GMCA GREATER MANCHESTER COMBINED AUTHORITY

Annual Statement of Accounts

Year ended 31 March 2018

With Audit Opinion

Annual Statement of Accounts 2017/18

Contents

Narrative Report by the Authority Treasurer

Welcome to the Greater Manchester Combined Authority's draft Annual Statement of Accounts for 2017/18. The statements have been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA).

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

- A full and understandable explanation of the overarching financial position of the Authority and the outturn for 2017/18;
- 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 2018 and is structured as below:

- An Introduction to the Greater Manchester Combined Authority
- How the Authority performed in 2017/18
- Revenue Budget and Outturn 2017/18
- Capital Programme and Financing 2017/18
- Treasury Management Performance in 2017/18
- Forward look – financial landscape
- Core Financial Statements

An Introduction to the Greater Manchester Combined Authority (the Authority)
Greater Manchester (GM) is one of the country's most successful city-regions. Home to more than 2.7 million people and with an economy bigger than that of Wales or Northern Ireland, our vision is to make it one of the best in the world.

The Authority is made up of the leaders from the ten Greater Manchester councils and an elected Mayor, who work with other local services, businesses, communities and other partners to improve the city-region.

The ten 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 Authority's vision is for the region is to make Greater Manchester one of the best places in the world to grow up, get on and grow old.

- A place where all children are given the best start in life and young people grow up inspired to exceed expectations.
- A place where people are proud to live, with a decent home, a fulfilling job, and stress-free journeys the norm. But if you need a helping hand you'll get it.
- A place of ideas and invention, with a modern and productive economy that draws in investment, visitors and talent.
- A place where people live healthy lives and older people are valued.

- A place at the forefront of action on climate change with clean air and a flourishing natural environment.
- A place where all voices are heard and where, working together, we can shape our future.

How this will be achieved is set out in 'Our People Our Place', the Greater Manchester Strategy, which can be found at https://www.greatermanchester-ca.gov.uk/ourpeopleourplace

Devolution and the impact in 2017/18

Elected Mayor
2017 saw the first Elected Mayor of Greater Manchester, Andy Burnham, who took up this position on 8 May 2017, in addition to his role as the Police and Crime Commissioner, which is described later in this section, the Mayor is accountable to and representing the people of all 10 boroughs in Greater Manchester, steering the work of Greater Manchester's Combined Authority, leading on issues such as the economy, transport, police and fire services, to ensure Greater Manchester is one of the best places in the world.

Responsible for transforming public services and shaping the future of our region, the Mayor represents Greater Manchester people, making the case for our region at the heart of government and on the world stage.

The Mayor is the chair and eleventh member of Greater Manchester Combined Authority. The leaders of the 10 councils form the Mayor's Cabinet, supported by two Deputy Mayors, Baroness Beverley Hughes is the Deputy Mayor for Police & Crime, with the other Deputy Mayor being one of the 10 Leaders, for 2017/18 this is Sir Richard Leese, Leader of Manchester Council.

The job of the Mayor ranges from setting budgets and priorities for Greater Manchester's public services to acting as an ambassador for the region.

- Responsible, along with GMCA, for the transport budget our region receives from Government, as well as the future of bus services in Greater Manchester.
- The Mayor is the public's voice on policing matters, taking on the responsibilities of the Police and Crime Commissioner.
- Making strategic decisions about the fire service and set its budget, taking on the responsibilities of the Fire & Rescue Authority.
- The Mayor is also responsible for a £300 million housing investment fund and the creation of a spatial framework for the whole of Greater Manchester. The spatial framework must be approved by the 10 councils.

Management Structure and Transition Programme
2017/18 was a significant year for the Authority. Transition from a simple narrow purpose organisation to a complex multi-functional complex organisation with many new powers was a key challenge in the year.

