 The Authority will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity, aligned with the Authority's risk appetite. In the current economic climate, over and above keeping investments short-term to cover cash flow needs, there is a benefit to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

4.3 As shown by the charts below and the interest rate forecasts in section 3, investment rates have improved dramatically during the first quarter of 2023/24 and are expected to improve further as Bank Rate continues to increase over the next few months.

4.4 Creditworthiness

4.4.1 There have been few changes to credit ratings over the quarter under review. However, officers continue to closely monitor these, and other measures of creditworthiness to ensure that only appropriate counterparties are considered for investment purposes.

4.5 Investment counterparty criteria

4.5.1 The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management.

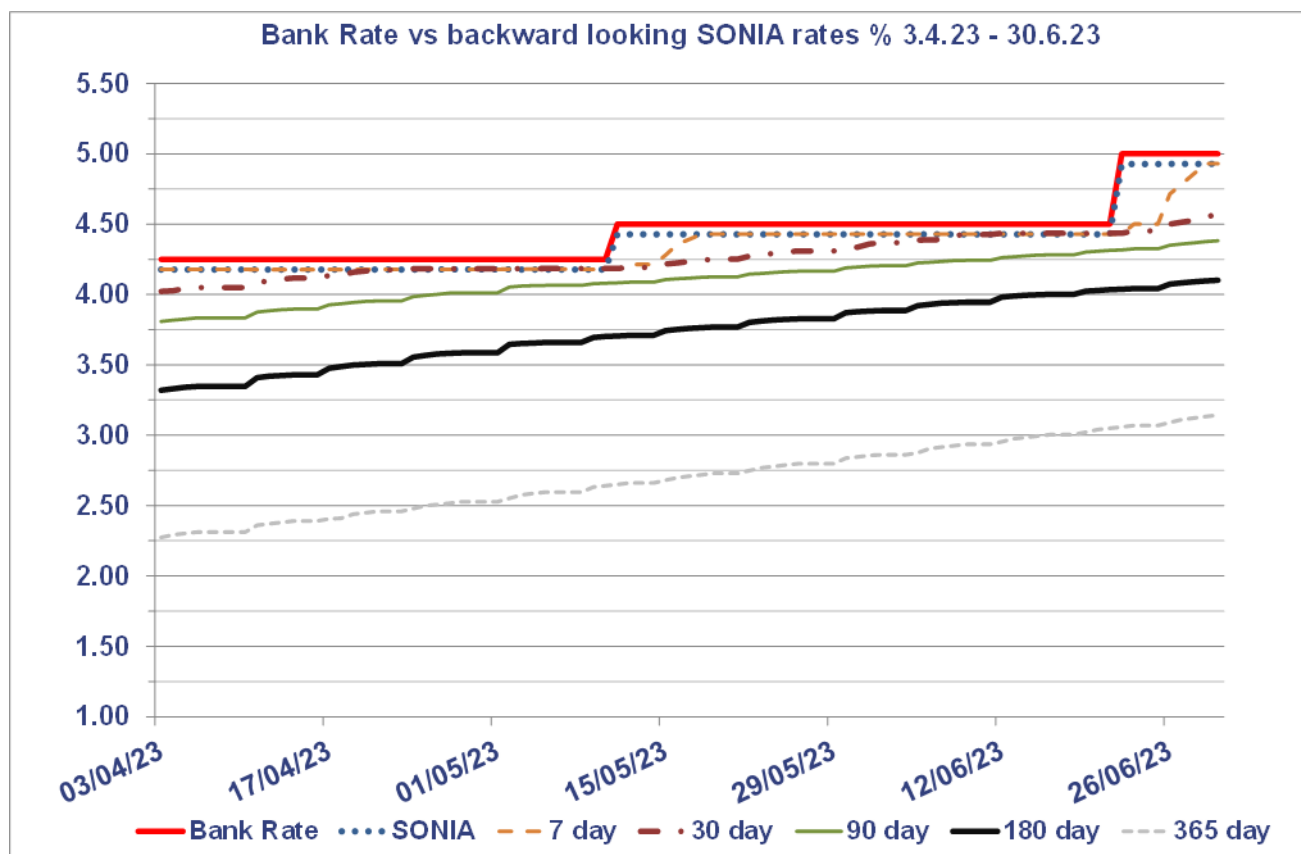
4.6 CDS prices

4.6.1 For UK banks, these have retreated from the spikes caused by the Truss / Kwarteng policy approach in September 2022. Prices are not misaligned with other creditworthiness indicators, such as credit ratings. Nevertheless, it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

4.7 Investment balances

4.7.1 The average level of funds available for investment purposes during the quarter was £321m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme.

4.8 Investment performance year to date as of end-June 2023



	Bank Rate	SONIA	7 day	30 day	90 day	180 day	365 day
High	5.00	4.93	4.93	4.57	4.38	4.10	3.14
High Date	22 June 2023	30 June 2023	30 June 2023	30 June 2023	30 June 2023	30 June 2023	30 June 2023
Low	4.25	4.18	4.18	4.02	3.81	3.32	2.27
Low Date	3 April 2023	4 April 2023	11 April 2023	3 April 2023	3 April 2023	3 April 2023	3 April 2023
Average	4.44	4.37	4.34	4.27	4.11	3.74	2.70
Spread	0.75	0.75	0.75	0.55	0.57	0.78	0.87

4.8.1 The Authority achieved an average rate of 4.33% which underperformed the average backward looking SONIA rate by 4 bps. The Authority's budgeted investment return for 2023/24 is £2.257m, and performance for the year to date is £3.050m above budget.

4.9 Approved limits

4.9.1 Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30 June 2023.

4.9.2 A full list of investments held as of 30 June 2023 is in Appendix 2.

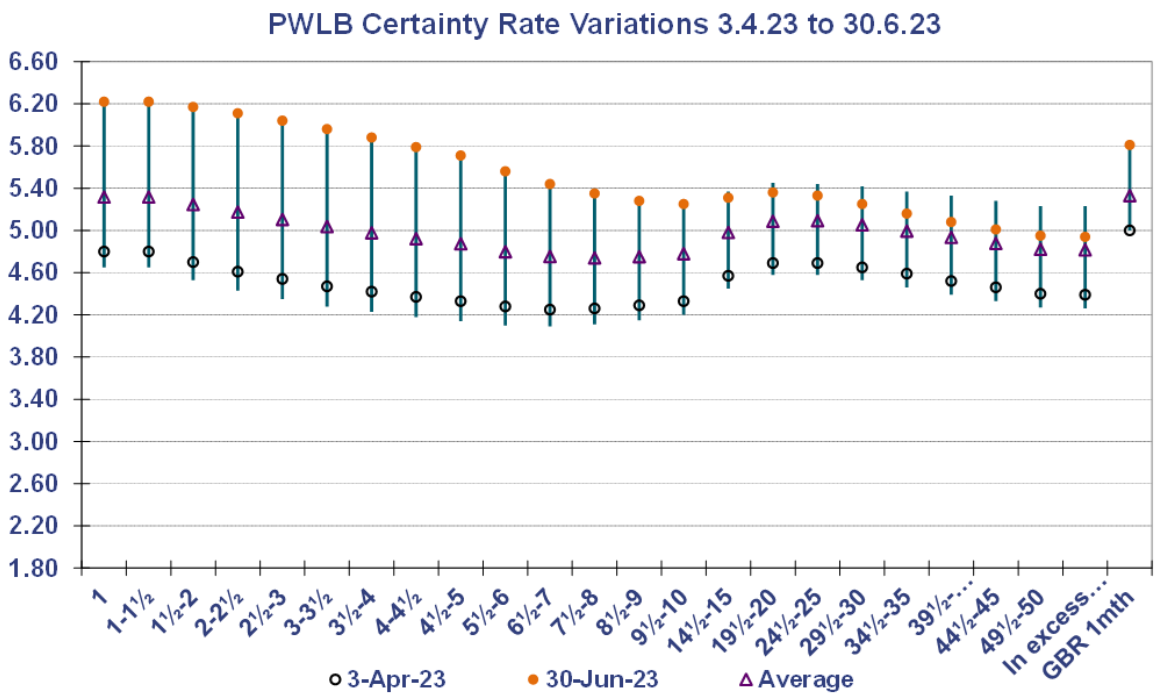
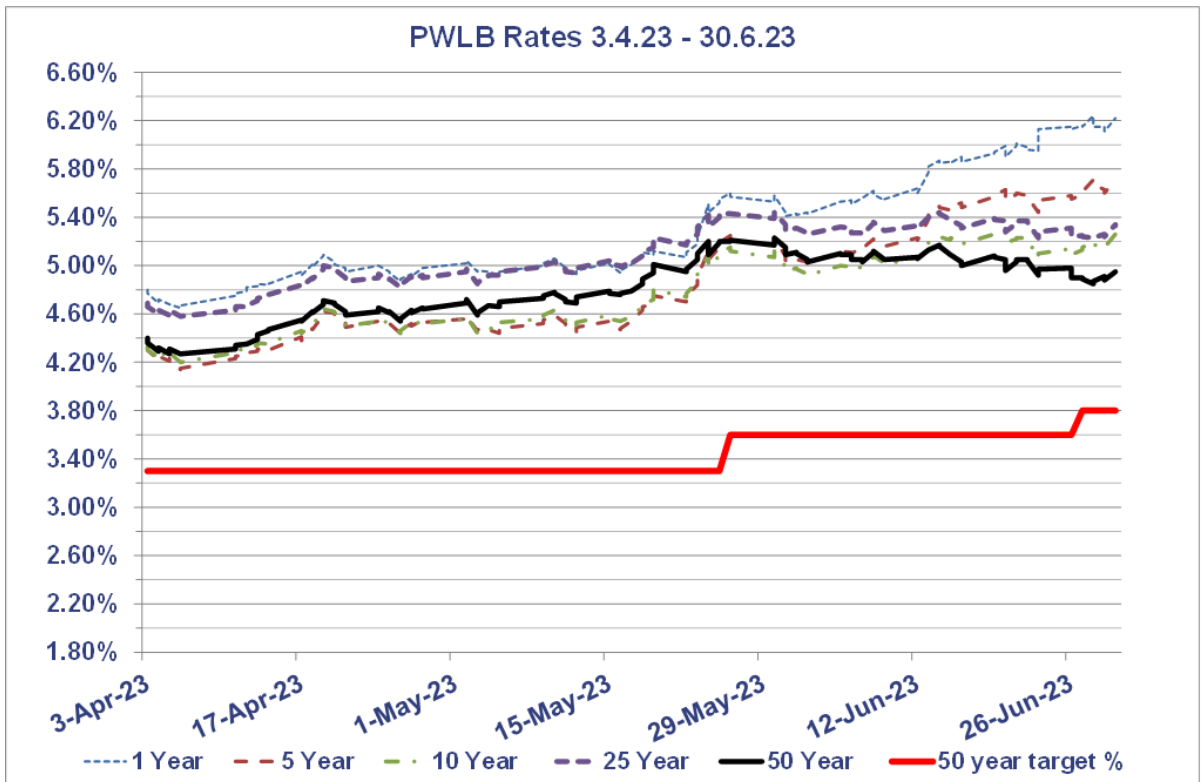
5. BORROWING

5.1 No borrowing was undertaken during the quarter ended 30th June 2023. It is anticipated that borrowing will be undertaken during this financial year.

5.2 PWLB maturity Certainty Rates 1 April to 30 June 2023

5.2.1 Gilt yields and PWLB rates were on a rising trend between 1 April and 30 June 2023.

5.2.2 The 50-year PWLB Certainty Rate target for new long-term borrowing started 2023/24 at 3.30% before increasing to a peak of 3.80% in June 2023. As can be seen, with rates elevated across the whole of the curve, it is advised to not borrow long-term unless the Authority wants certainty of rate and judges the cost to be affordable.



High/ Low/ Average PWLB Rates for 1 April 2023 – 30 June 2023

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.14%	4.20%	4.58%	4.27%

Date	6 April 2023	6 April 2023	6 April 2023	6 April 2023	5 April 2023
High	6.24%	5.71%	5.28%	5.44%	5.23%
Date	28 June 2023	28 June 2023	20 June 2023	30 May 2023	30 May 2023
Average	5.32%	4.87%	4.78%	5.09%	4.82%
Spread	1.59%	1.57%	1.08%	0.86%	0.96%

6. DEBT RESCHEDULING

6.1 Debt rescheduling opportunities have increased significantly in the current quarter where gilt yields, which underpin PWLB rates and market loans, have risen materially. Members will be advised if there is value to be had by rescheduling or repaying a part of the debt portfolio.

7. COMPLIANCE WITH TREASURY AND PRUDENTIAL INDICATORS

7.1 The prudential and treasury Indicators are shown in Appendix 1.

7.2 It is a statutory duty for the Authority to determine and keep under review the affordable borrowing limits. During the quarter ended 30 June 2023, the Authority has operated within the treasury and prudential indicators set out in the Authority's Treasury Management Strategy Statement for 2023/24. The Treasurer reports that no difficulties are envisaged for the current or future years in complying with these indicators.

7.3 All treasury management operations have also been conducted in full compliance with the Authority's Treasury Management Practices.

8. RECOMMENDATIONS

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

APPENDIX 1: Prudential and Treasury Indicators for 2023/24 as at 30 June 2023

Treasury Indicators	2023/24 Budget	2023/24 Forecast
Authorised limit for external debt	£2,771.458m	£2,718.074m
Operational boundary for external debt	£2,652.122m	£2,601.068m
Gross external debt as at 31 March 2024	£1,490.670	£1,494.031m
Investments as at 31 March 2024	£50.000m	£50.000m
Net borrowing as at 31 March 2024	£1,440.670m	£1,444.031m

Prudential Indicators	2023/24 Budget	2023/24 Forecast
Capital expenditure	£629.334m	£725.996m
Capital Financing Requirement (CFR)	£2,486.166m	£2,437.635m
Annual change in CFR	£78.325m	£91.660m
In year borrowing requirement	£124.587m	£100.000m
Ratio of financing costs to net revenue stream	16.7%	16.7%

APPENDIX 2: Investment Portfolio

Investments held as of 30 June 2023 compared to our counterparty list:

Institution	Instrument Type	Start	Maturity	Yield	Principal
Barclays Bank PLC (NRFB)	Call (Instant Access)			4.55%	£13,550,000
Debt Management Office	Fixed Term Deposit	30/06/2023	03/07/2023	4.88%	£8,300,000
Debt Management Office	Fixed Term Deposit	28/06/2023	03/07/2023	4.88%	£4,610,000
Leeds City Council	Call (7 Day Notice)			5.00%	£10,000,000
Eastleigh Borough Council	Call (7 Day Notice)			5.00%	£15,000,000
Eastleigh Borough Council	Call (7 Day Notice)			5.00%	£5,000,000
SMBC Bank International Plc	Fixed Term Deposit	18/04/2023	18/07/2023	4.52%	£10,000,000
Lloyds Bank Plc (RFB)	Certificate of Deposit	19/04/2023	19/07/2023	4.60%	£10,000,000
Leeds City Council	Fixed Term Deposit	29/03/2023	03/08/2023	4.50%	£10,000,000
Aberdeen City Council	Fixed Term Deposit	11/04/2023	11/08/2023	4.20%	£5,000,000
SMBC Bank International Plc	Fixed Term Deposit	18/04/2023	18/08/2023	4.55%	£10,000,000
SMBC Bank International Plc	Fixed Term Deposit	18/04/2023	18/08/2023	4.55%	£10,000,000
Standard Chartered Bank	Fixed Term Deposit	18/04/2023	18/09/2023	4.62%	£10,000,000
Cornwall Council	Fixed Term Deposit	05/04/2023	05/10/2023	4.20%	£10,000,000
Plymouth City Council	Fixed Term Deposit	13/04/2023	13/10/2023	4.25%	£10,000,000
Standard Chartered Bank	Fixed Term Deposit	18/04/2023	18/10/2023	4.71%	£10,000,000
Lloyds Bank Plc (RFB)	Fixed Term Deposit	18/04/2023	18/10/2023	4.87%	£6,500,000
Lancashire County Council	Fixed Term Deposit	21/04/2023	23/10/2023	4.25%	£5,000,000
Ashford Borough Council	Fixed Term Deposit	24/04/2023	24/10/2023	4.25%	£6,000,000
Central Bedfordshire Council	Fixed Term Deposit	27/04/2023	27/10/2023	4.21%	£10,000,000
Lancashire County Council	Fixed Term Deposit	28/04/2023	30/10/2023	4.45%	£15,000,000
Banks and Local Authorities					£193,960,000
MMF CCLA	Money Market Fund			4.49%	£25,000,000
MMF Aviva	Money Market Fund			4.57%	£25,000,000
MMF Federated Investors (UK)	Money Market Fund			4.60%	£8,400,000
MMF Aberdeen	Money Market Fund			4.43%	£24,950,000
MMF BlackRock	Money Market Fund			4.62%	£25,000,000
Money Market Funds					£108,350,000
Total					£302,310,000

APPENDIX 3: Approved countries for investments as of 30 June 2023

Based on lowest available rating

AAA

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

AA+

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

AA

- a) Abu Dhabi (UAE)

AA-

- a) Belgium
- b) France (downgraded by Fitch on 9 May 2023)
- c) Qatar
- d) U.K.

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GMCA AUDIT COMMITTEE

Date: **20th September 2023**

Subject: **Unaudited GMCA Annual Statement of Accounts 2022/23**

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

PURPOSE OF REPORT

This report provides a copy of the Greater Manchester Combined Authority (GMCA) unaudited single entity statement of accounts for 2022/23 and sets out the process for approval of the audited group statement of accounts.

The accounts are unchanged from the version circulated to the committee for information in July 2023.

RECOMMENDATIONS:

Audit Committee members are requested to:

- Consider and comment on the unaudited GMCA 2022/23 Annual Statement of Accounts and
- Note the timescales for publication of the unaudited Statement of Accounts and audited Statement of Accounts, which has a statutory deadline of the 30th November 2023.

CONTACT OFFICERS:

Name: Steve Wilson, Treasurer, GMCA

E-mail: steve.wilson@greatermanchester-ca.gov.uk

Name: Rachel Rosewell, Deputy Treasurer, GMCA

E-mail: rachel.rosewell@greatermanchester-ca.gov.uk

Risk Management – No known risks. The unaudited GMCA Annual Statement of Accounts will be subject to external audit during 2023.

Legal Considerations – included in Section 3

Financial Consequences – Revenue – N/A

Financial Consequences – Capital – N/A

Number of attachments included in the report: 1

BACKGROUND PAPERS:

None

Tracking/ Process

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

No

Exemption from call in

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

GM Transport Committee N/A

Overview and Scrutiny Committee N/A

1. INTRODUCTIONS

- 1.1 This report provides a copy of the GMCA unaudited 2022/23 Annual Statement of Accounts, including the financial statements for the GMCA Single Entity Accounts and the GMCA Group Accounts.
- 1.2 The Accounts and Audit Regulations set out the requirements for the production and publication of the annual statement of accounts. The regulations set out that the unaudited accounts are to be certified by the Treasurer as providing a true and fair view of the financial position of the authority as at 31 March 2023 and its income and expenditure for the year ended 31 March 2023.

2. 2022/23 ACCOUNTS TIMESCALES

- 2.1 As part of the GMCA constitution Audit Committee has delegated powers to approve the audited accounts. It is also good practice for the Audit Committee to have the opportunity to consider the unaudited accounts prior publication and receiving the audited accounts for approval.
- 2.2 The authority is 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. This means that the deadline for publication of unaudited 2022/23 financial statements was 31 May 2023, which has been brought forward, since the last two years, from 31st July. The statutory deadline for publication of the final audited accounts remains at 30th November 2023.
- 2.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) has stated that whilst it recognises the statutory nature of the publication deadline, in the context of recent challenges, there is a balance to be struck for Chief Finance Officers between the timeliness and the quality of unaudited financial statements produced. GMCA has notified of a delay in the publication of the accounts on the GMCA website, with an expected date for publication for public inspection of 31st July 2023. This has enabled sufficient time to produce financial statements which reflect external audit recommendations from 2021/22, reported to Audit Committee in March 2023 and the national and Greater Manchester Pension Fund accounting issues.

3. PRESENTATION OF THE ANNUAL ACCOUNTS

- 3.1 The GMCA Statement of Accounts contain the following sections:
- 3.2 The Treasurer's Narrative sets out the background to the financial year including a summary of the Authority's outturn position. The Statement of Responsibilities for the Statement of Accounts which details the responsibilities of the Authority and the Treasurer.
- 3.3 The financial statements and comprising, for both the single entity and the group accounts:
- The Comprehensive Income and Expenditure Statement (CIES) which shows the accounting cost of the Authority's activities rather than the amount to be funded from grants, precepts the share of business rates, district contributions and the transport levy.
 - The Movement in Reserves Statement (MIRS) which explains the movement in the Authority's usable and unusable reserves during the financial year.
 - The Balance Sheet which shows the total assets, liabilities and reserves of the Authority as at the end of the financial year.
 - The Cash Flow Statement which shows the reasons for the change in cash and cash equivalents during the financial year.
- 3.4 Each statement is preceded by a note explaining its purpose and followed by comprehensive notes explaining the statements.

4. RECOMMENDATIONS

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

UNAUDITED

**Annual Statement
of Accounts**

Year ended 31 March 2023

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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 2022/23. The statements have been prepared in accordance with the requirements of the Accounting Code of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

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

- A full and understandable explanation of the overarching financial position of the Authority and the financial performance for the year 2022/23;
- 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 2023 and is structured as below:

- How the Authority Performed in 2022/23
- The Authority's Group of Companies
- Revenue Budget and Financial Performance 2022/23
- Capital Programme and Financing 2022/23
- Treasury Management Performance in 2022/23
- Forward Look – Financial Landscape
- Core Financial Statements

Introduction to the Greater Manchester Combined Authority

Background

Greater Manchester is home to more than 2.8 million(m) people with the largest city region economy outside of London, bigger than that of Wales or Northern Ireland. The Greater Manchester vision is to make the city region one of the best places in the world to grow up, get on and grow old, through a combination of economic growth and the reform of public services.

The ten Greater Manchester councils (Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan) have worked together voluntarily for many years on issues that affect everyone in the region, like transport, regeneration, and attracting investment. The GMCA was established on 1 April 2011 by the Greater Manchester Combined Authority Order 2011. In 2014 a devolution of powers to Greater Manchester was agreed, together with the creation of the first directly elected metro-mayor. Andy Burnham was elected as Greater Manchester Mayor in 2017 and re-elected in 2021.

The political body of the Greater Manchester Combined Authority (GMCA) is led jointly by the leaders of the ten Greater Manchester local authorities and the Mayor, who work with other local services, businesses, communities and other partners to improve the city region. The Mayor is Chair of the GMCA and its eleventh member. He is supported by Deputy Mayor Kate Green who leads on Police, Crime, Criminal Justice and Fire and Deputy Mayor Paul Dennett who leads on Housing and Homelessness.

The GMCA political body is distinct to that of the GMCA organisation. The political GMCA provides the political direction, governance and oversight of the activities undertaken across Greater Manchester for those areas of responsibility which are jointly owned at Greater Manchester level or those issues where voluntary pan-Greater Manchester collaboration has been agreed. GMCA organisation translates that political direction into action and provides capacity for new and furthering activities. This is achieved through added value in bringing together the activities at Greater Manchester level, enabling the city region to speak with a single voice, convening the system on behalf of all partners and providing a clear and consistent conduit to government where Greater Manchester chooses to speak and act as one.

Devolution

Devolution is critical to the success of the Greater Manchester ambition. The devolution deals signed with government means that the region has a much greater control of its future and more say over the decisions that can improve the lives of all residents. The city region built upon its innovative 2014 Devolution Agreement with an initial £6 billion (bn) health and social care devolution deal in February 2015. Since then, there have been five further deals. The appointment of an elected Mayor in 2017 provided additional accountability to this process and through these devolution agreements, the region has more powers and control over budgets, including:

- More control of local transport, with a long-term government budget to help plan a more modern, better connected network.

- 100% retention of business rates, to fund projects / activity that supports economic growth.
- Planning powers to encourage regeneration and development.
- A £300m fund for housing, enough for an extra 15,000 new homes over ten years.
- Extra funding to get up to 50,000 people back into work.
- Local control over adult skills funding to work with skills providers to develop more work-related training.
- Control of investment through a new 'earn back' funding arrangement which gives extra money for the region's infrastructure to support economic growth.

The elected Mayor is also responsible for the Greater Manchester Fire and Rescue Service (GMFRS) and holds the role of Police and Crime Commissioner (PCC). The Deputy Mayor for Policing, Crime, Criminal Justice and Fire sets the priorities and strategy, and holds the Chief Constable and Chief Fire Officer to account for the effective and efficient delivery of services.

Greater Manchester's ambitious plans for future devolution will enable the region to continue to support and develop opportunities for the people, places and businesses across the city region. GMCA through the strategic partnerships with the Health and Care System and Transport for Greater Manchester (TfGM), ensures alignment and coordination of activities across these operations, enabling all parts of the Greater Manchester system to work together to meet the shared ambitions in the Greater Manchester Strategy.

At the end of March 2023, the Mayor of Greater Manchester and the ten Greater Manchester Council Leaders were joined by Minister of State for Levelling Up to add their signatures to a new 'Trailblazer Devolution Deal'. The new deal will act as blueprint for other areas to follow. It further embeds the role of local decision-making through additional powers and responsibilities over post-16 technical education, transport, housing, and regeneration, as well as new financial freedoms and new accountability arrangements.

The Greater Manchester Strategy

Greater Manchester has a vision to be a place where everyone can live a good life, growing up, getting on and growing old in a greener, fairer, more prosperous city region. The fourth Greater Manchester Strategy (GMS) was developed and subsequently adopted in 2021 building from the 2017 strategy and the one year Living with COVID-19 Resilience Plan and it is the systemwide response to the Independent Inequalities' Commission and Build Back Fairer reports.

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

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

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

Overview of the GMCA organisation

The Chief Executive of the Greater Manchester Combined Authority, Eamonn Boylan, chairs the Greater Manchester Wider Leadership Team and has responsibility for policy and strategy and a wide range of Greater Manchester services including Fire and Rescue, Waste, Transport, Economic Development and Planning. The Chief Executive is supported by the Corporate Executive Management Team (CEMT) made up of:

Chief Executive	Eamonn Boylan
Deputy Chief Executive	Andrew Lightfoot
Chief Fire Officer	Dave Russel
Treasurer	Steve Wilson
Monitoring Officer	Gillian Duckworth
Executive Director Policy & Strategy	Simon Nokes

The Senior Leadership Team (SLT) of the organisation comprises CEMT plus Directors and Corporate function leads. The Chief Executive and SLT are accountable to the Mayor and political leaders of Greater Manchester collectively. The SLT oversee a series of Directorates, which have been created to bring greater clarity and focus on the delivery activities of GMCA. These directorates are:

- Digital
- Education, work and skills
- Economy
- Environment
- Place making
- Public service reform
- Police, crime, criminal justice and fire
- Corporate functions

The SLT has responsibility for managing the delivery and strategy of GMCA, and works collaboratively, enabling cross departmental teams to work effectively together, delivering efficiently and achieving the greatest possible impact from actions across GMCA and working with wider partners. During 2022/23 a new performance management framework has been implemented with corporate indicators reported to SLT on a quarterly basis that give an overarching view of delivery across the range of programmes.

Alongside SLT, the effective management and distributive leadership approaches of the organisation is led, developed and supported more widely by the Extended Leadership Network (ELN). The ELN supports the GMCA in its commitment to diversify the workforce, recognising the significant benefits to be gained from a diverse and inclusive staff team and providing opportunities for all.

The GMCA organisation (excluding TfGM and GMP) employs approximately 2,235 full time equivalent staff (March 2023). During 2022/23 the organisation has continued to evolve and develop and strive for greater outcomes and improvement, shaped by ongoing feedback via the annual b-Heard surveys. 'Our People Strategy' is a key part of the commitment to this change and sets out the approach to how the organisation manages and develops people to achieve a vision of being 'a greater place to work'.

During 2022/23 the organisation's mission statement has been refreshed to be more reflective of the ambition as an organisation and an employer. The new mission '*Making Greater Manchester a better place for all*' has been created following consultation with staff, merging the key concepts frequently raised during team-level discussions and which most people said they felt affinity to. Part of the work to refresh the mission, also refined the organisational values to provide clearer, simpler supporting statements that better reflect what GMCA does.

The Local Government Association (LGA) Corporate Peer Challenge took place in autumn 2022 and was an opportunity to reflect on the last few years and the future plans and ambitions of the organisation. GMCA was the country's first combined authority to go through the LGA corporate peer challenge process. As part of the peer challenge process, GMCA prepared a self-assessment, which set out in detail priorities as an organisation, ambitions for the future and case studies to highlight some of the key successes.

The LGA peer review team, made up of senior leaders from public sector and other partners from UK and Europe, spoke to a wide range of senior representatives from Greater Manchester local authorities, the public sector, business and voluntary and community partners. They found a resounding sense of positivity and enthusiasm for the work GMCA does and plan to do in the future. The findings, recommendations and insight gained from the peer challenge process have been embedded in the 2023/24 GMCA Business Plan.

Overview of GMCA Resources

The overall GMCA budgets are made up of a variety of both historic budgets and new budgets relating to the functions provided by the Mayor and the GMCA as a whole. The majority of funding the GMCA receives is from government grants, levies and transport statutory charge to Greater Manchester local authorities and council tax (precept) largely ringfenced for the delivery of Police and Crime, Fire and Rescue and Transport functions. The Authority also receives specific government grant funding to deliver key programmes of work, supported by funding from retained business rates growth, reserves and external income.

Revenue budgets

The various orders under which these functions are provided, determine how revenue budgets are funded such that:

- **GMCA General Budget** – This includes corporate functions and economic, development and regeneration activities of the GMCA. The budget is made up of a number of specific government grants, including the Adult Education Budget, retained business rates, Greater Manchester local authority contributions, earmarked reserves, internal recharges to other GMCA budgets and external income.
- **Mayoral General Budget** – This is funded from the Mayoral Precept, transport statutory charge on Greater Manchester local authorities and government grants. The Greater Manchester Fire and Rescue Service (GMFRS) is part of the Mayoral Precept but also receives a revenue support grant, business rates income and a top up grant.
- **Greater Manchester Waste and Resources** – This is funded from a levy to nine Greater Manchester local authorities (excluding Wigan) that participate in the Greater Manchester waste service with contributions on the basis of an agreed funding mechanism.
- **GMCA Transport Revenue Budget** – This is funded from a contribution from the Mayoral budget for statutory Mayoral functions including bus services and from a levy on local authorities for non-Mayoral functions in relation to public transport and a contribution to Metrolink financing costs. The budget also includes a number of other grants received in relation to specific activities.
- **Greater Manchester Police Fund** is made up of government grant and the policing precept agreed with the Police, Fire and Crime Panel, following a public consultation. The majority of the Police Fund is delegated to the Chief Constable of Greater Manchester Police.

The table below shows the budgets and provisional outturn position for each of the GMCA budgets in 2022/23:

Summary 2022/23 Provisional Outturn	Approved Budget		Provisional Outturn		Provisional Variance	
	Exp	Income	Exp	Income	Exp	Income
	£000	£000	£000	£000	£000	£000
GMCA General	242,620	-242,620	270,091	-270,091	27,471	-27,471
Mayoral	139,020	-139,020	127,850	-127,850	-11,170	11,170
GMFRS	119,543	-119,543	120,679	-120,679	1,136	-1,136
Waste	164,840	-164,840	119,457	-119,457	-45,383	45,383
Transport (inc TfGM)	282,412	-282,412	337,734	-337,734	55,322	-55,322
Police Fund (inc GMP)	718,600	-718,600	718,600	-718,600	0	0

Capital budgets

GMCA's capital programme includes GMFRS, Economic Development and Regeneration programmes, Waste and Resources Service and the continuation of the

programme of activity currently being delivered by GMCA, TfGM and Greater Manchester local authorities.

The most significant new element of the capital programme in 2022/23 related to the City Region Sustainable Transport Settlement (CRSTS). The CRSTS of £1.07 billion over five years was awarded to GMCA in July 2022 based on a delivery plan developed by Greater Manchester and approved by The Secretary of State for Transport. The GMCA approved the 2022/23 budget allocation of £105.7m in July 2022, including local and match contribution, which is subject to the GM Local Growth Assurance Framework. Subsequently schemes have been developed in line with government guidance known as the 'The Green Book' (issued by HM Treasury), which provides guidance on how to appraise policies, programmes and projects and brought forward to the GMCA for approval before being included in the GMCA capital programme. CRSTS capital provisional capital expenditure in 2022/23 was £77.6m.

The provisional capital expenditure for 2022/23 was £442.6m compared to revised budget of £462.1m. The Police Fund GMP capital programme was a further £27.6m of spend in 2022/23 compared to budget of £38.8m. The tables below provide a breakdown of provisional capital expenditure by GMCA function and capital financing for 2022/23:

Capital Programme Provisional Outturn 2022/23	Approved Budget £000s	Provisional Outturn £000s	Provisional Variance £000s
Transport	260,451	249,456	(10,995)
Economic Development and Regeneration	173,290	174,236	946
Fire & Rescue Service	13,375	9,711	(3,664)
Waste & Resources Service	14,935	9,007	(5,928)
Police Fund - PCC	0	197	197
Total Exc Greater Manchester Police	462,051	442,607	(19,444)
Police Fund - GMP	38,833	27,641	(11,192)
Total Capital	500,884	470,248	(30,636)

Capital Financing 2022/23	GMCA £000s	GMP £000s	Total £000s
Borrowing	50,032	24,616	74,648
Capital Grants	307,363	613	307,976
Revenue Contribution to Capital Outlay	1,074	1,417	2,491
Capital Receipts	45,852	995	46,847
External Contributions	3,319	0	3,319
External Contributions TfGM	34,967	0	34,967
Total Funding	442,607	27,641	470,248

Greater Manchester Investment Strategy

In 2022/23 the Greater Manchester Investment Strategy continued to support regeneration and job creation in the region through targeted investment that reflects the strengths and opportunities in the local economy. The investment strategy was based on sustainably generating returns that can be recycled and reinvested so as existing loans and investments are repaid, they can be reinvested in new projects. Investment funds

are used as a lever to deliver the strategy and focus on our strategic priorities in business, housing and commercial property. The main elements of the funds are:

- *The Greater Manchester Housing Investment Loans Fund (HILF):*
HILF 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 the region's economic growth. In 2018/19 HIF novated from Manchester City Council to the GMCA. As existing investments made by the Fund are repaid the monies are available for reinvestment by the Fund and at the time of writing there have been no defaults.
- *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.
- *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 skills and contribute to the region's economic growth. Funds that have been provided to businesses have been used to support a market gap for finance and therefore, given the nature of the portfolio, defaults are expected. Provisions have been made to estimate the risk, in accordance with International Financial Reporting Standards - IFRS 9.
- *Commercial property funds:*
The dedicated commercial property funds are managed by CBRE Ltd on behalf of the Authority and have supported the development of commercial floor space and the redevelopment of Brownfield land.
- *Life Sciences Fund:*
The first £30m Life Sciences Fund was established in 2016 in partnership with Cheshire East Council, Cheshire and Warrington Local Enterprise Partnership (LEP) and Bruntwood to further develop the Alderley Park site and support life sciences businesses across the city region. The first fund is managed by Catapult Ventures. A second £20m fund was established in 2022 in partnership with Cheshire and Warrington LEP and Bruntwood, this fund is managed by Praetura Ventures.
- *Low Carbon Fund:* The £15m Low Carbon Fund is managed by CBRE Ltd on behalf of the GMCA. The Fund was established to promote the production and distribution of energy derived from renewable resources in the region.

GMCA General – Economic, Development and Regeneration

The GMCA General budget includes corporate services and economic, development and regeneration functions. The original budget approved in February 2022 was £242.6m. Throughout the financial year as part of the quarterly update reports the budget has been revised to reflect changes in funding leading to an increase in funding of £27.5m by the end of the financial year.

GMCA Revenue General Budget 2022/23 Provisional Outturn	Original Budget	Provisional Outturn	Provisional Variance
	£000	£000	£000
Expenditure:			
GMCA Corporate	20,965	22,952	1,987
Core Investment Team	6,355	10,364	4,009
Digital	2,597	3,172	575
Economy	18,499	15,450	-3,049
Environment	758	4,038	3,280
Place	6,707	18,922	12,215
Public Service Reform	30,960	39,799	8,839
Work and Skills	155,779	155,394	-385
Total Expenditure	242,620	270,091	27,471
Funded by:			
Government Grants	-180,133	-191,594	-11,461
District Contributions	-8,603	-8,603	0
Internal Recharges	-18,995	-22,497	-3,502
Earmarked Reserves	-20,010	-21,481	-1,471
Other Income	-14,879	-25,916	-11,037
Total Funding	-242,620	-270,091	-27,471

Corporate Services

The Corporate Services Directorate provide support for the whole of GMCA including GMFRS, OPCC, Waste and Resources and elements of Transport functions. The corporate functions include services such as Strategy, Research, Information and Communication Technology (ICT), Human Resources, Organisational Development, Finance, Internal Audit and Risk, Commercial Services, Legal and Governance. Funding of GMCA corporate functions is predominantly from recharges within the GMCA and to grants, external funding and district contributions. The original approved budget for 2022/23 was £21m and the 2022/23 gross expenditure was £23m. The increase of £2m relates to expenditure on new activity funded by additional external income of £0.8m and budget pressures of £1.2m.

Core Investment Team

The Core Investment Team is responsible for managing funding provided through the Greater Manchester (GM) Investment Framework and the GM Housing Investment Loans Fund (HLIF) described above.

The outturn position on the Core Investment Team shows an increase of £4m compared to the original budget, however this does not impact the revenue outturn position for GMCA. Expenditure will vary due to investments agreed during the financial year fully funded from returns from investment activity with surpluses/deficits transferred to earmarked reserves.

Digital

The Digital Directorate is committed to delivering on the GM Digital Strategy through a three year approach set out in the GM Digital Blueprint. GM Digital collaborates across the GM digital system which includes industry, universities, health, Voluntary, Community and Social Enterprise (VCSE) sector to create opportunities, maximise outcomes and generate inward investment.

The 2022/23 original budget for Digital was £2.6m, which included the key programmes of GM Connect, GM Digital Strategy and Smart Residents Data Exchange Platform, Local Full Fibre Network and GM One Network. The outturn position is expenditure of £3.2m with a £0.5m relating to expenditure on the implementation of the GM One Network with a collaboration agreement with partners to commence in September 2023, £1.4m from previously agreed retained business rates growth and £1.3m from grants and reserves.

Economy

The Economy Directorate leads key groups including the Growth Board, Local Industrial Strategy Programme Delivery Executive, GM Economic Resilience Group and GM Local Enterprise Partnership (LEP). The 2022/23 approved budget for Economy was £18.5m with actual expenditure for 2022/23 being £15.5m relating to:

- GM Productivity Programme expenditure of £6.1m and GM Local Industrial Strategy (LIS) expenditure of £1.6m both funded from retained business rates.
- Marketing Manchester and MIDAS expenditure of £2.150m funded from district contributions of £1.4m and £0.75m from retained business rates.
- Made Smarter Adoption North West programme of £2.8m fully funded from government grant.
- Economy team expenditure of £1.1m funded from a combination of internal recharges, grants and previously and retained business rates.
- Other expenditure totalling £1.1m against government grants confirmed during the financial year:
 - Local Enterprise Partnership core funding of £0.4m from Department Levelling Up Housing and Communities (DLUHC);
 - Innovation Accelerator seed corn funding of £0.3m from Department for Science, Innovation and Technology (DSIT) to support research in key growth opportunities identified in the GM LIS;
 - Department for Business, Energy and Industrial Strategy (BEIS) funding for National Cluster Co-ordination undertaken by the Business Growth Hub of £0.4m.
 - Other projects funded from retained business rates growth such as Cricket Strategy.

Environment

Environment Directorate is the lead for the implementation of the GM Five Year Environment Plan and delivering housing and public retrofit programmes as part of green economic recovery and progressing the environment plan to continue to reduce carbon emissions and create an improved, more resilient natural environment for socially distanced recreation.

The 2022/23 original approved budget for Environment was £0.8m with actual expenditure for 2022/23 being £4m. The increase relates to new investment from retained business rates growth agreed in July 2022 for 'Greener' schemes totalling £3.2m. Expenditure in 2022/23 relates to:

- Environment and Low Carbon programme – expenditure of £1.7m to support districts to deliver their Climate Emergency Declarations through upscaling the delivery of conurbation wide carbon reduction programmes
- Five Year Environment Plan - expenditure of £1m to provide capacity to bid for capital and revenue funds, undertake research, communication, training, convene and co-ordinate delivery of the plan.
- IGNITION project – grant funded expenditure of £0.4m to develop innovative financing solutions for investment in GM's natural environment, to help increase the city regions resilience against the increasingly extreme impacts of climate change.
- GM Local Energy Markets project - grant funded expenditure of £0.3m in relation to planning and collaboration with the ten local authorities to increase energy efficiency and pave the way for the installation of new technologies to create a low-carbon infrastructure for the future.
- Natural Course – expenditure of £0.3m relating to an EU-funded LIFE Integrated Project to improve and protect the water quality of the North West over a ten year period.
- Other Environment projects with expenditure of £0.3m such as Great Places, Green Homes Grant and Energy Innovation Agency.