The management structure of the Authority was redesigned to encompass staff transferring in from Greater Manchester Fire and Rescue Authority, Police and Crime Commissioner's Office, Commission for New Economy and other GM districts. A full time Chief Executive and Treasurer were key appointments in the year alongside a full restructure of the senior team.

A complex transition programme was carried through designing new back office service structures to support the larger and more complex organisation and a key piece of work was the implementation of a new financial system to support the wider more complex accounting needs of the organisation.

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

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

The closing balance sheet of GMFRA has been brought into the Authority’s 2017/18 balance sheet as an in year transfer using the absorption accounting policy. The Authority’s prior year comparative values will not be restated to include the GMFRA 2016/17 values.

Expenditure and income relating to Fire and Rescue functions within the Authority’s 2017/18 accounting statements will be for an 11 month period 8 May 2017 to 31 March 2018.

Greater Manchester Police and Crime Commissioner (PCC)
The functions of the PCC in Greater Manchester, were transferred by Parliamentary Order, to the Authority with effect from 8 May 2017. The PCC functions are to be exercised by the elected Mayor, the legal entity known as the Police and Commissioner’s Office ceased to exist 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 Police Fund to be kept by the Mayor by virtue of section 21 of the Police Reform and Social Responsibility Act 2011.

The closing balance sheet of the PCC has been brought into the Authority’s 2017/18 balance sheet as an in year transfer using the absorption accounting policy. The Authority’s prior year comparative values will not be restated to include the PCC 2016/17 values.

Expenditure and income relating to Police and Crime functions within the Authority’s 2017/18 accounting statements will be for an 11 month period 8 May 2017 to 31 March 2018.

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

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

In September 2016 the Authority established NW Evergreen Holdings Limited Partnership (NWEH) to act as a holding fund for tranches of ERDF funding. The Fund has received significant funding from ERDF and will invest in sub funds that provide opportunities to identify, research and negotiate investment opportunities in properties in the North West of England.

The following companies have been excluded from the group accounts on the basis of immateriality:

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

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

How the Authority Performed in 2017/18

Greater Manchester is one of the UK's most successful cities; we want to become one of the best in the world.

The Greater Manchester Combined Authority (GMCA) is made up of the ten Greater Manchester councils and Mayor who work with other local services, businesses, communities and other partners to improve the city-region.

The ten 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.

Last year Greater Manchester elected its first Mayor, Andy Burnham, and together created a blueprint for the future of the city-region – Our People Our Place, the Greater Manchester Strategy.

The Strategy was approved by the Local Enterprise Partnership and the GM Centre for Voluntary Organisation as well as the GMCA and its partners. In this way it brings together the public, private and voluntary and community sectors in delivering a bold new vision to make Greater Manchester one of the best places in the world to grow up, get on and grow old.

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

But this vision will only be achieved by adopting new ways of working which are shaped and driven by communities themselves. This is essential if Greater Manchester is to truly unlock the full potential of its citizens and communities.

A number of key highlights are set out below illustrating how GMCA has used this approach in 2017/18 to develop highly effective partnerships, demonstrating the benefits of collaboration and how devolution is now making a real difference to the lives of the people of Greater Manchester.

Growing the Economy

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

The GM Investment Strategy continued to support regeneration and job creation in the Greater Manchester area through targeted investment that reflects the strengths and opportunities in the local economy.

The GM Investment Fund is focused on our strategic priorities in business, housing and commercial property. Our investment strategy was based on sustainably generating returns that can be recycled and reinvested – as existing loans are repaid they can be reinvested in new projects.

The fund brought together a range development funds with the clear objective to safeguard or create jobs. As at the end of 2017/18, the GM Investment team held over £635 million of funds under direct and indirect management. Projects to the value of £560 million have been approved to date across all funds.

The strategy also provided a platform for working in partnership with the private sector and has secured around a further £1 billion of private sector funding.

As part of this overarching programme, the Core Investment Fund offered investments at commercial rates to businesses and organisations to fund schemes that boost local employment, improve people's skills and contribute to the region's economic growth. This fund has invested over £115 million to more than 100 companies across Greater Manchester who are contracted to create and safeguard over 7,000 jobs.

Our investment strategy also strengthened the drive to see Greater Manchester at the leading edge of science and technology. The £30 million Life Sciences Fund was established in 2016 in partnership with Cheshire East to further develop Alderley Park and support life sciences businesses across the city region. As at 31st March 2018 the Fund had committed £14m into 22 businesses and has created 122 jobs from those investments. Investments to date have leveraged £9.2 million of private sector investment. The overall target for the Fund is to create/safeguard 370 jobs over 15 years and the investments to date show good progress against this target.

Commercial property funds have supported the development of 330,794m2 of commercial floor space and the redevelopment of over 22 hectares of Brownfield land.

The Greater Manchester Housing Fund aims to unlock the delivery of at least 10,000 over the 10 year life of the fund providing the high quality housing offer needed to support GM's economic growth. Just over £400 million has been committed so far to support the delivery of almost 5,600 new homes.

This economic progress has been recognised by independent commentators, with financial experts Deloitte naming Manchester as one of Europe's fastest growing cities and fellow specialists Ernst and Young confirming that Manchester is the number one destination for foreign direct investment outside London.

Business Support and Innovation

Greater Manchester has an economy worth over £60 billion with around 100,000 businesses and a number of world-leading industries from health innovation and digital industries, to engineering and financial services along with the largest cultural and creative cluster outside London.

Business Growth Hub

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

The Business Growth Hub is one of GMCA's key partners providing a single access point for impartial and trusted business support, bringing together national and local schemes into a single offer so businesses get everything they need in one place. This includes making it simpler and easier for businesses to access the best of both public and private sector support including growth and specialist support provide by the Growth Hub.

As part of the Growth Hubs portfolio of services, 2017/18 saw continued enquiry handling by phone and web, identifying and diagnosing business needs and introducing businesses to the right services to meet their needs. This included providing Growth Advice, access to business mentors and targeted services for businesses with the potential to scale-up. The Annual report for 2017/18 detailing outputs and outcomes is due to be submitted by the end of June.

Looking forward, it is anticipated that the national Growth Hub network will continue to develop with the Government's recent commitment to developing an Industrial Strategy featuring the GM Business Growth Hub - the only Growth hub to be included.

Digital City Region
Greater Manchester is aiming to be the UK's leading digital city-region. In July 2017 the digital and tech sector came together at the first Greater Manchester Digital Summit to create an innovative Digital Strategy for the region and secured £25 million of Government investment to deliver full fibre broadband technology across the region.

The £2 million digital skills fund was also launched to help provide Greater Manchester's residents with the skills they need to benefit from this fast growing economic sector.

Green City Region
In a further example of Greater Manchester's ground breaking approach, the city region is aiming to become one of the leading green city-regions in the UK and Europe and has secured £21 million of European funding to help realise this vision.

Greater Manchester was already on track to meet the ambitious commitment to achieve a carbon neutral city region but recent progress has allowed this target to be brought forward by at least a decade to 2040.

Employment and Skills
Greater Manchester is working to create the integrated skills and employment system needed to achieve its aims. This strategy brings together employers, skills providers, local authorities and others to build a work and skills system which is responsive to the needs of local employers and which gives our residents the skills they need for work and for life.

In particular, an employment and skills system is envisaged where young people will leave the education system with the knowledge, skills, and attributes they need to succeed; where working age adults who are out of work or who have low levels of skills will have access to the support they need to enter and sustain employment; and where all adults have the chance to up-skill and progress in their careers.

Apprenticeships remained a key pathway into work and skills improvement for our residents. Greater Manchester's devolution agreements have provided additional tools to strengthen the support to employers in offering apprenticeships.

The GM Skills and Employment Team continued local delivery of the Apprenticeship Grant for Employers, providing a total of over 5,900 grants to employers over the lifeline of the project to secure apprenticeships for residents based on local priorities. In future the project aims to focus on supporting SMEs to growth and develop their apprenticeship programmes.