Place

Place Directorate focuses on the development of individual places and all the elements that support prosperous and vibrant places in which GM residents can grow up, live and grow old. This has brought together Housing and Planning, Land and Property, Culture, Delivery and Infrastructure teams, each of which has a vital role to play in place development.

In 2022/23 the government announced local allocations for the UK Shared Prosperity Fund (UKSPF) as part of delivering the mission to 'Level Up' the UK by 2030. The Greater Manchester allocation for the three-year period 2022/23 – 2024/25 is £98m which will support the delivery of UKSPF priorities which align with priorities in the GMS. GMCA has been assigned by government as lead authority for the fund in Greater Manchester and is receiving the area's allocation to manage. GMCA will have overall accountability for the funding and how it operates, working closely with local authorities and key stakeholders in this role.

The 2022/23 original approved budget for Place was £6.7m with actual expenditure for 2022/23 being £18.9m. The majority of the increase relates to the UKSPF core programme. Expenditure in 2022/23 relates to:

- UKSPF expenditure of £8.2m for the first year of the core programme focusing on investment in ‘Communities and Place’ and ‘Local Business’ interventions to boost pride in place.
- Cultural and Social Impact Fund of £4.6m the majority of which was funded from a GM local authorities contributions and supported by retained business rates growth.
- Places for Everyone is a joint development plan of the nine GM local authorities for jobs, new homes and sustainable growth, maximizing the use of brownfield land and urban spaces. During 2022/23 actual expenditure of £1.5m from retained business rates growth focused on the public examination of the submitted plan.
- The GM Delivery Team supports the delivery of GM’s housing delivery objectives and priorities at a cost of £1.6m funded from earmarked reserves.
- Create Growth programme funded by Department of Culture, Media and Sport (DCMS) of £0.4m to support creative organisations in the region with a bespoke business support programme to attract investment to grow their business sustainably.
- Other Place Directorate expenditure totalling £2.6m in relation to the Planning and Housing team and Business, Innovation and Enterprise policy funded from a combination of local authority contributions, grant funding and internal recharges.

Public Service Reform

Public Service Reform (PSR) supports reform, innovation and social policy development across Greater Manchester with the overarching objective of addressing inequality and improving outcomes for all residents across the city region. It is made up of a number of thematic strands with lead responsibilities that include Early Years, Children and Young People, Troubled Families, Homelessness and Rough Sleeping, Asylum and Refugees, Armed Forces and Veterans, Gambling Harm Reduction and the GM Ageing Hub. The service performs a cross-cutting role across GM in collaboration with localities, other public service organisations and the VCSE sector to drive the implementation of unified public services for the people of Greater Manchester.

The 2022/23 original approved budget for PSR was £30.9m with actual expenditure for 2022/23 being £39.8m. The majority of the increase relates to additional funding for the Supporting Families Programme and the Homelessness Prevention Strategy.

Expenditure in 2022/23 relates to:

- Supporting Families programme of £14.7m continuation of the programme funded from DLUHC grant.
- Homelessness and Rough Sleeping including:
 - A Bed Every Night (ABEN) of £6.4m expenditure funded from Mayoral Precept, partner contributions and government grant.
 - Housing First programme expenditure of £3.3m funded from government grant.
 - Rough Sleeper Initiative, Rough Sleeper Accommodation and Community Accommodation programmes with government grant funding totalling £5.2m, which is an increase of £2m compared to the original budget.
- Changing Futures funding of £1.4m for 2022/23 which is the second year of a three year programme to improve outcomes for adults experiencing multiple disadvantages.
- PSR Directorate and other delivery resources for the overall programme of £2.8m.

- Other programmes including Children and Young People Plan, School Readiness, Population Health, Youth Pathfinder, GM Gambling, Armed Forces plan with expenditure totalling £6m.

Education, Work and Skills

Education, Skills and Work works in partnership with local authorities, partners and businesses to deliver and performance manage programmes that support people to enter, progress and remain in work. The original 2022/23 budget was £155.8m with actual expenditure for 2022/23 being £155.4m supporting the following programmes:

- The Adult Education Budget (AEB) of £100.2m devolved to GM to support the city region's residents to develop skills needed for life and work, plus an additional £2.2m for the AEB National Skills Fund Adult Level 3 programme.
- European Social Fund (ESF) Skills for Growth Programme of £12.9m, with 2022/23 being the final of three years of funding to support business growth and deliver an integrated approach to employment and skills.
- Working Well services to support people experiencing or at risk of long term unemployment, including the Work and Health Programme of £7.7m, Job Entry Targeted Support (JETS) programme of £6.9m and Working Well Specialist Employment of £3m.
- European Social Fund (ESF) Not in Employment, Education or Training (NEET) prevention/reduction and youth employment programme of £5.7m.
- Department for Education Skills Bootcamp - £2.8m.
- Future Workforce Fund of £1.5m to focus on supporting the most disadvantaged young people, providing a targeted, flexible and personalised pathway.
- Self-Employment Pilot of £1.4m to support GM self-employed residents to sustain and grow their business.
- UK Community Renewal Fund of £1.7m projects following bids approved by government in November 2021.
- UK Shared Prosperity Fund Adults' Multiply programme with expenditure of £0.9m on year one of the £14.4m allocation over three years.
- Work and Skills Directorate delivery resources for the overall programme had a cost of £4.8m.
- Other programmes including Greater Manchester Apprenticeship & Careers Service, Young Person's Guarantee, GM Careers Hub and Digital Skills with expenditure totalling £3.7m.

Business Rates Growth Retention Pilot

The GMCA General budget includes funding from the 100% business rates retention pilot which was introduced in 2017/18 as part of the Greater Manchester Devolution Deal with the stated intention of:

- Giving Greater Manchester authorities an incentive to grow local tax bases by ensuring they see long term rewards from growth.
- Maintaining a predictable income stream against which authorities can take long term investment decisions.
- Ensuring that Greater Manchester authorities can continue to provide a full range of local services, whilst recognising that decisions about spending priorities

should be made locally by locally elected representatives accountable to local taxpayers.

Under the scheme the ten Greater Manchester local authorities retain 100% of business rates growth from the base year. The benefits are calculated applying a 'no detriment' formula which ensures Greater Manchester is no worse off financially than it would have been if it were not part of the pilot. The local agreement with local authorities is that the benefits of the scheme, to the extent that there should be any, are shared for investment both at individual local authority level and for Greater Manchester priorities. In 2020/21 during the peak of the financial impact from the pandemic, the full 100% benefit of the pilot was retained by local authorities to support their response.

In 2022/23, utilising the income derived from the 2021/22 financial year, it was agreed that the benefits of the pilot would be split on the basis of 75% retained by local authorities and 25% for Greater Manchester priorities. This was an income of £16.3m for Greater Manchester wide initiatives which was held by GMCA in an earmarked reserve for specific programmes of work agreed by Greater Manchester leaders. In order to manage the risk around the unpredictability of business rates growth, the commitments are made in the year following the confirmed benefit and subsequent share for Greater Manchester priorities.

Mayoral General Services

The Mayoral budget includes Mayoral general functions as follows:

- Fire and Rescue
- Compulsory purchase of land
- Mayoral development corporations
- Development of transport policies
- Preparation, alteration and replacement of the Local Transport Plan
- Grants to bus service operators
- Grants to constituent councils
- Decisions to make, vary or revoke bus franchising schemes

The sources of funding for Mayoral functions, to the extent that they are not funded from other sources, are a precept or statutory contributions. The Mayoral Precept is part of the overall council tax paid by Greater Manchester residents and used to fund Greater Manchester wide services for which the Mayor is responsible. The Mayoral Precept for the financial year 2022/23 was £102.95 for a Band D property, with the fire service accounting for £71.20 and £31.75 for non-fire.

The Mayoral general budget has two parts:

- Mayoral General budget (excluding Fire and Rescue).
- Mayoral Fire and Rescue Service budget.

The provisional outturn in 2022/23 for the Mayoral general budget (excluding Fire and Rescue) was breakeven. The table below sets out the provisional outturn position against budget:

Mayoral General Budget (excluding Fire and Rescue) 2022/23	Approved Budget £000	Provisional Outturn £000	Provisional Variance £000
Expenditure:			
Mayor's Office	531	531	0
Corporate Recharge	794	794	0
Mayoral Priorities	3,050	3,428	378
Mayoral Transport	134,645	123,097	(11,548)
Total Expenditure	139,020	127,850	(11,170)
Funded by:			
Mayoral Precept	(24,717)	(24,717)	0
Collection Fund Surplus /-Deficit	(1,445)	(1,445)	0
Bus Support Operators grant	(13,150)	(13,151)	(1)
Mayoral Capacity grant	(1,000)	(1,000)	0
Earnback revenue grant	(9,750)	0	9,750
Statutory charge	(86,700)	(86,700)	0
Use of Reserves	(1,408)	(836)	572
External Income	(850)	(1)	849
Total Funding	(139,020)	(127,850)	11,170

The most significant variances relate to:

- Increased expenditure on Mayoral priorities of £378k due to the cost of the expansion of emergency accommodation provision, A Bed Every Night (ABEN) which has helped prevent more people sleeping on the streets. As a result during the winter months Greater Manchester has recorded a significantly lower increase in rough sleeping compared to other parts of England.
- Underspend on Mayoral transport budget of £11.548m the majority of which relates to Bus Franchising implementation costs which will be held in reserves until required.
- Transfer of £9.750m of Earnback revenue grant to earmarked reserves to meet implementation of Bus Franchising.
- A shortfall in income from colleges to support the Our Pass scheme of £850k.

Greater Manchester Fire and Rescue Service

GMFRS is one of the largest Fire and Rescue Services outside London with around 1,648 full time equivalent members of staff and 41 fire stations covering an area of approximately 500m². GMFRS work closely with the local community to make Greater Manchester a safer place to live, work and visit. GMFRS is also responsible for enforcing fire safety legislations.

The second Annual Delivery Plan (2022/23) set out GMFRS's improvement programme, and is comprised of several improvement programmes and projects, all aligned to the Mayor's Fire Plan (2021-2025) as the framework to deliver against. The programme focuses on improving and investing in the service, whilst at the same time enabling the organisation to deliver against key elements of the His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) improvement action plan. The most recent inspection confirmed GMFRS is an evolving and improving service with inspectors reporting a positive shift in the leadership and culture of the organisation. GMFRS will continue to work with HMICFRS to implement further improvements to

deliver statutory core functions extraordinarily well and create an increasingly outward facing fire and rescue service.

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

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

- GMFRS successfully implemented a new terrorist response capability. As a result, the HMICFRS lifted its cause for concern.
- The new Incident 'Command and Leadership Development Academy' was completed, providing a fully immersive training experience. The facilities are considered one of the best in the country for operational training and community fire safety education.
- The service continued to support the requirements of the Manchester Arena Inquiry, with an ongoing focus to develop the multi-agency approach with partners.
- The 'Wildfire Suppression Burns Team' went live and is fully operational.
- Proposals have been developed following a review of fire cover, based on extensive data and insight. Associated internal and external consultation and engagement activities have gone live.
- The service completed a comprehensive strategic review of special appliances, setting out findings and recommendations for the fleet of forty-four special appliances.
- An 'Accident Reporting System' was procured and implemented, enhancing performance data reporting and the identification of key themes.
- Media training was delivered to all officers upskilling them in preparation for any public relations related requests.
- A new 'Response Strategy 2022-25' was developed, approved and implemented.

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

- GMFRS launched a fire setters intervention pilot known as 'The Atlas Programme', a holistic and therapeutic approach for adults convicted of a fire setting crime. This is the first of its kind nationally and internationally.
- Following a feasibility study, GMFRS sought approval to re-introduce a Community Fire Cadets Programme.
- Following the launch of a new online home fire safety check tool, 23,889 home fire safety checks were completed.
- Commitment was made to deliver a team programme in partnership with the Prince's Trust and delivery of an expanded programme across Greater Manchester.
- The service developed a new range of interactive, web-based resources for fire safety education for schools and the firefighting crews.
- A 'Prevention Education Framework' was developed which outlines the GMFRS offer to deliver prevention education and awareness across Greater Manchester.

Priority 3: Help protect the built environment:

- A new 'Prevention Strategy 2022-25' was developed, approved, and implemented.
- The 'Built Environment' programme formally closed.
- A business engagement strategy was drafted and will be presented as a framework of the business engagement offer.
- A revised protection structure was approved and implemented
- An operational Intelligence policy launched in August 2022.

Priority 4: Use resources sustainably and deliver the most value:

- Blackley fire station progressed to the planning application stage, continuing plans to provide sustainable accommodation for frontline staff.
- The Bury Training and Safety Centre site was completed, enabling the service to move to one site, providing both financial efficiencies and an improved staff experience.
- The service successfully achieved planning approval for the £1.3m upgrade of Littleborough Fire Station and work commenced on site.
- The GMCA and GMFRS 'Sustainability Strategy' was launched in August 2022.
- Carbon reduction schemes were delivered as part of a successful bid for £620k of Public Sector Decarbonisation Scheme 1 funding.
- The service tendered for a new electric vehicle charging infrastructure at eighteen sites to support the transition of the part of the fleet towards electric vehicles.
- The new 'Efficiencies and Productivity Plan' 2022-23 was produced.
- The service delivered financial efficiencies of £788k.

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

- The service further embedded a leadership development programme across all levels, aligned to the National Fire Chiefs Council (NFCC) Leadership Framework, and set out the leadership development offer for supervisory, middle and strategic management levels.
- A new promotions pathway was introduced for operational colleagues.
- The Service Leadership Team undertook anti-racist practice sessions as part of our commitment to continue to nurture a positive and inclusive culture.
- A newly refreshed recognition and rewards framework was launched.
- The service continued to embed the NFCC code of ethics across the service, supporting our journey of continuous improvement.
- A 'Cultural Sounding Panel' was developed, which will be represented by colleagues across a variety of roles.
- The service continued to engage with staff through the B-Heard Staff Survey and invest in leaders via the Engaged Leaders sessions.
- A new 'Equality, Diversity and Inclusion Strategy 2022-2025' was launched setting out our ambitions and plans to ensure equality, diversity and inclusion are at the heart of service delivery and culture.

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

- There was continued collaboration with the 'Safer Roads Greater Manchester' partnership, which delivers an award-winning performance-based road safety initiative known as 'Safe Drive, Stay Alive'.
- Investment in new immersive virtual reality technology which has a library of road safety videos including equestrian, cycling and motorbike safety.
- The service hosted a 'Greater Manchester Water Safety Summit' with partners.
- A dedicated resource was put in place to continue to enhance the contribution to the Local Resilience Forum.
- The service introduced a 'Framework for Integrated and Place Based Working 2022-25', outlining thirty commitments to partners and communities to deliver services in a more integrated way.
- GMFRS revamped its website, specifically the 'Your Area' pages, now including interactive maps, information about the different fire vehicles and appliances at each station, and defibrillator information.

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

GMFRS attended 32,446 incidents (fires, false alarms and special service calls) during 2022/23, an increase of almost 7% (2,015) when compared with 2021/22. The increase is mainly associated with special service call incident types. The 1st appliance average response time to 'life risk' emergency incidents was 7 minutes 21 seconds in 2022/23 which is 5 seconds quicker than the previous year. Sadly, sixteen people died as a result of fires in 2022/23 compared with ten fire related deaths in 2021/22. Of these, twelve involved males, of which eleven were accidental in nature and one was deliberate. The Home Office reported in September 2022 'men had a greater likelihood of dying in a fire than women'.

There have been 169 injuries as a result of fires in 2022/23 (136 slight and 33 serious). This compares with 161 injuries during 2021/22, an increase of 4.67% (eight). The majority of injuries continue to be sustained in accidental dwelling fires, which is a key area of focus for our prevention activities. 1,400 accidental dwelling fires were attended in 2022/23, 148 (9.56%) less than 2021/22.

In response to the 'cost of living' crisis GMFRS aligned with a single Greater Manchester wide 'cost of living' information and support campaign. GMFRS created messaging to help residents stay safe from fire during these difficult times. This was informed by insight into specific impacts and challenges experienced in different ways by different parts of the population, obtained through bimonthly surveys undertaken with residents.

The Service created a 'Cost of Living Response Group', feeding into a similar overall Greater Manchester wide multi-partner group. It has utilised incident data, local authority fuel poverty data and resident insight to identify and target prevention activities at those groups likely to be at increased risk from unsafe behaviours related to 'cost of living' pressures. As well as signposting residents to the different support measures available to our communities, the service created a number of resources providing advice and guidance on saving energy, safely heating the home, cooking, candle and electric fire safety. The service also provided warm spaces for residents unable to heat their homes or looking for company or other support.

Positively, because of the focussed prevention activities, GMFRS has not seen the perceived increase in accidental dwelling fires. 23,889 Home Fire Safety Assessments (HFSA) were delivered to homes across Greater Manchester in 2022/23 compared to 7,851 in 2021/22. Following the launch of the new HFSA in early 2022, the process became more embedded during 2022/23. Additionally, the 'High Risk Household List' was launched in July 2022 which is an important element of the blended approach to targeting households at risk.

During 2022/23 the service's Princes Trust programme undertook two annual quality reviews with external partners, The Manchester College and the Prince's Trust, achieving level 1. This is the highest grade awarded by Prince's Trust and recognises the high standards of delivery and administration of the programme. During 2022/23 the Princes Trust team delivered 3,789 hours working in the community.

GMFRS Outturn

The provisional outturn in 2022/23 for GMFRS was breakeven after a reduction in the planned transfer to reserves from £5.2m to £1.7m, the majority of the change relates to the impact of the pay award. The table below summarises the position:

GM Fire & Rescue Service 2022/23 Provisional Outturn	Approved Budget £000s	Provisional Outturn £000s	Provisional Variance £000s
Expenditure:			
Employees	91,215	95,523	4,308
Indirect employees	1,940	1,795	-145
Premises	4,875	6,480	1,605
Transport	2,196	2,411	215
Supplies and services	8,481	8,886	405
Support services	7,343	7,850	507
Government grants	(769)	(1,262)	(493)
Transfer to/from provisions	0	(2,100)	(2,100)
Other grants and contributions	(215)	(109)	106
Customer and client receipts	(2,460)	(1,585)	875
Capital financing costs	1,692	1,067	(625)
Transfer to earmarked reserve	5,245	1,723	(3,522)
Total Expenditure	119,543	120,679	1,136
Funded by:			
Localised Business Rates	(9,521)	(9,521)	0
Government grant funding	(43,131)	(43,399)	(268)
Section 31 - Business Rates	(5,300)	(5,226)	74
Section 31 - Pension Related	(5,605)	(5,605)	0
Precept Income	(55,429)	(55,429)	0
Collection Fund deficit	2,637	2,637	0
Transfer from earmarked reserves	(3,194)	(4,136)	(942)
Total Funding	(119,543)	(120,679)	(1,136)

The most significant variance related to the employees pay and pensions budget with an overspend of £4.3m. This includes pay award for both uniformed and non-uniformed employees. The pay award budget was set at 2% for both staff groups, however, uniformed staff pay award was agreed at 7% and non-uniformed at £1,925 per whole time equivalent. Premises related expenditure also overspent by £1.6m in the areas of utilities and fuel.

Waste and Resources

GMCA is responsible for the management and disposal of municipal waste from Greater Manchester (formerly known as Greater Manchester Waste Disposal Authority). The GMCA Waste and Resources team oversee the operation of the facilities through contract arrangements with Suez Recycling and Recovery UK. This is approximately 1.1 million tonnes of waste and recycling each year from over a million households from the metropolitan areas of Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside and Trafford (Wigan operate as a unitary authority and administers its own disposal arrangements).

Each of the local authorities are responsible for the collection of household waste. GMCA receives funding from a levy on the nine Greater Manchester local authorities to pay for the processing and disposal of this waste. The 2022/23 levy for the Waste and Resources service was set in February 2022 for a total of £164.840m represented by expenditure of £165.314m and a use of reserves of £0.474m. The 2022/23 budget was set using forecast levels of waste amounting to 1,134,175 tonnes of waste from local authorities and Household Waste Recycling Centres (HWRC). The forecasting of waste tonnages has continued to be unpredictable following the pandemic and changing work patterns which has affected the volumes of household 'kerbside' waste collections.

Annual performance data for waste handled through the Suez contracts is shown below:

Annual Performance	2022/23	2021/22
Diversion from Landfill Rate	99.48%	99.14%
HWRC Recycling Rate	51.99%	49.28%

The table below shows the 2022/23 revenue provisional outturn position against the approved budget for Waste and Resources:

Waste and Resources Provisional Outturn 2022/23	Approved Budget £000s	Provisional Outturn £000s	Provisional Variance £000s
Operational Costs	107,872	65,283	(42,589)
Operational Financing	50,614	49,797	(817)
Office Costs	6,318	3,885	(2,433)
Non-Operational Financing	510	492	(18)
Total Expenditure	165,314	119,457	(45,857)
Levy Adjustment	0	1,571	1,571
Return to constituent authorities	0	10,000	10,000
Transfer (from)/to reserves	(474)	33,812	34,286
Total Funding (Levy)	164,840	164,840	0

The HWRC tonnages have also continued to be difficult to predict following the pandemic, as well as being impacted by the success of the implementation of the van permit policy which has been highly successful in driving illegal trade waste out of the sites. The revenue outturn for 2022/23 was operational expenditure of £119.5m with an underspend of £45.9m made up of:

- Residual Value Contract underspend of £17.5m from an increased share of third party income derived from electricity and steam generation.
- Waste and Resources Management Services (WRMS) contract underspend of £19.5m due to an increase in income from the sale of recyclates, savings in expenditure on residual waste treatment and landfill due to lower tonnages of residual waste, and savings on processing of commingled waste due to lower than budget tonnages.
- Household Waste Recycling Centre Management Services (HWRCMS) contract underspend of £2.9m due to lower than budgeted residual waste treatment costs due to lower than budgeted tonnages.
- Biowaste Contracts underspend of £1.5m due to savings resulting from lower than budgeted tonnages.

- Other contract costs underspend of £1.2m largely a result of an underspend on lifecycle costs.
- Operational financing underspend of £0.8m from lower than anticipated interest costs with rates lower than forecast and some savings on Minimum Revenue Provision (MRP) costs due to capital projects being completed later than anticipated.
- Office cost underspend of £2.4m relates to consultancy fees due to works on 'Extended Producer Responsibility' and the national 'Resources and Waste Strategy' being reprofiled into 2023/24.

The underspend has been applied to provide a return of £10m to the nine Greater Manchester local authorities which was approved by GMCA in July 2022, a levy adjustment which reflects the changes in tonnages being delivered by local authorities and a transfer to reserves of the remaining £34.3m. In February 2023 GMCA approved £27m from 2022/23 reserves to reduce the 2023/24 levy.

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.

In 2020, HMICFRS undertook a detailed inspection of GMP and reported that a fifth of reported crimes weren't being recorded by the police and that victims were being let down. This led to GMP being placed into special measures. The Mayor and former Deputy Mayor found a number of cultural and systemic issues within the force, which prompted the start of a significant improvement journey. This commenced with the appointment of Stephen Watson as Chief Constable in 2021.

There have been significant improvements in the performance of Greater Manchester Police (GMP) in 2022/23 with support from the Mayor, the Deputy Mayor, and the police precept. In October 2022, GMP were taken out of special measures and is considered to be the most improved police force in the country. Crime recording has increased along with improved standards of investigations and solved outcomes resulting in a much-improved service for victims. Some of the notable improvements include:

- GMP is now 4th out of 43 forces nationally in the Home Office league table for 999 calls for answer.
- Attending 94% of all burglaries, compared to 70% two years ago and solved rates for burglary have also improved as they have for many other types of crime.
- Responding to incidents much sooner, attending 82% of emergency incidents within the national target of 15 minutes.
- Increased arrests for domestic abuse cases and the solved rates has also increased.
- Stalking and harassment arrests have almost doubled in the last 12 months.
- Following the launch of the GM Gender Based Violence strategy, GMP launched its plan to tackle Violence Against Women and Girls in 2022.

- The roads and transport unit has doubled in officer strength this year, and they have stepped up their work on tackling road and transport related offences with partners.

Action against any recommendations made by HMICFRS are monitored by the Deputy Mayor and GMP. In February 2023, GMP received an HMICFRS inspection of Custody services, and this highlighted some causes of concern. This included key concerns over leadership, legal compliance, the use of force, detainee dignity, risk management and medicine management. GMP are working to address these concerns and will be re-inspected by the Autumn of 2023. The Deputy Mayor exercises particular scrutiny through regular papers and data being reported to the Deputy Mayor Executive meetings and OPCC officers being part of in GMP's Custody Oversight Group, established after the inspection.

For 2022/23 Greater Manchester received a core grant of £537.3m, which included a ring-fenced Police Uplift grant of £7.8m and pension grant of £6.6m. The Mayor approved an increase of £10 to the policing precept in January 2022, taking the annual precept for a Band D property to £228.30 in 2022/23 which provided locally raised precept income of £181.3m. This provided total revenue funding for 2022/23 of £718.6m of which £693.7m was delegated to GMP and a net £24.9m was retained by the OPCC, the majority relating to capital financing costs. Both the GMP and OPCC budgets are supplemented by specific grants received during the financial year.

The 2022/23 Police Fund breakeven position is a positive outcome for the financial year end, given the scale of improvement that has been delivered during the year. The significant financial challenges in 2022/23 related to police pay award and overtime. Whilst a significant proportion of the additional expenditure on overtime was funded from external income, there were pressures across the service which required measures to be put in place to more effectively control overtime. Energy costs were significantly higher than budget and proved challenging to forecast due to the volatility of market, unpredictability of prices and the temperatures during the winter months.

When the 2023/24 precept was agreed in January 2023 it was recognised that it was critically important to sustain the significant improvements made to date and to continue to strengthen public safety. The progress made in managing pressures during 2022/23 has provided some mitigation for risks continuing into 2023/24 which includes efficiencies and use of reserves to support the improvement programme.

At the end of the 2022/23 financial year, the provisional expenditure on the capital programme was £27.6m against a revised budget of £38.8m. This has resulted in an underspend of £11.2m with carry forward of £2.8m agreed for capital projects continuing into 2023/24.

In November 2019 the government announced a plan to recruit an additional 20,000 police officers over three years, this equates to 438 officers in 2022/23 across Greater Manchester (note there are further police officers to be recruited nationally to support combating Serious Organised Crime of which GMP's share is 25 officers). The majority of these additional officers have been in frontline policing roles, which have increased in each of the ten districts. The budget was supported by the £20m infrastructure funding for the new officers, front-loaded into the 2020/21 settlement. In 2022/23, £5m was drawn from reserves to support the costs of delivery. Over the past year, police officer

numbers increased from 7,222 (at the end of March 2022) to 7,942, and with agreement of the Home Office recruited a further 125 officers to give a final headcount of 8,067 officers at the end of March 2023.

In 2022/23, the Deputy Mayor delegated a total of over £8.5m to Community Safety Partnerships (CSPs) to support their delivery of the Police and Crime Plan, collectively making communities safer and more resilient. Building on the work of previous years, the Deputy Mayor's funding means CSPs have been able to continue to work closely on both Greater Manchester and local priorities to support targeted work in neighbourhoods.

Almost 49,000 Greater Manchester residents have responded to a quarterly survey on policing and community safety, which was first commissioned by the Deputy Mayor in 2019. This information helps shape how CSPs and GMP work together to tackle crime and anti-social behaviour. 89% of people who responded to the survey said they felt safe in their local area, this was a small improvement on the previous year.

Further information on Police and Crime is provided in the Chief Constables Statement of Accounts for 2022/23.

Highways and Transport Services

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

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

Most of TfGM's core operational activities are funded from the Transport Levy and the Mayoral Precept, as far as the latter relates to transport matters. The Transport Levy is provided by the GMCA from funding received from the ten Greater Manchester Local Authorities. The Transport Levy is set annually by the GMCA which approves the transport budget and the amount provided to TfGM. Certain activities which are Mayoral functions are funded from the Mayoral budget and the Mayoral Precept. This includes the costs associated with developing, updating and delivering the Local Transport Plan. In addition to the policies and activities which are directed by the GMCA transport vision, a number of TfGM activities are determined by government policy or legislation, including the English National Concessionary Travel Scheme.

The Transport revenue budget approved by GMCA was £282m funded from the Transport Levy and Statutory Charge, Mayoral Precept, grants and reserves. Transport provisional expenditure for 2022/23 was £338m which is an increase compared to budget of £55m. The majority of the increase related to additional government grant funding provided for light rail and bus recovery and bus service improvement. Transport

revenue expenditure of £78m was retained by GMCA for capital financing costs for Metrolink and other programmes and £260m was provided to TfGM for transport delivery as set out below.

Highways

Greater Manchester's ten local authorities are responsible for the roads in their area, such as general maintenance and the planning of the work to deliver it. However TfGM has strategic oversight of the Key Route Network ("KRN"), making up over 650km of Greater Manchester's busiest roads. While this is just 7% of the total length of the highways network, it carries two-thirds of all peak-time traffic.

TfGM works closely with local authority partners and Highways England to coordinate day-to-day operations and deal with incidents and events on Greater Manchester's roads and motorways. This includes work aimed at tackling congestion such as managing signals to improve traffic flow, controlling pedestrian crossings, conducting long term planning and modelling and design, and installing and modifying new traffic signal junctions.

Metrolink

Metrolink is owned by TfGM and operated and maintained by Keolis Amey Metrolink (KAM) on a seven-year contract (with an option to extend up to 2027) which began in July 2017. While KAM operates and maintains the network, TfGM is responsible for setting the price of tickets, renewing, enhancing and expanding the network and planning future development, as well as overseeing the operations and maintenance contract.

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

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

Patronage and revenues on Metrolink were, and continue to be, significantly impacted by COVID-19. As at March 2023, patronage had reached circa 87% of pre-pandemic levels. This reduction in farebox revenues, allied with severe inflationary pressures on the cost base, means that the network faces significant funding shortfalls over the coming period. DfT support towards these operating deficits originally ceased on 4 October 2022. In June 2023 a further award of funding from DfT for Metrolink and bus services was made for the period to 31 March 2024. Discussions remain ongoing with DfT regarding future funding as part of TfGM's Financial Sustainability Plan.

Bus

Greater Manchester's bus network plays a key role in keeping the city region moving by helping to reduce car journeys and easing congestion on roads.

Bus services were deregulated in 1986 under the Transport Act 1985. Consequently, there are currently two interacting bus markets in Greater Manchester: a commercial (deregulated) market and a subsidised (contracted) market. Over 80% of services are run commercially by bus companies who set the routes, timetables, fares, frequencies and quality standards. The remaining services form the subsidised market, where bus operators compete to win contracts offered by TfGM. These contracts are for services, or parts of services (early morning or evening journeys) that are considered to be socially necessary and are funded by TfGM.

Bus patronage and revenue fell significantly at the start of the pandemic but has recovered to approximately 85% of pre-pandemic levels. Notwithstanding this recovery, bus operators are still facing a challenging trading environment, with lower farebox revenues combining with the impact of high levels of cost inflation from higher fuel, labour costs etc. This has resulted in some operators making commercial service changes across Greater Manchester, including service withdrawals and reductions in frequency. To ensure the stability of the network, TfGM has replaced most of these withdrawn services, largely at current frequencies, to ensure there has been no material impact on network coverage. These interventions will also protect revenue and enable the network to be optimised through better planning, post franchising. The cost of restoring these services has, to date, been mitigated by government bus recovery funding and by maintaining local funding of concession payments to bus operators at pre COVID-19 levels. These same funding sources have also, to date, helped to prevent wider-reaching service withdrawals. That bus recovery funding was due to expire at the end of June 2023, however DfT has recently announced an extension, as part of a combined package of funding for Metrolink and bus services, for the period through to 31 March 2024.

Whilst patronage is now recovering, reflecting the region's population growth and our marketing campaigns to offer affordable alternatives to car travel, the lasting impacts of the pandemic and the subsequent exceptional inflationary pressures means that the public transport network will continue to face financial challenges in 2023/24 and beyond.

In April 2022, TfGM was informed that it had been successful in being awarded an indicative revenue funding allocation of up to £94.8m to commence delivery of the Greater Manchester Bus Services Improvement Plan (BSIP). This funding is for the period from 2022/23 to 2024/25

As agreed with GMCA, TfGM has used part of the BSIP funding to introduce capped bus fares. These were introduced in September 2022 (singles and daily fares) and January 2023 (weekly fares). In the report to GMCA in June 2022 on the implementation of the singles and daily fares scheme, it was recommended that these proposals were introduced on an initial one-year basis, from September 2022 to August 2023, with a commitment to review the delivery by summer 2023. Following this review, in June 2023, GMCA agreed to the continuation of the capped fares scheme subject to a further review

in summer 2024. BSIP funding is also being used to partially support the network stabilisation activities referred to above and to support the operation of smart ticketing on bus services.

Bus Reform

In March 2021, the Mayor of Greater Manchester made the decision, to implement bus franchising as part of plans for a joined-up and truly customer-focused transport network.

Once implemented Greater Manchester will be the first city region outside London to have buses that are under local control, allowing local leaders to set routes, frequencies, fares and tickets. This will allow GMCA and TfGM to fully integrate buses with the rest of the transport network, as part of a customer-focused network with easy end-to-end journeys, known as the 'Bee Network'.

Bus franchising will deliver customer benefits, including simpler fares and ticketing, better joined-up planning between bus and tram journeys so customers will be able to change between them quickly and easily. It will also mean a 'one-stop shop' for ticketing, travel information and customer support, as well as consistent standards for a high-quality customer experience across the network.

Franchising will also support GMCA's objectives as set out in the Greater Manchester Strategy to become the best place in the country to *grow up, get on and grow old*. With buses under local control, the Bee Network will be able to connect people by public transport to work, home, education, culture and leisure. Bus franchising also means GMCA can set environmental standards for a cleaner, greener bus fleet, helping to meet the city region's targets to tackle the climate emergency, reduce harmful emissions and clean up our air.

TfGM will be implementing and managing bus franchising on behalf of GMCA (the franchising authority). To ensure a smooth transition, franchising will be introduced in phases. In December 2022 TfGM awarded the first contracts to bus operators to provide franchised bus services with the first franchised buses starting to run in Bolton and Wigan in September 2023. Tranches 2 and 3 will commence in March 2024 and January 2025 respectively.

Rail

Greater Manchester places transport at the core of its growth agenda. Excellent transport connectivity is fundamental to our people, businesses, and communities, fulfilling their potential at the heart of a globalised and sustainable Northern Powerhouse economy. Our vision for transport in GM as outlined in the 2040 Transport Strategy, is for world class connections that support long term, sustainable economic growth, and access to opportunity for all.

At the heart of the Strategy is a renewed policy focus on public transport integration. Rail, the missing piece to GM's integrated transport network (the Bee Network), will need to play its part in achieving this concept and support our 'Right Mix' vision and ambitious plans for sustainable growth and economic prosperity.

TfGM have been working extensively with the Great British Railways Transition Team (GBRTT), the Department for Transport (DfT) and wider rail industry partners on developing its rail reform plans.

The new 'Trailblazer Devolution Deal' agreed with DLUHC included more influence on regional rail services. The new deal is a major step forward in improving our railways and ensuring socio-economic prosperity is spread across the city region. It commits to fully integrating rail services into the Bee Network by 2030, through the delivery of:

- Full multi modal fares and ticketing integration across bus, Metrolink, rail and cycle hire (including fares simplification and capping) by 2030.
- Bee Network co-branding across stations, designs, and standards.
- Establishment of a North West Regional Business Unit to help support the management of the current Northern and TransPennine Passenger Service Contracts.
- A commercial vehicle to drive land value capture and regeneration at Greater Manchester stations.
- Sponsorship of infrastructure and service enhancement schemes that impact Greater Manchester.
- A Greater Manchester- Great British Railways Partnership and in the interim a Greater Manchester Rail Board which will be responsible for the delivery of the trailblazer deal and integration of rail into the Bee Network prior to GBR stand-up.

Active Travel

Walking, wheeling and cycling form many people's 'first and last mile' of longer journeys by all forms of public transport mode. By facilitating integration of active travel, other sustainable modes of transport can be made more resilient, provide better customer experience, improve operating revenues, and enhance the contribution that seamless door-to-door journeys can make to reducing congestion. Combined, active travel modes form almost a quarter of all trips on the network.

Walking underpins all public transport and private car journeys. Greater Manchester intends to at least double walking and double then double again cycling as modes of travelling, either as part of longer connected trips or as journeys in their own right. This is essential to achieve health, economic, clean air and decarbonisation targets in GM. These modes have the potential in many parts of GM to be the main form of transport, providing a resilient, cost effective and accessible means of travel for all. This is especially true for local trips to school, employment, leisure and nearby shopping. However, the main barriers to more people cycling are reported as being concerns about safety, access to safe routes, security and the fact that many households do not, still, have access to affordable (and in some cases accessible) bicycles. Yet without these modes GM cannot address the climate, obesity, ill health and economic inequalities experienced by many communities.

This will be achieved by ensuring that sufficient road space and modal priority is provided for walking, wheeling and cycling, and, that these changes to the transport network are built to standards that will provide effective alternatives to the car. That demands a clear and consistent vision and leadership to ensure that schemes are designed and delivered consistently across Greater Manchester.

During the year, the Active Travel Commissioner has unveiled a refreshed active travel mission for Greater Manchester focusing on accessibility, behaviour change and clear communications.

Five key priorities have been identified to support these:

1. Infrastructure delivery (with four principles leading to a connected network).
2. Home to school travel.
3. Cycle hire and access to cycles.
4. Integration with public transport.
5. Road danger reduction.

To achieve these objectives, TfGM continues to manage, secure and distribute funding from multiple sources of capital and revenue to support the GM active travel ambitions. GM investment in Active Travel to date (March 2023) since 2020, has grown significantly, to over £140m of approved expenditure on the Active Travel elements of the Bee Network. CRSTS investment will begin to increase investment as all highway improvement schemes are obliged to accommodate active travel modes. The first phase of the GM Cycle Hire scheme 'the Bee Bikes' has supported to date, over 250,000 journeys, enabling over 600,000km of trips to be made in a safe, affordable and efficient manner, 24 hours a day, seven days a week.

Greater Manchester Clean Air Plan

The government has instructed many local authorities across the UK to take quick action to bring harmful nitrogen dioxide (NO₂) air pollution levels within legal limits. In Greater Manchester, the ten local authorities, with the support of GMCA and TfGM, are working together to develop a Greater Manchester Clean Air Plan (GM CAP) to tackle NO₂ exceedances at the roadside.

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

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

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

Late in 2021, Greater Manchester commissioned an independent review of emerging global supply chain issues and the impact this could have on the cost and availability of vehicles. Based on this the Greater Manchester Mayor and Leaders determined that the original Clean Air Plan was unworkable. Government agreed in February 2022 to lift the previous legal direction requiring Greater Manchester to achieve compliance with legal NO₂ limits by 2024.

Government gave Greater Manchester until July 2022 to present a revised plan to achieve compliance with legal levels of NO₂ on the local road network in the shortest time possible and by no later than 2026. This was submitted on 1 July 2022. In January 2023, government asked for additional evidence to support the Greater Manchester case for a non-charging Clean Air Plan. Greater Manchester leaders responded with initial evidence. GM will submit additional evidence, which requires further detailed modelling, to government by summer 2023.

Further information on Transport is provided in the Transport for Greater Manchester Statement of Accounts for 2022/23.

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 2022/23, along with funds held in reserves on behalf of the LEP.

	Income £000s	Expenditure £000s	Variance £000s
Revenue Funds			
LEP Capacity	(375)	375	0
Business Growth Hub	(390)	390	0
Total Revenue	(765)	765	0
Capital Funds			
Growing Places Fund	(2,577)	2,577	0
Total Capital	(2,577)	2,577	0
Grand Total			

LEP Reserves	31 March 2022 £000s	Transfers in/out £000s	31 March 2023 £000s
LEP Capacity	(452)	(5)	(457)
Business Rates (Enterprise Zones)	(340)	0	(340)
Total Reserves	(792)	(5)	(797)

Treasury Management Performance in 2022/23

Borrowing and Borrowing Limits

In 2022/23, the Authority had an authorised limit for external debt of £2.7 billion, which compares to the actual level of debt outstanding at 31 March 2023 of £1.4 billion. Debt outstanding (including accounting adjustments) is made up of the following figures:

2021/22 £m		2022/23 £m
546.2	Public Works Loan Board (PWLB)	527.6
559.9	European Investment Bank (EIB)	547.7
106.2	Market	106.2
20.3	Temporary	40.3
164.1	MHCLG – HIF	165.5
29.2	Homes England	28.1
1,496.8	Total	1,415.4

Total borrowings show a net decrease during the year of £81.4m due to scheduled repayments to Public Works Loans Board (PWLB) and European Investment Bank (EIB) reduced temporary borrowing and other accounting adjustments.