The Apprenticeship Hub also supports local SMEs to develop workforce development plans to stimulate demand for apprenticeships with SMEs which resulted in around 200 new apprenticeships in 2017/18.

Similarly, the Youth Contract (NuTraxx) Programme provided participants aged 18-24 with one-to-one tailored support from a personal mentor. The project completed delivery July 2017 with 2,665 young people supported by the programme of which 1,400 went in to employment and 860 sustained employment for at least 6 months.

Work has continued to explore how residents can better access skills and employment and to develop solutions to these issues. The Greater Manchester Skills for Employment Programme looked to improved integration of employment and skills services with local residents and engaged over 7,000 customers with around 1,400 achieving an accredited qualification and around 850 securing sustained employment or an apprenticeship for at least three months.

More broadly tailored support for young people with careers information, advice and guidance has been delivered in partnership with the Careers and Enterprise Company. The GM Careers and Enterprise Adviser Network bridges the gap between education and employers, enabling business leaders to work strategically with schools to guide the development of an effective and innovative careers and employer engagement plan.

Looking to the future, GMCA launched the UK's first locally controlled Work and Health Programme in 2017, which aims to support long term unemployed and disabled people into employment across the city-region. First announced in Greater Manchester's 2014 Devolution Agreement, the city-region is the first to have the commissioning and management of the Work and Health Programme locally controlled.

The programme is designed around the participant, bringing together expertise and local knowledge to offer integrated health, skills and employment support that will support them on their journey to work. Between 2018 and 2024, the £52 million programme will now provide support to more than 22,000 individuals across Greater Manchester**.**

Transport

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

In particular, the Congestion Deal was launched with our partners in Transport for Greater Manchester (TfGM) – a new approach to tacking congestion with £80 million investment in Metrolink trams, providing up to 27 new trams, 4,800 extra spaces and increasing capacity on the busiest lines.

Metrolink

A number of initiatives in 2017/18 contributed to the increased patronage including the addition of extra double tram units on the Bury and Altrincham lines, the introduction of a six minute service on the Ashton Line; and other timetable changes. All of these changes contributed to improved reliability and resilience.

In January 2018, TfGM also opened additional platforms at Manchester Victoria, which enabled the extension of Manchester Airport services into the heart of Greater Manchester.

Following the start of construction in January 2017, work on the Trafford Park Line expansion has continued throughout 2017/18, with the first section of track laid in January 2018. When completed in 2020 this new line will connect Metrolink passengers with the work, retail and cultural opportunities along the route to Trafford Park and the Trafford Centre

Walking and Cycling

The second phase of the Cycle City Ambition Grant programme was delivered creating more than 45km of new or improved cycle routes, adding to the 65km of cycle routes built as part of the first phase of the grant. The programme also introduces five new 'cycle-friendly' district centres, which include cycle routes, 'quiet street' schemes, 20mph zones and cycle parking facilities. In order to improve the integration with other modes of transport, the programme will also provide cycle storage facilities, and associated cycle infrastructure, on our highways and at five rail and Metrolink stops.

Highways
Work has continued to support partners in improving highways across Greater Manchester including the Casualty Reduction Partnership raising over £6 million for road safety initiatives; highway design, modelling and improvement schemes and the DriveSafe programme delivering over 70,000 speed awareness courses.

Business Travel Advice Service
The Business Travel Advice Service supports organisations so that they can promote cycling, walking, public transport, flexible working and car sharing to employees. There are currently 620 sites in the Business Travel Network and, together with partners, 320 action plans have been developed and distributed over £0.5 million in travel grants. Our Access to Employment scheme helps jobseekers and apprentices travel to work, offering discounted public transport tickets for interviews and in the first four months of employment.