Short Term Investments for Treasury Management Purposes

Whilst the Authority held short term borrowing at the end of the financial year, a level of short term cash is always held to cover unexpected cash flow requirements. Short term deposits (excluding bank current accounts) as at 31 March 2023 were £252.3m. This is made up of the following figures:

2021/22 £m		2022/23 £m
13.4	Bank Deposits	9.6
232.3	UK Government Backed Deposits	242.7
245.7	Total	252.3

Risks

In the last 12 to 18 months, like all organisations, GMCA has been adversely impacted by cost inflation and other cost and supply pressures which are impacting the supply of services and infrastructure. This includes, but is not limited to service delivery costs which are largely staff and energy related costs and supplies for construction projects. The organisation continues to monitor and mitigate these costs as far as possible and is adjusting, as appropriate, its expenditure and funding budgets for this year to reflect this position.

Under current funding arrangements for GMCA the confirmation of government funding varies considerably depending upon the nature of the grant. Some programmes have confirmed or indicative funding over the current Spending Review period and others operate with short term grant funding confirmed on an annual basis. As such medium term financial planning for GMCA programmes is restricted to the information available at the time of setting the budget for the following year and will be updated throughout the financial year as part of the quarterly financial update reports.

In respect of Police and Crime and Fire and Rescue services, the 2021 Spending Review was for the three year period 2022/23 – 2024/25 which provided some clarity for planning purposes at the time. Subsequently, the 2022 Spending Review provided the funding for the PCC and Fire and Rescue Service settlement for 2023/24. The most significant uncertainty with PCC and Fire and Rescue Service expenditure relates to the pay award for which additional grant funding was provided by Home Office towards the Police Officer pay award in 2022/23, however pay award for Police staff and the Fire and Rescue Service has been met from local resources.

Implementation of GMP's improvement plan includes significant change and a commitment to fulfil promises made to the public to deliver an effective police service. The programme board overseeing the implementation brings forward change proposals with cost implications that requires revenue and capital investment over the medium term. There will be a need to ensure this is supported by a sustainable medium term financial plan incorporating use of non-recurrent resources and efficiency savings from within existing budgets and clear risk management process.

Outlook for the future – financial landscape.

The most recent Spending Reviews for PCCs and Fire and Rescue Services only cover the period up to 2024/25 and in December 2022 the government confirmed a one-year settlement in 2023/24. Medium term financial planning reflects estimated funding for the following two years, with very little certainty for 2025/26. The Home Office is currently undertaking a review of the funding formula for Police and Crime. The intention is to move to a weighted demand which will impact GM's proportion of national funding.

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

Capital schemes and associated expenditure profiles have been impacted by global pressures on construction materials availability, associated pricing and inflationary pressures. It is anticipated that these impacts will continue in the medium term. The organisation has responded to this by TfGM and local authority partners bringing together all planned infrastructure expenditure with revenue and capital funding requirements up to the end of March 2027 to support prioritisation and contingency planning within available resources.

The current Business Rates Growth Retention Pilot includes a proportion retained by GMCA to support GMS priorities, which will be impacted by a business rates baseline reset expected by 2025/26. Whilst a 'partial reset' is expected to provide scope for Greater Manchester local authorities to retain some of the local growth under the pilot, the details of this are still to be determined.

On a positive note as part of the 'Trailblazer Devolution Deal' the government has recently announced a longer-term commitment on the retention of the growth in Business Rates for ten years and new 'Growth Zones' in addition to 'Investment Zones' where business rates growth above an agreed baseline can be retained for 25 years.

Furthermore, the single settlement should provide a consolidated, long term budget for GMCA set at spending reviews and based on thematic functions to replace the complexity of numerous different grants projects and programmes.

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 reader's understanding of the reported figures.

Events after the reporting period and authorised for issue date

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

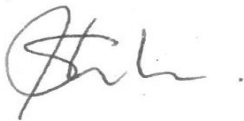
Group Accounts

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

Transport for Greater Manchester, Chief Constable of Greater Manchester Police, NW Evergreen Holdings Limited Partnership, GM Fund of Funds Limited Partnership and Greater Manchester Evergreen 2 LP.

Glossary of financial terms

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



Steve Wilson
Greater Manchester Combined Authority Treasurer

Statement of Responsibilities for the Statement of Accounts

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

Further Information

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

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

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

The Authority's Responsibilities

The Authority is required to:

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

The Treasurer's Responsibilities

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

In preparing this Statement of Accounts, the Treasurer has:

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

The Treasurer has also:

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

I certify that these unaudited Statement of Accounts give a true and fair view of the financial position of the Authority as at 31 March 2023 and of its income and expenditure for the year ended 31 March 2023.

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

Steve Wilson
Greater Manchester Combined Authority Treasurer

Greater Manchester Combined Authority Single Entity Accounts

Financial Statements

Comprehensive Income and Expenditure Statement

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

Gross Expenditure 2021/22 £000s	Gross Income 2021/22 £000s	Net Expenditure 2021/22 £000s	Comprehensive Income and Expenditure Statement	Note	Gross Expenditure 2022/23 £000s	Gross Income 2022/23 £000s	Net Expenditure 2022/23 £000s
326,880	(122,515)	204,365	Transport, Waste, Economic Development and Regeneration				
			Highways and Transport Services		336,736	(95,522)	241,214
305,667	(188,465)	117,202	Economic Development and Regeneration		322,179	(226,876)	95,303
112,211	(1,085)	111,126	Waste Disposal		87,164	(154)	87,009
744,758	(312,066)	432,693	Total		746,079	(322,552)	423,527
			Mayoral General Fund Services				
			Fire and Rescue Services		106,808	(14,529)	92,280
106,900	(16,586)	90,314	Mayor's Office		126,051	(100,851)	25,200
125,654	(101,036)	24,618	Total		232,859	(115,379)	117,480
232,554	(117,622)	114,933	Mayoral Police Fund Services				
			Mayoral Policing Services		36,473	(138,411)	(101,937)
33,796	(116,408)	(82,612)	Funding provided by the Mayor to the Chief Constable to fund Police and Crime Services		834,487	0	834,487
748,928	0	748,928	Total		870,961	(138,411)	732,550
782,724	(116,408)	666,316	Total Cost of GMCA Operations		1,849,899	(576,342)	1,273,557
			(Gains) / Losses on Disposal of Non Current Assets		1,299	(524)	775
1,430	0	1,430	Financing and Investment Income and Expenditure	15	121,907	(20,714)	101,193
102,763	(8,668)	94,095	Taxation and Non Specific Grant Income	16	0	(1,473,177)	(1,473,177)
0	(1,376,409)	(1,376,409)	Home Office grant payable towards the cost of Police retirement		109,065	(109,065)	0
108,795	(108,795)	0	(Surplus) / Deficit on Provision of Services		2,082,170	(2,179,823)	(97,653)
1,973,024	(2,039,968)	(66,944)	Items that will not be subsequently classified in deficit on provision of services				
			Re-measurement of the net defined benefit liability				(571,486)
			(Surplus) / Deficit on revaluation of non current assets				(58,162)
			Other Comprehensive (Income) & Expenditure				(629,648)
							(174,924)
			Total Comprehensive (Income) and Expenditure				(727,301)

Steve Wilson
Greater Manchester Combined Authority Treasurer
Date: 31 July 2023

Movement in Reserves Statement

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

	General Fund Balances	Capital Grants Unapplied Reserve	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£000s	£000s	£000s	£000s	£000s	£000s
Balance as at 31 March 2021	(446,635)	(27,037)	(54,265)	(527,938)	3,392,133	2,864,195
Movement in Reserves during 2021/22						
(Surplus) or deficit on the provision of services	(66,944)	0	0	(66,944)	0	(66,944)
Total Comprehensive Income and Expenditure	0	0	0	0	(107,983)	(107,983)
Total Adjustments between accounting basis & funding basis under	(11,208)	(8,616)	(14,307)	(34,130)	34,130	0
Transfers to or from Earmarked Reserves	0	0	0	0	0	0
(Increase) / decrease in year	(78,152)	(8,616)	(14,307)	(101,074)	(73,853)	(174,927)
Balance as at 31 March 2022	(524,787)	(35,653)	(68,572)	(629,012)	3,318,280	2,689,268
Movement in Reserves during 2022/23						
(Surplus) or deficit on the provision of services	(97,653)	0	0	(97,653)	0	(97,653)
Total Comprehensive Income and Expenditure	0	0	0	0	(629,648)	(629,648)
Total Adjustments between accounting basis & funding basis under	6,405	16,112	(7,621)	14,897	(14,909)	(12)
Transfers to or from Earmarked Reserves	0	0	0	0	0	0
(Increase) / decrease in year	(91,248)	16,112	(7,621)	(82,756)	(644,557)	(727,313)
Balance as at 31 March 2023	(616,035)	(19,541)	(76,193)	(711,768)	2,673,724	1,961,955

Balance Sheet

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

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

31 March 2022 £000s	Balance Sheet	Note	31 March 2023 £000s
	Non Current Assets		
655,491	Property, Plant and Equipment	20	720,734
83	Heritage Assets		83
53	Investment Property		64
23,487	Intangible Assets	21	28,261
133,695	Long Term Debtors and Payments in Advance	22	86,575
40,766	Long Term Investments		42,286
853,575	Total Non Current Assets		878,003
	Current Assets		
0	Short Term Assets Held for Sale		580
2,869	Inventories and Stocks		3,693
245,393	Short Term Debtors and Payments in Advance	22	372,809
229,927	Cash and Cash Equivalents	23	236,707
15,006	Short Term Investments		10,004
493,195	Total Current Assets		623,793
	Current Liabilities		
(87,175)	Short Term Borrowing	29	(113,952)
(260,695)	Short Term Creditors and Receipts in Advance	24	(249,046)
(198,507)	Capital Grants Receipts in Advance	14	(190,091)
(27,532)	Revenue Grants Receipts in Advance	14	(35,418)
(8,358)	Short Term Provisions	25	(6,153)
(4,082)	Short Term Lease Liability	26	(3,678)
(586,349)	Total Current Liabilities		(598,338)
	Long Term Liabilities		
(1,338,733)	Long Term Borrowing	29	(1,301,444)
(10,960)	Long Term Provisions	25	(10,790)
(36,676)	Long Term Lease Liability	26	(32,998)
(159,333)	Long Term Capital Grants Receipts in Advance	14	(156,232)
(1,903,987)	Pensions Liability	33	(1,363,950)
(3,449,689)	Total Long Term Liabilities		(2,865,414)
(2,689,268)	Net Assets (Liabilities)		(1,961,956)
	Financed by:		
(629,012)	Usable Reserves	9,10	(711,768)
3,318,280	Unusable Reserves	28	2,673,724
2,689,268	Total Reserves		1,961,956

Steve Wilson

Greater Manchester Combined Authority Treasurer

Date: 31 July 2023

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

2021/22 £000s	Cash Flow Statement	Note	2022/23 £000s
(66,944)	Net (surplus) / deficit on the provision of continuing operations		(97,665)
(186,474)	Adjustments to net surplus on the provision of services for non cash movements	32a	(24,328)
243,688	Adjust for items included in the net surplus on the provision of services that are investing and financing activities	32a	297,080
(9,730)	Net Cash Flows from Operating Activities		175,087
(166,350)	Investing Activities	32b	(198,085)
84,964	Financing Activities	32c	16,218
(91,116)	(Increase) / Decrease in Cash and Cash Equivalents		(6,780)
138,810	Cash and cash equivalents at 1 April		229,927
229,927	Cash and cash equivalents at 31 March	23	236,707

Single Entity Accounts

Notes to the Financial Statements

1 Accounting Concepts and Policies

1.1. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. 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 2022/23, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Local Government Act 2003.

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

1.2. Accounting Concepts

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

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

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

1.3. Accruals of Income and Expenditure

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

- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet;
- Expenses relating to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than on the basis of the cash flows fixed or determined by the contract;
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance sheet.

1.4. Cash and Cash Equivalents

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

Cash equivalents are highly liquid investments that mature in no more than three months from the balance sheet date and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

1.5. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies, or to correct a material error. Changes in accounting estimates are accounted for prospectively, in other words, in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. If material errors are discovered in a prior period, figures are corrected retrospectively, by amending opening balances and comparative amounts for the prior period.

1.6. Charges to Revenue for Non-Current Assets

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

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

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

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

1.7. Termination Benefits

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

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

1.8. Post-Employment Benefits – Pensions

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

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

1.8.1. The Firefighters' Pension Scheme

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

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

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

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

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

1.8.2. Local Government Pension Scheme

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

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

1.8.3. Net Pensions Liability

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

1.8.3.1. Service cost comprising:

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

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

1.8.3.2. Remeasurements comprising:

- Return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the pensions reserve as other comprehensive income and expenditure;
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the pensions reserve as other comprehensive income and expenditure; and
- Contributions paid to the GMPF – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

1.8.4. Discretionary benefits

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

1.9. Property, Plant and Equipment and Assets under Construction

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

1.9.1. Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the authority and the cost of the item can be measured reliably. The authority has a £20,000 de minimis level for the recognition of property, plant and equipment. Exceptions to this are traffic signals and vehicles, which are capitalised with no minimum level.

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

1.9.2. Measurement

Assets are initially measured at cost, comprising:

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

The authority does not capitalise borrowing costs incurred while assets are under construction.

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

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

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

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

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

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

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

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

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

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

1.9.3. Impairment

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

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

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

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

1.9.4. Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

1.9.5. Non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the comprehensive income and expenditure statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the surplus or deficit on provision of services. Depreciation is not charged on assets held for sale.

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

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

1.9.6. Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the balance sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the comprehensive income and expenditure statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the comprehensive income and expenditure statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the capital adjustment account.

Amounts received for a disposal of £10,000 or more are categorised as capital receipts and credited to the Capital Receipts Reserve (CRR). They can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Mayoral or GMCA CRR from the relevant Mayoral or GMCA balances in the movement in reserves statement.

The written-off value of disposals is not a charge against statutory funding, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the relevant general fund balance in the movement in reserves statement.

1.11. Highways Infrastructure Assets

Highways infrastructure assets include traffic signals, tram networks, bus interchanges and bus stations, guided busways and cycle hubs.

1.11.1. Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

1.11.2 Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost. Opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994 England and Scotland, which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

1.11.3 Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year and the useful life of a Traffic Signal is estimated to be 11 years.

1.11.4 Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against the general fund, as the cost of non-current assets are fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement

1.12. Intangible Assets

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

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

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

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

1.13. Fair Value

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

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

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

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

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

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

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

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

- The fair value of trade and other receivables and creditors is taken to be the invoiced or billed amount.

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

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

1.14. Revenue Expenditure Funded by Capital Under Statute

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

1.15. Minimum Revenue Provision

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

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

1.16. Capital and Revenue Grants and Contributions

1.16.1. Revenue Grants and Contributions

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

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

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

1.16.2. Capital Grants and Contributions

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

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

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

1.17. Local Taxation

1.17.1. Council Tax

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

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

1.17.2. Business Rates

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

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

In 2022/23 GM continues to be a pilot area for the 100% Business Rates Retention Scheme and the relevant shares of business rates income for 2022/23 are Central Government (0%), GM Authorities (99%) and GMCA (1%).

For both council tax and business rates, the income reflected in the CIES in 2022/23 is the GMCA's share of the income relating to that year. However, the amount of council tax / business rates income that can be credited to the General Fund for the year is determined by statute and may be different from the accrued income position shown in the CIES. An adjustment is made via the Movement in Reserves Statement for the difference between the income due under proper accounting practice and the income per statute.

1.18. Financial Assets

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

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

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

1.18.1. Amortised Cost

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

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

1.18.2. Fair Value through Other Comprehensive Income (FVOCI)

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

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

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

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

1.18.3. Fair Value through Profit and Loss (FVPL)

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

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

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

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

1.18.4. Credit loss

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

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

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

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

1.19. Financial Liabilities

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

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

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

1.20. Impairment of non-financial assets

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

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

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

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

1.20. Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

1.22. Reserves and Balances

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

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

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

1.23. Revenue

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

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

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where revenue has been recognised but cash has not been received or paid, a debtor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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

1.24. Contingent assets

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

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

1.25. Contingent liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

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

1.26. Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

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

1.27. Events after the Reporting Period

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

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

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

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

1.28. Interests in Companies and Other Entities - Group Accounts

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

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

An assessment of all the Authority's interests has been carried out during the year, in accordance with the Code of Practice, to determine the relationships that exist and whether they should be included within the Authority's group accounts. As such, group accounts have been prepared for the Authority to include Transport for Greater Manchester, Greater Manchester Police, NW Evergreen Holdings LP, GM Fund of Funds LP and Greater Manchester Evergreen 2 LP.

1.29. Discretionary Benefits

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

1.30. Benefits Payable During Employment

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

In 2018/19, the Authority adopted a policy of not accruing for employee benefits if the value of the adjustment was considered immaterial. An annual assessment will be made each year and should this result in an adjustment that would be material then these benefits will be accrued. In the 2022/23 accounts the employee benefit accrual was calculated and considered not to be material, therefore the accounts have not been adjusted.

1.31. Private Finance Initiative (PFI)

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

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

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

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

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

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

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

2 Critical Accounting Judgements

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

Government Funding

There is an inherent degree of uncertainty about future levels of funding for major government programmes devolved to GMCA and Local Government funding as a whole. Where necessary the Authority would have to consider a range of options on how to continue to provide some elements of its services with a reduced level of funding.

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

Private Finance Initiative (PFI)

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

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

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

Group boundary

The GMCA has interests in a number of external companies either as a direct owner or in partnership with other organisations. The nature of these relationships has been assessed under IFRS 11, IAS 27 and IAS 28 (Accounting for Joint Arrangements, Subsidiaries and Associates).

These Accounts contain a set of group statements and supporting notes to reflect the nature and value of the Authorities' interests in other entities. Where the Authority is considered to have control or significant influence over another entity, they are deemed to be within the group boundary and are assessed for inclusion in the group accounts.

Consolidation of entities considered for inclusion in the group account is dependent on several factors, including the extent of the Authorities' interest and power to influence and control, materiality, investment, and transparency; where these factors are not considered material those members of the Group have not been consolidated.

Group Accounts Considerations

A review of the entities related to the Authority in 2022/23 has taken place and the conclusions are provided below:

Chief Constable of Greater Manchester Police (GMP)

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

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

Transport for Greater Manchester (TfGM)

TfGM will continue to be included in the Authority's group accounts. The Authority and/or the Mayor sets local public transport policy and is responsible for deciding how funds are spent on supporting and improving GM's public transport network. The decisions of the Authority and/or the Mayor are implemented by TfGM and TfGM is responsible for implementing the policies of the Authority. TfGM's net expenditure after taking into account all sources of income and expenditure is financed by way of a Revenue Grant from the Authority. TfGM's corporate objectives are derived from the

Authority's policy priorities, stakeholder consultation and its principal statutory obligations. Strategic objectives and targets are set out in the Authority/TfGM Business and Performance Plan.

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

Greater Manchester Fund of Funds Limited Partnership (FoFLP)

In November 2016 the Authority established FoFLP to act as a holding fund for ERDF funding. The Company registration number is 10482059. As at 31 March 2023, the fund had drawn down £45m (2022: £30m) of ERDF funding from Department for Levelling Up, Housing and Communities, and £0.8m from the Authority. FoFLP invest in sub-funds that seek to support the shift towards a low carbon economy and for research and innovation workspace. The fund has a further £15m of ERDF funding awarded which can be drawn down upon the achievement of certain milestones. FoFLP is wholly owned and controlled by the GMCA and **will continue to be included** in the group accounts.

NW Evergreen Holdings Limited Partnership (NWEH)

In September 2016 the Authority established NWEH to act as a holding fund for the ERDF funding attributed to the North West Evergreen Fund, an urban development fund established under the 2007-13 European Operational Programme. The Company registration number is LP017585. NWEH received over £60m of funding from ERDF and matched funding sources and invests via its sub-fund in commercial development projects in the North West of England. **NWEH will continue to be included** in the Authority's group accounts.

Greater Manchester Evergreen 2 Limited Partnership (GME2LP)

Evergreen 2 was incorporated on 20 February 2017 under England's 2014-20 ERDF Operational Programme and is solely a Greater Manchester fund. The Company registration number is LP017867. It has been decided that the **GM Evergreen 2 LP will continue to be Included** in the group accounts.

Greater Manchester Low Carbon UDF Limited Partnership

The GM Low Carbon UDF LP was incorporated on 20 February 2017, Company registration number LP017868. The GM FOF LP is supplying a loan facility of £15m to the GM Low Carbon UDF LP under a Contingent Loan Facility. The GM Low Carbon UDF LP is to use the funds to increase small scale renewable energy schemes. On the grounds of immateriality, it has been decided that the **GM Low Carbon UDF LP will not be Included** in the group accounts.

NW Fire Control Company

NW Fire Control Limited (NWFCC) is a Company limited by Guarantee with the responsibility for Fire and Rescue services mobilisation for the North West Region. The Company registration number is 06314891. The company has four equal partners namely: GMCA, Cheshire, Cumbria County Council and Lancashire Fire and Rescue Authorities.

NWFCC became operational during 2014/15 and it meets with the definition of a Joint Operation for group accounts purposes. The Company is governing by unanimous consent for all key decisions, with each member having equal voting rights. The liability of each member in the event of the company being wound up is limited and shall not exceed £1. Each member of the company has the right to appoint two directors, who are Councillors appointed to their respective FRAs. In 2014 all four services transferred their Control Room functions into the regionalised service provided by NW Fire Control Limited. The cost of the service is charged out to the four FRAs on an agreed pro rata basis set out in a Service Level Agreement.

However, on the grounds of immateriality **NWFCC will not be included** the group accounts.

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

Greater Manchester Accessible Transport Limited (GMATL)

GMATL is a private company limited by guarantee without share capital. The Company registration number is 02483763. The Authority is the person with significant control and has previously included GMATL in its group accounts. On the grounds of immateriality, it has been decided that **GMATL will not be included** in the group accounts.

Manchester Investment and Development Agency Service (MIDAS)

MIDAS is a private company limited by guarantee without share capital. The Company registration number is 03323710. The Authority is the person with significant control and has previously included MIDAS in its group accounts. The balance sheet value is approximately £0.5m. On the grounds of immateriality, it has been decided that **MIDAS will not be included** in the group accounts.

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

HIVE Homes

HIVE Homes is a joint venture with ten Registered Housing providers and has been incorporated to acquire sites in GM and then develop them for sale as residential use. The Company registration number is OC425196. From March 2019 the Authority has a 20% share within the company, and £2m has been invested to date. On the grounds of immateriality, it has been decided that **HIVE Homes will not be included** in the group accounts.

Resonance Supported Homes Fund Limited Partnership

Resonance Supported Homes Fund was incorporated in July 2020 to house adults with learning disabilities, autism and mental health issues living in inappropriate housing such as long term hospital inpatient facilities, or on long waiting lists awaiting the right housing for their needs. The Company registration number is LP021031. The GMCA is a limited Partner and as such does not have the authority to legally bind the partnership. Due to a lack of control / significant influence and the partnership's immateriality, it has been

decided that **Resonance Supported Homes Fund will not be included** in the group accounts.

The GM & Cheshire life Sciences Fund Limited Partnership (Life Science 1)

The GM & Cheshire Life Sciences Fund was incorporated in September 2015 as a seed and early-stage venture capital fund for life sciences businesses located in the Greater Manchester and Cheshire & Warrington region. The Fund came to the end of its new investment period in mid-2021, by which time it had made a range of seed, early-stage and growth investments into 42 companies. The Fund will continue to support its portfolio and carry out follow-on funding until at least 2030. The Company registration number is LP016834. The GMCA is a Limited Partner and as such does not have the authority to legally bind the partnership. Due to a lack of control / significant influence and the partnership's immateriality, it has been decided that **The GM & Cheshire Life Sciences Fund Limited Partnership will not be included** in the group accounts.

GMC Life Sciences Fund Limited Partnership (Life Sciences 2)

GMC Life Sciences Fund Limited Partnership was incorporated in May 2022. The Company registration number is LP022594. The Principal activity of this partnership is to invest in seed and early-stage life sciences businesses, located in or relocating to Greater Manchester and Cheshire & Warrington. The GMCA is a Limited Partner and as such does not have the authority to legally bind the partnership. Due to a lack of control / significant influence and the partnership's immateriality, it has been decided that **The GMC Life Sciences Fund Limited Partnership will not be included** in the group accounts.

INTERCHANGE HOMES LLP

Interchange Home LLP was incorporated in October 2021 as a special purpose vehicle (SPV) for the town centre residential accommodation development at Stockport Interchange. The company registration number is OC439564. On the grounds of immateriality, it has been decided that **Interchanges Homes LLP will not be included** in the group accounts.

3 Key Sources of Estimation and Uncertainty

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

3.1 Valuation of PPE

The valuation of GMCA's Property, Plant and Equipment (PPE) is a significant area of estimation uncertainty. There is a risk of material adjustment to the carrying value of PPE within the next financial year, if the actual values differ from the assumptions used to value PPE. A reduction in estimated valuation would result in a reduction to the Revaluation Reserve and/or a loss in the Comprehensive Income and Expenditure Statement. An increase in estimation valuation would result in an increase in the Revaluation Reserve and/or gain in the Comprehensive Income and Expenditure Statement. For instance, the impact of a 10% change in the valuation of GMCA's operational land and buildings would be £56m. Note 20 to the accounts sets out the Authority's approach to the valuation of its PPE.

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

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

4 Impact of Accounting Standards issued but not yet Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the Council to disclose information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the Code.

This edition of the Code applies for accounting periods commencing on or after 1 April 2022. It supersedes the edition published in June 2021 (the 2021/22 Code).

The key accounting changes in this edition of the Code include:

- Revision of Section 4.2 (Leases) to allow authorities to voluntarily adopt the provisions of IFRS 16 in advance of mandatory implementation.
- Revision of Section 4.3 (Service Concession Arrangements: Local Authority as Grantor) to specify that if IFRS 16 is adopted in advance of mandatory implementation.
- Amendments to Section 8.2 (Provisions, Contingent Liabilities and Contingent Assets) to clarify the treatment of social benefits under IAS 37/IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets.
- Confirmation in Appendix C (Changes in Accounting Policies: Disclosures in the 2021/22 and 2022/23 Financial Statements) of the transitional reporting requirements of the new

standards introduced in the 2022/23 Code, while also having regard to requirements in relation to voluntary adoption of IFRS 16.

- Confirmation in Appendix D (New or Amended Standards Introduced to the 2022/23 Code) of the new standards introduced to the 2022/23 Code.

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

5 Events After the Reporting Period

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

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

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

6 Authorisation for the Issue of the Statement of Accounts

The 2022/23 Unaudited Statement of Accounts were authorised for issue by the Treasurer on the 31 July 2023.

7a Expenditure and Funding Analysis

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

2021/22			2022/23			
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
219,906	(15,541)	204,365	Continuing Services	243,698	(2,484)	241,214
108,194	9,008	117,202	Highways and Transport Services	112,367	(17,064)	95,303
124,179	(13,053)	111,126	Economic Development and Regeneration	115,740	(28,731)	87,009
128,043	(13,110)	114,933	Waste Disposal Services	136,428	(18,948)	117,480
659,934	6,382	666,316	Mayoral General Fund Services	718,960	13,590	732,550
			Mayoral Police Fund Services			
1,240,256	(26,315)	1,213,941	Cost of Services	1,327,193	(53,636)	1,273,557
(1,318,407)	37,523	(1,280,885)	Other Income and Expenditure	(1,418,441)	47,231	(1,371,210)
(78,152)	11,208	(66,944)	(Surplus)/Deficit	(91,248)	(6,405)	(97,653)
446,635			Opening General Fund Balance and Earmarked Reserves Continuing Services	524,788		
78,152			Surplus / (Deficit) on General Fund Balance in year	91,248		
524,788			Closing General Fund Balance at 31 March	616,036		

7b Note to the Expenditure and Funding Analysis

2021/22				2022/23				
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
(15,541)	0	0	(15,541)	Continuing Services	(2,484)	0	0	(2,484)
3,385	5,622	0	9,008	Highways and Transport Services	(21,836)	4,772	0	(17,064)
(13,456)	402	0	(13,053)	Economic Development and Regeneration	(29,053)	322	0	(28,731)
1,972	(15,083)	0	(13,110)	Waste Disposal Services	5,274	(24,221)	0	(18,948)
6,015	367	0	6,382	Mayoral General Fund Services	13,233	357	0	13,590
				Mayoral Police Fund Services				
(17,624)	(8,691)	0	(26,315)	Net Cost of Services	(34,866)	(18,770)	0	(53,636)
(1,553)	39,076	0	37,523	Other Income and Expenditure	(2,988)	50,219	0	47,231
(19,177)	30,385	0	11,208	Difference between General Fund Surplus and CIES Deficit on the Provision of Services	(37,854)	31,449	0	(6,405)

- a) Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:
- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

- Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

b) Net Change for the Pensions Adjustments - Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.

- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

c) Other Differences - Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

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

8 Adjustments between Accounting Basis and Funding Basis under Regulations

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

Greater Manchester Combined Authority UNAUDITED Statement of Accounts 2022/23

2021/22					2022/23			
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:				
(30,385)	0	0	30,385	Pension cost (transferred to (or from) the Pensions Reserve)	(31,449)	0	0	31,449
(2,975)	0	0	2,975	Financial Instruments (transferred to the Financial Instruments Adjustments Account)	(1,593)	0	0	1,593
9,833	0	0	(9,833)	Council tax and NDR (transfers to or from the Collection Fund)	2,554	0	0	(2,554)
(119,405)	0	0	119,405	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)	(44,051)	0	0	44,051
(142,932)	0	0	142,932	Total Adjustments to Revenue Resources	(74,540)	0	0	74,540
				Adjustments between Revenue and Capital Resources				
0	(171,660)	0	171,660	Transfer of capital income to the Capital Receipts Reserve	104	(54,772)	0	54,668
3,095	0	0	(3,095)	Movement in Capital Provision for Expected Credit Loss	2,246	0	0	(2,246)
82,734	0	0	(82,734)	Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	88,855	0	0	(88,855)
794	0	0	(794)	Capital receipts applied (transfer to the Capital Adjustment Account)	4,509	0	0	(4,509)
36,485	0	0	(36,485)	Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,343	0	0	(1,343)
123,108	(171,660)	0	48,552	Total Adjustments between Revenue and Capital Resources	97,057	(54,772)	0	(42,285)
				Adjustments to Capital Resources				
0	157,353	0	(157,353)	Use of the Capital Receipts Reserve to finance capital expenditure	0	47,152	0	(47,152)
8,616	0	(8,616)	0	Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(16,112)	0	16,112	0
8,616	157,353	(8,616)	(157,353)	Total Adjustments to Capital Resources	(16,112)	47,152	16,112	(47,152)
(11,208)	(14,307)	(8,616)	34,130	Total Adjustments	6,405	(7,621)	16,112	(14,897)

9 Transfers to/from Reserves

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

Earmarked Reserves and Balances	31 March 2022 £000s	Transfers in/out £000s	31 March 2023 £000s
Economic Development and Regeneration (EDR)			
Life Chances	(3,800)	847	(2,953)
Growing Places Fund	(1,554)	0	(1,554)
RGF/GPF Interest and Arrangement Fees	(9,490)	1,242	(8,248)
Churchgate House Accommodation	(2,767)	(939)	(3,706)
Adult Education Budget Devolution	(14,607)	(10,611)	(25,218)
Business Rates Growth Pilot & Levy	(37,641)	(8,099)	(45,740)
HIF Interest and Arrangement Fees	(13,067)	1,224	(11,843)
Low Carbon Resource	0	(1,108)	(1,108)
Work & Skills - Working Well Reserve	0	(2,047)	(2,047)
Youth Contract	(1,781)	1,781	0
A Bed Every Night	(2,000)	2,000	0
Work & Skills - Central Reserve	0	(6,116)	(6,116)
GMICB- Improving School Readiness	0	(2,000)	(2,000)
GM District Transformation Schemes	0	(1,000)	(1,000)
GM Trailblazer Devolution	0	(3,000)	(3,000)
Our Pass Reserve	0	0	0
Brownfield Fund	(1,057)	213	(845)
Other EDR Reserves	(12,445)	1,580	(10,865)
Total EDR Earmarked Reserves	(100,211)	(26,033)	(126,244)
Transport			
Active Travel Fund	(2,349)	(3,349)	(5,699)
City Region Sustainable Transport Settlements (Revenue)	0	(1,770)	(1,770)
Integrated Ticketing Reserve	(10,629)	1,800	(8,829)
Local Transport Fund	0	(10,047)	(10,047)
Business Rates Top Up	(31,260)	(24,300)	(55,560)
Capital Programme Reserve	(100,598)	(591)	(101,189)
Earnback Revenue	(29,430)	(3,061)	(32,491)
Clean Air Plan	(12,637)	965	(11,672)
Capability Fund	(2,610)	1,620	(990)
Other Transport Reserves	(714)	261	(453)
Total Transport Earmarked Reserves	(190,227)	(38,473)	(228,700)
Waste			
National Waste Strategy	(2,500)	0	(2,500)
Waste Disposal Insurance Reserve	(12,694)	0	(12,694)
Waste Interest Rate Reserve	(2,000)	0	(2,000)
Waste Pension Deficit Funding Reserve	(812)	0	(812)
Waste MTFP Funding Reserve	(34,998)	(6,811)	(41,810)
Waste Optimisation and Efficiency	(6,000)	0	(6,000)
Waste Composition Analysis	(1,000)	0	(1,000)
Waste MRF Redevelopment	0	(20,000)	(20,000)
Wastre Reprourement	0	(7,000)	(7,000)
Waste Lifecycle Reserve	(5,722)	0	(5,722)
Total Waste Earmarked Reserves	(65,726)	(33,811)	(99,537)
Total Earmarked Reserves	(356,163)	(98,318)	(454,481)
Transport and EDR General Fund Balances	(5,358)	0	(5,358)
Waste General Fund Balance	(12,132)	0	(12,132)
Total General Fund Reserves	(17,490)	0	(17,490)
Usable Capital Receipts Reserve	(68,572)	(7,621)	(76,193)
Capital Grants Unapplied Reserve	(35,354)	15,825	(19,528)
Total Transport, ED&R and Waste Reserves	(477,579)	(90,113)	(567,692)

Earmarked Reserves and Balances	31 March 2022 £000s	Transfers in/out £000s	31 March 2023 £000s
Mayoral General Fund			
Capital Reserve	(9,575)	(1,296)	(10,870)
Earmarked Budgets Reserve	(6,578)	(1,497)	(8,075)
Revenue Grants Unapplied	(8,612)	1,780	(6,832)
Insurance Reserve	(2,849)	249	(2,600)
Business Rates Reserve	(1,414)	286	(1,128)
Restructuring Reserve	(418)	0	(418)
Innovation and Partnership CYP	(127)	0	(127)
Projects Reserve	0	0	0
Transformation Fund	(3,604)	0	(3,604)
Total Earmarked Reserves	(33,177)	(478)	(33,655)
Mayoral General Fund Balance	(12,093)	0	(12,093)
Capital Grants Unapplied Reserve	(299)	287	(12)
Total Mayoral General Fund Reserves	(45,569)	(191)	(45,760)

Earmarked Reserves and Balances	31 March 2022 £000s	Transfers in/out £000s	31 March 2023 £000s
Mayoral Police Fund			
Revenue Expenditure Reserve	(23,081)	(11,937)	(35,018)
Insurance Reserve	(12,549)	12,549	0
Police and Crime Commissioner Earmarked Reserves	(44,958)	5,962	(38,997)
PFI Reserve	(9,880)	953	(8,926)
Total Earmarked Reserves	(90,468)	7,527	(82,941)
Mayoral Police Fund Balances	(15,396)	21	(15,375)
Total Mayoral Police Fund	(105,863)	7,548	(98,316)

Earmarked Reserves and Balances	31 March 2022 £000s	Transfers in/out £000s	31 March 2023 £000s
Combined			
Earmarked Reserves	(479,808)	(91,265)	(571,077)
General Fund Balances	(44,979)	21	(44,958)
Usable Capital Receipts Reserve	(68,572)	(7,621)	(76,193)
Capital Grants Unapplied Reserve	(35,653)	16,112	(19,540)
Total Usable Reserves	(629,012)	(82,753)	(711,768)

10 Purpose of Earmarked Reserves

The purpose and operation of the reserves are as follows:

Economic Development and Regeneration Reserves	
Earnback Revenue Reserve	Funding from the devolution deal to be used for infrastructure investment.
Life Chances Reserve	Funding to help people in society who face the most significant barriers to leading happy and productive lives. It will provide top-up contributions to outcomes-based contracts involving social investment e.g. SIB's.
GM Clean Air Plan Reserve	Funding to support the work to improve air quality across GM and to develop a local plan to ensure the UK achieves compliance with legal limits for nitrogen dioxide in the shortest possible time.
Capability Fund	Funding to increase the capabilities of Local Authorities to plan active travel infrastructure (walking and cycling), including building more expertise and undertaking more evidence- based planning.
Growing Places Fund Reserve	Funding to establish revolving investment funds, promoting a long term locally led solution to local infrastructure constraints.
GPF-RGF Interest and Arrangement Fees Reserve	Interest earned on income received in advance will be re-invested within the fund as per grant conditions and arrangement fees may be off set against specific costs associated with the making of the loans.
Churchgate Accommodation Reserve	Earmarked funding to manage risk with shared accommodation in the Tootal Building and to develop the repurposing of the building.
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 digital skills, as well as first level 2 and 3 qualifications and English for Speakers of Other Languages (ESOL).
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	Revenue funding to support Greater Manchester strategic priorities, particularly for revenue expenditure on scheme development costs not able to be capitalised.
Housing Investment Fund (HIF) Interest and Arrangement Fees	Interest, arrangement fees and other income earned from loans funded by the funding agreement with Department

	for Levelling Up, Homes and Communities. With the surplus to be used to support the GM housing strategy.
Low Carbon Resource	Funding to manage short term funding risk and support various Low Carbon Programmes.
Work & Skills - Working Well Reserve	To support the Work & Health Programme which helps those in long term unemployment and with disabilities into work.
Youth Contract Reserve	Funding to be used on initiatives to tackle youth unemployment for 18-24 year-olds.
A Bed Every Night	Funding to support GM Mayor's Charity A Bed Every Night scheme. Works to assist those who are sleeping rough in Greater Manchester into warm, safe, and supported accommodation.
Ageing Well Programme	Funding to support the Ageing Well Programme.
GM Covid Fund	Funding to support GMCA Corporate costs as a result of COVID-19.
Work & Skills - Central Reserve	Funding to support various Work & Skills programmes (such as Skills Advisory Panels and the Future Workforce Fund).
GMICB - Improving School Readiness	Funding to support School Readiness programmes. Aim to improve early years outcomes and to invest in our early years workforce to ensure they have the right skills and competencies to help children achieve their potential.
GM District Transformation Schemes	Resource to support GM-wide budget transformation and efficiency programmes led by Deputy Chief Executives.
GM Trailblazer Reserve	3-year project funding for homelessness prevention schemes, working closely with the DLUHC to improve homelessness data and evidence base.
Brownfield Fund	Funding to support the construction of housing on brownfield land.

Transport Reserves	
Active Travel Fund	Funding to support local transport authorities with delivering cycling and walking facilities. Tranche 1, to support the installation of temporary projects as part of emergency COVID-19 response measures; and tranche 2, for the creation of longer-term projects as part of the longer-term recovery.
Our Pass Reserve	Funding to support Our Pass. Membership scheme for young people who live in Greater Manchester and supports both school and care leavers. Allows young people access opportunities with free bus travel throughout Greater Manchester.
City Region Sustainable Transport Settlements (Revenue)	To support the development of CRSTS capital investment programme and build longer-term local transport planning and delivery capacity.

Integrated Ticketing Reserve	Funding to support the integrated ticketing scheme.
Local Transport Fund	Funding provided to Local Transport Authorities for the provision of bus services which require local authority support, including tendered bus services and light rail/tram services.
BR (Highways Capital)	Funding settlement directly from government as part of the single pot allocations to support GMCA services.

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

Waste Re-procurement	Reserve funding to allow for expenditure to be incurred with reprocurring waste management contracts.
Waste Lifecycle Reserve	Reserve created to allow funding of lifecycle / maintenance needs at the operational sites now under Authority control.

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 ten Greater Manchester Council respective Collection Funds, of which the Authority is liable for 1%.
Restructuring Reserve	Reserve created to provide funds towards the costs of service transition.
Innovation and Partnership CYP Reserve	Funding for future partnership and innovation schemes and to support Children's and Young People's initiatives.
Projects Reserve	Funding to support project work within the Authority.
Transformation Reserve	New reserve set up as part of the Budget Strategy to be used by the mayor to promote collaboration and transformation in blue light services.
Mayoral General Fund Balances	Funding to support The Mayoral General fund.
Capital Grants Unapplied Reserve	Fund to hold capital grants which have been received and credited to income but not yet spent on the acquisition of non-current assets.

Mayoral Police Fund	
Revenue Expenditure Reserve	Funding to be utilised to meet costs of existing projects which span years.
Insurance Reserve	Insurance Reserve - this reserve has been established as a result of reducing the insurance provision in compliance with IAS37. The reserve provides a prudent contingency against unforeseen future claims, including the MMI Scheme of Arrangement. The reserve also provides a prudent hedge against changes in the insurance market which may require premium increases.
PCC Earmarked Reserves	Funding to be utilised to meet costs of future projects which support the delivery of the Police and Crime Plan.
PFI Reserve	This reserve holds that balance of the PFI grant paid by the Home Office. It is used to support the future costs arising from the PFI Scheme.
Usable Capital Receipts Reserve	Fund to hold proceeds from the sale of non-current assets which can be used to either finance future additions or to repay external debt.
Mayoral Police Fund Balances	Funding to support The Mayoral Police Fund.