Concessionary Travel
Alongside improvements to transport infrastructure, TfGM continues to provide national and local concessionary fares schemes to provide free or reduced cost travel. This includes:

- Free off-peak bus, local rail and Metrolink travel for older people;
- Under 16s: half fare at all times on bus and Metrolink when using an igo pass;
- Over 16s still in full-time education: half fare on bus, rail and Metrolink between home and school/college;
- Free off-peak travel for disabled people on bus, rail and Metrolink and half fare on bus, rail and Metrolink before 9.30am; and
- Free travel for Concession Plus pass holders on bus, rail and Metrolink at all times.

Safer and Stronger Communities
Greater Manchester is committed to building safer and stronger communities where every community and person in Greater Manchester feels safe and secure in their daily lives.

This ambition is reflected in ‘Standing Together’, the Police and Crime plan that was launched in early 2018 following an extensive consultation and sets out our vision for a strong, safe, resilient Greater Manchester - standing together and working as one to keep people safe and protect and support the most vulnerable in our society.

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

In 2017/18 the police force and offender management organisations continued the drive to reduce reoffending by working closely with the voluntary and community sector to deliver a nationally recognised whole system approach for women offenders and an intensive community offer to 18-25 year old young men. Devolution has enabled Greater Manchester to co-commission prison family support with prison governors, helping offenders and their families build better links between custody and community.

Youth Offending Teams worked to intervene earlier with young people who displayed offending behaviour to prevent them from getting involved in crime in the first place. The Deputy Mayor for Police and Crime has committed £0.5 million per year for three years to support this important work.

In addition, Greater Manchester was the first police force area in the country to work with health colleagues to jointly commission an integrated custody healthcare and liaison and diversion service, providing vulnerable people both within custody and at court with the support they need at the right time in the right place. By the end of next year, everyone who comes into custody will undertake a needs assessment to identify and respond to their vulnerabilities.

The police force are working closely with our partners to support individuals before they reach crisis point. We have invested in schemes that support both victims of domestic abuse and people who have mental ill health, who may come into the criminal justice system because they are vulnerable.

Fire and Rescue Service

Greater Manchester Fire and Rescue Service (GMFRS) is one of the largest Fire and Rescue Services outside London with over 2,100 members of staff and 41 fire stations covering an area of approximately 500 square miles.

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

The continued focus on prevention within Greater Manchester has resulted in over 33,000 Safe and Well visits made to homes across Greater Manchester completed last year, which is an increase of 19% when compared to the number delivered in 2016/17.

During 2017/18, there was a 4.5% reduction in the total number of incidents including fires, false alarms and special service calls when compared to the previous year and the service continued to meet or exceed the targets for the average response time for the first GMFRS appliance to attend an emergency incident with the response time to primary fires continuing to be better than the England average.

Injuries as a result of fires have shown a marked reduction - down by 10% against last year's performance although sadly the number of deaths increased from 17 to 21.

The number of non-domestic fires in Greater Manchester saw a small increase of 2.71% in comparison to 2016/17 although this remains one of the lowest of the Metropolitan Services.

During 2017/18, 6,296 special service calls were attended which is a reduction of 27% when compared to 2016/17. The main reason for this is due to there being fewer medical incident type calls, the majority of which were associated with the Emergency Medical Response (EMR) trial whereby operational crews were dispatched in parallel with North West Ambulance Service (NWAS) when someone suffered a suspected cardiac arrest. The Fire and Rescue Service involvement in this trial ceased in September 2017.

Public Service Reform

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

The GM Public Service Reform programme looks to develop new ways to support people with difficult and complex lives: identifying problems early, helping them tackle those problems, and learning from their experiences to support others.

Troubled Families

Throughout last year, GMCA and its partners invested in the local delivery of the national Troubled Families programme which seeks to improve families' opportunities and help them become more independent. The programme supported families with problems like crime or antisocial behaviour, poor school attendance, unemployment, domestic abuse or poor health.

Together with reform at locality level, GMCA remains committed to working with 27,200 families before 2020, contributing to achieving key outcomes within the Greater Manchester Strategy and demonstrating how partners can work together to drive service transformation.

Reform Investment

This activity is supported by resource within GMCA which has a focus on developing strategy around the enablers of reform and the integration of reform with Health & Social Care. The GM Reform Investment Fund, which is overseen by the Reform Investment Fund Panel, has also supported the continuation of the Intensive Community Orders programme and invested in the early help element of the GM Work & Health programme.

In addition to the Reform Investment Fund, the Public Service Reform team led on a number of priority areas across the Greater Manchester Reform programme. This included contributions towards the commissioning of a new prison family support offer across Wymott, Risley and Styal prisons; the launch of the School Readiness programme; contribution to the Children's Services Review and Ageing programmes, as well as commissioning a number of projects through the Behavioural Insights Team.

An additional £7 million of Department for Education funding has also been secured to deliver priorities identified through the Children's Services Review.

Age Friendly Greater Manchester

Greater Manchester is committed to creating an age-friendly city region where older residents are valued and enjoy a good quality of life.

Good progress has been made in making Greater Manchester a great place to grow old in 2017/18 with the continued delivery of the £10m Ambition for Ageing programme funding 24 neighbourhood projects to tackle loneliness and social isolation as well as £1 million secured from Sport England to help older people be more physically and socially inactive.

CMCA also launched its first Age Friendly Strategy with the World Health Organisation recognising Greater Manchester as the UK's first age-friendly city-region.

Conclusion

It is clear to see from the information set out in this report that GMCA and its partners have taken significant strides in achieving the vision for Greater Manchester last year but there is a need to go further if these ambitions are to be fully realised.

To this end, the 2017 Greater Manchester Strategy set out a commitment to develop an Implementation Plan to detail the specific actions and activities underway to deliver GM's strategic vision and ambitions.

In October 2017, the GMCA approved a six month Implementation Plan and agreed that work should be undertaken to develop a two year Implementation Plan.

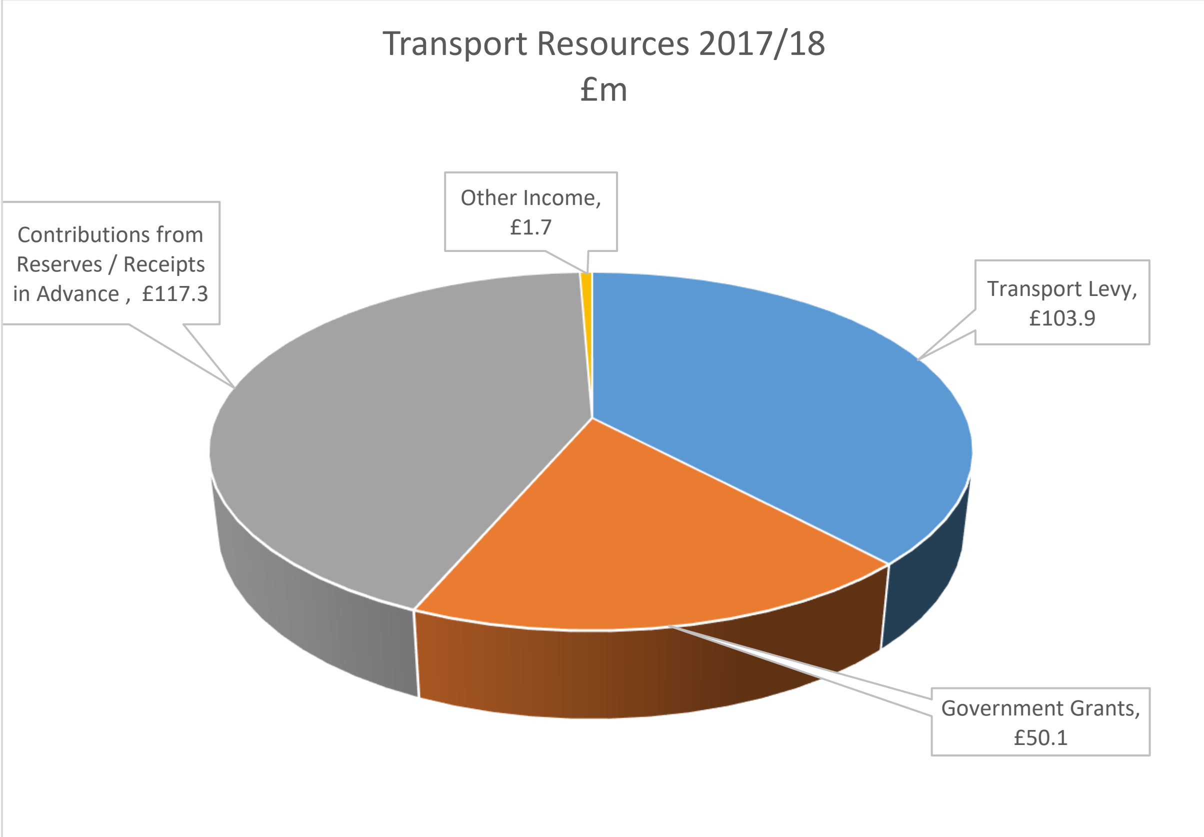
Work is also underway to develop a Performance Dashboard to track progress against key outcomes and indicators, which will be produced alongside the first Implementation Plan update in April 2018.