11 Expenditure and Income Analysed by Nature

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

2021/22 £000s	Nature of Expenditure and Income	2022/23 £000s
	Expenditure	
109,686	Employee Costs	113,877
43,195	Pension Interest Costs	58,293
108,795	Cost of Police Officer retirement benefits	109,065
376,688	Grants Expenditure	381,743
748,928	Funding set aside for the Chief Constable	834,487
202,266	Other Service Expenditure	206,592
41,167	Capital Charges including Depreciation and Impairment	23,762
59,568	Financing and Investment Expenditure	63,614
281,302	Revenue Expenditure Funded from Capital Under Statute	289,438
1,430	Loss on Disposal of Non-current Assets	1,299
1,973,024	Total Expenditure	2,082,170
	Income	
(8,668)	Financing and Investment Income	(20,714)
(139,121)	Fees, charges and other service income	(143,699)
(108,795)	Home Office grant payable towards the cost of retirement benefits	(109,065)
(301,964)	Income from Council Tax and Business Rates	(324,830)
0	Gain on Disposal of Non-current assets	(524)
(267,923)	Transport and Waste Levy Income	(259,051)
(1,213,497)	Government Grants and Contributions	(1,321,952)
(2,039,968)	Total Income	(2,179,835)
(66,944)	Deficit / (Surplus) on the Provision of Services	(97,665)

12 Revenue Expenditure Funded from Capital under Statute

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

2021/22 £000s	REFCUS	2022/23 £000s
172,844	Highways and Transport Services	190,197
106,707	Economic Development and Regeneration Services	98,756
1,751	Fire Services	287
0	Police and Crime Commissioner	197
281,302	REFCUS Total	289,438

13 Grants and Contributions Credited to Comprehensive Income

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

2021/22 £000s	Grants and Contributions	2022/23 £000s
	Highways and Transport Services	
(179)	Active Travel Fund	(4,468)
(117)	Better deal 4 buses	(1,416)
(50)	Travel Demand Management	0
(4,527)	Home to School and College Transport	(5)
(14,072)	GM Clean Air Plan	(12,140)
(100)	Enhanced Partnership Scheme Grant	0
(38,239)	Light Rail funding	(2,497)
(50,973)	COVID-19 Bus Services Support Grant	(11,094)
(188)	COVID-19 Lost sales, fees and funding	0
(1,645)	Bus Recovery Scheme Grant	(2,489)
0	Local Transport Fund Grant	(34,886)
0	City Region Sustainable Transport Settlements Grant	(10,911)
0	Bus Service Improvement Plan	(14,908)
(8,600)	Intra-City Transport Settlement	0
(2,877)	LA Capability Fund	0
(197)	Air Quality	0
(121,763)		(94,813)
	Economic Development and Regeneration Services	
(99,009)	Adult Education Budget	(103,290)
(782)	Business Support Grants & Contributions	(397)
(2,066)	Local Self-Isolation Pilot Grant	0
(8,922)	District Contributions to ED&R Functions	(8,641)
(584)	Economy - BEIS	(29)
(2,605)	UK Community Renewal Fund	(1,615)
(1,298)	Environment & Low Carbon Grants & Contributions	(814)
(7,516)	External Contributions and Income Towards ED&R	(8,194)
(1,779)	Future Workforce Fund	(1,451)
(4,199)	Homelessness Grants - CLG	(3,659)
(827)	European Social Fund	(5,644)
(585)	UIA Ignition Project	(435)
(625)	Homelessness – Out of Hospital Care	(46)
(704)	DFE Digital Boot Camps	(2,792)
(3,627)	Other Grants	(2,465)
(3,310)	Made Smarter Adoption North West	(2,773)
(1,382)	Rough Sleeping Initiative	(2,446)
(3,560)	Self Employment Pilot Programme	(1,346)
(12,324)	Troubled Families - CLG	(17,003)
(269)	Public Service Reform Grants	(1,886)
(2,962)	GM Community Accommodation Services	(2,743)
(9,188)	Working Well JETS	(6,940)
(17,084)	Works & Skills Grants & Contributions	(23,361)
0	Retained Business Rates	(14,762)
0	AGMA District Contribution	(564)
0	AGMA Other Contribution	(34)
0	Levelling Up LUF Grant	(625)
0	UK Shared Prosperity Fund Grant	(8,196)
0	Refugee Transitions Outcome Fund	(805)
2,978	Benefit of concessionary loan received and future years write back*	1,596
(182,228)		(221,360)
	Mayoral General Fund Services	
(14,335)	Mayor's Office	(14,151)
(12,475)	Business Rates Top-Up Grant	(10,832)
(2,543)	Fire Service Specific Grants and Contributions	(2,166)
(29,353)		(27,149)
	Mayoral Police Fund Services	
(33,768)	CTU grant	(36,865)
(34,546)	Other revenue grants and contributions	(47,141)
(5,315)	PFI grant	(5,315)
(73,630)		(89,321)
(406,974)	Total Grants and Contributions Credited to Net Cost of Services	(432,644)

2021/22 £000s	Grants and Contributions	2022/23 £000s
	Non-Specific Grants and Contributions	
(240,664)	Non-Specific Capital Grant	(292,558)
(20,000)	Earnback Revenue Grant	(20,000)
(35,707)	Business Rates Top Up Grant	(35,707)
(2,230)	Contributions to Traffic Signals Repairs / S278	(3,319)
(500)	Growth Deal Grant (LEP)	(375)
(507,421)	Police Grant	(537,349)
(806,522)	Total Non-Specific Grants and Contributions	(889,309)
(1,213,497)	Total Grants and Contributions Credited to Comprehensive Income and Expenditure	(1,321,952)

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

14 Grants and Contributions Received in Advance

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

31 March 2022 £000s	Grants Received in Advance	31 March 2023 £000s
	Capital Grants Receipts in Advance	
(451)	Clean Bus Technology Grant	(31)
(7,950)	Cross City Bus Package	(7,921)
(160)	Cycle City Ambition Grant 2	(48)
(368)	Stockport Town Centre Access	(368)
(55)	Local Sustainable Transport Fund	0
(692)	Early Measure (GM Clean Air Plan)	(595)
(1,542)	Cycle Safety Grant	(1,542)
(123,077)	Clean Air Charging Zone	(104,078)
(8,965)	Green Homes Grant	0
(42,980)	Public Sector Decarbonisation	0
(2,796)	Rough Sleeping Accommodation Programme	(2,142)
(83,709)	Transforming Cities - Metrolink	(37,552)
(377)	Air Quality	(350)
(8,577)	Brownfield Fund	(1)
(7,617)	Eamback Grant	(14,007)
(10,473)	Social Housing Decarbonisation	(10,179)
(22,300)	Transport City Deal	0
(35,730)	Zero Emissions Buses	(15,673)
0	City Region Sustainable Transport Settlements	(113,609)
0	Active Travel Fund	(37,192)
0	UK Shared Prosperity Fund	(1,018)
(23)	Police Capital Grants	(17)
(357,841)	Total Capital Grants RIA	(346,323)
(198,507)	Due to be recognised within 1 year	(190,091)
(159,333)	Due to be recognised over 1 year	(156,232)
	Revenue Grants Receipts in Advance	
(171)	Made Smarter	(5,015)
(477)	Innovation & Reform Funding	0
(1,991)	Work and Health Programme	(78)
0	Digital Skills Academy Fund	(718)
(156)	NHS Early Help Transformation Fund	(729)
(1,424)	Self Employment Pilot Programme	0
(3)	UIA Ignition Project	0
(5)	Dedicated Home to School & College Transport	0
(3,122)	Working Well JETS	(9,460)
(1,451)	Future Workforce Fund	0
0	Housing Deal Capacity Funding	(165)
(1,416)	Better Deal for Bus Users	(106)
(5,592)	AEB -National Skills Fund Level 3 Adult Offer	(3,448)
(1,526)	Changing Futures Development Grant	(1,346)
(800)	FIM	(1,002)
(765)	GRIR Well Being	(5,222)
0	Adult Education Budget - Multiply Grant	(515)
(2,392)	Other revenue grants receipts in advance	(1,863)
(3,798)	Mayoral Police Fund Asset Incentivisation	(3,621)
(2,443)	Mayoral Police Fund Other	(2,130)
(27,532)	Total Revenue Grants RIA	(35,418)
(27,532)	Due to be recognised within 1 year	(35,418)
0	Due to be recognised over 1 year	0

15 Financing and Investment Income and Expenditure

2021/22 £000s	Financing and Investment Income	2022/23 £000s
(912)	Interest receivable on deposits	(7,805)
(3,637)	Interest receivable on loans	(8,857)
0	Disposal of Equity Investments	(136)
0	Revaluation of Equity Investments	4,158
(4,119)	Interest on Plan Assets	(8,074)
(8,668)	Total Financing and Investment Income	(20,714)

2021/22 £000s	Financing and Investment Expenditure	2022/23 £000s
25,516	PWLB	24,889
20,617	European Investment Bank	18,950
4,820	Others	13,220
488	Former Greater Manchester Council Debt	0
8,126	Interest Element of PFI Unitary Charge	6,555
43,195	Interest on Plan Liabilities	58,293
102,763	Total Financing and Investment Expenditure	121,907

16 Taxation and Non-Specific Grant Income

2021/22 £000s	Taxation and Non Specific Grant Income	2022/23 £000s
	Income from Levies	
(105,773)	Transport Levy from the GM Authorities	(105,772)
(162,150)	Waste levy from the GM Authorities	(153,279)
	Income from Council Tax and Business Rates	
(167,080)	Council Tax Police Precept Income	(181,047)
(69,664)	Council Tax Mayoral Precept Income (inc Fire)	(81,619)
(65,220)	Non Domestic Rates Income	(62,163)
	Income from Revenue Grants	
(35,707)	Business Rates Top up Grant	(35,707)
(507,421)	Police Grant	(537,349)
(500)	Growth Deal Grant (LEP)	(375)
(20,000)	Earnback Grant	(20,000)
	Income from Capital Grants	
(2,230)	Capital Contributions Receivable for Traffic Signal Schemes	(3,319)
0	Zero Emmissions Bus Regional Areas	(20,057)
(2,383)	Earnback	(3,610)
(35,257)	Public Sector Decarbonisation Scheme	(52,459)
(21,990)	Clean Air	(18,999)
(1,939)	Green Homes	(11,450)
(68,806)	Transforming Cities	(46,157)
(15,526)	Pot Hole National Productivity Investment Fund	0
0	Transport City Deal	(22,300)
0	City Region Sustainable Transport	(58,661)
0	GMCA Capital Funding (2023) Grant	(20,000)
(1,625)	Cycle City Ambition Grant	(112)
(28,032)	Getting Building Fund	0
(39,780)	Brownfield Land Fund	(43,504)
(13,066)	Emergency Active Travel Fund	13,066
(9,050)	Full Fibre	(545)
(1,646)	Clean Bus Technology Grant	(419)
0	Homelessness Accommodation Leasing Fund	(3,900)
(1,573)	Police Capital Grants	(1,593)
10	Other capital grants and contributions	(1,857)
(1,376,409)	Total Taxation and Non Specific Grant Income	(1,473,189)

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.

2021/22 £000s	External Audit Fees	2022/23 £000s
31	Fees payable to Mazars with regard to external audit services carried out by the appointed auditor for the previous year	22
(14)	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	0
82	Fees payable to Mazars with regard to external audit services carried out by the appointed auditor for the year	94
99	Total External Audit Fees	116

18 Officer Remuneration

Officers with Remuneration above £50,000

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

Staff who have not received severance 2021/22	Staff who have received severance 2021/22	Number of Employees 2021/22	Salary Range	Staff who have not received severance 2022/23	Staff who have received severance 2022/23	Number of Employees 2022/23
62	0	62	£50,000 to £54,999	139	0	139
70	0	70	£55,000 to £59,999	76	0	76
27	0	27	£60,000 to £64,999	40	0	40
22	0	22	£65,000 to £69,999	27	0	27
14	0	14	£70,000 to £74,999	20	0	20
8	0	8	£75,000 to £79,999	12	0	12
1	0	1	£80,000 to £84,999	5	0	5
3	0	3	£85,000 to £89,999	1	0	1
9	0	9	£90,000 to £94,999	7	0	7
5	0	5	£95,000 to £99,999	8	0	8
1	0	1	£100,000 to £104,999	1	0	1
2	0	2	£105,000 to £109,999	0	0	0
1	0	1	£110,000 to £114,999	2	0	2
1	0	1	£115,000 to £119,999	0	0	0
0	0	0	£120,000 to £124,999	0	0	0
0	0	0	£125,000 to £129,999	1	0	1
0	0	0	£130,000 to £134,999	0	0	0
1	0	1	£135,000 to £139,999	1	0	1
1	0	1	£140,000 to £144,999	1	0	1
1	0	1	£145,000 to £149,999	1	0	1
0	0	0	£150,000 to £154,999	0	0	0
0	0	0	£155,000 to £159,999	0	0	0
0	0	0	£160,000 to £164,999	0	0	0
1	0	1	£165,000 to £169,999	0	0	0
1	0	1	£170,000 to £174,999	0	0	0
0	0	0	£175,000 to £179,999	1	0	1
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
1	0	1	£235,000 to £239,999	0	0	0
232	0	232		344	0	344

Senior Employees Remuneration

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

Note	Post Title	2021/22				2022/23			
		Salary (including fees and allowances)	Expenses	Employer's Pensions Contribution	Restated Total Remuneration	Salary (including fees and allowances)	Expenses	Employer's Pensions Contribution	Total Remuneration
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
	Mayor of Greater Manchester (Andy Burnham)	112	0	0	112	114	0	0	114
A	Deputy Mayor for Police and Crime (Katherine Green)	0	0	0	0	21	0	4	25
B	Deputy Mayor for Police and Crime / Assistant Deputy Mayor	85	0	0	85	82	0	0	82
	Director - Mayor's Office	82	0	17	99	84	0	18	101
C	Chief Executive - GMCA and TfGM (Eamonn Boylan)	237	0	0	237	231	0	0	231
	Chief Fire Officer (David Russel)	171	4	49	224	173	8	50	230
D	Treasurer (Steve Wilson)	168	0	0	168	150	0	0	150
E	Chief Investment Officer (William Enevoldson)	68	0	14	83	69	0	15	84
	Deputy Chief Executive	146	0	30	176	144	0	31	175
F	Solicitor and Monitoring Officer	118	0	24	142	58	0	8	66
G	Solicitor and Monitoring Officer	0	0	0	0	68	0	14	82
	Total	1,186	4	136	1,325	1,193	8	140	1,340

- A Post holder commenced 9 January 2023. (2022/23: FTE salary £89,900)
- B Post holder stepped down as Deputy Mayor on 8 January 2023 (FTE salary £89,900). Commenced new role as Assistant Deputy Mayor 0.50 FTE (FTE salary £89,900) from 9 January 2023, supporting establishment of new Deputy Mayor for Police and Crime.
- C The GMCA received a contribution of £115,682.88 (2021/22: £114,720.42) for the Chief Executive also performing the duties of Chief Executive at Transport for Greater Manchester during 2022/23. 50% of Basic Pay and Employers NI.
- D The GMCA received a contribution of £15,000 for the Treasurer performing duties of Executive lead for finance and investment at Greater Manchester Health and Social Care Partnership during 2022/23 (2021/22: £60,000) This contribution is included in the Treasurers Total Remuneration figure.
- E Post in 2021/22 is also 0.41 FTE, Annual Salary for 1.0 FTE would be £164,789.37. Post in 2022/23 is 0.41 FTE, Annual salary for 1.0 FTE would be £166,714.37.
- F Post holder left post 31 July 2022.
- G Post holder commenced 26 September 2022. (2022/23: FTE salary £131,925).

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	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
£0 - £20,000	0	0	5	1	5	1	26	9
£20,001 - £40,000	0	0	3	0	3	0	84	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
Total	0	0	8	1	8	1	110	9

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.

2021/22 £000s	Capital Financing Requirement (CFR)	2022/23 £000s
2,072,468	Opening CFR - General Fund	2,061,889
25,929	Opening CFR - Mayoral General Fund	26,905
246,662	Opening CFR - Mayoral Police Fund	271,444
2,345,059	Opening CFR	2,360,238
	Capital Investment In Year	
281,302	Revenue Expenditure Funded from Capital Under Statute	289,438
77,120	Property, Plant and Equipment Assets	58,566
5,650	Intangible Assets	11,183
128,909	Loan Advances	68,364
33,942	Equity Investments	5,840
	Sources of Finance	
(234,278)	Government Grants & Other Contributions	(311,978)
(157,353)	Short / Long Term Debtor financed from Capital Receipts	(44,244)
(36,485)	Revenue Contributions	(1,343)
(894)	Useable Capital Receipts	(1,235)
(81,603)	Minimum Revenue Provision	(87,712)
(1,131)	PFI and finance lease repayments	(1,143)
2,360,238	Closing Capital Financing Requirement	2,345,974
	Explanation of movements in year	
15,178	Increase / (decrease) in underlying need to borrow	(14,265)
15,178	Increase in Capital Financing Requirement	(14,265)

2021/22	Increase/decrease in CFR	2022/23
(10,580)	Authority Operations	(29,613)
976	Mayoral General Fund	7,793
24,782	Mayoral Police Fund	7,556
15,178	Total	(14,265)

2021/22	Closing CFR Analysed by Fund	2022/23
2,061,888	General Fund	2,032,276
26,905	Mayoral General Fund	34,698
271,445	Mayoral Police Fund	279,000
2,360,238	Total	2,345,974

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

2021/22 £000s	Capital Commitments	2022/23 £000s
1,113	Traffic Signals	805
3,570	Fire Programme related	3,570
7,802	Police Programme related	7,802
0	IT Programme related	417
12,485	Total Capital Commitments	12,594

20 Property, Plant and Equipment Including Disposals

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

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

Waste Assets

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

Other Assets

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

Greater Manchester Combined Authority UNAUDITED Statement of Accounts 2022/23

	Land and Buildings	Vehicles, Plant, Furniture and Equipment	Surplus Assets	Assets Under Construction	Total
	£000s	£000s	£000s	£000s	£000s
Carried at Historic Cost:	12,852	297,237	0	19,839	329,928
Valued at Current Value:					0
2022/23	365,847	34,820	0	0	400,666
2021/22	66,142	0	0	0	66,142
2020/21	52,401	0	0	0	52,401
2019/20	54,577	0	0	0	54,577
2018/19	12,911	0	0	0	12,911
Valued at Fair Value in 2022/23:	0	0	2,740	0	2,740
	564,729	332,057	2,740	19,839	919,365

Greater Manchester Combined Authority UNAUDITED Statement of Accounts 2022/23

Property, Plant and Equipment 2022/23	Land and Buildings	Vehicles, Plant, Furniture and Equipment	Surplus Assets	Assets under Construction	Total Property Plant and Equipment	PFI in PPE
	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation						
Asset values brought forward at 1 April 2022	509,126	299,828	3,320	38,714	850,988	79,814
Additions	20,944	20,104	0	14,059	55,107	11,645
Accumulated depreciation and impairment written off to cost or valuation	(27,936)	(995)	(43)	0	(28,974)	(4,943)
Revaluation increases/decreases recognised in the Revaluation Reserve	49,712	8,395	43	0	58,150	10,679
Revaluation increases/decreases recognised in the Surplus or Deficit on the Provision of Services	(9,854)	(17)	0	0	(9,871)	(9,318)
Derecognition - disposals	(1,102)	(3,633)	0	(50)	(4,785)	0
Derecognition - other	0	0	0	0	0	0
Assets reclassified to/from held for sale	0	0	(580)	0	(580)	0
Assets reclassified to/from assets under construction	23,839	8,375	0	(32,884)	(670)	0
Other movements in cost or valuation	0	0	0	0	0	188
Cost or Valuation at 31 March 2023	564,729	332,057	2,740	19,839	919,365	88,065
Accumulated Depreciation & Impairment						
Accumulated depreciation values brought forward at 1 April 2022	(31,424)	(182,094)	(38)	0	(213,556)	(6,210)
Accumulated depreciation and impairment written off to cost or valuation	27,936	995	43	0	28,974	4,943
Depreciation Charge	(14,702)	(21,604)	(8)	0	(36,314)	(2,319)
Derecognition - disposals	71	2,843	2	0	2,916	0
Other adjustment - depreciation	0	0	0	0	0	174
Closing value - depreciation	(18,119)	(199,860)	(1)	0	(217,980)	(3,412)
Net Book Value at 31 March 2022	477,702	117,734	3,283	38,714	637,433	73,604
Net Book Value at 31 March 2023	546,610	132,197	2,739	19,839	701,385	84,651
Net Book Value at 31 March 2023						
Assets deployed for GMCA activity	12,852	0	0	14,153	27,005	0
Assets deployed for Mayoral General activity	118,454	12,843	0	2,737	134,034	3,497
Assets deployed for Mayoral Police activity	272,984	78,263	2,739	2,949	356,935	81,154
Assets deployed for Waste activity	142,320	41,091	0	0	183,411	0
At 31 March 2023	546,610	132,197	2,739	19,839	701,385	84,651

Greater Manchester Combined Authority UNAUDITED Statement of Accounts 2022/23

Property, Plant and Equipment 2021/22	Land and Buildings	Vehicles, Plant, Furniture and Equipment	Surplus Assets	Assets under Construction	Total Property Plant and Equipment	PFI in PPE
	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation						
Asset values brought forward at 1 April 2021	500,105	257,327	3,480	30,029	790,941	79,814
Additions	19,503	8,178	0	46,531	74,212	0
Accumulated depreciation and impairment written off to cost or valuation	(7,839)	(2,297)	0	0	(10,136)	0
Revaluation increases/decreases recognised in the Revaluation Reserve	14,529	9,333	0	0	23,862	0
Revaluation increases/decreases recognised in the Surplus or Deficit on the Provision of Services	(20,377)	(2,153)	0	0	(22,530)	0
Derecognition - disposals	(91)	(2,699)	(160)	(4)	(2,954)	0
Derecognition - other	(1,611)	(2)	0	(19)	(1,632)	0
Assets reclassified to/from assets under construction	9,397	27,651	0	(37,824)	(776)	0
Cost or Valuation at 31 March 2022	509,126	299,828	3,320	38,714	850,987	79,814
Accumulated Depreciation & Impairment						
Accumulated depreciation values brought forward at 1 April 2021	(24,375)	(166,136)	(34)	0	(190,545)	(4,073)
Accumulated depreciation and impairment written off to cost or valuation	7,839	2,297	0	0	10,136	0
Depreciation Charge	(14,891)	(20,543)	(11)	0	(35,445)	(2,137)
Derecognition - disposals	3	2,419	7	0	2,429	0
Reclassifications & Transfers - depreciation	0	0	0	0	0	0
Other adjustment - depreciation	0	(131)	0	0	(131)	0
Closing value - depreciation	(31,424)	(182,094)	(38)	0	(213,556)	(6,210)
Net Book Value at 31 March 2021	475,728	91,191	3,447	30,030	600,397	75,741
Net Book Value at 31 March 2022	477,702	117,734	3,283	38,714	637,433	73,604
Net Book Value at 31 March 2022						
Assets deployed for GMCA activity	2,026	0	0	12,527	14,553	0
Assets deployed for Mayoral General activity	94,726	13,684	0	2,181	110,591	3,247
Assets deployed for Mayoral Police activity	244,950	69,311	3,283	19,655	337,199	70,356
Assets deployed for Waste activity	136,000	34,738	0	4,352	175,090	0
At 31 March 2022	477,702	117,734	3,283	38,714	637,433	73,604

Movements on balances

In accordance with the temporary relief offered by the Update to the Code of Practice on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

	2021/2022	2022/2023
	£000s	£000s
Net book value at 1 April (for modified historical cost - see below)	19,499	18,058
Additions	2,912	4,128
Derecognition	(571)	(96)
Depreciation Impairment	0	(3,287)
Other movements in cost	(3,782)	546
Net book value at 31 March	18,058	19,349

Balance Sheet reconciling note:

	2021/2022	2022/2023
	£000s	£000s
Infrastructure assets (Net)	18,058	19,349
Other PPE assets	637,433	701,385
Total PPE assets	655,491	720,734

The authority has determined in accordance with the England amendment of the Local Authorities Capital Finance and Accounting Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

21 Intangible Assets

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

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

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

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

	£000s
Fire and Rescue Service	(18)
Policing Service	(6,363)
Waste disposal service	0
	(6,381)

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

Greater Manchester Combined Authority UNAUDITED Statement of Accounts 2022/23

2021/22 Intangible Operational £000s	2021/22 Intangible Assets Under Construction £000s	2021/22 Intangible Total £000s	Intangible Fixed Assets	2022/23 Intangible Operational £000s	2022/23 Intangible Assets Under Construction £000s	2022/23 Intangible Total £000s
33,213	235	33,448	Balance at start of year	34,400	4,698	39,097
(11,069)	0	(11,069)	Gross carrying amount	(15,610)	0	(15,610)
22,144	235	22,378	Net carrying amount at 1 April	18,790	4,698	23,487
			Additions:			
2,206	0	2,206	Purchases	3,521	0	3,521
0	4,697	4,697	Additions to assets under construction	0	7,662	7,662
235	(235)	0	Reclassified from assets under construction to operational	0	0	0
(1,253)	0	(1,253)	Other Changes	(28)	0	(28)
(4,541)	0	(4,541)	Amortisation for the year	(6,381)	0	(6,381)
18,790	4,698	23,487	Net carrying amount at 31 March	15,902	12,359	28,261
			Comprising			
34,400	4,698	39,097	Gross carrying amounts	37,893	12,359	50,252
(15,610)	0	(15,610)	Accumulated amortisation	(21,991)	0	(21,991)
18,790	4,698	23,487	Balance at 31 March	15,902	12,359	28,261

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There is one capitalised software suite that is individually material to the financial statements: The Information Services Transformation Programme had a gross carrying amount of £25.306m at 31 March 2023 and a remaining amortisation period of 3 years.

22 Short and Long Term Debtors

Short Term Debtors

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

31 March 2022 £000s	Short Term Debtors	31 March 2023 £000s
71,647	Central Government Bodies	120,370
96,273	Other Local Authorities and Police and Crime Commissioners	111,293
7,741	NHS Bodies	12,970
3,086	Public Corporations	910
15,697	Payments in Advance	13,177
96,807	Other entities and individuals	157,908
(45,858)	Impairment Allowance	(43,820)
245,393	Total Short Term Debtors	372,809

Other entities and individuals include the following short term debtors:

- £128m where Housing Investment Fund loans have been provided to support GM's economic growth by supporting the delivery of new homes (£70.0m in 21/22).
- £10.8m where Regional Growth Fund and Growing Places Fund (GPF) monies have been recycled and loans provided for investment in businesses and commercial property projects (£6.8m in 21/22).

Long Term Debtors

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

31 March 2022 £000s	Long Term Debtors	31 March 2023 £000s
	Other entities and individuals	
136,936	Gross Book Value	90,720
(3,241)	Impairment Allowance	(4,145)
133,695	Total Long Term Debtors	86,575

Ageing Analysis of Trade Debtors

At 31 March 2023, trade debtors at a nominal value of £194,000 (2022: £666,000) were impaired.

As at 31 March 2023, the ageing analysis of trade debtors net of the provision for impairment was as follows:

	Total £000s	1-30 days £000s	31-60 days £000s	61-90 days £000s	91-120 days £000s	over 120 days £000s
31 March 2023	23,779	20,791	1,228	190	711	859
31 March 2022	15,890	15,068	409	134	83	195

23 Cash and Cash Equivalents

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

- Cash is represented by operating bank accounts (shown net of bank overdrafts), deposits with financial institutions for less than three months, cash in hand and petty cash balances.
- Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with an insignificant risk of change in value. These include interest bearing call accounts and money market funds with institutions that meet our required credit ratings.

31 March 2022 £000s	Cash and Cash Equivalents	31 March 2023 £000s
(1,352)	Bank current accounts	(6,370)
13,361	Bank call accounts	9,580
562	Cash held by the Authority	562
217,356	Short term deposits with central government and other institutions	232,935
229,927	Total Cash and Cash Equivalents	236,707

24 Short and Long Term Creditors

Short Term Creditors

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

31 March 2022 £000s	Creditors	31 March 2023 £000s
(18,593)	Central Government Bodies	(25,917)
(101,186)	Other Local Authorities and Police and Crime Commissioners	(91,935)
(2,881)	NHS Bodies	(1,632)
(57,592)	Public Corporations	(49,455)
(62,877)	Other entities and individuals	(58,562)
(8,954)	Prepaid Income / Receipt in Advance	(12,928)
(8,611)	Seized Cash	(8,618)
(260,695)	Total Creditors	(249,046)

25 Short and Long Term Provisions

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

Provisions	1 April 2022 £000s	Top Up of Provision in year £000s	Amounts released in year £000s	Use of Provision in year £000s	31 March 2023 £000s	Short Term Provision £000s	Long Term Provision £000s	31 March 2023 £000s
GMCA								
Landcare Provision	313	0	(313)	0	(0)	0	0	0
	313	0	(313)	0	(0)	0	0	0
Mayoral General Fund								
Insurance Provision	664	0	0	0	664	110	553	664
Business Rates Appeals Provision	2,508	2	0	0	2,510	2,510	0	2,510
Bear Scotland v Fulton Provision	2,158	0	(450)	(1,650)	58	58	0	58
	5,330	2	(450)	(1,650)	3,232	2,677	553	3,232
Mayoral Police Fund								
Insurance Provision	13,293	3,466	0	(3,552)	13,207	2,969	10,237	13,207
Police Pension Lump Sum Provision	224	0	0	0	224	224	0	224
Capital Project Retentions Provision	158	152	0	(29)	281	281	0	281
	13,674	3,618	0	(3,581)	13,712	3,475	10,237	13,712
Total	19,317	3,620	(763)	(5,231)	16,944	6,154	10,790	16,944

The provisions held by the Authority are described below:

GMCA

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

Mayoral General Fund

- b) Insurance Provision - This provision represents the value of an actuarial assessment of the remaining liability for all self-insured claims occurring in 2022/23, all prior policy years and a prudent margin added for emerging claim types.
- c) Business Rates Appeals Provision - This is the estimated amount required to cover the cost of successful appeals against local non-domestic rateable values, where the cost of these appeals is required to be met locally.
- d) Bear Scotland v Fulton - The Employment Appeals Tribunal has ruled in this case that non-contractual overtime needs to be included when calculating holiday pay paid to firefighter employees. This provision is the estimated amount required to pay backdated claims.

Mayoral Police Fund

- e) Insurance Provision - This provision represents the value of an actuarial assessment of the remaining liability for all self-insured claims occurring in 2022/23, all prior policy years and a prudent margin added for emerging claim types.
- f) Police Pension Lump Sum Provision - The Pensions Ombudsman determined there was an underpayment of lump sums, to pension scheme members who retired between December 2001 and August 2006. The Ombudsman concluded that commutation formulas to convert annual pensions payments to lump sums should have been updated between 2001 and 2006 and as a result, additional payments are due to those members who chose to commute pension for lump sum at retirement during these years.
- g) Capital Project Retentions Provision - This is a provision to hold a percentage of a projects total funding, which is retained during the contractual defects period.

26 Short and Long Term Leases including PFI

Fire Station

2022/23 was the twenty third year of a 25-year PFI contract (ending October 2024) for the construction, maintenance and provision of a Fire Station at Stretford, along with associated equipment.

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

Over the remaining term of the contract, the Authority is committed to making gross payments of £1.175m (average payment per year is £0.743m). However, the net cost to the Authority after income from specific government grant is estimated at £0.384m (average payment per year is £0.243m).

Police Stations

2022/23 was the twentieth year of a Private Finance Initiative (PFI) contract (ending in 2030) for the construction and maintenance of 17 Police stations across the GM area. The contractor will operate and service the stations for 25 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 £125.227m (average payment per year is £17.890m). However, the net cost to the Authority after income from specific government grant is estimated at £88.022m (average payment per year is £12.575m).

Property Plant and Equipment

The Stations and Equipment provided under the contracts are recognised on the Authority's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property Plant and Equipment balance in the notes to the Balance Sheet.

Outstanding Liability

The PFI liability represents the current outstanding long term liability to the contractor for capital expenditure. A fair value disclosure has also been provided for the PFI liabilities in the Financial Instruments note. The current value of the liability held under each PFI arrangement is as follows:

2022/23:

	PFI Arrangement Fire £000s	PFI Arrangement Police £000s	Total £000s
Balance outstanding at 1 April 2022	853	39,906	40,759
Payments during the year	(301)	(3,781)	(4,082)
Balance outstanding at 31 March 2023	551	36,125	36,676

2021/22:

	PFI Arrangement Fire £000s	PFI Arrangement Police £000s	Total £000s
Balance outstanding at 1 April 2021	1,122	43,295	44,417
Payments during the year	(270)	(3,389)	(3,659)
Balance outstanding at 31 March 2022	852	39,906	40,758

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 £000s	PFI Arrangement Police £000s	Total £000s
Payable within one year	337	3,341	3,678
Payable within two to five years	214	19,920	20,134
Payable within six to ten years	0	12,864	12,864
Total	551	36,125	36,676

Interest

	PFI Arrangement Fire £000s	PFI Arrangement Police £000s	Total £000s
Payable within one year	45	5,712	5,757
Payable within two to five years	8	27,084	27,092
Payable within six to ten years	0	10,307	10,307
Total	53	43,103	43,156

Payment for Services

	PFI Arrangement Fire £000s	PFI Arrangement Police £000s	Total £000s
Payable within one year	353	8,074	8,427
Payable within two to five years	219	24,003	24,222
Payable within six to ten years	0	13,922	13,922
Total	572	45,999	46,571

27 Short and Long Term Deferred Liabilities

This debt was created on 1 April 1986 when Greater Manchester Council was abolished and its debt was shared between the ten GM Authorities, the Police Authority, the Fire Authority, GMWDA and Greater Manchester Transport.

The debt was being repaid annually on an annuity basis over the 36 years and the final payment was made in 21/22.

2021/22 £000s	Deferred Liabilities	2022/23 £000s
	Former Greater Manchester Council Debt	
(7,302)	Balance brought forward 1 April	0
7,302	Repayment in the year	
0	Balance carried forward 31 March	0
0	Due within 1 year	0
0	Due over 1 year	0

27a Contingent Liability

Special Retained Firefighters – Matthews Case

In November 2018 a ruling on the legal case involving part time judges (O'Brien v Ministry of Justice) has a direct impact on the equivalent case for retained firefighters (Matthews). Home Office Ministers agreed to extend the pension entitlement to eligible retained firefighters to cover service pre-July 2000. The Memorandum of Understanding signed in March 2022 sets out the intended scope and operation of the options exercise required to enact a remedy in this case. The option exercise is expected to open sometime during or shortly after 2023/24. This options exercise will increase the pension entitlement for some current special retained members and also allow access to the scheme for additional historic retained firefighters.

As at the 31 March 2023 the Government Actuary Department has calculated an estimate, of £0.5m based on the 2022/23 accounting assumptions for the potential additional liability which could arise following this options exercise.

However, there is very significant uncertainty in this additional liability estimate and it is very likely that actual experience for the authority will be different to the assumptions made and may be very different from the actual impact of the options exercise once it has concluded. On that basis no liability has been recognised in the 2022/23 accounts

28 Unusable Reserves

31 March 2022 £000s	Unusable Reserves	31 March 2023 £000s
1,609,004	Capital Adjustment Account	1,550,193
(16,794)	Financial Instruments Adjustment Account	(15,201)
1,903,987	Pensions Reserve	1,363,950
(176,797)	Revaluation Reserve	(228,765)
(599)	Financial Instruments Revaluation Reserve	6,587
(486)	Collection Fund Adjustment Account	(3,040)
(33)	Deferred Capital Receipts Reserve	0
3,318,281	Total Unusable Reserves	2,673,724

The **Capital Adjustment Account (CAA)** absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The CAA is debited with the cost of the capital grants payable to TfGM, GM Authorities and other external organisations, the annual depreciation charge and any loss on disposal of assets. The CAA is credited with both the capital grants and contributions receivable and the amounts set aside by the Authority to directly finance the capital costs of acquisition, construction and enhancement of assets.

31 March 2022 £000s	Capital Adjustment Account	31 March 2023 £000s
1,621,989	Balance brought forward 1 April	1,609,004
39,358	Charges for depreciation and impairment of non-current assets	39,056
22,530	Revaluation (gains) / losses on non-current assets	9,871
4,541	Amortisation of intangible assets	6,409
281,302	Revenue expenditure funded from capital under statute	289,438
(3,095)	Capital bad debt provision movement	(2,246)
3,010	Revaluation and impairment of capital financial assets	(1,215)
1,632	Derecognition of assets	0
1,096	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,965
350,373	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	343,278
(23,275)	Adjusting Amounts written out of the Revaluation Reserve	(6,194)
327,098	Net written out amount of the cost of non-current assets consumed in the year	337,084
(157,353)	Use of Capital Receipts Reserve to finance new capital expenditure	(47,152)
(894)	Use of Capital Receipts applied in year to finance new capital expenditure	(1,235)
(234,278)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(311,978)
(82,734)	Statutory provision for the financing of capital investment charged against the General Fund balance	(88,855)
(36,485)	Capital expenditure charged against the General Fund balance	(1,343)
(511,745)	Capital financing applied in year	(450,562)
171,660	Capital Receipts debited to the Capital Adjustment Account on Repayment of loans	54,342
0	Disposal of Equity Investments	326
1,609,004	Balance carried forward 31 March	1,550,193

The **Financial Instruments Adjustment Account** absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

31 March 2022 £000s	Financial Instruments Adjustment Account	31 March 2023 £000s
(19,769)	Balance brought forward 1 April	(16,794)
2,975	Proportion of interest incurred to be charged against the General Fund Balance in accordance with statutory requirements	1,593
2,975	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	1,593
(16,794)	Balance carried forward 31 March	(15,201)

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 2023 in accordance with the actuary's report.

31 March 2022 £000s	Pension Reserve	31 March 2023 £000s
1,957,721	Balance brought forward 1 April	1,903,987
(84,119)	Remeasurements of the net defined benefit liability / (asset)	(571,486)
92,797	Employer's pension contributions and direct payments to pensioners payable	96,871
(62,412)	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.	(65,422)
1,903,987	Balance carried forward 31 March	1,363,950

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of Property, Plant and Equipment. The balance reduces when assets with accumulated gains are reduced through revaluation, impairment and depreciation or are disposed of.

31 March 2022 £000s	Revaluation Reserve	31 March 2023 £000s
(176,210)	Balance brought forward 1 April	(176,797)
(43,659)	Upward revaluation of assets	(63,378)
19,797	Downward revaluation and impairment losses not charged to the Surplus/Deficit on the Provision of Services	5,216
(23,862)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	(58,162)
18,514	Adjusting amounts written out of the revaluation reserve	0
4,530	Difference between fair value depreciation and historical cost depreciation	5,470
231	Accumulated gains on assets sold or scrapped	723
23,275	Amount written off to the Capital Adjustment Account	6,194
(176,797)	Balance carried forward 31 March	(228,765)

The Financial Instruments Revaluation Reserve contains the gains made by the Authority arising from increases in the fair value of its investments that are measured at fair value through other comprehensive income.

The balance is reduced when investments with accumulated gains are:

- Revalued downwards, or impaired and gains are lost;
- Disposed of and the gains are realised.

31 March 2022 £000s	Financial Instruments Revaluation Reserve	31 March 2023 £000s
(814)	Balance brought forward 1 April	(599)
	Prior year downward revaluation of investments, previously treated as impairment	2,856
0	Upward revaluation of investments	(15)
215	Downward revaluation of investments	4,173
0	Accumulated gains or losses on assets sold and	172
(599)	Balance carried forward 31 March	6,587

The Collection Fund Adjustment Account manages the differences arising from the recognition of the Authority's portion of council tax income and national non-domestic rates income in the CIES as it falls due from payers compared with statutory arrangements for paying across amounts due to the Authority from billing authorities.

31 March 2022 £000s	Collection Fund Adjustment Account	31 March 2023 £000s
9,347	Balance brought forward 1 April	(486)
(9,833)	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	(2,554)
(486)	Balance carried forward 31 March	(3,040)

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which the cash settlement has yet to take place.

31 March 2022 £000s	Deferred Capital Receipts Reserve	31 March 2023 £000s
(134)	Balance brought forward 1 April	(33)
101	Transfer to the Capital Receipts Reserve upon receipt of cash	33
(33)	Balance carried forward 31 March	0

29 Financial Instruments

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

Categories of Financial Instruments

The Authority is required to classify its financial assets into one of three categories.

- Financial Assets held at amortised cost. These assets relate to instruments where the amount received relating to them are solely principal and interest and they are held to generate cashflows. The amount presented in the balance sheet represents the outstanding principal plus any accrued interest. Interest credited to CIES is the amount receivable as per the instrument's agreement.
- Fair Value through Other Comprehensive Income (FVOCI). Amounts received relate to principal and interest but the business model for holding the asset includes the possibility of sale. These assets are measured and carried at fair value. All gains and losses due to changes in fair value are accounted for through a reserve account (the Financial Instruments Revaluation Reserve), with the balance debited or credited to CIES when the asset is disposed of.
- Fair Value Through Profit and Loss (FVPL) – all other instruments where the amounts received relating to them are not principal and interest, for example dividends as part of equity instruments. These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

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

	Non-Current Financial Assets				
	Investments		Debtors		Total
	31 March 2022 £000s	31 March 2023 £000s	31 March 2022 £000s	31 March 2023 £000s	31 March 2023 £000s
Amortised cost - soft loans	0	0	6,584	6,726	6,726
Amortised cost	0	0	121,822	79,662	79,662
Fair value through other comprehensive income - designated equity	40,766	42,286	0	0	42,286
Total financial assets	40,766	42,286	128,406	86,389	128,674
Non-financial assets	0	0	5,289	186	186
Total	40,766	42,286	133,695	86,575	128,861

	Current Financial Assets						
	Investments		Debtors		Cash		Total
	31 March 2022 £000s	31 March 2023 £000s	31 March 2022 £000s	31 March 2023 £000s	31 March 2022 £000s	31 March 2023 £000s	31 March 2023 £000s
Amortised cost - soft loans	0	0	0	0	0	0	0
Amortised cost - other	15,006	10,004	191,883	324,188	229,927	236,707	570,898
Total financial assets	15,006	10,004	191,883	324,188	229,927	236,707	570,898
Non-financial assets	0	0	53,510	48,621	0	0	48,621
Total	15,006	10,004	245,393	372,809	229,927	236,707	619,519

	Non-Current Financial Liabilities						
	Borrowings		Creditors		Other Long-Term Liabilities		Total
	31 March 2022 £000s	31 March 2023 £000s	31 March 2022 £000s	31 March 2023 £000s	31 March 2022 £000s	31 March 2023 £000s	31 March 2023 £000s
Amortised cost	(1,338,733)	(1,301,444)	0	0	0	0	(1,301,444)
Amortised cost - PFI	0	0	0	0	(36,676)	(32,998)	(32,998)
Total financial liabilities	(1,338,733)	(1,301,444)	0	0	(36,676)	(32,998)	(1,334,442)
Non-financial liabilities	0	0	0	0	(170,293)	(167,022)	(167,022)
Total	(1,338,733)	(1,301,444)	0	0	(206,969)	(200,020)	(1,501,464)

	Current Financial Liabilities						
	Borrowings		Creditors		Other Short-Term Liabilities		Total
	31 March 2022 £000s	31 March 2023 £000s	31 March 2022 £000s	31 March 2023 £000s	31 March 2022 £000s	31 March 2023 £000s	31 March 2023 £000s
Amortised cost	(87,175)	(113,952)	(209,733)	(190,172)	(2,854)	(564)	(304,688)
Amortised cost - PFI	0	0	0	0	(4,082)	(3,678)	(3,678)
Total financial liabilities	(87,175)	(113,952)	(209,733)	(190,172)	(6,936)	(4,242)	(308,366)
Non-financial liabilities	0	0	(50,962)	(58,874)	(231,544)	(231,099)	(289,973)
Total	(87,175)	(113,952)	(260,695)	(249,046)	(238,480)	(235,341)	(598,339)

The Authority provided two loans to the Growth Company in 2020/21 at less than market rates of interest (these are known as soft loans).

- a £1.5m loan for the Coronavirus Business Interruption Scheme (CBILS); and
- a £6m loan for the Bounceback Loan Scheme, where the Growth Company Business Finance division are administering financial support to businesses as an accredited loan provider.

A further soft loan was issued in 2022/23:

- a £0.2m convertible loan note

Soft Loans made by the Authority	31 March 2022 £000s	31 March 2023 £000s
Opening balance	6,796	6,584
Nominal value of new loans granted in the year	0	200
Fair value adjustment on initial recognition	0	0
Loans repaid	(391)	0
Impairment Losses	0	0
Increase in discounted amount	180	0
Other changes	0	(58)
Closing balance at end of year	6,584	6,727
Nominal value at 31 March	7,109	7,309

When the loans are made the amount of interest forgone over the life of the loan is charged to the CIES (debited to the appropriate service line) and the outstanding principal is reduced on the Balance Sheet. This represents the present value of the interest that will be forgone over the life of the loan agreement. Statutory provisions require that the impact of soft loans on the General Fund balance is the interest receivable in the year, so the amount of foregone interest is managed by a transfer from the Financial Instruments Adjustment Account to the Movement in Reserves Statement.

Income, Expenses, Gains and Losses

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

Income, Expenses, Gains and Losses	31 March 2022		31 March 2023	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£000s	£000s	£000s	£000s
Net gains/losses on:				
Financial assets measured at amortised cost	(216)	0	4,529	0
Investments in equity instruments designated at fair value through other comprehensive income	0	215	0	7,186
Total net gains/losses	(216)	215	4,529	7,186
Interest revenue:				
Financial assets measured at amortised cost	(4,549)	0	(16,662)	0
Total interest revenue	(4,549)	0	(16,662)	0
Interest expense	59,568	0	57,139	0

Fair Value of Assets & Liabilities

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

Assets and liabilities are carried at amortised cost where part of their carrying amount (as per the balance sheet) will either be written down or written up via the Comprehensive Income and Expenditure Statement over the term of the financial instrument.

For the purposes of the notes to the accounts, all assets and liabilities are given a fair value, although this is only shown in the balance sheet for available for sale assets. For many financial instruments the fair value will be the same as the outstanding principal amount, but for others there could be a significant difference.

Fair Value Hierarchy

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

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

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

31 March 2022			31 March 2023	
Carrying Amount £000s	Fair Value £000s		Carrying Amount £000s	Fair Value £000s
		Financial Assets		
40,766	40,766	Equity Investments	42,286	42,286
15,006	15,006	Other Investments	10,004	10,004
320,289	328,177	Debtors	410,577	409,721
229,927	229,927	Cash	236,707	236,707
605,988	613,876	Total Financial Assets	699,573	698,717
		Financial Liabilities		
(546,199)	(757,716)	PWLB Debt	(527,601)	(585,113)
(879,709)	(1,143,674)	Non-PWLB debt	(887,795)	(886,694)
(40,758)	(40,758)	PFI Liability	(36,676)	(36,676)
0	0	Deferred Liabilities	0	0
0	0	Finance Lease Liabilities	0	0
(2,853)	(2,853)	Other Liabilities - Provisions (contractual based)	(564)	(564)
(209,733)	(209,733)	Creditors	(190,172)	(190,172)
(1,679,253)	(2,154,734)	Total Financial Liabilities	(1,642,808)	(1,699,218)

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

- The Authority holds £42.255m in equity investments for a number of businesses that previously held loans plus other direct investments in 2022/23. These shares are not traded in active markets. The shares are valued based on level 2 - observable input data from the companies, such as latest filed accounts and management accounting reports.
- Equity investments are held at Fair Value through Other Comprehensive Income; they meet the requirements of the CIPFA code to be designated this way as they are strategic investments and not held for trading purposes.
- There have been no transfers between input levels or changes in valuation techniques during 2022/23 for this class of asset.
- The fair value of cash and cash equivalents, short term debtors and short term creditors is taken to be their carrying amount as this is deemed to provide a reasonable approximation in accordance with the CIPFA Code of Practice.
- The fair value of soft loan short term and long term debtors has been calculated using an interest rate arrived at by taking the Authority's prevailing cost of borrowing and adding an allowance for the risk that the loans might not be repaid.
- The fair value of other long term debtors has been evaluated and where these relate to loan advances greater than £3m, prevailing benchmark market rates have been applied to provide the fair value. All other long term debtors are included at their carrying value.
- Fair value for PFI schemes cannot be obtained as there is no comparable information available, and these have therefore been shown at cost.
- PWLB loans – premature repayment loan rates from the PWLB have been applied to provide the fair value. In comparison, by applying PWLB new loan rates their fair value would be £535.657m.
- 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 £781.143m.

- 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 22/23		Average Interest	Average Interest	Total Outstanding	Total Outstanding
	from %	to %	2021/22 %	2022/23 %	31 March 2022 £000s	31 March 2023 £000s
a) Analysis of loans by type:						
Public Works Loans Board	1.44	9.75	4.64	4.71	(541,319)	(522,804)
Other Loans	0.00	4.58	2.87	2.85	(857,303)	(845,423)
TfGM - Interbank					(20,291)	(40,269)
Accrued Interest Payable:						
PWLB					(4,880)	(4,797)
Others					(2,115)	(2,103)
Total as at 31 March					(1,425,909)	(1,415,396)
b) Analysis of loans by maturity						
Maturing:						
Due within 1 year: accrued interest payable						
PWLB					(4,880)	(4,797)
Others					(2,115)	(2,103)
Due within 1 year: principal						
PWLB					(18,516)	(19,833)
Others					(41,373)	(46,949)
Due within 1 year: TfGM - Interbank					(20,291)	(40,269)
Due within 1 year					(87,175)	(113,952)
In 1 to 2 years					(38,696)	(46,477)
In 2 to 5 years					(143,177)	(152,791)
In 5 to 10 years					(378,592)	(362,219)
In over 10 years					(778,268)	(739,957)
Due over 1 year					(1,338,733)	(1,301,444)
Total as at 31 March					(1,425,909)	(1,415,396)

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 in July 2023 and is available on the GMCA website.

Risk management is carried out by a central treasury team, under policies approved by the Authority in the annual treasury management strategy. The Authority maintains

written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed periodically.

Specified Investments

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

- Term deposits – Other local authorities: Credit Criteria high security;
- Term deposits – Banks and building societies; Credit Criteria Minimum of A-;
- 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 applying to institutions or investment vehicles are as follows:

- | | |
|---|-----------|
| • Banks and Building Societies | £25m |
| • CD's or Corporate Bonds with Banks and Building Societies | £25m |
| • Debt Management Office | Unlimited |
| • Money Market Funds | £25m |
| • Other local authorities | £25m |

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 2023 were with the HM Treasury Debt Management Office, other local authorities or UK banks and building societies.

The Authority has not used any non-credit rated institutions (for instance smaller building societies or bank subsidiaries where the parent has a satisfactory rating). In these circumstances, these investments would have been classified as other counterparties.

The following significant inputs, assumptions and estimation techniques have been used in calculating impairment loss allowances:

- The Authority assesses each loan it provides individually in terms of likelihood and quantum of recovery, taking a forward-looking approach to the assessment from two different aspects:
 - Performance - reviewing portfolio and management information to assess business risk from a performance perspective.
 - Security - reviewing the strength of the Authority's security in a loan recovery situation to allow this to be factored into the loss allowance assessment.

Loss Allowance by Asset Class: Amortised Cost				
	12 month expected credit loss	Lifetime expected credit losses – credit impaired	Purchased or originated credit impaired financial assets	Total
	£000s	£000s	£000s	£000s
Opening Balance as at 1 April 2022	339	8,590	1,952	10,881
New financial assets originated or purchased	92	2,295	0	2,387
Amounts written off	0	(5,750)	0	(5,750)
Financial assets that have been derecognised	0	(782)	0	(782)
Changes due to modifications that did not result in derecognition	0	0	0	0
Changes in models/risk parameters	0	(88)	0	(88)
Other changes	0	0	(1,952)	(1,952)
As at 31 March 2023	431	4,264	0	4,695

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

The RGF/GPF, HIF, City Deal, Growth Deal and other stand-alone loans have had individual risk profiles assessed, resulting in a 'lifetime expected loss allowance' of £4.264m being included within the accounts, as per the table above.

Of the total debtors past their due date for payment, the estimated exposure to default for trade debtors is £0.1m.

- The Authority's trade creditors relate primarily to capital and revenue amounts payable in relation to Waste Disposal and Police Fund.

Credit Ratings Used:

Banks and Building Societies - as a minimum, institutions must have the following Fitch (or equivalent) credit ratings (where rated):

- Long Term - Fitch BBB+
- Short Term - Fitch F2 or higher

Monitoring of credit ratings:

This Authority will not use the approach of using the lowest rating from all three rating agencies to determine creditworthy counterparties. The Link Asset Services creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system does not give undue preponderance to just one agency's ratings.

All credit ratings will be monitored 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, as well as information on any external support for banks to help support its decision-making process.

Liquidity Risk

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

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

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

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

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

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

The table below shows the liquidity risk to the Authority based on maturity analysis:

Liquidity Risk	31 March 2022 £000s	31 March 2023 £000s
Less than one year	80,180	107,052
Between one and two years	38,696	46,477
Between two and five years	143,177	152,791
More Than 5 Years	378,592	362,219
More Than 10 years	778,268	739,957
	1,418,913	1,408,495

Refinancing and maturity risk

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

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority approved treasury and investment strategies address the main risks, these include:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of existing debt;
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs;
- All trade creditors are due to be paid in less than one year.

Market Risk

The Authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – The interest expense charged to the Deficit / (Surplus) on the Provision of Services will rise;
- Borrowings at fixed rates - The fair value of the borrowing liability will fall;

- Investments at variable rates - The interest income credited to the Deficit / (Surplus) on the Provision of Services will rise; and
- Investments at fixed rates - The fair value of the assets will fall.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Deficit / (Surplus) on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Deficit on the Provision of Services and effect the General Fund Reserve.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Authority's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy, a prudential indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market interest rates and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns.

The Authority tries to maximise its income on temporary investment and minimise its interest costs on temporary and long term borrowing.

The maximum interest rate increase that could be expected in the current climate is assessed at 2%. This would only apply to our net short term investments. The Authority also has a number of LOBO loans that can be called at periods. There is the risk that these may have to be refinanced at a higher rate. The financial effect of these variable rate changes would be:

Market Risk - Interest Rate Risk	31 March 2022	31 March 2023
	£000s	£000s
	2%	2%
	movement	movement
Increase in interest payable on variable rate borrowings	4,239	2,731
Increase in interest receivable on variable rate investments	(2,788)	(192)
Increase in LOBO risk (loans with call options within 12 months)	300	188
Impact on Surplus or Deficit on the Provision of Services	1,751	2,727

31 Related Party Transactions

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

- Central Government
- GM Authorities
- Transport for Greater Manchester
- Greater Manchester Police
- North West Fire Control
- Manchester Investment and Development Agency Service Limited
- Halle Concert Society
- Greater Manchester Fund of Funds Limited Partnership
- NW Evergreen Holdings Limited Partnership
- Greater Manchester Evergreen 2 Limited Partnership

Members and Chief Officers

Members of the Authority (the Mayor and leaders of the GM Authorities) have direct control over the Authority's financial and operating policies.

No members allowances are payable; the remuneration of the Mayor and Deputy Mayor for Police and Crime are disclosed in Senior Employees Remuneration note.

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

During the year the Authority reported material transactions with Halle Concerts Society and Manchester Camerata. Both related parties by virtue of common director. See below related parties' disclosure for more detail.

Central Government

Central Government has effective control over the general operations of the Authority. It is responsible for providing the framework within which the Authority operates and provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties.

2021/22 £000s	Central Government	2022/23 £000s
(1,528,699)	Income	(1,582,584)
7,858	Expenditure	8,948
(25,707)	Creditors / Receipts in Advance	(24,739)
(28,934)	Borrowings	(27,498)
39,334	Debtors	44,191
(1,536,148)	Total	(1,581,681)

GM Authorities

2021/22 £000s	Greater Manchester Authorities	2022/23 £000s	Manchester £000s	Bolton £000s	Bury Council £000s	Oldham £000s	Rochdale £000s	Salford City £000s	Stockport £000s	Tameside £000s	Trafford £000s	Wigan £000s
(622,102)	Income	(656,769)	(67,229)	(46,692)	(122,990)	(53,880)	(51,723)	(65,782)	(74,607)	(53,682)	(62,580)	(57,605)
227,822	Expenditure	212,034	14,449	14,147	55,765	17,307	19,491	23,271	17,893	10,455	19,046	20,208
53,267	Debtors	85,865	3,652	1,530	46,092	3,969	4,535	4,878	5,240	5,260	5,118	5,590
(104,254)	Creditors	(96,289)	(10,816)	(5,005)	(28,481)	(6,323)	(5,545)	(11,074)	(6,298)	(7,922)	(5,095)	(9,730)
0	Short Term Borrowings	0	0	0	0	0	0	0	0	0	0	0
(445,267)	Total	(455,159)	(59,943)	(36,020)	(49,613)	(38,926)	(33,242)	(48,706)	(57,771)	(45,889)	(43,510)	(41,537)

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:

2021/22 £000s	Transport for Greater Manchester	2022/23 £000s
277,508	Expenditure	331,074
(663)	Income	(945)
(7,707)	Debtors	(10,161)
62,545	Creditors	61,028
20,290	Borrowings	40,268

Greater Manchester Police

2021/22 £000s	Greater Manchester Police	2022/23 £000s
9	Expenditure	(5,633)
(36)	Income	(25)
8	Debtors	0
0	Creditors	5,649
0	Borrowings	0

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

North West Fire Control Limited

The Authority has the right to appoint two directors, who are councilors appointed to their respective FRAs. It has been determined that the company is governed by joint control as each authority has equal voting rights and unanimous consent exists for key decisions.

In 2014 The Greater Manchester Combined Authority, Cheshire Fire Authority, Cumbria County Council and Lancashire Combined Fire Authority transferred their Control Room functions into the regionalised service provided by NW Fire control Limited. The cost of the service is charged out to the four FRAs on an agreed pro rata basis. Related party expenditure, income and end of year balances are reported as follows:

2021/22 £000s	North West Fire Control	2022/23 £000s
4,176	Expenditure	4,726
(160)	Income	(171)
(25)	Debtors	(174)
0	Creditors	(32)
0	Borrowings	0

Manchester Investment and Development Agency Service Limited

The Authority has direct control over the company's financial and operating policies. The company is a related party by virtue of common directors. Related party expenditure, income and end of year balances are reported as follows:

2021/22 £000s	MIDAS	2022/23 £000s
1,277	Expenditure	1,510
0	Income	(3)
0	Debtors	0
(4)	Creditors	(31)
0	Borrowings	0

Halle Concerts Society

The company is a related party by virtue of common directors (Nominated by the GMCA). Related party expenditure, income and end of year balances are reported as follows:

2021/22 £000s	Halle Concert Society	2022/23 £000s
749	Expenditure	749
0	Income	0
0	Debtors	0
0	Creditors	0
0	Borrowings	0

Greater Manchester Fund of Funds Limited Partnership

The Authority granted Greater Manchester Fund of Funds LP £0 in 2022/23 (£100k in 2021/22)

2021/22 £000s	GM Fund of Funds Limited Partnership	2022/23 £000s
100	Expenditure	0
0	Income	0
0	Debtors	0
0	Creditors	0
0	Borrowings	0

NW Evergreen Holdings Limited Partnership

2021/22 £000s	NW Evergreen Holdings Limited	2022/23 £000s
0	Expenditure	0
(224)	Income	(404)
124	Debtors	404
0	Creditors	0
2,123	Borrowings	701

Greater Manchester Evergreen 2 Limited Partnership

There were no transactions between the Authority and Greater Manchester Evergreen 2 Limited Partnership during the 22/23 financial year.

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

2021/22 £000s	Operating Activities	2022/23 £000s
(3,155)	Finance Costs calculated in accordance with the code	(1,715)
(3,010)	Impairment of Equity Investment	1,215
37,145	Increase / (Decrease) in Debtors (less capital)	76,393
(118,650)	Decrease / (Increase) in Creditors (less capital)	(17,008)
(3,115)	Decrease / (Increase) in Provisions	2,375
(22,530)	Revaluation adjustment	(9,871)
268	Increase / (Decrease) in Inventories	824
(3,982)	(Increase) in impairment of debt	0
0	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(3,154)
(43,899)	Annual depreciation and amortisation charge	(45,437)
(30,385)	Pensions Liability	(31,449)
(3,459)	(Increase) / Decrease in Interest Debtors	2,247
71	Increase / (Decrease) in Interest Creditors	91
0	Other non-cash movements	1,159
(194,700)	Adjustments to net surplus / deficit on the provision of services for non-cash movements	(24,328)
242,894	Capital grants and contributions receivable	295,877
794	Proceeds from the sale of Property, Plant & Equipment	1,202
243,688	Adjust for items included in the net deficit on the provision of services that are investing and financing activities	297,080

32b Cash Flow Statement - Investing Activities

2021/22 £000s	Investing Activities	2022/23 £000s
68,293	Purchase of Property, Plant and Equipment	102,036
51,281	Purchase of Long Term Investments	(4,697)
(34,011)	Loan Debtors	1,656
(794)	Proceeds from the sale of property plant and equipment	(1,202)
(242,894)	Capital grants and contributions received	(295,877)
(158,124)	Net Cash Inflow / (Outflow) from Investing Activities	(198,085)

32c Cash Flow Statement - Financing Activities

2021/22 £000s	Financing Activities	2022/23 £000s
7,303	Repayment of inherited debt	0
3,660	Reduction of the outstanding liability relating to a finance lease and on-balance sheet PFI contracts	4,082
(270,896)	Cash receipts of short and long term borrowing	(336,258)
344,897	Repayments of short and long term borrowing	348,395
84,964	Net Cash Inflow / (Outflow) from Financing Activities	16,218

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

Financing Activities	1 April 2022	Financing cash flows	Non-cash changes		31 March 2023
			Acquisition	Other non-cash changes	
	£000s	£000s	£000s	£000s	£000s
Long term borrowing	(1,338,733)	32,114	0	5,175	(1,301,444)
Short term borrowing	(87,176)	(19,978)	0	(6,799)	(113,952)
On balance sheet PFI liabilities	(40,759)	4,082	0	0	(36,676)
Total liabilities from financing activities	(1,466,667)	16,218	0	(1,623)	(1,452,072)

Financing Activities	1 April 2021	Financing cash flows	Non-cash changes		31 March 2022
			Acquisition	Other non-cash changes	
	£000s	£000s	£000s	£000s	£000s
Long term borrowing	(1,366,546)	33,483	0	(5,670)	(1,338,733)
Short term borrowing	(130,280)	40,518	0	2,586	(87,176)
On balance sheet PFI liabilities	(44,417)	3,659	0	0	(40,759)
Repayment of former GMC Debt	(7,302)	7,302	0	0	0
Total liabilities from financing activities	(1,548,546)	84,962	0	(3,084)	(1,466,667)

33 Defined Benefit Pension Schemes

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

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

The Firefighters' Pension Scheme for its uniformed firefighters - this is an unfunded scheme, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Local Government Pension Scheme for its other employees - this is a funded scheme, meaning that the Authority and employees pay its contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against grant and precept income is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Comprehensive Income and Expenditure Account in the Movement in Reserves Statement.

The Authority also has responsibility for the Police Pension Scheme for police officers although this scheme is administered by the Chief Constable (Greater Manchester Police) on behalf of the Authority. The entries related to this scheme are disclosed in the group accounts.

In accordance with proper practices, the Authority has fully complied with the International Financial Reporting Standard IAS19 (Employee Benefits). Both Pension schemes are classified as 'defined benefit' schemes under IAS19 and the accounting principles and their effect on the Financial Statements are explained below. Employer contribution rates for the current and next year for both schemes are provided below:

Employer Contribution Rates	2021/22	2022/23
Firefighters Pension Scheme		
1992 Scheme	37.3%	37.3%
2006 Scheme	27.4%	27.4%
2015 Scheme	28.8%	28.8%
Modified Scheme	37.3%	37.3%
Local Government Pension Scheme	21.2%	21.2%

The Local Government Pension Scheme

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

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

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

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

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

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

1. **Current service cost** – the increase in liabilities as a result of years of service earned this year. This is allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
2. **Past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.
3. **Interest cost** – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. This is debited to Financing and Investment Income and Expenditure Line in the Comprehensive Income and Expenditure Statement.

4. **Gains/losses on settlements and curtailments** – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees. This is debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.
5. **Interest on scheme assets** – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long term return. This is credited to Financing and Investment Line in the Comprehensive Income and Expenditure Statement.
6. **Actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.
7. **Contributions paid to the pension fund** – cash paid as employer’s contributions to the fund.

In 2022/23 there is an eighth component in relation to a requirement to calculate an asset ceiling. IAS19 states that where an entity has a surplus in a defined benefit pension plan, then it should measure the net defined benefit of the assets at the lower of:

1. The surplus identified in the plan, or
2. The asset ceiling

Hymans Robertson LLP as our actuary have carried out the asset ceiling calculation for the 2022/23 accounts on the following basis:

Net present value of (employer) future service costs over the future working lifetime
'less'
Net present value of (employer) future contributions over the future working lifetime

The impact of the above has resulted in an £82.4m adjustment to the accounts by applying the asset ceiling, resulting in a move from a surplus net pension asset to a net pension liability of £6.9m.

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

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

The McCloud / Sargeant Judgement

Firefighters Scheme

Claims of age discrimination were brought in relation to the terms of transitional protection by groups of firefighters and members of the Judiciary in the McCloud / Sargeant legal case (referred to as “McCloud”) and the Court of Appeal handed down its judgement of this claim on 20 December 2018, ruling that the transitional protection arrangements were discriminatory on the basis of age. As a result, the cost control element of the 2016 valuation was paused whilst the Government addressed the need to remedy this discrimination across all public service pension schemes. The cost cap mechanism for the 2016 valuation has since been un-paused and the calculations complete, with the outcome being no changes to benefits or contributions.

The treatment of the deferred choice underpin as a member cost for cost cap purposes, along with the four year spreading period, was challenged in a judicial review which was heard in early 2023. The claims made in the Judicial Review were dismissed by the High Court, in a judgement handed down on Friday 10 March 2023. No allowance has therefore been made in our accounting disclosures as at 31 March 2023.

McCloud Remedy

The McCloud remedy window ran from 01 April 2015 to 31 March 2022. Eligible members will be able to elect which scheme they wish to receive benefits from for this period. Due to the differing benefits structures we expect the majority of eligible members to elect to take legacy scheme (1992 Scheme or 2006 Scheme) benefits for the remedy period.

An allowance for the McCloud remedy was first included in 2018/19 disclosures as a past service cost for four years remedy service from 2015-2019. This past service cost was attributed proportionally to the 1992 and 2006 schemes. For subsequent years to 2021/22 an allowance was made in the 2015 service costs for the annual accrual of additional remedy service.

Now that the remedy window is closed all McCloud related liabilities for eligible members for the period 2019 to 2022 have been moved to the associated legacy scheme. This means all McCloud liabilities are held with the legacy scheme we expect benefits to be paid from. This has led to a past service cost of £32m added to the 1992 Scheme and a past service cost of £3m in the 2006 Scheme. As these liabilities are no longer held within the 2015 Scheme, we have a past service gain of £35m.

Local Government Schemes

The Actuary has allowed for the McCloud judgement in the calculation of the latest triennial funding valuation results as at 31 March 2022. The Employer’s triennial funding valuation results are used as the starting point for the accounting roll forward calculations and therefore an allowance is included in the balance sheet.

Comprehensive Income and Expenditure Statement

2021/22 LGPS £000s	2021/22 Fire £000s	2021/22 Total £000s		2022/23 LGPS £000s	2022/23 Fire £000s	2022/23 Total £000s
14,010	39,510	53,520	Cost of Services:			
201	0	201	Current service cost	14,015	32,550	46,565
14,211	39,510	53,721	Past service cost (including curtailments)	87	0	87
			Total Service Cost	14,102	32,550	46,652
			Financing and Investment Income & Expenditure:			
(4,119)	0	(4,119)	Interest income on plan assets	(8,074)	0	(8,074)
5,895	37,300	43,195	Interest cost on defined benefit obligation	8,923	49,370	58,293
1,776	37,300	39,076	Total Net Interest	849	49,370	50,219
15,987	76,810	92,797	Total Post Employment Benefit Charged to the (Surplus)/Deficit on the Provision of Services	14,951	81,920	96,871
			Remeasurements of the Net Defined Liability Comprising:			
(18,964)	0	(18,964)	Return on assets excluding amounts included in net interest	2,818	0	2,818
(5,638)	0	(5,638)	Actuarial gains/losses arising from changes in demographic assumptions	(2,200)	(65,520)	(67,720)
(22,945)	(22,470)	(45,415)	Actuarial gains/losses arising from changes in financial assumptions	(131,360)	(582,900)	(714,260)
0	0	0	Change due to applying asset ceiling	82,387	0	82,387
(19,552)	5,450	(14,102)	Other	19,219	106,070	125,289
(67,099)	(17,020)	(84,119)	Total Remeasurements Recognised in Other in the CIES	(29,136)	(542,350)	(571,486)
(51,112)	59,790	8,678	Total Post Employment Benefit Charged to the CIES	(14,185)	(460,430)	(474,615)

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Movement in Reserves Statement

2021/22 LGPS £000s	2021/22 Fire £000s	2021/22 Total £000s		2022/23 LGPS £000s	2022/23 Fire £000s	2022/23 Total £000s
(15,987)	(76,810)	(92,797)	Reversal of net charges made to the (surplus)/deficit on the provision of	(14,951)	(81,920)	(96,871)
5,712	0	5,712	Employers' contributions payable to the scheme	6,692	0	6,692
0	56,700	56,700	Retirement benefits payable to pensioners	0	58,730	58,730
(10,275)	(20,110)	(30,385)	Actual amount charged against the General Fund Balance for Pensions in the year	(8,259)	(23,190)	(31,449)

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:

2021/22 LGPS £000s	2021/22 Fire £000s	2021/22 Total £000s		2022/23 LGPS £000s	2022/23 Fire £000s	2022/23 Total £000s
(326,279)	(1,876,190)	(2,202,469)	Present value of the defined benefit obligation	(229,809)	(1,357,030)	(1,586,839)
298,482	0	298,482	Fair value of employer assets	305,276	0	305,276
0	0	0	Change due to applying asset ceiling	(82,387)	0	(82,387)
(27,797)	(1,876,190)	(1,903,987)	Net Liability Arising from the Defined Benefit Obligation	(6,920)	(1,357,030)	(1,363,950)

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

2021/22 LGPS £000s	2021/22 Fire £000s	2021/22 Total £000s		2022/23 LGPS £000s	2022/23 Fire £000s	2022/23 Total £000s
(290,108)	(1,873,100)	(2,163,208)	Opening fair value of scheme liabilities	(326,279)	(1,876,190)	(2,202,469)
(14,010)	(39,510)	(53,520)	Current Service Cost	(14,015)	(32,550)	(46,565)
(201)	0	(201)	Past Service Costs	(87)	0	(87)
(5,895)	(37,300)	(43,195)	Interest Cost	(8,923)	(49,370)	(58,293)
(1,967)	0	(1,967)	Contributions from scheme participants	(2,296)	0	(2,296)
			Remeasurement gain			
5,638	0	5,638	Actuarial gains/losses arising from change in demographic assumptions	2,200	65,520	67,720
22,945	22,470	45,415	Actuarial gains/losses arising from change in financial assumptions	131,360	582,900	714,260
(49,113)	(5,450)	(54,563)	Other	(19,219)	(106,070)	(125,289)
6,432	56,700	63,132	Benefits Paid	7,450	58,730	66,180
(326,279)	(1,876,190)	(2,202,469)	Closing fair value of scheme liabilities	(229,809)	(1,357,030)	(1,586,839)

Reconciliation of movements in the fair value of the scheme assets

2021/22 LGPS £000s		2022/23 LGPS £000s
205,487	Opening fair value of scheme assets	298,482
4,119	Interest Income	8,074
	Remeasurement gain	
18,964	Return on assets excluding amounts included in net interest	(2,818)
5,712	Contributions from employer	6,692
1,967	Contributions from employees into the scheme	2,296
(6,432)	Benefits Paid	(7,450)
0	Change due to applying asset ceiling	(82,387)
68,665	Other	0
298,482	Closing fair value of scheme assets	222,889

Local Government Pension Scheme assets comprised:

2021/22					2022/23			
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 %
19,754	0	19,754	7%	Equity Securities				
19,489	0	19,489	7%	Consumer	18,342	0	18,342	6%
16,129	0	16,129	5%	Manufacturing	16,877	0	16,877	6%
29,504	0	29,504	10%	Energy and Utilities	15,070	0	15,070	5%
15,618	0	15,618	5%	Financial Institutions	26,045	0	26,045	9%
14,576	0	14,576	5%	Health and Care	15,290	0	15,290	5%
3,337	0	3,337	1%	Information Technology	21,546	0	21,546	7%
				Other	3,471	0	3,471	1%
				Debt Securities				
11,462	0	11,462	4%	Corporate Bonds (investment grade)	12,166	0	12,166	4%
5,561	0	5,561	2%	UK Government	7,295	0	7,295	2%
9,454	0	9,454	3%	Other	9,087	0	9,087	3%
0	21,835	21,835	7%	Private Equity				
				All	0	22,835	22,835	7%
0	13,534	13,534	5%	Real Estate				
				UK Property	0	11,877	11,877	4%
				Investment Funds and Unit Trusts				
18,677	0	18,677	6%	Equities	16,307	0	16,307	5%
29,278	0	29,278	10%	Bonds	27,090	0	27,090	9%
0	19,994	19,994	7%	Infrastructure	0	24,395	24,395	8%
5,414	34,971	40,385	14%	Other	7,442	42,397	49,839	16%
(1,660)	0	(1,660)	-1%	Derivatives				
				Other	0	0	0	0%
				Cash and Cash Equivalents				
11,554	0	11,554	4%	All	7,744	0	7,744	3%
208,148	90,334	298,482	100%	Totals	203,772	101,504	305,276	100%

The total assets of £305,276k in the table above do not match the closing fair value of scheme assets in the Reconciliation of Movements in Fair Value of the Scheme Assets table. The variance of £82.4m is due to the effect of applying the asset ceiling.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

The Local Government Pension Scheme liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest full triennial valuation of the scheme as at 31 March 2022. The Firefighters' Pension Scheme liabilities have been assessed by the Government Actuary's Department (GAD) based on data supplied for the 31 March 2020 full valuation.

The significant assumptions used by the actuary have been:

2021/22 LGPS	2021/22 Fire		2022/23 LGPS	2022/23 Fire
20.3 years 23.0 years	21.5 years 21.5 years	Longevity at 65 for current pensioners:* Male Female	19.9 years 23.1 years	21.2 years 22.9 years
21.6 years 25.1 years	23.2 years 23.2 years	Longevity at 65 for future pensioners:* Male Female	22.0 years 25.4 years	21.2 years 22.9 years
3.95% 3.20% 2.70%	4.75% 3.00% 2.65%	Rate of Inflation (Price Increases) Rate of increase in salaries (Salary Increases) Rate of increase in pensions (Pension Increases) Rate of discounting scheme liabilities (Discount Rate)	3.75% 2.95% 4.75%	3.85% 2.60% 4.65%

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

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to the HMRC limits.

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

Sensitivity Analysis

Local Government Pension Scheme	Approximate % increase to Employer Liability	Approximate monetary amount
Change in Assumption at 31 March 2023		£000s
0.1% decrease in Real Discount Rate	2.00%	4,271
0.1% increase in the Salary Increase Rate	0.00%	456
0.1% increase in the Pension Increase Rate (CPI)	2.00%	3,878
1 year increase in member life expectancy	4.00%	9,192

Fire Fighters Pension Scheme	Approximate % increase to Employer Liability	Approximate monetary amount
Change in Assumption at 31 March 2023		£000s
0.5% increase in Real Discount Rate	(7.00%)	(93,000)
0.5% increase in the Salary Increase Rate	1.00%	13,000
0.5% increase in the Pension Increase Rate (CPI)	6.50%	90,000
1 year decrease in members and adult dependants assumed age	2.50%	36,000

As at the date of the most recent valuation, the duration of the Employer's funded liabilities is 19 years.

The weighted average duration of the defined benefit obligation for the firefighters' scheme members is approximately 15 years.

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

The objectives of the scheme are to keep employer's contributions at as constant a rate as possible and agree a funding strategy to ensure future employers contributions meet the Administering Authority's funding objectives.

Following the latest triennial valuation completed on 31 March 2022, the LGPS was assessed as being 104% funded. Funding levels are monitored on an annual basis.

The funding objectives of the scheme are set out in the GMPF Funding Strategy Statement (FSS) and are to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which require additional contributions to correct the shortfall. Equally, where there is a surplus, it is usually appropriate to offset this against contribution for future services, in which case contribution reductions will be put in place to allow for this.

The scheme has taken 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, to establish new career average revalued earnings schemes to pay pensions and other benefits.

Authority contribution to pension schemes

The Authority expects to pay £13.451m to the Firefighters' Pension Scheme and £6.727m to the Local Government Pension Scheme in 2023/24.

34 Mayoral General Fund

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

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

The statements below set out the movements in the Mayoral General Fund and assets deployed for fire and rescue services for 2022/23:

Mayoral General Fund Income and Expenditure:

	Gross Expenditure 2022/23 £000s	Gross Income 2022/23 £000s	Net Expenditure 2022/23 £000s
Fire and Rescue Services	106,808	(14,529)	92,280
Mayor's Office	126,051	(100,851)	25,200
Net cost of services	232,859	(115,379)	117,480
(Gains) / losses on the disposal of non current assets	11	0	11
Other operating expenditure	11	0	11
Interest payable	27	0	27
Interest element of PFI unitary payments	80	0	80
Pensions Interest cost	51,729	0	51,729
Expected return on pensions assets	0	(2,134)	(2,134)
Financing and investment income and expenditure	51,835	(2,134)	49,701
Precepts	0	(81,619)	(81,619)
Non Domestic Rates Income	0	(53,252)	(53,252)
Taxation and non specific grant income	0	(134,871)	(134,871)
(Surplus) / deficit on provision of services	284,706	(252,385)	32,321
Items that will not be reclassified to the surplus/deficit on provision of services			
Revaluation gains and losses			(23,246)
Remeasurement of (gains)/losses on pension assets/liabilities			(550,051)
Other income and expenditure			(573,298)
Total income and expenditure			(540,976)

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	31 March 2022 £000s	Transfers in/out £000s	31 March 2023 £000s
Mayoral General Fund			
Capital Reserve	(9,575)	(1,296)	(10,870)
Earmarked Budgets Reserve	(6,578)	(1,497)	(8,075)
Revenue Grants Unapplied	(8,612)	1,780	(6,832)
Insurance Reserve	(2,849)	249	(2,600)
Business Rates Reserve	(1,414)	286	(1,128)
Restructuring Reserve	(418)	0	(418)
Innovation and Partnership CYP	(127)	0	(127)
Transformation Fund	(3,604)	0	(3,604)
Total Earmarked Reserves	(33,177)	(478)	(33,655)
Mayoral General Fund Balance	(12,093)	0	(12,093)
Capital Grants Unapplied Reserve	(299)	287	(12)
Total Mayoral General Fund Reserves	(45,569)	(191)	(45,760)

Assets deployed in provision of Mayoral Fire and Rescue Services:

	Land and Buildings	Vehicles ,Plant, Furniture and Equipment	Assets Under Construction	Total Property Plant and Equipment	PFI in PPE
	£000s	£000s	£000s	£000s	£000s
Cost or Valuation					
Asset values brought forward at 1 April 2022	108,733	40,014	2,181	150,928	4,044
Additions	5,043	1,645	2,678	9,366	28
Accumulated depreciation and impairment written off to cost or valuation	(8,267)			(8,267)	(488)
Revaluation increases/decreases recognised in the Revaluation Reserve	23,235			23,235	460
Revaluation increases/decreases recognised in the surplus or deficit on the provision of services	(23)			(23)	0
Derecognition - disposals	(30)	(128)		(158)	0
Derecognition - other	0			0	0
Assets reclassified to/from assets under construction	2,181		(2,181)	0	0
Other movements in cost or valuation	0	0	59	59	(202)
Cost or Valuation at 31 March 2023	130,872	41,531	2,737	175,140	3,842
Accumulated Depreciation & Impairment					
Accumulated depreciation values brought forward at 1 April 2022	(14,007)	(26,331)	0	(40,338)	(797)
Accumulated depreciation and impairment written off to cost or valuation	8,267	0	0	8,267	488
Depreciation Charge	(6,701)	(2,484)	0	(9,185)	(210)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	0
Derecognition - disposals	21	126	0	147	0
Other adjustments - depreciation	0	0	0	0	174
GF Closing value - depreciation	(12,420)	(28,689)	0	(41,109)	(345)
Net Book Value at 31 March 2022	94,726	13,683	2,181	110,590	3,247
Net Book Value at 31 March 2023	118,454	12,843	2,737	134,034	3,497

35 Mayoral Police Fund

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

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

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

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

The Chief Constable of Greater Manchester Police (GMP) Statement of Accounts has been consolidated into GMCA’s group accounts since 8 May 2017. The Mayor is responsible for the formal oversight of GMP, including provision of all funding, budget setting, performance scrutiny and strategic policy development, and for ensuring GMP is run efficiently and effectively. Operational decision-making on day-to-day policing including the employment of police staff remains the responsibility of the Chief Constable.

Under the legislative framework and local arrangements, GMCA, under sole instruction from the Mayor, is responsible for the finances of the Mayoral Police Fund including assets, liabilities and reserves. The GMCA has responsibility for entering into contracts and establishing the contractual framework under which the Chief Constable’s officers and staff operate. The GMCA receives all income and funding and makes all the payments for the policing activity from the Mayoral Police Fund. The movement on the Police Fund is disclosed in Note 35.