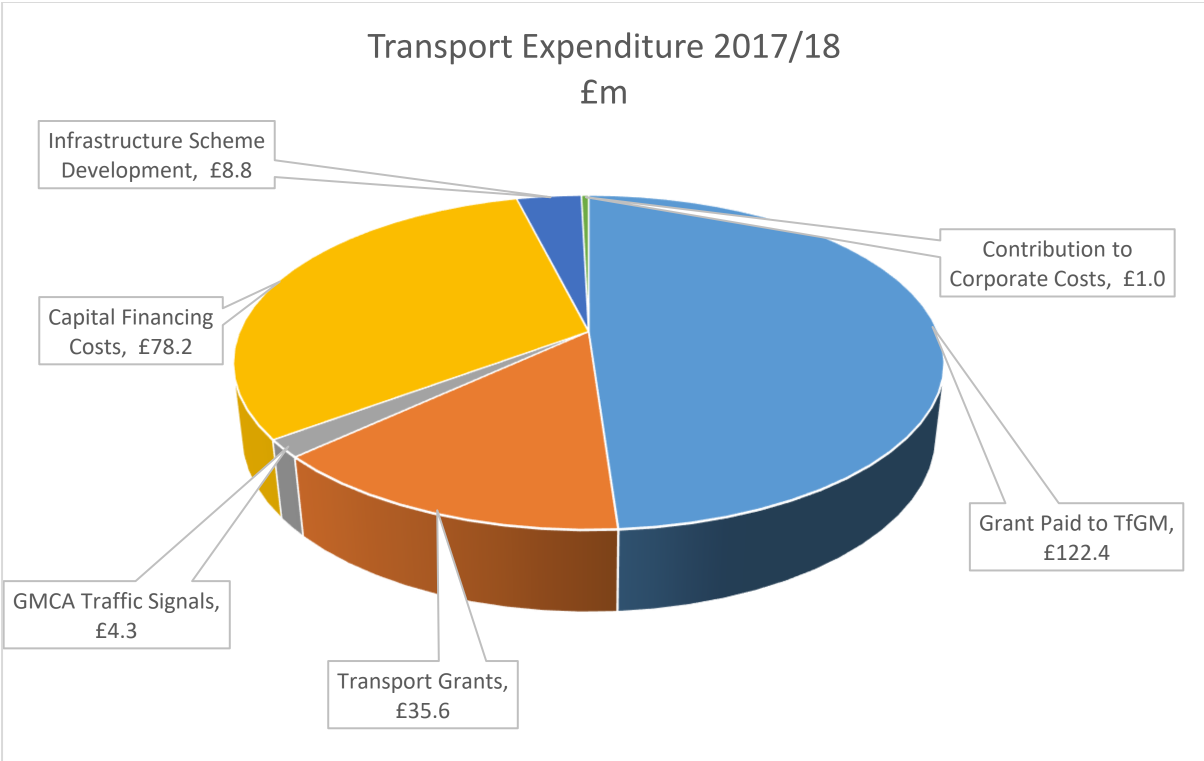
This will support the Combined Authority and its partners to monitor and review strategic priorities and delivery activity to maximise their positive impact for Greater Manchester.