In compliance with legislation, the Police Fund is accounted for in the group accounts of the GMCA. In the interests of transparency, the statements below set out how the Police Fund was spent and funded, movements in the Mayoral Police Fund reserves and assets deployed for policing in 2022/23.

Police Fund Income and Expenditure:

	Gross Expenditure 2022/23 £000s	Gross Income 2022/23 £000s	Net Expenditure 2022/23 £000s
Policing Services	856,653	(138,411)	718,243
Net cost of services	856,653	(138,411)	718,243
(Gains) / losses on the disposal of non current assets	1,299	(950)	349
Home Office grant payable towards the cost of retirement benefits	109,065	(109,065)	0
Other operating expenditure	110,364	(110,015)	349
Interest payable	2,072	0	2,072
Interest element of PFI unitary payments	6,475	0	6,475
Pensions interest cost	259,864	0	259,864
Expected return on pensions assets	0	(30,008)	(30,008)
Financing and investment income and expenditure	268,412	(30,008)	238,404
Precepts	0	(181,047)	(181,047)
Police grant	0	(537,349)	(537,349)
Capital grants and contributions	0	(1,593)	(1,593)
Taxation and non specific grant income	0	(719,990)	(719,990)
(Surplus) / deficit on provision of services	1,235,430	(998,423)	237,006
Items that will not be reclassified to the surplus/deficit on provision of services			
Revaluation gains and losses			(23,293)
Remeasurement of (gains)/losses on pension assets/liabilities			(2,854,018)
Other income and expenditure			(2,877,312)
Total income and expenditure			(2,640,305)

Movement in Mayoral Police Fund Reserves:

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

Earmarked Reserves and Balances	1 April 2022 £000s	Transfers in/out £000s	31 March 2023 £000s
Mayoral Police Fund			
Revenue Expenditure Reserve	(23,081)	(11,937)	(35,018)
Insurance Reserve	(12,549)	12,549	0
Police and Crime Commissioner Earmarked	(44,958)	5,962	(38,997)
PFI Reserve	(9,880)	953	(8,926)
Mayoral Police Fund Balances	(15,396)	21	(15,375)
Total Mayoral Police Fund	(105,863)	7,548	(98,316)

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 2022	262,034	215,960	3,320	19,655	500,969	75,770
Additions	4,138	16,854	0	2,512	23,504	11,617
Accumulated depreciation and impairment written off to cost or valuation	(18,484)	0	(43)	0	(18,527)	(4,455)
Revaluation increases/decreases recognised in the Revaluation Reserve	23,250	0	43	0	23,293	10,218
Revaluation increases/decreases recognised in the surplus or deficit on the provision of services	(2,365)	0	0	0	(2,365)	(9,318)
Derecognition - disposals	(1,072)	(2,458)	0	0	(3,530)	0
Derecognition - other	0	0	0	0	0	0
Assets reclassified to/from held for sale	0	0	(580)	0	(580)	0
Assets reclassified to/from assets under construction	10,843	8,375	0	(19,218)	0	0
Other movements in cost or valuation	0	0	0	0	0	0
Cost or Valuation at 31 March 2023	278,345	238,731	2,740	2,949	522,765	83,833
Accumulated Depreciation & Impairment						
Accumulated depreciation values brought forward at 1 April 2022	(17,083)	(146,649)	(37)	0	(163,769)	(5,414)
Accumulated depreciation and impairment written off to cost or valuation	18,484	0	43	0	18,527	4,455
Depreciation Charge	(6,812)	(15,998)	(8)	0	(22,818)	(2,109)
Derecognition - disposals	50	2,179	2		2,231	
Other movements in depreciation and impairment					0	
GF Closing value - depreciation	(5,361)	(160,468)	(0)	0	(165,830)	(3,069)
Net Book Value at 31 March 2022	244,951	69,311	3,283	19,655	337,200	70,356
Net Book Value at 31 March 2023	272,984	78,263	2,740	2,949	356,935	80,764

Police Fund Intangible Assets:

2021/22 Intangible operational	2021/22 Intangible Assets Under Construction	2021/22 Intangible total		2022/23 Intangible operational	2022/23 Intangible Assets Under Construction	2022/23 Intangible total
£000s	£000s	£000s		£000s	£000s	£000s
32,013	235	32,248	Balance at 1 April:	33,197	1,002	34,199
(9,990)	0	(9,990)	Gross carrying amounts	(14,475)	0	(14,475)
22,023	235	22,258	Net carrying amount at 1 April	18,722	1,002	19,724
			Additions:			
2,203	0	2,203	Purchases	3,521	0	3,521
0	1,002	1,002	Additions to assets under construction	0	0	0
235	(235)	0	Reclassified to operational from assets under construction	0	0	0
(1,254)	0	(1,254)	Disposals	0	0	0
(4,485)	0	(4,485)	Amortisation for the period	(6,391)	0	(6,391)
18,722	1,002	19,724	Net carrying amount at 31 March	15,852	1,002	16,854
			Comprising:			
33,197	1,002	34,199	Gross carrying amounts	36,718	1,002	37,720
(14,475)	0	(14,475)	Accumulated amortisation	(20,866)	0	(20,866)
18,722	1,002	19,724	Balance at 31 March	15,852	1,002	16,854

Firefighters' Pension Fund

There is a requirement in the Code of Practice to produce a Pension Fund Account and Net Assets Statement in respect of the Firefighter's Pension Scheme. The purpose of the Fund is to provide a basis for demonstrating the balance of cash based transactions taking place over the year and for identifying the arrangements needed to close the balance for the year. The primary objective is to separate the cost of providing pensions from the cost of running services.

This is an unfunded scheme, which is administered in accordance with Home Office regulations. For such schemes as there are no investment assets, IAS19 requires recognition of the liability and pension reserve in the Balance Sheet and transactions in the Income and Expenditure Account for movements in the liability and reserve.

Firefighters' Pension Fund Account

2021/22 £000s	Firefighters' Pension Fund Account	2022/23 £000s
0	Opening balance at 1 April	0
	Contributions Receivable	
(13,361)	From Employer	(13,451)
(5,949)	From Employee	(6,013)
(160)	Ill Health Retirements	(188)
	Transfers In	
(214)	Individual transfers in from other schemes	(386)
	Benefits Payable	
46,800	Pensions	48,571
7,666	Commutations and lump sum retirement benefits	8,060
	Payments to and on account of leavers	
593	Individual transfers out to other schemes	191
35,376	Net Amount Payable for the year	36,784
(35,376)	Top-up grant receivable from the Government	(36,784)
0	Closing balance at 31 March	0

Net asset statement

31 March 2022 £000s	Net Assets Statement	31 March 2023 £000s
6,098	Pension Top-Up Grant receivable from the Home Office	6,897
0	Payments in Advance	0
0	Creditor	0
0	Debtor	0
(6,098)	Amount due from the Mayoral General Fund	(6,897)
0	Net Assets	0

The funding arrangements for the Firefighters' Pension Scheme in England changed on 1 April 2006. Before 1 April 2006 these schemes did not have a percentage of pensionable pay type of employer's contribution - rather each authority was responsible for paying the pensions of its own former employees on a pay as you go basis. Under the new arrangements the schemes remain unfunded but Authorities will pay an employer's pension contribution based on a percentage of pay into the Pension Fund. Each authority in England is required by legislation to operate a Pension Fund and the

amounts that must be paid into and out of the Fund are specified by regulation under the Firefighters' Pension Scheme (Amendment) (England) Order 2006.

Employees' and employers' contribution levels are based on percentages of pensionable pay set nationally by the Government Actuary Department (GAD) and are subject to revaluation every four years.

The latest valuation was carried out based on data as at 31 March 2020. This has then been rolled forward to reflect the position as at 31 March 2023. In particular allowing for service accrued between 1 April 2020 and 31 March 2023 and known pension and salary increases that would have applied.

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 2023. Liabilities to pay future payments are included in the IAS19 charges and notes to the Financial Statements.

Greater Manchester Combined Authority - Group Accounts

Introduction

Background

The Accounting Code of Practice requires that where an authority has material financial interests and a significant level of control over one or more entities, it should prepare Group Accounts. The aim of these statements is to give an overall picture of the Authority's financial activities and the resources employed in carrying out those activities.

The Group Accounts comprise the following key financial statements (with appropriate disclosures):

- Group Comprehensive Income and Expenditure Statement;
- Group Movement in Reserves Statement;
- Group Balance Sheet;
- Group Cash Flow Statement.

The Greater Manchester Combined Authority Group:

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

Bodies Consolidated:

Chief Constable of Greater Manchester Police (GMP)

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

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

Transport for Greater Manchester (TfGM)

TfGM is to continue to be included in the Authority's group accounts. The Authority and/or the Mayor sets local public transport policy and is responsible for deciding how funds are spent on supporting and improving Greater Manchester's public transport network. The decisions of the Authority and/or the Mayor are implemented by TfGM and TfGM is responsible for implementing the policies of the Authority.

TfGM's net expenditure after taking into account all sources of income and expenditure is financed by way of a Revenue Grant from the Authority. TfGM's corporate objectives are derived from the Authority's policy priorities, stakeholder consultation and its

principal statutory obligations. Strategic objectives and targets are set out in the Authority/TfGM Business and Performance Plan.

Although transport related borrowing sits on the GMCA balance sheet, all the transport assets sit on TFGM's balance sheet. GMCA carries sufficient reserves in respect of each of its functions to provide resilience in the event of volatility in its various funding sources. Details of transactions with TfGM are included in the related parties note.

The Accounts of TfGM are prepared in accordance with the Accounts and Audit (England) Regulations 2015. These require the Accounts to be prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (The Code).

Greater Manchester Evergreen 2 Limited Partnership (GME2LP)

Evergreen 2 was incorporated on 20 February 2017 under England's 2014-20 ERDF Operational Programme and is solely a Greater Manchester fund. The accounts included in the 22/23 group accounts are for the period ending 31 March 2023.

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

NW Evergreen Holdings Limited Partnership (NWEH)

NWEH is to continue to be included in the Authority's group accounts. In September 2016 the Authority established NWEH to act as a holding fund for earlier tranches of ERDF funding to support investment opportunities in properties in the North West. The Fund has received significant funding from ERDF and will invest in sub funds that provide opportunities to identify, research and negotiate investment opportunities in properties in the North West of England. The accounts included in the 22/23 group accounts are for the period ending 31 March 2023.

Greater Manchester Fund of Funds Limited Partnership (FoFLP)

In November 2016 the Authority established FoFLP to act as a holding fund for ERDF funding. FoFLP will invest in sub funds that seek to support the shift towards a low carbon economy and for research and innovation. The accounts included in the 22/23 group accounts are for the period ending 31 March 2023.

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

Basis of Preparation of the Group Accounts

The group accounts have been prepared on a historical cost basis, except for certain property assets that are measured at current value, in accordance with the Code. The group accounts have been prepared on a going concern basis.

Statement of Compliance with IFRS

In accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, TfGM has adopted all aspects of the Code other than as follows:

- Deregulation Reserve. IFRS 5 would treat the deregulation of bus services in 1986 as a discontinued operation, leading to the write off of any costs connected with deregulation. However, the Transport Act of 1985 allowed any costs incurred on deregulation to be transferred to a specific reserve, called the 'Deregulation Reserve'. TfGM has adopted a policy of amortising the Deregulation Reserve over 30 years.

Greater Manchester Combined Authority – Group Financial Statements

Group Comprehensive Income and Expenditure Statement

This statement shows the Group accounting cost of providing services, rather than the amount set out in legislation that is chargeable to precepts, levies, taxation and grant income. The taxation position is shown in the Movement in Reserves Statement and the Expenditure and Funding Analysis.

Gross Expenditure 2021/22 £000s	Gross Income 2021/22 £000s	Net Expenditure 2021/22 £000s	Comprehensive Income and Expenditure Statement	Note	Gross Expenditure 2022/23 £000s	Gross Income 2022/23 £000s	Net Expenditure 2022/23 £000s
			Transport, Waste, Economic Development and Regeneration				
424,850	(201,636)	223,215	Highways and Transport Services		447,727	(205,968)	241,758
305,667	(188,465)	117,202	Economic Development and Regeneration Services		322,179	(226,876)	95,303
112,211	(1,085)	111,126	Waste Disposal		87,164	(154)	87,009
842,728	(391,186)	451,542	Total		857,070	(432,999)	424,071
			Mayoral General Fund Services				
106,900	(16,586)	90,314	Fire and Rescue Services		106,808	(14,529)	92,280
125,654	(101,036)	24,618	Other Functions		126,051	(100,851)	25,200
232,554	(117,622)	114,933	Total		232,859	(115,379)	117,480
			Mayoral Police Fund Services				
815,297	(116,408)	698,889	Policing Services		856,654	(138,411)	718,243
1,890,580	(625,216)	1,265,364	Total Cost of Group Operations		1,946,583	(686,789)	1,259,794
2,799	0	2,799	Loss on Disposal of Non Current Assets		2,859	(524)	2,335
0	(34)	(34)	Revaluation gain on investment		0	0	0
308,763	(29,549)	279,214	Financing and Investment Income and Expenditure	42	388,638	(67,693)	320,945
0	(1,379,906)	(1,379,906)	Taxation and Non Specific Grant Income	43	0	(1,474,068)	(1,474,068)
108,795	(108,795)	0	Home Office grant payable towards the cost of retirement benefits		109,065	(109,065)	0
2,310,937	(2,143,500)	167,438	(Surplus) / Deficit on Provision of Services		2,447,145	(2,338,138)	109,007
			Items that will not be subsequently classified in deficit on provision of services				
		(427,295)	Re-measurement of the net defined benefit liability				(3,544,539)
		(27,542)	(Surplus) / Deficit on revaluation of non current assets				(58,162)
		(454,837)	Other Comprehensive (Income) & Expenditure				(3,602,701)
		(287,399)	Total Comprehensive (Income) and Expenditure				(3,493,694)



Steve Wilson
Greater Manchester Combined Authority Treasurer
Date: 31 July 2023

Group Movement in Reserves Statement

This statement shows the movement in year on the different reserves held by the Authority Group. This is analysed into usable and unusable reserves. Usable reserves can be utilised to fund services whereas unusable reserves are accounting reserves held to reconcile the position between the accounting cost of services and the cost set out in legislation that is chargeable to precepts and taxation.

Further details of usable reserves can be found in the relevant associated notes.

Movement in Reserves	Authority General Fund Balances	Authority Capital Grants Unapplied Reserve	Authority Capital Receipts Reserve	Total Authority Usable Reserves	Authority Share of Group Usable Reserves	Total Usable Group Reserves	Authority Unusable Reserves	Authority Share of Group Unusable Reserves	Total Unusable Group Reserves	Total Group Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance as at 31 March 2021	(446,635)	(27,037)	(54,265)	(527,937)	(137,383)	(665,322)	3,392,131	6,904,022	10,296,156	9,630,833
Transferred Services Balances as at 1 April 2021	0	0	0	0	0	0	0	0	0	0
Balance brought forward at 1 April 2021	(446,635)	(27,037)	(54,265)	(527,937)	(137,383)	(665,322)	3,392,131	6,904,022	10,296,156	9,630,833
(Surplus) or Deficit on the provision of services	(66,944)	0	0	(66,944)	234,381	167,437	0	0	0	167,437
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(107,981)	(346,856)	(454,837)	(454,837)
Adjustments between accounting basis & funding basis under regulations	(11,208)	(8,616)	(14,307)	(34,131)	(243,192)	(277,323)	34,130	243,192	277,323	(1)
Transfers to or from Earmarked Reserves	0	0	0	0	1,318	1,318	0	(1,318)	(1,318)	0
(Increase) / Decrease in year	(78,153)	(8,616)	(14,307)	(101,075)	(7,494)	(108,569)	(73,850)	(104,982)	(178,832)	(287,401)
Balance as at 31 March 2022	(524,787)	(35,653)	(68,572)	(629,011)	(144,877)	(773,890)	3,318,281	6,799,040	10,117,323	9,343,433
(Surplus) or Deficit on the provision of services	(97,665)	0	0	(97,665)	206,672	109,007	0	0	0	109,007
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(629,648)	(2,973,053)	(3,602,701)	(3,602,701)
Adjustments between accounting basis & funding basis under regulations	6,417	16,112	(7,621)	14,909	(221,518)	(206,609)	(14,909)	221,518	206,609	(0)
Transfers to or from Earmarked Reserves	0	0	0	0	2,334	2,334	0	(2,334)	(2,334)	0
(Increase) / Decrease in year	(91,248)	16,112	(7,621)	(82,756)	(12,512)	(95,269)	(644,557)	(2,753,869)	(3,398,426)	(3,493,694)
Balance as at 31 March 2023	(616,035)	(19,541)	(76,193)	(711,768)	(157,389)	(869,162)	2,673,724	4,045,171	6,718,898	5,849,737

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.

31 March 2022 £000s	Balance Sheet	Note	31 March 2023 £000s
	Non Current Assets		
2,658,199	Property, Plant & Equipment	47	2,722,713
83	Heritage Assets		83
1,523	Investment Property		1,534
35,935	Intangible Assets	48	46,943
200,908	Long Term Debtors and Payments in Advance	49	154,678
45,034	Long Term Investments		46,736
0	Net pension asset		36,688
2,941,682	Total Non Current Assets		3,009,375
	Current Assets		
0	Short Term Assets Held for Sale		580
2,989	Inventories and Stock		3,892
278,911	Short Term Debtors and Payments in Advance	49	396,602
254,101	Cash and Cash Equivalents	50	279,435
15,010	Short Term Investments		10,079
551,011	Total Current Assets		690,588
	Current Liabilities		
(80,117)	Short Term Borrowing	56	(81,541)
(272,285)	Short Term Creditors and Receipts in Advance	51	(288,314)
(198,507)	Capital Grants Receipts in Advance		(190,091)
(27,532)	Revenue Grants Receipts in Advance		(35,418)
(11,162)	Short Term Provisions	52	(8,388)
(4,082)	Short Term Lease Liability		(3,678)
0	Short Term Deferred Liability		0
(593,685)	Total Current Liabilities		(607,430)
	Long Term Liabilities		
(1,385,089)	Long Term Borrowing	56	(1,340,772)
(18,046)	Long Term Provisions	52	(16,732)
(36,676)	Long Term Lease Liability		(32,998)
(159,333)	Long Term Grant Receipts in Advance		(156,232)
(10,643,295)	Pensions Liability	60	(7,395,536)
(12,242,439)	Total Long Term Liabilities		(8,942,270)
(9,343,433)	Net Assets		(5,849,737)
	Financed By:		
(773,889)	Usable Reserves	39	(869,161)
10,117,323	Unusable Reserves	53	6,718,898
9,343,433	Total Reserves		5,849,737



Steve Wilson
Greater Manchester Combined Authority Treasurer
Date: 31 July 2023

Group Cash Flow Statement

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

2021/22 £000s	Group Cash Flow	Note	2022/23 £000s
164,038	Net (Surplus) on the provision of services		109,007
(451,679)	Adjustments to net surplus or deficit on the provision of services for non cash movements	58a	(375,645)
247,031	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	58a	389,200
(40,610)	Net Cash Flows from Operating Activities		122,562
(88,805)	Investing Activities	58b	(196,124)
51,005	Financing Activities	58c	48,227
(78,409)	(Increase) / decrease in cash and cash equivalents		(25,335)
175,692	Cash and cash equivalents brought forward for all operations		254,101
254,101	Cash and cash equivalents at the end of the reporting period	50	279,435

Notes to the Group Financial Statements

36 Group Accounting Policies

36.1 Consolidation Method

The Accounts of all subsidiary group entities are consolidated on a line by line basis with corresponding consolidation adjustments to remove inter group transactions and balances.

The accounting policies of the group entities are consistent with the Authority. The following accounting policies are in addition to the single entity policies detailed in note 1 of these statements.

36.2 Investment properties

Investment properties are initially recognised at cost, including direct transaction costs. They are subsequently revalued annually in accordance with the fair value model, reflecting market conditions at the balance sheet date. Where a fair value cannot be obtained the cost model will be used in IAS 16. Any surplus or deficit arising from any change in fair value is recognised in the Comprehensive Income and Expenditure Statement in the period in which it arises.

Investment properties are not depreciated. They are de-recognised when disposed of, or when no future economic use is expected. The difference between net proceeds and carrying value is recognised in the Comprehensive Income and Expenditure Statement in the period of de-recognition.

36.3 Infrastructure Assets

TfGM's infrastructure assets are stated at cost less accumulated depreciation. TfGM's policy is to write off the carrying value of all assets, other than freehold land, on a straight-line basis over their estimated remaining useful lives. The range of estimated useful lives for infrastructure assets is 3 to 50 years and includes a number of categories of assets relating to the Metrolink network, Interchanges and Bus Stations, the Leigh to Ellenbrook Guided busway and cycle hubs.

Further details of the asset lives within this category are:

Civil structures	25 to 50 years
Stations and stop infrastructure	10 to 50 years
Track and track bed	20 to 30 years
Ticket machines, information points and validators	5 to 20 years
Overhead power lines	20 to 30 years
Signalling/telecoms	15 to 20 years
Metrolink trams	30 years
Metrolink Plant and Equipment	3 to 35 years
Guided Busway and infrastructure	5 to 50 years
Park and Ride and infrastructure	5 to 40 years
Bus Station and internal fittings	5 to 40 years
Electric vehicle charging points	10 years
Bike hire assets and cycle hubs	10 years

36.4 Inventories

Inventories are carried at the lower of cost (including costs incurred in bringing the inventory to its present location, such as freight) and net realisable value, determined on a first in first out basis.

36.5 Passenger Transport Facilities

As part of its statutory duties, the Group is responsible for meeting the costs of upgrading public passenger transport facilities in the Greater Manchester area, including railway and highways infrastructure. The expenditure incurred is offset by equivalent grants received from the Authority and other parties, which for the year ended 31 March 2023 amounted to £11.9m (2021/22: £5.1m).

Once completed, ownership of these assets vests in Network Rail, rail operating companies, Highways England, the Authority or the local authority as appropriate.

Both the costs and the grant income are recognised within the Comprehensive Income and Expenditure Statement.

36.6 Lease Income

Amounts receivable under finance leases are stated net of interest allocated to future periods. Interest is allocated to accounting periods to produce a constant periodic rate of return on the remaining net investment.

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

36.7 Lease Expenditure

Assets held under finance leases where the Group retains substantially all the risks and benefits of ownership are capitalised in the balance sheet at the lower of the fair value of the asset and the net present value of the minimum lease payments; the assets are then depreciated over their useful economic lives.

The lease obligations are recognised as a financial liability. The interest element of the rental obligations is charged to the Comprehensive Income and Expenditure Statement over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to expenditure on a straight-line basis over the term of the lease, recognising on an equal basis the impact of any premia or incentives.

36.8 Agency Services

Transactions are excluded from the Group's financial statements for all agency relationships. As stipulated by the Code, the Group is acting as an agent in situations when the Group does not control the specified goods or services being provided by another party, before they are transferred to the customer.

All services are reviewed to determine who controls the right to the underlying goods or services and when this is not deemed to be the Group, the transactions have been excluded from the financial statements.

36.9 Benefits Payable during Employment

Short term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Group. Where material, an accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

The group accumulated absences are entirely attributable to Greater Manchester Police. The single entity accounts do not include an adjustment for employee benefits for reasons of materiality. The Greater Manchester Police accrual was material to their accounts and has therefore been included in the group figures.

36.10 Post-Employment Benefits – Pensions

Employees of the Group are members of three separate pension schemes. These are explained in more detail in the single entity accounts. Police Officers are covered by the Police Pension Scheme administered by XPS Administration on behalf of the Chief Constable. This scheme provides defined benefits to members (retirement lump sums and pensions) earned as a police officer.

36.11 The Police Pension Scheme

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

The Chief Constable as employer, and police officers as members, pay pension contributions based on a percentage of pensionable pay into the Police Pension Fund Account. Pension benefits are paid out of the Pension Fund Accounts.

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

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

Other than references to assets, this scheme is accounted for in the same way as the Local Government Pension Scheme.

37a Group Expenditure and Funding Analysis

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

2021/22				2022/23		
Net expenditure chargeable to the General Fund Balance	Adjustments between Funding and Accounting Basis	Net expenditure in the Comprehensive Income and Expenditure Statement		Net expenditure chargeable to the General Fund Balance	Adjustments between Funding and Accounting Basis	Net expenditure in the Comprehensive Income and Expenditure Statement
£000s	£000s	£000s		£000s	£000s	£000s
			Continuing Services			
142,237	80,978	223,215	Highways and Transport Services	149,769	91,025	240,794
108,194	9,008	117,202	Economic Development and Regeneration	112,367	(17,064)	95,303
124,179	(13,053)	111,126	Waste Disposal Services	115,740	(28,731)	87,009
128,043	(13,110)	114,933	Mayoral General Fund Services	136,428	(18,948)	117,480
659,934	38,955	698,889	Mayoral Police Fund Services	718,960	(717)	718,243
1,162,586	102,777	1,265,364	Cost of Services	1,233,264	25,566	1,258,830
(1,249,313)	151,386	(1,097,926)	Other Income and Expenditure	(1,339,674)	189,851	(1,149,823)
(86,726)	254,164	167,438	(Surplus) / Deficit	(106,410)	215,417	109,007
583,376			Opening General Fund Balance and Earmarked Reserves	668,784		
			Continuing Services			
86,726			Surplus / (Deficit) on General Fund Balance in year	106,410		
(1,318)			Transfers between reserves	(2,334)		
668,784			Closing General Fund Balance at 31 March	772,860		

37b Note to the Group Expenditure and Funding Analysis

2021/22					2022/23			
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
65,985	14,993	0	80,978	Continuing Services	80,676	10,349	0	91,025
3,385	5,622	0	9,008	Highways and Transport Services	(21,836)	4,772	0	(17,064)
(13,456)	402	0	(13,053)	Economic Development and Regeneration	(29,053)	322	0	(28,731)
1,972	(15,083)	0	(13,110)	Waste Disposal Services	5,274	(24,221)	0	(18,948)
6,015	33,871	(931)	38,955	Mayoral General Fund Services	13,233	(14,180)	230	(717)
63,902	39,806	(931)	102,777	Mayoral Police Fund Services	48,294	(22,958)	230	25,566
(65,509)	216,895	0	151,386	Net Cost of Services	(93,199)	283,050	0	189,851
(1,606)	256,701	(931)	254,164	Other Income and Expenditure	(44,905)	260,092	230	215,417
				Difference between General Fund Surplus and CIES Deficit on the Provision of Services				

- a) Adjustments for capital purposes include revenue expenditure funded from capital under statute, depreciation and impairment, gain/loss on disposal of non-current assets, capital grants and contributions, minimum revenue provision and revenue contribution to capital outlay.
- b) Pension adjustments include employer's contribution to the pension scheme and retirement benefits per IAS 19.
- c) Other adjustments include contributions to capital bad debt provision and available for sale financial instruments.

38 Group Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Group in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to meet future capital and revenue expenditure.

2021/22					2022/23			
General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves		General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
£000s	£000s	£000s	£000s		£000s	£000s	£000s	£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:				
(256,701)	0	0	256,701	Pension cost (transferred to (or from) the Pensions Reserve)	(260,092)	0	0	260,092
(2,975)	0	0	2,975	Financial Instruments (transferred to the Financial Instruments Adjustments Account)	(1,593)	0	0	1,593
9,833	0	0	(9,833)	Council tax and NDR (transfers to or from the Collection Fund)	2,554	0	0	(2,554)
931	0	0	(931)	Holiday pay (transferred to the Accumulated Absences reserve)	(230)	0	0	230
(137,212)	0	0	137,212	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)	(36,683)	0	0	36,683
(386,124)	0	0	386,124	Total Adjustments to Revenue Resources	(296,044)	0	0	296,044
				Adjustments between Revenue and Capital Resources				
0	(171,660)	0	171,660	Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	104	(54,772)	0	54,668
3,095	0	0	(3,095)	Movement in Capital Bad Debt Provision	2,246	0	0	(2,246)
82,734	0	0	(82,734)	Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	88,855	0	0	(88,855)
794	0	0	(794)	Capital receipts applied (transfer to the Capital Adjustment Account)	4,509	0	0	(4,509)
36,485	0	0	(36,485)	Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,343	0	0	(1,343)
123,108	(171,660)	0	48,552	Total Adjustments between Revenue and Capital Resources	97,057	(54,772)	0	(42,285)
				Adjustments to Capital Resources				
0	157,353	0	(157,353)	Use of the Capital Receipts Reserve to finance capital expenditure	0	47,152	0	(47,152)
8,852	0	(8,852)	0	Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(16,429)	0	16,429	0
8,852	157,353	(8,852)	(157,353)	Total Adjustments to Capital Resources	(16,429)	47,152	16,429	(47,152)
0	0	0	0	Other adjustments	0	0	0	0
(254,164)	(14,307)	(8,852)	277,323	Total Adjustments	(215,416)	(7,621)	16,429	206,608

39 Transfers (to)/from Group Earmarked Reserves

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

Transport, ED&R and Waste Earmarked Reserves and Balances	31 March 2022 £000s	Transfers (in)/out £000s	31 March 2023 £000s
Economic Development and Regeneration (EDR)			
Life Chances	(3,800)	847	(2,953)
Youth Contract	(1,781)	1,781	0
Growing Places Fund	(1,554)	0	(1,554)
RGF/GPF Interest and Arrangement Fees	(9,490)	1,242	(8,248)
Churchgate House Accommodation	(2,767)	(939)	(3,706)
Business Rates Growth Pilot & Levy	(37,641)	(8,099)	(45,740)
HIF Interest and Arrangement Fees	(13,067)	1,224	(11,843)
Our Pass Reserve	0	(1,108)	(1,108)
Low Carbon Resource	0	(2,047)	(2,047)
Work & Skills - Working Well Reserve	0	(6,116)	(6,116)
Work & Skills - Central Reserve	0	(1,000)	(1,000)
GM District Transformation Schemes	0	(3,000)	(3,000)
GM Trailblazer Devolution	(2,000)	2,000	0
GMICB- Improving School Readiness	0	(2,000)	(2,000)
Brownfield Fund	(1,057)	213	(845)
Adult Education Budget Devolution	(14,607)	(10,611)	(25,218)
Other ED&R Reserves	(12,445)	1,580	(10,865)
Total EDR Earmarked Reserves	(100,211)	(26,033)	(126,244)
Transport Reserves			
Earnback Revenue	(29,430)	(3,061)	(32,491)
Clean Air Plan	(12,637)	965	(11,672)
Capability Fund	(2,610)	1,620	(990)
Integrated Ticketing Reserve	(10,629)	1,800	(8,829)
Capital Programme Reserve	(100,598)	(591)	(101,189)
Business Rates Top Up	(31,260)	(24,300)	(55,560)
Active Travel Fund	(2,349)	(3,349)	(5,699)
City Region Sustainable Transport Settlements (Revenue)	0	(1,770)	(1,770)
Local Transport Fund	0	(10,047)	(10,047)
Other Transport Reserves	(714)	261	(453)
Total Transport Earmarked Reserves	(190,227)	(38,473)	(228,700)
Waste Reserves			
National Waste Strategy	(2,500)	0	(2,500)
Waste Disposal Insurance Reserve	(12,694)	0	(12,694)
Waste Interest Rate Reserve	(2,000)	0	(2,000)
Waste Pension Deficit Funding Reserve	(812)	0	(812)
Waste MTFP Funding Reserve	(34,998)	(6,811)	(41,810)
Waste Optimisation and Efficiency	(6,000)	0	(6,000)
Waste Composition Analysis	(1,000)	0	(1,000)
Waste MRF Redevelopment	0	(20,000)	(20,000)
Waste Reprourement	0	(7,000)	(7,000)
Waste Lifecycle Reserve	(5,722)	0	(5,722)
Total Waste Earmarked Reserves	(65,726)	(33,811)	(99,537)
Other Group Reserves			
Revenue Grants Unapplied Reserve - TfGM	(314)	0	(314)
Property Reserve - TfGM	(10,899)	1,574	(9,325)
Metrolink Reserve - TfGM	(2,396)	2,247	(149)
Joint Road Safety Group Reserve - TfGM	(6,607)	(1,662)	(8,269)
Concessionary Fares Reserve - TfGM	(16,303)	(3,064)	(19,367)
Subsidised Bus - TfGM	(1,750)	0	(1,750)
NW Evergreen Holding Fund	(65,792)	695	(65,097)
Greater Manchester Fund of Funds	(29,356)	(14,803)	(44,159)
Total Other Group Earmarked Reserves	(133,418)	(15,013)	(148,431)
Total Earmarked Reserves	(489,581)	(113,331)	(602,912)

39 Transfers (to)/from Group Earmarked Reserves (Continued)

Transport, ED&R and Waste Earmarked Reserves and Balances continued	31 March 2022	Transfers (in)/out	31 March 2023
	£000s	£000s	£000s
Transport and ED&R General Fund Balances	(5,358)	0	(5,358)
Waste General Fund Balance	(12,132)	0	(12,132)
TFGM General Balances	(10,571)	2,187	(8,384)
Total General Fund Balances	(28,061)	2,187	(25,874)
Usable Capital Receipts Reserve	(68,572)	(7,621)	(76,193)
Capital Grants Unapplied Reserve	(35,354)	15,825	(19,528)
Capital Grants Unapplied Reserve - TfGM	(887)	317	(570)
Total Transport, ED&R and Waste Reserves	(622,455)	(102,622)	(725,076)

Earmarked Reserves and Balances	31 March 2022	Transfers (in)/out	31 March 2023
	£000s	£000s	£000s
Mayoral General Fund			
Capital Reserve	(9,575)	(1,296)	(10,870)
Earmarked Budgets Reserve	(6,578)	(1,497)	(8,075)
Revenue Grants Unapplied	(8,612)	1,780	(6,832)
Insurance Reserve	(2,849)	249	(2,600)
Our Pass Reserve	0	0	0
Business Rates Reserve	(1,414)	286	(1,128)
Restructuring Reserve	(418)	0	(418)
Innovation and Partnership CYP	(127)	0	(127)
Projects Reserve	0	0	0
Transformation Fund	(3,604)	0	(3,604)
Total Earmarked Reserves	(33,177)	(478)	(33,655)
Mayoral General Fund Balances	(12,093)	0	(12,093)
Capital Grants Unapplied Reserve	(299)	287	(12)
Total Mayoral General Fund Reserves	(45,569)	(191)	(45,760)

Earmarked Reserves and Balances	31 March 2022	Transfers (in)/out	31 March 2023
	£000s	£000s	£000s
Mayoral Police Fund			
Revenue Expenditure Reserve	(23,081)	1,806	(21,275)
Insurance Reserve	(12,548)	(1,194)	(13,743)
PCC Earmarked Reserves	(44,959)	5,962	(38,997)
PFI Reserve	(9,880)	953	(8,926)
Total Earmarked Reserves	(90,468)	7,527	(82,940)
Usable Capital Receipts Reserve	0	0	0
Mayoral Police Fund Balances	(15,395)	21	(15,375)
Total Mayoral Police Fund	(105,863)	7,548	(98,315)

Earmarked Reserves and Balances	31 March 2022	Transfers (in)/out	31 March 2023
	£000s	£000s	£000s
Combined			
Earmarked Reserves	(613,226)	(106,281)	(719,507)
General Fund Balances	(55,549)	2,208	(53,341)
Usable Capital Receipts Reserve	(68,572)	(7,621)	(76,193)
Capital Grants Unapplied Reserve	(36,539)	16,429	(20,110)
Total Usable Reserves	(773,886)	(95,265)	(869,151)

40 Purpose of Group Earmarked Reserves

The purpose of the Authority's earmarked reserves is set out in the notes to the single entity accounts. The purpose of other group reserves is set out below:

Transport for Greater Manchester Reserves

- Revenue Grants Unapplied Reserve – Manchester Airport Contribution to the Metrolink extension to the airport;
- Property Reserve – surpluses arising from 2 Piccadilly Place to be reinvested in property activity;
- Metrolink Reserve – funding set aside for Metrolink Service Enhancements;
- Joint Road Safety Group Reserve – surpluses arising from JRSG activity;
- Concessionary Fares Reserve – surpluses of reimbursed income set aside for future investment;
- Capital Grants Unapplied Reserve – grants for specific capital schemes to be applied in future years.

NW Evergreen Holdings Reserve

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

Fund of Funds Reserve

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

41 Group Nature of Income and Expenditure

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

2021/22 £000s	Nature of Expenditure and Income	2022/23 £000s
	Expenditure	
770,659	Employee Costs	831,394
241,056	Pension Interest Costs	319,779
108,795	Cost of Police Officer retirement benefits	109,065
174,329	Grants Expenditure	159,400
576,596	Other Service Expenditure	619,688
154,666	Capital Charges including Depreciation and Impairment	146,292
67,707	Financing and Investment Expenditure	68,859
214,364	Revenue Expenditure Funded from Capital Under Statute	189,809
2,765	Loss on Disposal of Non-current Assets	2,859
2,310,937	Total Expenditure	2,447,145
	Income	
(29,549)	Financing and Investment Income	(67,693)
(218,276)	Fees, charges and other service income	(254,037)
(108,795)	Home Office grant payable towards the cost of retirement benefits	(109,065)
(301,964)	Income from Council Tax and Business Rates	(324,830)
0	Gain on Disposal of Non-current assets	(524)
(267,923)	Levy Income	(259,051)
(1,216,993)	Government Grants and Contributions	(1,322,938)
(2,143,500)	Total Income	(2,338,138)
167,437	Deficit / (Surplus) on the Provision of Services	109,007

42 Group Financing and Investment Expenditure and Income

2021/22 £000s	Financing and Investment Expenditure	2022/23 £000s
26,472	PWLB	25,852
20,617	European Investment Bank	18,950
12,005	Other	17,501
488	Former Greater Manchester Council Debt	0
8,126	Interest Element of PFI Unitary Charge	6,555
241,056	Interest on Plan Liabilities	319,779
308,764	Total Financing and Investment Expenditure	388,638

2021/22 £000s	Financing and Investment Income	2022/23 £000s
(1,315)	Interest receivable on investments and deposits	(8,255)
(3,637)	Interest receivable on loans	(8,857)
0	Disposal of Equity Investments	(136)
0	Revaluation of Equity Investments	4,158
(24,161)	Interest on Plan Assets	(37,693)
(436)	Other income	(16,909)
(29,549)	Total Financing and Investment Income	(67,693)

43 Group Taxation and Non-Specific Grant Income

2021/22 £000s	Taxation and Non Specific Grant Income	2022/23 £000s
	Income from Levies	
(105,773)	Transport Levy from the GM Authorities	(105,772)
(162,150)	Waste levy from the GM Authorities	(153,279)
	Income from Council Tax and Business Rates	
(167,080)	Council Tax Police Precept Income	(181,047)
(69,664)	Council Tax Fire Precept Income	(81,619)
(65,220)	Non Domestic Rates Income	(62,163)
	Income from Revenue Grants	
(35,707)	Business Rates Top up Grant	(35,707)
(507,421)	Police Grant	(537,349)
(500)	Growth Deal Grant (LEP)	(375)
(20,000)	Earnback Grant	(20,000)
	Income from Capital Grants	
(2,230)	Capital Contributions Receivable for Traffic Signal Schemes	(3,319)
0	Growth Deal	(20,057)
(2,383)	Earnback	(3,610)
(35,257)	Public Sector Decarbonisation Scheme	(52,459)
(21,990)	Clean Air	(18,999)
(1,939)	Green Homes	(11,450)
(68,806)	Transforming Cities	(46,157)
(15,526)	Pot Hole National Productivity Investment Fund	0
0	Stockport Town Centre Access Programme	(22,300)
0	City Region Sustainable Transport	(58,661)
0	GMCA Capital Funding (2023) Grant	(20,000)
(1,625)	Cycle City Ambition Grant	(112)
(28,032)	Getting Building Fund	0
(39,780)	Brownfield Land Fund	(43,504)
(13,066)	Emergency Active Travel Fund	13,066
(9,050)	Full Fibre	(545)
(1,646)	Clean Bus Technology Grant	(419)
0	Watching Watch Relief Fund	(3,900)
(1,573)	Police Capital Grants	(1,593)
(3,486)	Other capital grants and contributions	(2,735)
(1,379,906)	Total Taxation and Non Specific Grant Income	(1,474,068)

44 Group External Audit Fees

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

2021/22 £000s	External Audit Fees	2022/23 £000s
31	Fees payable to Mazars with regard to external audit services carried out by the appointed auditor for the previous year	22
(14)	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	0
174	Fees payable to Mazars with regard to external audit services carried out by the appointed auditor for the year	182
191	Total External Audit Fees	204

45 Group Officer Remuneration

Officers Remuneration above £50,000

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

Staff who have not received severance 2021/22	Staff who have received severance 2021/22	Total 2021/22	Salary Range	Staff who have not received severance 2022/23	Staff who have received severance 2022/23	Total 2022/23
914	0	914	£50,000 to £54,999	1,069	0	1,069
763	0	763	£55,000 to £59,999	913	0	913
298	0	298	£60,000 to £64,999	455	0	455
124	0	124	£65,000 to £69,999	186	0	186
91	0	91	£70,000 to £74,999	104	0	104
52	0	52	£75,000 to £79,999	85	0	85
34	0	34	£80,000 to £84,999	56	0	56
53	0	53	£85,000 to £89,999	37	0	37
20	0	20	£90,000 to £94,999	45	0	45
22	0	22	£95,000 to £99,999	18	0	18
8	0	8	£100,000 to £104,999	7	0	7
2	0	2	£105,000 to £109,999	4	0	4
5	0	5	£110,000 to £114,999	7	0	7
6	0	6	£115,000 to £119,999	2	0	2
0	0	0	£120,000 to £124,999	4	0	4
0	0	0	£125,000 to £129,999	2	0	2
1	0	1	£130,000 to £134,999	1	0	1
1	0	1	£135,000 to £139,999	2	0	2
2	0	2	£140,000 to £144,999	2	0	2
1	0	1	£145,000 to £149,999	1	0	1
0	0	0	£150,000 to £154,999	0	0	0
0	0	0	£155,000 to £159,999	1	0	1
0	0	0	£160,000 to £164,999	0	0	0
1	0	1	£165,000 to £169,999	0	0	0
2	0	2	£170,000 to £174,999	0	0	0
0	0	0	£175,000 to £179,999	1	0	1
0	0	0	£180,000 to £184,999	0	0	0
2	0	2	£185,000 to £189,999	0	0	0
0	0	0	£190,000 to £194,999	1	0	1
0	0	0	£195,000 to £199,999	1	0	1
0	0	0	£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
0	0	0	£230,000 to £234,999	1	0	1
1	0	1	£235,000 to £239,999	0	0	0
0	0	0	£375,000 to £379,999	0	0	0
2,403	0	2,403		3,006	0	3,006

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	2021/22				2022/23				
		Salary (including fees and allowances £000s)	Termination Benefits £000s	Expenses £000s	Employer's Pensions Contribution £000s	Total Remuneration £000s	Salary (including fees and allowances £000s)	Termination Benefits £000s	Expenses £000s	Employer's Pensions Contribution £000s
	Greater Manchester Combined Authority									
	Mayor of Greater Manchester (Andy Burnham)	112	0	0	0	112	114	0	0	114
A	Deputy Mayor for Police and Crime (Katherine Green)	0	0	0	0	0	21	0	4	25
B	Deputy Mayor for Police and Crime / Assistant Deputy Mayor (Baroness Beverley)	85	0	0	0	85	82	0	0	82
	Director - Mayor's Office	82	0	0	17	99	84	0	18	101
C	Chief Executive - GMCA and TFGM (Eamonn Boylan)	237	0	0	0	237	231	0	0	231
	Chief Fire Officer (David Russel)	171	0	4	49	224	173	0	8	230
D	Treasurer (Steve Wilson)	168	0	0	0	168	150	0	0	150
E	Chief Investment Officer (William Enevoldson)	68	0	0	14	83	69	0	0	84
	Deputy Chief Executive	146	0	0	30	176	144	0	0	175
F	Solicitor and Monitoring Officer	118	0	0	24	142	58	0	0	66
G	Solicitor and Monitoring Officer	0	0	0	0	0	68	0	14	82
	Transport for Greater Manchester									
	Chief Operating Officer (RM Morris)	189	0	0	39	228	197	0	40	237
	Finance and Corporate Services Director (SG Warrener)	187	0	0	38	226	195	0	40	235
	Greater Manchester Police									
H	Chief Constable (Stephen Watson)	175	0	0	0	175	205	0	0	205
I	Chief Constable (Ian Pilling)	34	0	0	0	34	0	0	0	0
J	Deputy Chief Constable (Ian Pilling)	66	0	0	0	66	0	0	0	0
K	Deputy Chief Constable (Terry Woods)	91	0	0	28	119	158	0	49	207
L	Deputy Chief Constable (Mabs Hussain)	62	0	1	19	82	0	0	0	0
M	Assistant Chief Constable (Mabs Hussain)	40	0	1	13	54	0	0	0	0
	Assistant Chief Constable	122	0	9	37	168	123	0	3	151
N	Assistant Chief Constable	115	0	1	28	144	0	0	0	0
	Assistant Chief Constable	119	0	0	37	156	120	0	37	157
O	Assistant Chief Constable	63	0	0	0	63	0	0	0	0
P	Assistant Chief Constable	100	0	1	31	132	107	0	33	140
Q	Assistant Chief Constable	99	0	0	30	129	62	0	18	80
R	Assistant Chief Constable	62	0	0	19	81	118	0	37	155
S	Assistant Chief Constable	11	0	0	4	15	107	0	33	160
T	Assistant Chief Constable	0	0	0	0	0	27	0	8	35
U	Assistant Chief Officer Resources	20	0	0	4	24	0	0	0	0
V	Assistant Chief Officer and Chief Resources Officer - Chris Kinsella	298	0	16	0	314	207	0	40	247
W	Director of Finance - Assistant Chief Officer	5	0	0	1	6	136	0	26	163
X	Director of IT & Digital - Assistant Chief Officer	0	0	0	0	0	35	0	7	42
Y	Director of HR Assistant Chief Officer	0	0	0	0	0	10	0	2	12
	Total	3,046	0	33	463	3,541	3,000	0	72	3,566

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- A Post holder commenced 9 January 2023. (2022/23: FTE salary £89,900).
- B Post holder stepped down as Deputy Mayor on 8 January 2023 (FTE salary £89,900). Commenced new role as Assistant Deputy Mayor 0.50 FTE (FTE salary £89,900) from 9 January 2023, supporting establishment of new Deputy Mayor for Police and Crime.
- C The GMCA received a contribution of £115,682.88 (2021/22: £114,720.42) for the Chief Executive also performing the duties of Chief Executive at Transport for Greater Manchester during 2022/23. 50% of Basic Pay and Employers NI.

- D The GMCA received a contribution of £15,000 for the Treasurer performing duties of Executive lead for finance and investment at Greater Manchester Health and Social Care Partnership during 2022/23 (2021/22: £60,000) This contribution is included in the Treasurers Total Remuneration figure.
- E Post in 2021/22 is also 0.41 FTE, Annual Salary for 1.0 FTE would be £164,789.37. Post in 2022/23 is 0.41 FTE, Annual salary for 1.0 FTE would be £166,714.37.
- F Post holder left post 31 July 2022.
- G Post holder commenced 26 September 2022. (2022/23: FTE salary £131,925)
- H Chief Constable appointed in May 2021.
- I Acting Chief Constable to May 2021.
- J Deputy Chief Constable retired in October 2021.
- K Deputy Chief Constable appointed in September 2021.
- L Acting Deputy Chief Constable to August 2021.
- M Assistant Chief Constable left in January 2022.
- N Assistant Chief Constable retired in September 2021.
- O Assistant Chief Constable retired in October 2021.
- P Acting Assistant Chief Constable appointed in October 2021.
- Q Acting Assistant Chief Constable appointed in December 2021. Retired in October 2022.
- R Assistant Chief Constable appointed in September 2021.
- S Assistant Chief Constable appointed in February 2022.
- T Assistant Chief Constable appointed in January 2023.
- U Assistant Chief Officer retired in May 2021.
- V Assistant Chief Officer and Chief Resources Officer appointed as a temporary consultant in May 2021. Assistant Chief Officer and Chief Resources Officer left in November 2022.
- W Director of Finance - Assistant Chief Officer appointed in March 2022. Director of Finance - Appointed Temporary Chief Resources Officer in November 2022.
- X Director of IT & Digital - Assistant Chief Officer appointed in December 2022.
- Y Director of HR Assistant Chief Officer appointed in March 2023.

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	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
£0 - £20,000	4	12	8	3	12	15	72	169
£20,001 - £40,000	4	11	3	0	7	11	180	346
£40,001 - £60,000	3	10	1	0	4	10	179	484
£60,001 - £80,000	0	6	0	0	0	6	0	453
£80,001 - £100,000	0	5	1	0	1	5	95	424
£100,001 - £150,000	1	10	0	0	1	10	108	1,172
£150,001 - £200,000	0	3	0	0	0	3	0	496
£200,001 - £250,000	0	0	0	0	0	0	0	0
£250,001 - £300,000	0	1	0	0	0	1	0	253
Total	12	58	13	3	25	61	634	3,796

GMCA - See Single Entity note 18c for detail on GMCA exit packages.

GMP - The Chief Constable terminated 6 employee contracts in 2022/23, incurring liabilities of £367,665 (4 in 2021/22 costing £177,688). These amounts relate to redundancy pay, pay in lieu of notice and pension strain.

TfGM - The majority of the increase in exit packages is due to the voluntary severance scheme that was launched in 2022/23, as a result of the requirement to make ongoing budgetary savings.

46 Group Capital and Lease Commitments

2021/22 £000s	Capital Commitments	2022/23 £000s
1,113	Traffic Signals	805
3,570	Fire Programme related	3,570
7,802	Police Programme related	7,802
0	Waste Programme related	0
127,449	Transport for Greater Manchester Programme related	85,056
139,934	Total Capital Commitments	97,233

The key commitments for 2022/23 are in relation to the TfGM and the following projects:

- Stockport Interchange / Mixed Use Scheme £43.9m (2021/22: £87.1m). This is in respect of the construction of a new interchange inclusive of a park podium, link bridge and residential apartments; and
- Zero Emission Bus Scheme £25.8m (2021/22: £nil). This project relates to the purchase of 100 zero emission buses.

2021/22 £000s	Lease Commitments	2022/23 £000s
	PFI Arrangements	
4,082	Payments due within 1 year	3,678
17,991	Later than 1 year and not later than 5 years	20,134
18,685	Later than 5 years	12,864
40,758		36,676
	Operating Lease Arrangements	
	Land and Buildings	
387	Payments due within 1 year	376
804	Later than 1 year and not later than 5 years	754
7,675	Later than 5 years	7,466
8,866		8,596
49,624	Total Capital Commitments	45,272

47 Group Property, Plant and Equipment

Property, plant and equipment is reported as either capitalised assets available for use or as assets under construction. An analysis of the movements are contained in the tables below:

Property, Plant and Equipment	Land and Buildings	Vehicles, Plant, Furniture and Equipment	Surplus Assets	Assets under Construction	Total Property Plant and Equipment	PFI in PPE
	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation						
Asset values brought forward at 1 April 2022	523,506	358,701	4,587	107,905	994,699	79,814
Additions	20,944	20,104	0	97,487	138,535	11,645
Accumulated depreciation and impairment written off to cost or valuation	(27,936)	(995)	(43)	0	(28,974)	(4,943)
Revaluation increases/decreases recognised in the Revaluation Reserve	49,712	8,395	43	0	58,150	10,679
Revaluation increases/decreases recognised in the surplus or deficit on the provision of services	(9,854)	(17)	0	0	(9,871)	(9,318)
Derecognition - disposals	(1,102)	(4,117)	0	(50)	(5,269)	0
Derecognition - other	0	0	0	0	0	0
Assets reclassified to/from assets under construction	23,839	15,219	0	(90,048)	(50,990)	0
Other movements in cost or valuation	0	0	0	0	0	188
Cost or Valuation at 31 March 2023	579,109	397,290	4,007	115,294	1,095,700	88,065
Accumulated Depreciation & Impairment						
Accumulated depreciation values brought forward at 1 April 2022	(31,424)	(223,195)	(38)	0	(254,657)	(6,210)
Accumulated depreciation and impairment written off to cost or valuation	27,936	995	43	0	28,974	4,943
Depreciation Charge	(14,702)	(24,636)	(8)	0	(39,346)	(2,319)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0
Derecognition - disposals	71	3,327	2	0	3,400	0
Other adjustment - depreciation	0	0	0	0	0	174
Closing value - depreciation	(18,119)	(243,509)	(1)	0	(261,629)	(3,412)
Net Book Value at 31 March 2022	492,082	135,505	4,550	107,905	740,043	73,603
Net Book Value at 31 March 2023	560,990	153,781	4,006	115,294	834,071	84,651
Net Book Value Split at 31 March 2023						
Assets deployed for GMCA activity	27,232	21,584	1,267	109,608	159,691	0
Assets deployed for Mayoral General activity	118,454	12,843	0	2,737	134,034	3,497
Assets deployed for Mayoral Police activity	272,984	78,263	2,739	2,949	356,935	81,154
Assets deployed for Waste activity	142,320	41,091	0	0	183,411	0
	560,990	153,781	4,006	115,294	834,071	84,651

Property, Plant and Equipment	Land and Buildings	Vehicles, Plant, Furniture and Equipment	Surplus Assets	Assets under Construction	Total Property Plant and Equipment	PFI in PPE
	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation						
Asset values brought forward at 1 April 2021	513,004	314,449	4,236	103,018	934,707	79,814
Additions	19,503	8,178	0	105,152	132,833	0
Accumulated depreciation and impairment written off to cost or valuation	(7,839)	(2,297)	0	0	(10,136)	0
Revaluation increases/decreases recognised in the Revaluation Reserve	16,009	9,333	0	0	25,342	0
Revaluation increases/decreases recognised in the surplus or deficit on the provision of services	(20,377)	(2,153)	0	0	(22,530)	0
Derecognition - disposals	(91)	(3,996)	(160)	(4)	(4,251)	0
Derecognition - other	(1,611)	(2)	0	(19)	(1,632)	0
Assets reclassified to/from assets under construction	9,397	30,698	512	(100,242)	(59,635)	0
Cost or Valuation at 31 March 2022	523,504	358,701	4,588	107,905	994,698	79,814
Accumulated Depreciation & Impairment						
Accumulated depreciation values brought forward at 1 April 2021	(26,133)	(205,577)	(34)	0	(231,744)	(4,073)
Accumulated depreciation and impairment written off to cost or valuation	10,039	2,297	0	0	12,336	0
Depreciation Charge	(15,333)	(23,175)	(11)	0	(38,519)	(2,137)
Derecognition - disposals	3	3,392	7	0	3,402	0
Reclassifications & Transfers - depreciation	0	0	0	0	0	0
Other adjustment - depreciation	0	(131)	0	0	(131)	0
Closing value - depreciation	(31,424)	(223,194)	(38)	0	(254,656)	(6,210)
Net Book Value at 31 March 2021	486,870	108,872	4,202	103,018	702,962	75,741
Net Book Value at 31 March 2022	492,082	135,505	4,550	107,905	740,043	73,603
Net Book Value Split at 31 March 2022						
Assets deployed for GMCA activity	16,406	17,772	1,267	81,718	117,163	0
Assets deployed for Mayoral General activity	94,726	13,684	0	2,181	110,591	3,247
Assets deployed for Mayoral Police activity	244,950	69,311	3,283	19,655	337,199	70,356
Assets deployed for Waste activity	136,000	34,738	0	4,352	175,090	0
	492,082	135,505	4,550	107,905	740,043	73,603

Movements on balances

In accordance with the temporary relief offered by the Update to the Code of Practice on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information in the Single Entity accounts as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

TfGM did not adopt the temporary relief in their accounts and show the gross cost and accumulated depreciation for infrastructure assets in full within the Property, Plant and Equipment note. Therefore consolidation adjustments have been made in the Group Accounts to adopt a consistent approach and the infrastructure column has been removed from the TfGM Property, Plant and Equipment note as if they had adopted the temporary relief. The net book value and in-year movements for infrastructure at group level are disclosed in the table below.

	2021/2022	2022/2023
	£000s	£000s
Net book value for modified historical cost - see below)		
at 1 April	1,939,442	1,918,156
Additions	61,771	54,448
Derecognition	(5,238)	(5,921)
Depreciation Impairment		(3,287)
Other movements in cost	(77,819)	(74,755)
Net book value at 31 March	1,918,156	1,888,641

Balance Sheet Reconciling note:

	2021/2022	2022/2023
	£000s	£000s
Infrastructure assets (Net)	1,918,156	1,888,641
Other PPE assets	740,043	834,075
Total PPE assets	2,658,199	2,722,716

The Authority has determined in accordance with the England amendment of the Local Authority (Capital Finance and Accounting) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

47 Group Property, Plant and Equipment Valuations

Details relating to GMCA property, plant and equipment are provided in note 20 to the single entity financial statements.

Within the Group, TfGM carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The current values for these properties have been based on existing use values and these were re-valued as at 31 March 2023.

A number of surplus properties were identified in 2015/16 and in accordance with the code were revalued at fair value. The fair value for the properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

In estimating the fair value of TfGM's surplus properties, the highest and best use of the properties is their current use. These were revalued in 2022/23, however due to the value of the properties and the minimal movements the changes in valuations have not been updated in the financial statements.

All TfGM valuations were carried out by Leslie Roberts & Co Ltd, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. TfGM's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

COVID-19 has impacted global financial markets and has led to an unprecedented set of circumstances on which the valuations have been based due to the restrictions imposed. Due to the unknown future impact that COVID-19 will have on the real estate market, the valuations will be kept under regular review. The latest valuation was undertaken 31 March 2023 and there was no material impact on the accounts.

	Land and Buildings	Vehicles, Plant, Furniture and Equipment	Surplus Assets	Assets Under Construction	Total
	£000s	£000s	£000s	£000s	£000s
Carried at Historic Cost:	27,232	362,470	0	115,294	504,996
Valued at Current Value:					
2022/23	365,849	34,820	0	0	400,668
2021/22	66,142	0	0	0	66,142
2020/21	52,401	0	0	0	52,401
2019/20	54,577	0	0	0	54,577
2018/19	12,909	0	0	0	12,909
Valued at Fair Value in 22/23:	0	0	4,007	0	4,007
	579,109	397,290	4,007	115,294	1,095,700

48 Group Intangible Assets

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

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

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

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

Amortisation	£000s
Fire and Rescue Service	(18)
Policing Service	(6,363)
Waste Disposal Service	0
TfGM	(2,749)
Total	(9,130)

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

2021/22 Internally generated £000s	2021/22 Other £000s	2021/22 Total £000s		2022/23 Internally generated £000s	2022/23 Other £000s	2022/23 Total £000s
18,389	34,045	52,434	Gross carrying amounts	21,636	38,576	60,212
(9,446)	(11,732)	(21,178)	Accumulated amortisation	(12,535)	(16,439)	(28,974)
0	235	235	Assets under construction	0	4,698	4,698
8,943	22,548	31,491	Net carrying amount at start of year	9,101	26,835	35,936
			Additions:			
3,247	3,344	6,591	Internal development	8,284	699	8,983
0	2,206	2,206	Purchases	0	3,521	3,521
0	4,697	4,697	Additions to assets under construction	0	7,662	7,662
0	(1,254)	(1,254)	Other changes	0	(28)	(28)
(3,089)	(4,707)	(7,796)	Amortisation for the period	(2,749)	(6,381)	(9,130)
9,101	26,835	35,936	Net carrying amount at end of year	14,636	32,308	46,944
			Comprising:			
21,636	38,576	60,212	Gross carrying amounts	29,920	42,768	72,688
(12,535)	(16,439)	(28,974)	Accumulated amortisation	(15,284)	(22,820)	(38,104)
0	4,698	4,698	Assets under construction	0	12,359	12,359
9,101	26,835	35,936	Balance at 31 March	14,636	32,308	46,944

There is one capitalised software suite that is individually material to the financial statements: The Information Services Transformation Programme had a gross carrying amount of £25.306m at 31 March 2023 and remaining amortisation period of 3 years.

Internally generated assets relate to TFGM and for 2022/23 relate to the Clean Air Plan, Bus Franchising Programmes and Metrolink Communications Network.

49 Group Short and Long Term Debtors and Payments in Advance

31 March 2022 £000s	Long Term Debtors	31 March 2023 £000s
	Other entities and individuals	
207,359	Gross Book Value	158,823
(3,241)	Impairment Allowance	(4,145)
204,118	Total Long Term Debtors	154,678

31 March 2022 £000s	Short Term Debtors	31 March 2023 £000s
80,518	Central Government Bodies	123,127
93,420	Other Local Authorities and Police and Crime Commissioners	105,402
7,741	NHS Bodies	12,970
3,086	Public Corporations	910
15,697	Payments in Advance	13,177
124,307	Other entities and individuals	184,835
(45,858)	Impairment Allowance	(43,820)
278,911	Total Short Term Debtors	396,602

Ageing Analysis of Trade Debtors

	Total £'000	1-30 days £'000	31-60 days £'000	61-90 days £'000	91-120 days £'000	over 120 days £'000
31-Mar-23	26,711	22,124	2,558	279	794	956
31-Mar-22	20,654	19,009	595	565	132	352

50 Group Cash and Cash Equivalents

2021/22 £000s	Cash and Cash Equivalents	2022/23 £000s
11,821	Bank current accounts	36,358
13,361	Bank call accounts	9,580
562	Cash held by the Authority	562
228,356	Cash - deposits for up to 3 months	232,935
254,101	Total Cash and Cash Equivalents	279,435

51 Group Short Term Creditors

31 March 2022 £000s	Creditors	31 March 2023 £000s
(20,452)	Central Government Bodies	(27,661)
(38,727)	Other Local Authorities and Police and Crime Commissioners	(31,330)
(2,881)	NHS Bodies	(1,632)
(57,592)	Public Corporations	(49,455)
(135,068)	Other entities and individuals	(156,690)
(8,954)	Prepaid Income / Receipt in Advance	(12,928)
(8,611)	Seized Cash	(8,618)
(272,286)	Total Creditors	(288,313)

52 Group Short and Long Term Provisions

Provisions are established to meet liabilities or losses which are likely or certain to be incurred, but the amounts or timings are uncertain. Provisions provided as at 31 March 2023 relate to (a) capital works, (b) insurance excesses, (c) an onerous lease and (d) Landcare provision.

Provisions	Balances brought forward 1 April 2022 £000s	Top Up of Provision in year £000s	Amounts released in year £000s	Use of Provision in year £000s	Balances carried forward 31 March 2023 £000s	Short Term Provision within 12 months £000s	Long Term Provision more than 12 months £000s	Balances carried forward 31 March 2023 £000s
Transport, Waste, Economic Development and Regeneration								
Trafford Park Metrolink Line Land Provision	7,935	0	(83)	(1,393)	6,459	1,682	4,777	6,459
Metrolink Compensation Provision	499	0	0	(151)	349	201	148	349
Quay West Parking Provision	90	0	0	0	90	0	90	90
Landcare Provision	313	74	(313)	0	74	61	13	74
LSM - Leigh to Ellenbrook Provision	836	0	0	0	836	214	622	836
Insurance Provision	334	0	0	(159)	175	75	100	175
Onerous Leases	196	0	0	(2)	194	1	193	194
Employment related	0	0	0	0	0	0	0	0
	10,204	74	(397)	(1,704)	8,177	2,235	5,942	8,177
Mayoral General Fund								
Insurance Provision	663	0	0	0	663	110	553	663
Business Rates Appeals Provision	2,508	2	0	0	2,510	2,510	0	2,510
Bear Scotland 'v' Fulton Provision	2,158	0	(450)	(1,650)	58	58	0	58
Fire Roster Provision	0	0	0	0	0	0	0	0
	5,329	2	(450)	(1,650)	3,231	2,677	553	3,231
Mayoral Police Fund								
Insurance Provision	13,293	3,466	0	(3,552)	13,207	2,969	10,237	13,207
Police Pension Lump Sum Provision	224	0	0	0	224	224	0	224
Capital Project Retentions Provision	158	152	0	(29)	281	281	0	281
	13,675	3,618	0	(3,581)	13,712	3,475	10,237	13,712
Total	29,208	3,694	(847)	(6,935)	25,120	8,388	16,732	25,120

- Capital Works - Costs for works arising for land acquired in the ordinary course of delivering TfGM's capital programme, where the amount of payment is uncertain.
- Insurance Excess - Excesses on Public Liability claims, arising from minor accidents to the public, and Employers Liability claims for work related illnesses that were potentially incurred prior to the transfer of TfGM's bus operations following the implementation of the Transport Act 1985.
- Onerous lease - Future lease costs of a property held on a long term lease by TfGM.
- Landcare Provision - The GMWDA sold 18 sites to the private sector (Landcare (Manchester) Limited) in December 2012 in return for agreeing a fixed ten year

contribution less potential income from part of any enhanced value (overage) from future development of the sites. The Landcare provision represents the maximum amounts that GMCA would have to pay each year, however as there is an overage clause if Landcare were to make money from one of the sites transferred to them, there is a mechanism to reduce the annual payment.

53 Group Unusable Reserves

31 March 2022 £000s	Unusable Reserves	31 March 2023 £000s
(370,818)	Capital Adjustment Account	(436,983)
(16,794)	Financial Instruments Adjustment Account	(15,201)
10,643,295	Pensions Reserve	7,358,848
(183,686)	Revaluation Reserve	(235,389)
(599)	Financial Instruments Revaluation Reserve	6,587
(486)	Collection Fund Adjustment Account	(3,040)
9,045	Accumulated Absences Reserve	9,274
(33)	Deferred Capital Receipts Reserve	0
(2,461)	Capital Reserve	(2,461)
39,860	Deregulation Reserve	37,263
10,117,323	Total Unusable Reserves	6,718,898

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions.

31 March 2022 £000s	Capital Adjustment Account	31 March 2023 £000s
(375,638)	Balance brought forward 1 April	(370,817)
39,358	Charges for depreciation and impairment of non-current assets	39,056
22,530	Revaluation losses on non-current assets	9,871
4,541	Amortisation of intangible assets	6,409
214,364	Revenue expenditure funded from capital under statute	189,809
(3,095)	Capital bad debt provision movement	(2,246)
3,010	Revaluation and impairment of capital financial assets	(1,215)
1,632	Derecognition of assets	0
1,096	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,965
283,435	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	243,648
(23,275)	Adjusting Amounts written out of the Revaluation Reserve	(6,194)
260,160	Net written out amount of the cost of non-current assets consumed in the year	237,455
(157,353)	Use of Capital Receipts Reserve to finance new capital expenditure	(47,152)
(894)	Use of Capital Receipts applied in year to finance new capital expenditure	(1,235)
(231,058)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(302,865)
(1,208)	Statutory provision for the financing of capital investment charged against the General Fund	(5,694)
(36,485)	Capital expenditure charged against the General Fund balances	(1,343)
(426,999)	Capital financing applied in year	(358,288)
171,660	Capital Receipts debited to the Capital Adjustment Account on Repayment of loans	54,342
0	Disposal of Equity Investments	326
0	Other movements	0
(370,817)	Balance 31 March	(436,982)

Pensions Reserve

This relates to the net pension asset as at 31 March 2023 in accordance with the actuary's report. Further details are shown in note 59.

31 March 2022 £000s	Pension Reserve	31 March 2023 £000s
10,813,889	Balance brought forward	10,643,295
(427,295)	Remeasurements of the net defined benefit liability / (asset)	(3,544,539)
581,544	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.	599,361
(324,843)	Employer's pension contributions and direct payments to pensioners payable in the year	(339,269)
10,643,295	Balance carried forward	7,358,848

Revaluation Reserve

31 March 2022 £000s	Revaluation Reserve	31 March 2023 £000s
(179,500)	Balance brought forward for all operations	(183,686)
(43,659)	Upward revaluation of assets	(63,378)
19,797	Impairment losses not charged to the Surplus/Deficit on the Provision of Services	5,216
(23,862)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	(58,162)
18514.11061	Adjusting amounts written out of the revaluation reserve	0
4,530	Difference between fair value depreciation and historical cost depreciation	5,734
231	Accumulated gains on assets sold or scrapped	723
23,275	Amount written off to the Capital Adjustment Account	6,458
(3,598)	Upward revaluation of investments charged to the Surplus/Deficit on the Provision of Services	0
0	Transfer of accumulated gains on revaluation of investments to the Financial Instruments Revaluation Reserve on implementation of IFRS9	0
(183,686)	Balance carried forward	(235,390)

Accumulated Absences Reserve

31 March 2022 £000s	Accumulated Absence Account	31 March 2023 £000s
9,976	Balance brought forward	9,045
(9,976)	Settlement or cancellation of accrual made at the end of the preceding year	(9,045)
9,045	Amounts accrued at the end of the current year	9,274
(931)	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	229
9,045	Balance carried forward	9,274

Deregulation Reserve

The Deregulation Reserve represents payments and losses incurred by TfGM with respect to deregulation on 25 October 1986, which were not charged to profit and loss.

31 March 2022 £000s	Deregulation Reserve	31 March 2023 £000s
41,260	Balance brought forward	39,860
(1,400)	Amortisation during the year	(2,598)
39,860	Total Deregulation Reserve	37,262

54 Group Contingent Liabilities

Contingent Liabilities relating to GMP:

McCloud / Sargeant Compensation Claims

Claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons.

Aarons and Ors

Government Legal Department settled the injury to feelings claims for Aaron on behalf of Chief Officers without seeking any financial contributions. Pecuniary loss claims have been stayed until the remedy is brought into force from 1 October 2023. The settlement of the injury to feelings for Aarons sets a helpful precedent, and therefore no liability in respect of compensation claims is recognised in these accounts.

Penningtons

As at 31 March 2023, it is not possible to reliably estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

Contingent Liabilities relating to TfGM

A contingent liability exists in relation to a claim received from a third party for damages. There are ongoing court proceedings and liability is denied. Due to this, the final amount payable, if any, in relation to this claim is uncertain. The Directors of TfGM consider that the provision of additional information could be prejudicial to its position in resolving this matter.

55 Group Financial Instruments

Categories of Financial Instruments

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

	Non Current Financial Assets				
	Investments		Debtors		Total
	31 March 2022 £000s	31 March 2023 £000s	31 March 2022 £000s	31 March 2023 £000s	31 March 2023 £000s
Fair value through profit and loss	0	0	0	0	0
Amortised cost - soft loans	0	0	6,584	6,726	6,726
Amortised cost - other	0	0	189,031	147,765	147,765
Fair value through other comprehensive income - designated equity instruments	45,034	46,736	0	0	46,736
Fair value through other comprehensive income - other	0	0	0	0	0
Total financial assets	45,034	46,736	195,615	154,491	201,227
Non financial assets	0	0	5,289	186	186
Total	45,034	46,736	200,904	154,678	201,414

	Current Financial Assets						Total 31 March 2023 £000s
	Investments		Debtors		Cash		
	31 March 2022 £000s	31 March 2023 £000s	31 March 2022 £000s	31 March 2023 £000s	31 March 2022 £000s	31 March 2023 £000s	
Fair value through profit and loss	0	0	0	0	0	0	0
Amortised cost - soft loans	0	0	0	0	0	0	0
Amortised cost - other	15,010	10,078	211,843	337,295	254,101	279,435	626,808
Fair value through other comprehensive income - designated equity instruments	0	0	0	0	0	0	0
Fair value through other comprehensive income - other	0	0	0	0	0	0	0
Total financial assets	15,010	10,078	211,843	337,295	254,101	279,435	626,808
Non-financial assets	0	0	67,069	59,307	0	0	59,307
Total	15,010	10,078	278,911	396,602	254,101	279,435	686,115

	Non-Current Financial Liabilities						Total 31 March 2023 £000s
	Borrowings		Creditors		Other long term liabilities		
	31 March 2022 £000s	31 March 2023 £000s	31 March 2022 £000s	31 March 2023 £000s	31 March 2022 £000s	31 March 2023 £000s	
Fair value through profit and loss	0	0	0	0	0	0	0
Amortised cost	(1,385,089)	(1,340,772)	0	0	(6,902)	(5,842)	(1,346,614)
Amortised cost - PFI	0	0	0	0	(36,676)	(32,998)	(32,998)
Total financial liabilities	(1,385,089)	(1,340,772)	0	0	(43,578)	(38,840)	(1,379,612)
Non financial liabilities	0	0	0	0	(170,477)	(167,122)	(167,122)
Total	(1,385,089)	(1,340,772)	0	0	(214,055)	(205,962)	(1,546,734)

	Current Financial Liabilities						Total 31 March 2023 £000s
	Borrowings		Creditors		Other Short-Term Liabilities		
	31 March 2022 £000s	31 March 2023 £000s	31 March 2022 £000s	31 March 2023 £000s	31 March 2022 £000s	31 March 2023 £000s	
Fair value through profit and loss	0	0	0	0	0	0	0
Amortised cost	(80,117)	(81,540)	(219,822)	(228,057)	(5,507)	(2,724)	(312,321)
Amortised cost - PFI	0	0	0	0	(4,082)	(3,678)	(3,678)
Total financial liabilities	(80,117)	(81,540)	(219,822)	(228,057)	(9,589)	(6,402)	(315,999)
Non-financial liabilities	0	0	(52,463)	(60,257)	(231,694)	(231,174)	(291,431)
Total	(80,117)	(81,540)	(272,285)	(288,314)	(241,282)	(237,576)	(607,430)

Income, Expenses, Gains and Losses

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

	31 March 2022		31 March 2023	
	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	(216)	0	4,622	0
Investments in equity instruments designated at fair value through other comprehensive income	0	215	0	7,186
Total net gains/losses	(216)	215	4,622	7,186
Interest revenue:				
Financial assets measured at amortised cost	(4,952)	0	(17,112)	0
Total interest revenue	(4,952)	0	(17,112)	0
Interest expense	63,197	0	66,059	0

Fair Value of Assets and Liabilities

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

31 March 2022			31 March 2023	
Carrying Amount £000s	Fair Value £000s		Carrying Amount £000s	Fair Value £000s
		Financial Assets		
45,215	45,215	Equity Investments	46,736	46,736
26,018	26,018	Other Investments	10,078	10,078
410,671	418,559	Debtors	491,786	490,931
254,101	254,101	Cash	279,435	279,435
736,005	743,893	Total Financial Assets	828,035	827,180
		Financial Liabilities		
(563,879)	(776,675)	PWLB Debt	(545,284)	(602,967)
(901,326)	(1,175,574)	Non- PWLB debt	(877,029)	(850,065)
(40,758)	(40,758)	PFI Liabilities	(36,676)	(36,676)
0	0	Deferred Liabilities	0	0
(12,407)	(12,407)	Other Liabilities - Provisions (contractual based)	(8,566)	(8,566)
(219,823)	(219,823)	Creditors	(228,057)	(228,057)
(1,738,194)	(2,225,237)	Total Financial Liabilities	(1,695,612)	(1,726,331)

The Authority holds £46.736m in equity investments:

£42.286m 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 2022/23 for this class of asset.

£4,450m of TfGM long term investments evaluated based on level 3 – unobservable inputs for the asset or liability and included using a discounted cash flow value, based on analysis of the Gross Development Value, cost inputs and timing assumptions. This is a change from the previous input level 2 valuation technique in the prior year for this class of asset.

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

- The fair value of cash and cash equivalents (which includes other investments), short term debtors and short term creditors is taken to be their carrying amount as this is deemed to provide a reasonable approximation in accordance with the CIPFA Code of Practice.
- The fair value of long term debtors within the single entity accounts has been evaluated and where these relate to loan advances greater than £3m, prevailing benchmark market rates have been applied to provide the fair value. All other long term debtors are included at their carrying value.

- Fair value for deferred liabilities in the single entity accounts in relation to the historical Greater Manchester Loan Fund is held at cost as this debt is not tradeable in any principal or alternative market.
- Fair value for PFI schemes cannot be obtained as there is no comparable information available, and these have therefore been shown at cost.
- For loans from the PWLB, premature repayment rates from the PWLB have been applied to provide the fair value; by applying new loan rates their fair value would be £553.375m.
- 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 £811,751m.
- 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 22/23		Average Interest 2021/22	Average Interest 2022/23	Total Outstanding 31 March 2022	Total Outstanding 31 March 2023
	from %	to %	%	%	£000s	£000s
a) Analysis of loans by type:						
Public Works Loans Board	1.44%	9.75%	4.67%	4.74%	(540,126)	(540,126)
Other Loans	0.00%	4.80%	2.97%	2.78%	(886,457)	(874,426)
Accrued Interest Payable:						
PWLB					(5,155)	(5,158)
Others					(2,977)	(2,603)
Total as at 31 March					(1,465,206)	(1,422,312)
b) Analysis of loans by maturity						
Maturing:						
Due within 1 year: accrued interest payable						
PWLB					(5,238)	(5,158)
Others					(2,989)	(2,603)
Due within 1 year: principal						
PWLB					(18,516)	(19,833)
Others					(53,373)	(53,946)
Due within 1 year					<u>(80,116)</u>	<u>(81,540)</u>
In 1 to 2 years					(45,693)	(56,802)
In 2 to 5 years					(153,502)	(152,791)
In 5 to 10 years					(378,592)	(369,219)
In over 10 years					(807,302)	(761,960)
Due over 1 year					<u>(1,385,089)</u>	<u>(1,340,772)</u>
Total as at 31 March					(1,465,206)	(1,422,312)

56 Group Nature and Extent of Risks arising from Financial Instruments

The Authority's risks are explained in note 30, this narrative covers the risk associated with TfGM, NWEH, FoFLP and GME2LP financial instruments.

Risk Factors

TfGM

TfGM has a credit risk management policy that establishes guidelines and processes for credit risk assessments conducted on customer accounts, via a licence to Companywatch. Assessments consider historic financial information and an overall financial health score based on cashflow, balance sheet liquidity, and income and expenditure analysis.

As at 31 March 2023, a substantial proportion of the total debtors relate to central government and local authority bodies which are deemed to be low credit risk.

The remaining £26.2m of debtors relate to other entities and individuals, including £8.2m trade debtors, of which 36% are past due, with 75% of these being in the more than 30 days past due category.

A prudent view is taken in respect of impairment of trade debtors.

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

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

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

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

NWEH, FoFLP and GME2LP (LPs)

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

Liquidity risk

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

Credit risk

Credit risk arises for the funds from both deposits with banks and credit exposures to borrowers.

The LPs' credit risk in relation to bank deposits is minimised by following the GMCA's Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch and Moody's Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined in Note 30. All investments held as at 31 March 2023 were with the HM Treasury Debt Management Office, other local authorities or UK banks and building societies.

The Authority has not used any non-credit rated institutions (for instance smaller building societies or bank subsidiaries where the parent has a satisfactory rating).

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

Each investment is subject to approval by the investment funds' board, in addition to CBRE's investment board as Investment Adviser to the funds. These are predominantly senior loans and as such carry prudent loan to values secured on tangible real estate assets. CBRE, in its capacity as Investment Adviser and Operator, monitor the projects throughout the loan term, reporting progress to the board and providing recommendations as appropriate. No defaults have been suffered by the funds to date, and none of the loans as at 31 March 2023 were in default.

Capital management

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

Hedging Instruments

Neither TfGM, NWEH, FoFLP nor GME2LP hold any financial instruments that could be classified as hedging instruments.

57 Group Related Party Transactions

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

Transactions and balances between the Authority and its related parties are disclosed in note 31. Transactions between the Authority and those included within the group have been removed on consolidation.

TFGM

The following entities are consolidated within the GMCA group accounts; the Chief Constable of Greater Manchester, NW Evergreen Holdings Limited Partnership, Greater Manchester Evergreen 2 Limited Partnership and Greater Manchester Fund of Funds Limited Partnership. No transactions took place between TFGM and any of these entities.

Greater Manchester Accessible Transport Limited and Piccadilly Triangle Developments are subsidiaries of TFGM, see below for related party transactions.

Greater Manchester Accessible Transport Limited (GMATL)

Subsidiary of TFGM, related party by virtue of shared group

2021/22 £000s	GMATL	2022/23 £000s
3,521	Expenditure	3,686
0	Income	0
0	Debtors	10
(4,431)	Creditors	0
0	Borrowings	0
(910)	TOTAL	3,696

Piccadilly Triangle Developments LLP

Subsidiary of TFGM, related party by virtue of shared group. TFGM and Manchester City Council are partners in Piccadilly Triangle Developments LLP (PTD LLP). TFGM has a 50% share of PTD LLP. This partnership is for the development of an area of land in Manchester, which commenced in May 2005

2021/22 £000s	Piccadilly Triangle Developments	2022/23 £000s
0	Expenditure	0
298	Income	351
204	Debtors	102
0	Creditors	0
0	Borrowings	0
502	TOTAL	453

GMP

The following entities are consolidated within the GMCA group accounts; the Chief Constable of Greater Manchester, NW Evergreen Holdings Limited Partnership, Greater Manchester Evergreen 2 Limited Partnership and Greater Manchester Fund of Funds Limited Partnership. No transactions took place between GMP and any of these entities.

Senior Police officers and Senior Employees

Senior officers and staff were asked to declare any material, financial transactions with the Chief Constable by themselves, by their close family, or by any organisation in which they or their close family have a controlling interest.

A payment for 11 annual insurance levies totalling £28,125 was made to the Chief Police Officers Staff Association during 2022/23 (9 were paid in 2021/22 totalling £23,850), of which an Assistant Chief Officer is a Director and Secretary. The organisation arranges the legal expenses insurance for Chief Police Officers and staff. The Assistant Chief Officer did not take part in any discussion, decision or administration relating to the payments.

58a Group Cash Flow Statement - Adjustments to Net Cash Flows from Operating Activities

The cash flows for operating activities include the following items:

2021/22 £000s	Operating Activities	2022/23 £000s
(3,155)	Finance Costs calculated in accordance with the SORP	(1,715)
(3,010)	Impairment of investments	1,215
66,413	Increase / (Decrease) in Debtors	74,834
(93,230)	Decrease / (Increase) in Creditors	(51,315)
(3,115)	Decrease / (Increase) in Provisions	2,375
(22,530)	Revaluation adjustment	(9,871)
259	Increase / (Decrease) in Inventories	903
34	Gain / loss on disposal of short and long term investments	0
(5,351)	Loss on sale of non current assets	(4,714)
(127,905)	Depreciation and amortisation charge	(130,763)
(256,701)	IAS19 adjustments	(260,092)
(3,459)	(Increase) / Decrease in Interest Debtors	2,247
71	Increase / (Decrease) in Interest Creditors	91
0	Other non-cash movements	1,159
(451,679)	Adjustments to net deficit on the provision of services for non cash movements	(375,645)
10	Financing activities	372
246,228	Capital grants and contributions receivable	387,625
794	Proceeds from the sale of Property, Plant & Equipment	1,202
247,031	Adjust for items included in the net deficit on the provision of services that are investing and financing activities	389,200

58b Group Cash Flow Statement - Investing Activities

2021/22 £000s	Investing Activities	2022/23 £000s
141,772	Purchase of property, plant and equipment	195,344
51,288	Purchase of long term investments	2,445
(34,011)	Loan debtors	1,656
(247,075)	Capital grants and contributions received	(99,671)
(779)	Proceeds from sale of property, plant and equipment	(295,897)
(88,805)	Net Cash Inflow / (Outflow) from Investing Activities	(196,124)

58c Group Cash Flow Statement - Financing Activities

2021/22 £000s	Financing Activities	2022/23 £000s
7,303	Repayment of inherited debt	0
3,660	Reduction of the outstanding liability relating to a finance lease and on-balance sheet PFI contracts	4,082
(312,386)	Receipts of short and long term borrowing	(316,280)
51,005	Net Cash Inflow / (Outflow) from Financing Activities	48,227

58d Group Cash Flow Statement – Reconciliation of Liabilities Arising from Financing Activities

Financing Activities	1 April 2022	Financing cash flows	Non-cash changes		31 March 2023
	£000s		Acquisition £000s	Other non-cash changes £000s	£000s
Long term borrowing	(1,385,090)	39,142	0	5,175	(1,340,773)
Short term borrowing	(80,118)	5,003	0	(6,427)	(81,542)
On balance sheet PFI liabilities	(40,758)	4,082	0	0	(36,675)
Deferred liabilities	1	0	0	0	1
Total liabilities from financing activities	(1,505,965)	48,227	0	(1,252)	(1,458,989)

Financing Activities	1 April 2021	Financing cash flows	Non-cash changes		31 March 2022
	£000s		Acquisition £000s	Other non-cash changes £000s	£000s
Long term borrowing	(1,424,934)	45,514	0	(5,670)	(1,385,090)
Short term borrowing	(77,242)	(5,471)	0	2,595	(80,118)
On balance sheet PFI liabilities	(44,417)	3,660	0	0	(40,758)
Deferred liabilities	(7,302)	7,303	0	0	1
Total liabilities from financing activities	(1,553,896)	51,006	0	(3,075)	(1,505,965)

59 Group Defined Benefit Pension Schemes

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

The Fire Service Pension Scheme and the Police Service Pension Scheme for its uniformed firefighters and police officers – these are separate but similar unfunded schemes, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Local Government Pension Scheme for its other employees - this is a funded scheme, meaning that the Authority and employees pay its contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against grant and precept income is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Comprehensive Income and Expenditure Account in the Movement in Reserves Statement.

McCloud / Sargeant Judgement

Firefighters and Police Officers schemes

Claims of age discrimination were brought in relation to the terms of transitional protection by groups of firefighters and members of the Judiciary in the McCloud / Sargeant legal case (referred to as “McCloud”) and the Court of Appeal handed down its judgement of this claim on 20 December 2018, ruling that the transitional protection arrangements were discriminatory on the basis of age. As a result, the cost control element of the 2016 valuation was paused whilst the Government addressed the need to remedy this discrimination across all public service pension schemes. The cost cap mechanism for the 2016 valuation has since been un-paused and the calculations complete, with the outcome being no changes to benefits or contributions.

The treatment of the deferred choice underpin as a member cost for cost cap purposes, along with the 4 year spreading period, was challenged in a judicial Review which was heard in early 2023. The claims made in the Judicial Review were dismissed by the High Court, in a judgement handed down on Friday 10 March 2023. No allowance has therefore been made in our accounting disclosures as at 31 March 2023.

The McCloud remedy window ran from 01 April 2015 to 31 March 2022. Eligible members will be able to elect which scheme they wish to receive benefits from for this period. Due to the differing benefits structures we expect the majority of eligible members to elect to take legacy scheme (1987 Scheme, 1992 Scheme or 2006 Scheme) benefits for the remedy period.

An allowance for the McCloud remedy was first included in 2018/19 disclosures as a past service cost for four years remedy service from 2015-2019. This past service cost was attributed proportionally to the legacy schemes. For subsequent years to 2021/22 an allowance was made in the 2015 service costs for the annual accrual of additional remedy service.

Now that the remedy window is closed all McCloud related liabilities for eligible members for the period 2019 to 2022 have been moved to the associated legacy scheme. This means all McCloud liabilities are held with the legacy scheme we expect benefits to be paid from. This has led to a past service cost of £97m added to the 1987 Scheme, £32m added to the 1992 Scheme and £10m to the 2006 Scheme. As these liabilities are no longer held within the 2015 Scheme, we have a past service gain of £139m.

Local Government Scheme

The Local Government Pension Scheme liabilities for 2019/20 reflected the estimated increased liabilities arising from the McCloud/Sargeant judgement. These estimates have been rolled forward and are included within in the 2022/23 pension scheme liability. The impact of an increase in scheme liabilities arising from the McCloud judgment has been measured through the 2022 pension valuation process concluded in March 2023, which determines employer and employee contribution rates.

Group Comprehensive Income and Expenditure Statement

2021/22 Fire £000s	2021/22 Police £000s	2021/22 Total £000s		2022/23 LGPS £000s	2022/23 Fire £000s	2022/23 Police £000s	2022/23 Total £000s
39,510	223,730	363,594	Cost of Services:				
0	0	1,055	Current service cost	92,829	32,550	189,500	314,879
			Past service cost (including curtailments and settlements)	2,396	0	0	2,396
39,510	223,730	364,649	Total Service Cost	95,225	32,550	189,500	317,275
			Financing and Investment Income & Expenditure:				
0	0	(31,573)	Interest income on plan assets	(48,420)	0	0	(48,420)
37,300	165,820	248,468	Interest cost on defined benefit obligation	59,086	49,370	222,050	330,506
37,300	165,820	216,895	Total Net Interest	10,666	49,370	222,050	282,086
76,810	389,550	581,544	Total Post Employment Benefit Charged to the (Surplus)/Deficit on the Provision of Services	105,891	81,920	411,550	599,361
			Remeasurements of the Net Defined Liability Comprising:				
0	0	(121,876)	Return on assets excluding amounts included in net interest	39,072	0	0	39,072
0	0	(27,043)	Actuarial gains/losses arising from changes in demographic assumptions	(14,787)	(65,520)	(124,750)	(205,057)
(22,470)	(109,030)	(296,891)	Actuarial gains/losses arising from changes in financial assumptions	(879,700)	(582,900)	(2,891,900)	(4,354,500)
0	0	0	Changes due to applying asset ceiling	282,623	0	0	282,623
5,450	59,200	18,515	Other	118,303	106,070	468,950	693,323
(17,020)	(49,830)	(427,295)	Total Remeasurements Recognised in Other in the CIES	(454,489)	(542,350)	(2,547,700)	(3,544,539)
59,790	339,720	154,249	Total Post Employment Benefit Charged to the CIES	(348,598)	(460,430)	(2,136,150)	(2,945,178)

Group Movement in Reserves Statement

2021/22 Fire £000s	2021/22 Police £000s	2021/22 Total £000s		2022/23 LGPS £000s	2022/23 Fire £000s	2022/23 Police £000s	2022/23 Total £000s
(76,810)	(389,550)	(581,544)	Reversal of net charges made to the (surplus)/deficit on the provision of service	(105,891)	(81,920)	(411,550)	(599,361)
0	0	37,243	Employer's contributions payable to the scheme	41,879	0	0	41,879
56,700	230,900	287,600	Retirement benefits payable to pensioners	0	58,730	238,660	297,390
(20,110)	(158,650)	(256,701)	Actual amount charged against the General Fund Balance for Pensions in the year	(64,012)	(23,190)	(172,890)	(260,092)

Group Pensions Assets and Liabilities Recognised in the Balance Sheet

31 March 2022 Fire £000s	31 March 2022 Police £000s	31 March 2022 Total £000s		2022/23 LGPS £000s	2022/23 Fire £000s	2022/23 Police £000s	2022/23 Total £000s
(1,876,190)	(8,403,540)	(12,411,887)	Present value of the defined benefit obligation	(1,479,962)	(1,357,030)	(6,028,730)	(8,865,722)
0	0	1,768,592	Fair value of employer assets	1,789,497	0	0	1,789,497
0	0	0	Changes due to applying asset ceiling	(282,623)	0	0	(282,623)
(1,876,190)	(8,403,540)	(10,643,295)	Net liability arising from the Defined Benefit Obligation	26,912	(1,357,030)	(6,028,730)	(7,358,848)

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

2021/22 Fire £000s	2021/22 Police £000s	2021/22 Total £000s		2022/23 LGPS £000s	2022/23 Fire £000s	2022/23 Police £000s	2022/23 Total £000s
(1,873,100)	(8,294,720)	(12,366,179)	Opening fair value of continuing scheme liabilities	(2,132,157)	(1,876,190)	(8,403,540)	(12,411,887)
(39,510)	(223,730)	(363,594)	Current Service Cost	(92,829)	(32,550)	(189,500)	(314,879)
0	0	(1,055)	Past Service Costs (including curtailment and settlement)	(2,396)	0	0	(2,396)
(37,300)	(165,820)	(248,468)	Interest Cost	(59,086)	(49,370)	(222,050)	(330,506)
0	0	(13,012)	Contributions from scheme participants	(14,673)	0	0	(14,673)
			Remeasurement gain				
0	0	27,043	Actuarial gains/losses arising from change in demographic	14,787	65,520	124,750	205,057
22,470	109,030	296,891	Actuarial gains/losses arising from change in financial assumptions	879,700	582,900	2,891,900	4,354,500
(5,450)	(59,200)	(75,938)	Other	(118,303)	(106,070)	(468,950)	(693,323)
56,700	230,900	332,425	Benefits Paid	44,995	58,730	238,660	342,385
(1,876,190)	(8,403,540)	(12,411,887)	Closing fair value of scheme liabilities	(1,479,962)	(1,357,030)	(6,028,730)	(8,865,722)

Reconciliation of movements in the fair value of the scheme assets

2021/22 LGPS £000s		2022/23 LGPS £000s
1,552,290	Opening fair value of continuing scheme assets	1,768,592
31,573	Interest Income	48,420
	Remeasurement gain	
121,876	Return on assets excluding amounts included in net interest	(39,072)
37,243	Contributions from employer	42,053
13,012	Contributions from employees into the scheme	14,673
(44,825)	Benefits Paid	(45,169)
0	Changes due to applying asset ceiling	(282,623)
57,423	Other	0
1,768,592	Closing fair value of scheme assets	1,506,874

Local Government Pension Scheme assets comprised:

2021/22					2022/23			
Quoted prices in active markets £000s	Quoted prices not in active £000s	Total £000s	Percentage of total assets %		Quoted prices in active £000s	Quoted prices not in active £000s	Total £000s	Percentage of total assets %
102,231	0	102,231	6%	Equity securities:				
100,859	0	100,859	6%	Consumer	98,894	0	98,894	6%
83,473	0	83,473	5%	Manufacturing	90,994	0	90,994	5%
152,691	0	152,691	9%	Energy and utilities	81,249	0	81,249	5%
80,827	0	80,827	5%	Financial institutions	140,425	0	140,425	8%
75,436	0	75,436	4%	Health and care	82,436	0	82,436	5%
17,271	0	17,271	1%	Information technology	116,169	0	116,169	6%
				Other	18,713	0	18,713	1%
				Debt securities:				
252,357	0	252,357	14%	Corporate bonds (investment grade)	185,448	0	185,448	10%
28,779	0	28,779	2%	UK Government bonds	39,333	0	39,333	2%
48,925	0	48,925	3%	Other	48,992	0	48,992	3%
				Private equity:				
0	112,998	112,998	6%	All	0	123,116	123,116	7%
				Real Estate:				
0	70,042	70,042	4%	UK property	0	64,037	64,037	4%
				Investment Funds and Unit Trusts				
96,655	0	96,655	5%	Equities	87,919	0	87,919	5%
151,522	0	151,522	9%	Bonds	146,060	0	146,060	8%
0	103,473	103,473	6%	Infrastructure	0	131,529	131,529	7%
59,348	180,983	240,331	14%	Other	59,576	228,588	288,163	16%
				Derivatives:				
(7,615)	0	(7,615)	0%	All	0	0	0	0%
(975)	0	(975)	0%	Other	0	0	0	0%
				Cash and cash equivalents:				
59,311	0	59,311	3%	All	46,021	0	46,021	3%
1,301,095	467,497	1,768,592	100%	Total	1,242,228	547,269	1,789,497	100%

The total assets of £1,789m in the table above do not match the closing fair value of scheme assets in the Reconciliation of Movements in Fair Value of the Scheme Assets table. The variance of £282.6m is due to the effect of applying the asset ceiling for the GMCA and GMP.

Assumptions

2021/22 LGPS	2021/22 Fire	2021/22 Police		2022/23 LGPS	2022/23 Fire	2022/23 Police
20.6 years to 21.8 years 23.7 years to 25.4 years	21.5 years 21.5 years	22.1 years 23.8 years	Longevity at 65 for current pensioners: Male Female	19.0 years to 20.2 years 22.2 years to 23.3 years	21.2 years 22.9 years	21.9 years 23.5 years
20.6 years to 21.8 years 23.7 years to 25.4 years	23.2 years 23.2 years	23.8 years 25.4 years	Longevity at 65 for future pensioners: Male Female	21.2 years to 22.3 years 25.2 years to 25.4 years	21.2 years 22.9 years	23.5 years 25 years
3.93% to 3.98% 3.15% to 3.20% 2.70% to 2.75%	4.75% 3.00% 2.65%	4.75% 3.00% 2.65%	Rate of Inflation (Price Increases) Rate of increase in salaries (Salary Increases) Rate of increase in pensions (Pension Increases) Rate of discounting scheme liabilities (Discount Rate)	3.75% to 3.80% 2.95% to 3.00% 4.75%	3.85% 2.60% 4.65%	3.85% 2.60% 4.65%

Sensitivity Analysis

Local Government Pension Scheme	Approximate % increase in Defined %	Approximate monetary amount £000s
Change in Assumption at 31 March 2023		
0.1% decrease in Real Discount Rate	1.00%	29,812
0.1% increase in the Salary Increase Rate	0.00%	3,894
0.1% increase in the Pension Increase Rate (CPI)	1.00%	21,084
1 year increase in member life expectancy	4.00%	63,439

Fire Fighters Pension Scheme	Approximate % increase in Defined %	Approximate monetary amount £000s
Change in Assumption at 31 March 2023		
0.5% increase in Real Discount Rate	(7.00%)	(93,000)
0.5% increase in the Salary Increase Rate	1.00%	13,000
0.5% increase in the Pension Increase Rate (CPI)	6.50%	90,000
1 year decrease in members and adult dependants assumed age	2.50%	36,000

Police Pension Scheme	Approximate % increase in Defined %	Approximate monetary amount £000s
Change in Assumption at 31 March 2023		
0.5% increase in Real Discount Rate	(7.5%)	(460,000)
0.5% increase in the Salary Increase Rate	1.00%	55,000
0.5% increase in the Pension Increase Rate (CPI)	7.50%	453,000
1 year decrease in members and adult dependants assumed age	2.50%	148,000

Police Pension Fund

The Police Pension Scheme is unfunded. Both employer and employee pension contributions are based on a percentage of pay, which is paid into the Pension Fund. The amounts that must be paid into and out of the Pension Fund are specified by the Police Pension Fund Regulations 2007 and do not include injury awards.

Police Pension Fund Account

2021/22 £000s	Police Pension Fund Account	2022/23 £000s
0	Opening balance at 1 April	0
	Contributions Receivable	
(78,143)	Contributions at 31% of pensionable pay from employer	(82,204)
(815)	Early retirements	(1,884)
(15)	Other (contributions from the Territorial Army)	0
(33,665)	Officers' contributions	(35,486)
	Transfers In	
(1,030)	Transfers in from other schemes	(897)
	Benefits Payable	
180,951	Pensions	190,206
40,399	Commutations and lump sum retirement benefits	37,757
	Payments to and on account of leavers	
77	Individual transfers out to other schemes	360
424	Refunds of contributions	454
612	Other (tax and interest)	759
108,795	Net Amount Payable for the year	109,065
0	Additional 2.9% funding payable by the Local Policing Body to meet the deficit for the year	0
(108,795)	Additional contribution from the Local Policing Body	(109,065)
0	Closing balance at 31 March	0

Net asset statement

2021/22 £000s	Net Asset Statement	2022/23 £000s
0	Unpaid pensions due	0
0	Amount owing to General Fund Balance	0
0	Net Assets	0

Contribution rates

2021/22 %	Contribution Rates	2022/23 %
31.00%	Employer	31.00%
	Employee:	
14.25% to 15.05%	Old schemes	n/a
11.00% to 12.75%	2006 scheme	n/a
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 revaluation every four years by the Government Actuary Department. (See the contribution rates table above).

Benefits payable to scheme members are made from the Fund with the exception of injury awards, which are payable from revenue funds, as are administrative costs. Inward transfer values are paid into the Fund and outward transfer values are paid from the Fund.

The fund is balanced to zero each year. If income to the fund exceeds expenditure then the excess is paid to Greater Manchester Combined Authority. If expenditure exceeds income then Greater Manchester Combined Authority must fund the deficit. Greater Manchester Combined Authority pays any excess income to the Home Office and receives Police Pension Fund top up grant from the Home Office to fund any deficit.

The contributions receivable from the employer shown in the account are debited to the Chief Constable's Comprehensive Income and Expenditure Statement. The additional contribution from Greater Manchester Combined Authority is debited in its accounts together with a matching grant from the Home Office.

The amount of Home Office grant outstanding at 31 March 2023 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 2023. Liabilities to pay future payments are included in the IAS19 charges and notes to the Financial Statements.

The Fund's Accounting Policies are set out in the notes to the Financial Statements.

Glossary of Financial Terms

Accounting Policies

Within the range of possible methods of accounting, a policy is a statement of the actual methods chosen locally and used to prepare these accounts.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuarial Gains and Losses

This Re-measurement of the net defined benefit liability comprises actuarial gains and losses, the return on plan assets and any change in the effect of the asset ceiling. Actuarial gains and losses are changes in the present value of the defined benefit obligation arising from the effects of differences between the previous actuarial assumptions and what has occurred and the effects of changes in the actuarial assumptions

Agency Services

Services that are performed by or for another authority or public body, where the authority responsible for the service reimburses the authority carrying out the work for the cost of that work.

Amortisation

A charge to the comprehensive income and expenditure statement spread over a number of years.

Assets

Items of worth that are measurable in terms of value. Current assets are ones that may change in value on a day-to-day basis (i.e. inventory). Non-current assets are assets that yield benefit to the Authority and Group for a period of more than one year (i.e. Metrolink trams).

Assets Held for Sale

Assets which are being actively marketed and expected to sell within the next 12 months.

Bad (and doubtful) debts

Debts/income which may be uneconomic to collect or un-enforceable.

Balances

The reserves of the Authority and Group, which include the accumulated surplus of income over expenditure.

Balance sheet

A statement of the recorded assets, liabilities and other balances at the end of an accounting period.

Budget

A statement defining in financial terms the Authority's plans over a specified period. The budget is prepared as part of the process of setting the precept.

Capital Adjustment Account

This provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital control system.

Capital Expenditure

Expenditure on the acquisition or enhancement of property, plant and equipment that have a long term value to the Authority and Group. This includes grants or advances paid to third parties to assist them in acquiring or enhancing their own property, plant and equipment.

Capital Financing Costs

Each service is charged with an annual capital charge to reflect the cost of non-current assets used in the provision of services.

Capital Financing Requirements

This measures the underlying need to borrow to finance capital expenditure.

Capital Grants

Grants received towards capital expenditure either generally or for a particular project.

Capital Grants Unapplied

Proceeds received from Government Grants, Other Grants and Contributions, which have not yet been used to finance capital expenditure.

Capital Receipts

Money received from the sale of property, plant and equipment or repayment of a capital advance.

Carrying Amount

The balance sheet value recorded of an asset or a liability.

Cash and Cash Equivalents

This comprises cash in hand, cash overdrawn and short term investments, which are readily convertible into known amounts of cash.

CIPFA (The Chartered Institute of Public Finance and Accountancy)

CIPFA is the leading professional accountancy body for public services.

Consolidated

Added together with adjustments to avoid double counting of income, expenditure or to avoid exaggeration.

Contingent Assets

Sums due from individuals or organisations that may arise in the future but which cannot be determined in advance.

Contingent Liabilities

Sums due to individuals or organisations that may arise in the future but which cannot be determined in advance.

Creditors

Amounts owed by the Authority and Group for goods and services provided by the balance sheet date, where payment has not been made at that date.

Current Assets

An asset where the value changes because the volume held varies from day to day, for example, stock. It is reasonable to expect that these assets will either be consumed or realised during the next accounting period.

Current Liabilities

An amount which will become payable or could be called in within the next accounting period.

Current Service Cost

The increase in present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current financial year.

Curtailments

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces the accrual of defined benefits for a number of employees for some or all of their future service.

Debtors

Sums of money owed to the Authority and Group at the balance sheet date but not received at that date.

Deferred Capital Receipts

Amounts derived from asset sales, which will be received in instalments over a period of years.

Defined Benefit Pension Scheme

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

Defined Benefit Contribution Scheme

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

Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of property, plant and equipment.

Remeasurement of the Net Defined Benefit Liability

Remeasurement of the Net Defined Benefit Liability (asset) comprises:

- a) actuarial gains and losses

- b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and
- c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Expenditure

Amounts paid by the Authority and Group for goods received or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment - expenditure is deemed to have been incurred once the goods or services have been received even if they have not been paid for.

External Audit

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

Fair Value

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

Fees and Charges

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

Finance Lease

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

Financial Instruments

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

Historical Cost

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

Impairment

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

Income

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

Infrastructure Assets

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

Intangible Assets

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

Interest Cost (Pensions)

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

International Financial Reporting Standards (IFRS)

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

Inventory

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

Investment Properties

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

Investments

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

Liabilities

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

Long term Contracts

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

Material

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

Minimum Revenue Provision (MRP)

This is the amount that is charged to the Authority's Movement in Reserves Statement each year and set aside as a provision for credit liabilities.

Net Book Value

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

Net Realisable Value

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

Non-Current Assets

Assets which have value to the Authority for more than one year. These can be tangible (e.g. land, buildings, equipment) or intangible (e.g. Software or licences) assets.

Non-Operational Assets

Non-current assets held by the Authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements pending sale or redevelopment.

Business Rates

These are a levy on business properties based on a national rate in the pound applied to the 'rateable value' of the property. The government determines that national rate poundage, local authorities collect the sums due, with distribution made in accordance with rules governing the business rates retention scheme.

Operating Lease

A lease other than a finance lease.

Past Service Cost

For a defined benefit pension scheme, the increase in present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Payments in Advance

Amounts actually paid in an accounting period prior to the period in which they are due

Pension Funds

The Authority is required to set up a separate fund from the rest of its operation for transactions relating to firefighters' and police pension arrangements. The funds are balanced to nil each year by the receipt of a pensions top-up grant from the Department for Communities and Local Government.

Precept

An amount of money levied by one authority (the precepting authority) which is collected by another authority (the collecting authority) as part of the council tax. The Authority is the precepting authority and the GM Authorities are the collecting authorities.

Prior Year Adjustments

Material adjustments to the accounts of earlier years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Private Finance Initiative (PFI)

A partnership between the private and public sectors that uses private sector financing to provide public sector assets. The partnership has to meet certain criteria to qualify for Central Government subsidy.

Provisions

These are sums set aside to meet liabilities or losses that have been incurred but where the amount and/or timing of such costs are uncertain.

Public Works Loan Board (PWLB)

A government agency that lends money to local authorities. Local authorities are able to borrow some or all of their requirements to finance capital expenditure from this source.

Receipts in Advance

Amounts actually received in an accounting period prior to the period in which they are due.

Residual Value

The net realisable value of property, plant or equipment at the end of its useful life.

Reserves

These are sums set aside to meet possible future costs where there is no certainty about whether or not these costs will be incurred.

Revenue Contributions

The method of financing capital expenditure directly from revenue.

Revenue Expenditure

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

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

These are items of capital expenditure that do not result in, or remain matched by, the Authority's property, plant and equipment.

Settlement

An irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligations and the assets used to effect the settlement

Unfunded Pension Scheme

This is one in which liabilities for pension benefits are charged to the employer's revenue account in the year in which they arise and are not financed from investments held. The Authority operates such a scheme for its firefighters.

GMCA AUDIT COMMITTEE

Date: 20th September 2023

Subject: Assessment of Going Concern Statement

Report of: Steve Wilson, GMCA Treasurer

PURPOSE OF REPORT

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

The statement is unchanged from the version circulated to members for information in July 2023. It will be updated, if required, when the final audited accounts are presented to the committee in due course.

RECOMMENDATIONS:

Audit Committee is requested to:

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

CONTACT OFFICERS:

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BACKGROUND PAPERS:

- Audit Committee, 27th July 2022 – GMCA Assessment of Going Concern Statement
- Greater Manchester Combined Authority 10th February 2023 - GMCA Revenue and Capital Budgets 2023/24
- Police, Fire and Crime Panel 26th January 2023 – 2023/24 PCC Budget and PCC Component of the Mayoral Precept
- Police, Fire and Crime Panel 23rd March 2023 – Police Fund Budget Report
- Police, Fire and Crime Panel 12th June 2023 – 2022/23 Provisional Revenue and Capital Outturn Position for the Greater Manchester Police Fund
- Greater Manchester Combined Authority 30th June 2023 - GMCA Revenue and Capital Provisional Outturn Reports 2022/23

Tracking/ Process

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

No

Exemption from call in

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

N/A

GM Transport Committee

N/A

Overview and Scrutiny Committee

N/A

Assessment of Going Concern Statement

1. INTRODUCTION

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

2. GOING CONCERN ASSESSMENT

- 2.1 The main factors which underpin the assessment of GMCA as a going concern are outlined below and include:

- GMCA's financial position
- GMCA's strategic planning and budget framework
- The regulatory and control environment applicable to the GMCA as a local authority.
- GMCA balances and reserves.
- Economic climate.

3. GMCA FINANCIAL POSITION 2022/23

3.1 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 to provide oversight and assurance of the position throughout the year.

3.2 The revenue outturn for the year ending 31 March 2023 is categorised across defined areas of the authority. The position is shown in the table below:

Summary 2022/23 Provisional Outturn	Approved Budget		Provisional Outturn		Provisional Variance	
	Exp	Income	Exp	Income	Exp	Income
	£000	£000	£000	£000	£000	£000
GMCA General	242,620	-242,620	270,091	-270,091	27,471	-27,471
Mayoral	139,020	-139,020	127,850	-127,850	-11,170	11,170
GMFRS	119,543	-119,543	120,679	-120,679	1,136	-1,136
Waste	164,840	-164,840	119,457	-119,457	-45,383	45,383
Transport	282,412	-282,412	337,734	-337,734	55,322	-55,322
Transport for GM (TfGM)	216,721	-216,721	269,708	-269,708	52,987	-52,987
Police Fund (inc GMP)	718,600	-718,600	718,600	-718,600	0	0

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 approves the Capital Programme at its meeting to approve the budget for the following year in February and updated forecast outturns are provided on a quarterly basis. The provisional capital expenditure for 2022/23 was £442.6m compared to forecast for 2022/23 presented to GMCA on 10 February 2023 of £462.1m. The Police Fund capital programme is recorded separately in accordance with legislation and was a further £27.6m of spend in 2022/23 compared to budget of £38.8m.

4. GMCA BUDGET 2023/24

- 4.1 The GMCA budgets form part of the Authority's overall strategic planning framework. Budget planning focuses on delivery of the priorities in the Greater Manchester Strategy and its implementation plan in partnership with Greater Manchester local authorities, businesses, the voluntary and community sector and other stakeholders. The Mayoral precept and GMCA budgets support key areas of delivery for the strategy and its implementation plan, particularly in areas where the local investment can be supported by the GMCA.
- 4.2 GMCA has in place an annual budget setting process that culminates in the approval of the budget by the GMCA at its meeting in February. The reports during the budget process provide an overview of the proposed GMCA budgets for the following year and subsequent years where appropriate. The reports bring together the position on the Mayoral General Budget and precept proposals, the GMCA General Budget, GMCA Transport budgets including transport levy and statutory charge and the Greater Manchester Waste Services levy. The reports set out the implications of the proposed budgets and the resultant charges on Greater Manchester local authorities and the Mayoral precept. The 2023/24 GMCA budgets were approved by GMCA on the in February 2023 and Police and Crime Commissioner precept and budget agreed by Police, Fire and Crime Panel in January and March 2023.

4.3 Further information on the budget for each area of the GMCA can be found in the budget reports to GMCA on 10th February 2023. The comparison of revenue budgets is summarised below:

Budget	2022/23 Original Budget	2023/24 Original Budget
Mayoral General Budget	£139.0 million	£139.7 million
GMCA General Budget	£242.6 million	£245.6 million
GM Fire and Rescue Service	£119.5 million	£130.2 million
GMCA Transport Revenue Budget	£269.4 million	£304.6 million
Waste and Resources	£164.8 million	£169.0 million
Police and Crime Commissioner	£718.6 million	£742.1 million

5. MEDIUM TERM FINANCIAL PLANNING

GMCA General Budget

5.1 Under current funding arrangements for GMCA the confirmation of government funding varies considerably depending upon the nature of the grant. Some programmes have confirmed or indicative funding over the current Spending Review period and others operate with short term grant funding confirmed on an annual basis. As such medium term financial planning for GMCA programmes is restricted to the information available at the time of setting the budget for the following year and will be updated throughout the financial year as part of the quarterly financial update reports.

5.2 GMCA does not receive any core government funding to fund Corporate functions and costs have been supported from a combination of recharges to Fire and Rescue, Police and Crime and Adult Education, local authority contributions and non-recurrent funding. During 2022/23 a new overhead recharge approach has

been developed to ensure that the cost of corporate functions are allocated in full and consistently applied across all activities of the organisation. This new approach has been reflected in the budget for 2023/24 and has enabled the development of three-year medium term financial plan up to 2025/26 for Corporate Services.

5.4 The Corporate Services medium term financial plan (MTFP) for 2023/24 – 2025/26 includes the following planning assumptions:

- Employee related costs:
 - Pay award – 4% 2023/24, 2% 2024/25 and 2% 2025/26;
 - Changes relating to directly funded temporary posts;
- Estates related costs – increase for energy and loss of income;
- Other services expenditure – changes to planned activities;
- Business Partnering Recharge for the direct cost of Corporate staff supporting GMCA grant funded programmes of work;
- Fees, charges and other income changes;
- Revised Corporate overhead recharge approach for 2023/24 with 2% increase for 2024/25 and 2% 2025/26;
- Local authority contribution – following 10% reduction in 2021/22 and no increase in 2022/23, no further inflationary increase is planned for the three years up to 2025/26;
- Deposit interest of £2.3m with no further increase over the period up to 2025/26.

Police, Fire and Crime

5.5 The 2021 Spending Review was for the three year period 2022/23 – 2024/25 which provided some clarity for planning purposes at the time. Subsequently, the 2022 Spending Review provided the funding for the PCC and Fire and Rescue Service settlement for 2023/24. The most significant uncertainty with PCC and Fire and Rescue Service expenditure relates to the pay award for which additional grant funding was provided by Home Office towards the Police Officer pay award in 2022/23, however pay award for Police staff and the Fire and Rescue Service has been met from local resources.

- 5.6 Fire and Rescue services have received a 7.4% increase in core spending power and with flexibility on council tax precept for stand-alone Fire Services of £5 for a one-year period. The baseline funding from Revenue Support grant and other grants has increased by £2.4m from the 2022/23 position with a reduction in other grants of £1m. This represents an increase in total Government funding for the service of just over 3%. Whilst this is higher than in previous years, it falls some way short of the pay and non-pay inflation pressures faced by the service. The Home Office confirmed a Section 31 pension grant of £5.6m which continues into 2023/24 towards estimated costs for GMFRS of £6.1m. Precept income from a £5 increase (for a Band D property) in the Fire and Rescue precept is estimated to provide an additional £5.4m (10.8%) in 2023/24 and at this stage no further increase in precept has been included in the MTFP up to 2025/26. Estimated pay and price inflation has been included in the MTFP which creates a requirement for additional resources of £3.3m in 2024/25 and £7.2m in 2025/26.
- 5.7 The 2023/24 Police and Crime Commissioner total revenue budget is £741.2m which is an increase of £23.5m (3.3%) compared to 2022/23. The Spending Review in October 2021 confirmed initial grant funding for police forces for the three years 2022/23 – 2024/25, with national increases of £550m in 2022/23, £650m in 2023/24 and £800m in 2024/25. Following the 2023/24 budget announcements by the Chancellor in November 2022 the Home Office issued an updated provisional settlement on 14th December 2022.
- 5.8 The national core grant funding for police and crime across England and Wales in 2023/24 has increased by £174m (1.8%) to meet cost of final recruitment for the Police Uplift Programme (PUP) target of 20,000 additional police officers and pressures facing policing such as pay awards and non-pay inflation including energy costs. The £174m includes £100m as announced last year towards the PUP programme and the impact of the 2022/23 police officer pay award of £74m. This is below the 3% minimum increase for local government and has required a re-prioritisation of budgets and efficiencies in addition to increased precept funding.

- 5.9 The Spending Review 2021 initially confirmed that for every year of the three-year Spending Review, PCCs would be given a £10 precept flexibility, however, it was decided that given the inflationary pressures facing forces, a £15 precept flexibility would be given for 2023/24 only. Due to historic differences in council tax the proportion that £15 represents can vary significantly between force areas. In 2022/23 on average, 34% of Police budgets are made up from Council tax, for GM this is only 26%. Greater Manchester is in the lowest quartile in England for the overall increase in Police funding for 2023/24 and overall funding per capita.
- 5.10 A revision of the MTFP for police has been undertaken to identify resource to support priority improvement projects over the three years. The resource to support these priorities has been identified from a review of the whole of the Police Fund budget and a revision of the MTFP.

Waste and Resources

- 5.11 The Waste and Resources budget is funded from a levy on the nine GM local authorities that are part of the GM waste contract. The waste budget for 2023/24 is £169m, which represents a £4.2m increase (2.5%) average increase over 2022/23. The MTFP estimates levy charges of £177.4m in 2024/25 and £185.5m in 2025/26. A number of assumptions have been made which take a balanced view of the risks facing the service in 2023/24 and beyond.

Transport

- 5.12 The GM Transport budget for 2023/24 of £304.6m is an increase of £35.2m (13%) compared to 2022/23 and provides the funding TfGM and capital financing charges for transport infrastructure investment. The increase in funding is met from government grants for transport scheme development and planned funding for Bus Franchising. The levy and statutory charge made to Greater Manchester local authorities remained at the same overall cash level as in previous years.
- 5.13 TfGM's budget has been managed within the same funding envelope in recent years by making year on year savings from various sources. This has been challenging in the context of the additional activities that TfGM has been requested

to deliver, the continuing inflationary pressures on budgets and the amount of expenditure which is unavoidable due to it being related to statutory obligations.

- 5.14 There are uncertainties in relation to Metrolink and Bus passenger volumes and revenues now recovery funding from Government is coming to an end. In order to support the signing of TfGM's financial statements, TfGM has provided a statement, supported by evidence, that TfGM has sufficient resources to meet its cash requirements for a period of 12 months after the date of signing of the accounts. The statement covers the period to 31 July 2024 and provides a forecast of cash, as demonstrated by the level of available 'Usable' revenue reserves, based on factors including the current Metrolink net revenue forecast. This includes key assumptions which underpin the projections and sets out the key outputs of the base case position and sensitivity analysis.

Capital programme

- 5.15 The GMCA capital programme for the four year period 2022-2026 includes Economic Development and Regeneration programmes, Waste and the continuation of the programme of activity currently being delivered by GMCA, TfGM and local authorities. The capital programme over the three-year period 2023/24 – 2025/26 is £1.589 billion of which £592m is planned for 2023/24 to be funded mainly from capital receipts, grants and long-term borrowing. Provision has been made in the revenue budgets for the associated financing costs.
- 5.16 Capital schemes and associated expenditure profiles have been impacted by global pressures on construction materials availability, associated pricing and inflationary pressures. It is anticipated that these impacts will continue in the medium term. The organisation has responded to this by TfGM and local authority partners bringing together all planned infrastructure expenditure with revenue and capital funding requirements up to the end of March 2027 to support prioritisation and contingency planning within available resources.

6. GMCA BALANCES AND RESERVES

6.1 GMCA General Reserves were £45m as at 31/03/23, given the current scale of activities falling on the General Budget, the level of General Reserves held is felt to be appropriate. The Authority also holds £571m of Earmarked Revenue Reserves as at 31/03/23 compared to £480m at 31/03/22, an increase of £91m. The majority of the change relates to Waste and Resources reserves increasing in relation to surpluses from additional recycle income and third party income. In addition Transport reserves increased in relation to unapplied government grants and GMCA General reserve in relation to 2022/23 business rates retention growth which is committed to support Greater Manchester priorities from 2023/24 onwards.

GMCA Cash flow Model

6.2 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.

6.3 The treasury portfolio position for the GMCA is managed at a group level, including 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. In 2022/23 the GMCA's Treasury Management functions were brought in house from Manchester City Council and is now provided within the GMCA Finance Team which provides more effective oversight of the day-to-day operation and short term investment decisions.

6.5 The GMCA recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Authority uses Link Asset Services as its external treasury management advisors. The

GMCA will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

- 6.6 It is clear that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, the treasury advisers.

Treasury Management

- 6.7 The Annual Treasury Management Outturn Report for 2022/23 is on the agenda for this meeting and sets out the responsibility of the authority to comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities. The report includes the authority's debt position at 31st March 2023 of £1.452 billion against the various thresholds set under the code of practice and highlights that the authority is significantly under these thresholds. Furthermore the authority is under borrowed in terms of its capital financing requirement through the use of 'internal borrowing' from its own cash reserves.
- 6.8 The Treasury Management Practices (TMPs) document governs the way the authority will seek to achieve its treasury management objectives, and how it will manage and control those activities. It is reviewed on an annual basis to comply with the Treasury Management Code of Practice. The TMPs document has been updated during 2022/23 to strengthened following changes to the code and recommendations from internal audit. The revised document is also reported separately on the agenda for this meeting.
- 6.9 The GMCA has a Capital Strategy which is approved by the GMCA annually 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 2023/24.

7. REGULATORY AND CONTROL

- 7.1 The Annual Governance Statement sets out the detailed arrangements within GMCA and is reported separately on the agenda for this meeting.

Governance Arrangements

- 7.2 The GMCA's corporate governance structures and scrutiny arrangements ensure that they are sufficient to meet the expanding role of GMCA and the delivery of its core functions and services. GMCA has established a number of boards, panels and committees which receive regular reports on transport, housing, economy and investment matters. During 2022/23 the Authority reviewed its scrutiny arrangements with recommendations being implemented to improve effectiveness. The Authority has the statutory posts of Head of Paid Service, Monitoring Officer and the Treasurer (Chief Financial Officer) who form part of the Senior Management Team in addition to the current political arrangements.
- 7.3 An overview of this governance framework is provided within the GMCA Annual Governance Statement and Code of Corporate Governance 2022/23. This includes a detailed review of the effectiveness of the council's governance arrangements which concludes that the existing arrangements remain fit for purposes and provides assurance of their effectiveness. The Authority is required to operate within a highly legislated and controlled environment and particular emphasis of this can be exemplified and demonstrated with the financial controls in place. Examples of controls include the requirement of full authority to approve a balanced annual budget, but within that to consider and have regard via assurance from the Treasurer as to the robustness of the budget, its estimates and the adequacy of reserves held.
- 7.4 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.

8. ECONOMIC CLIMATE

- 8.1 There is an inherent financial risk across all areas of the GMCA with inflation as a consequence of the challenging global economic environment, the cost-of-living crisis and pandemic recovery impacting particularly on transport revenues. The outcome of pay negotiations is difficult to predict and the availability of government funding to meet pressures is not confirmed.
- 8.2 In the last 12 to 18 months, like all organisations, GMCA has been adversely impacted by cost inflation and other cost and supply pressures which are impacting the supply of services and infrastructure. This includes but is not limited to service delivery costs which are largely staff and energy related costs and supplies for construction projects. The organisation continues to monitor and mitigate these costs as far as possible and is adjusting, as appropriate, its expenditure and funding budgets for this year to reflect this position.

9. CONCLUSION

- 9.1 The assessment of the GMCA's status as a "going concern" for the purposes of the Statement of Accounts 2022/23 demonstrates that the Authority is performing effectively and is in a good position to respond to the current and emerging challenges and risks and there is no material risk to going concern for the next 12-18 months.

10. RECOMMENDATIONS

- 10.1 Recommendations are set out at the front of the report.

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