Revenue Outturn 2017/18

The revenue outturn for the Authority is reported and managed in 4 sections, Highways and Transport, Economic Development and Regeneration, Mayoral General Fund and Mayoral Police Fund.

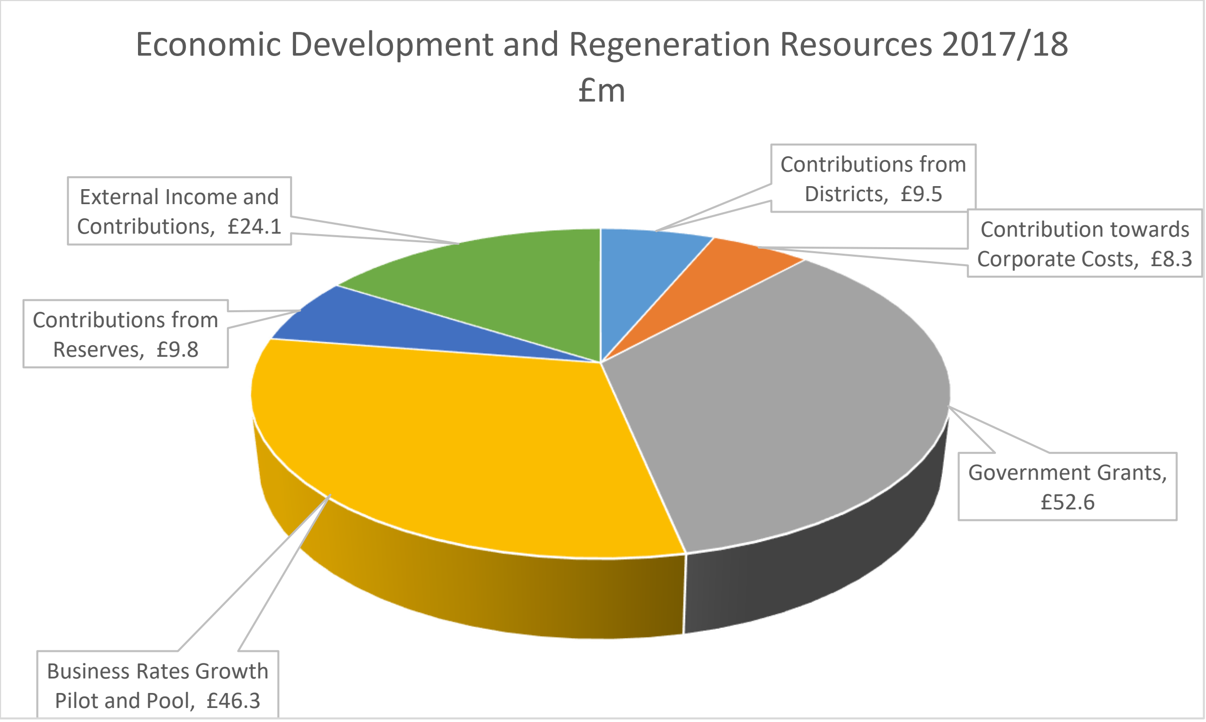
Highways and Transport
The charts below detail how the Highways and Transport revenue was funded and spent.

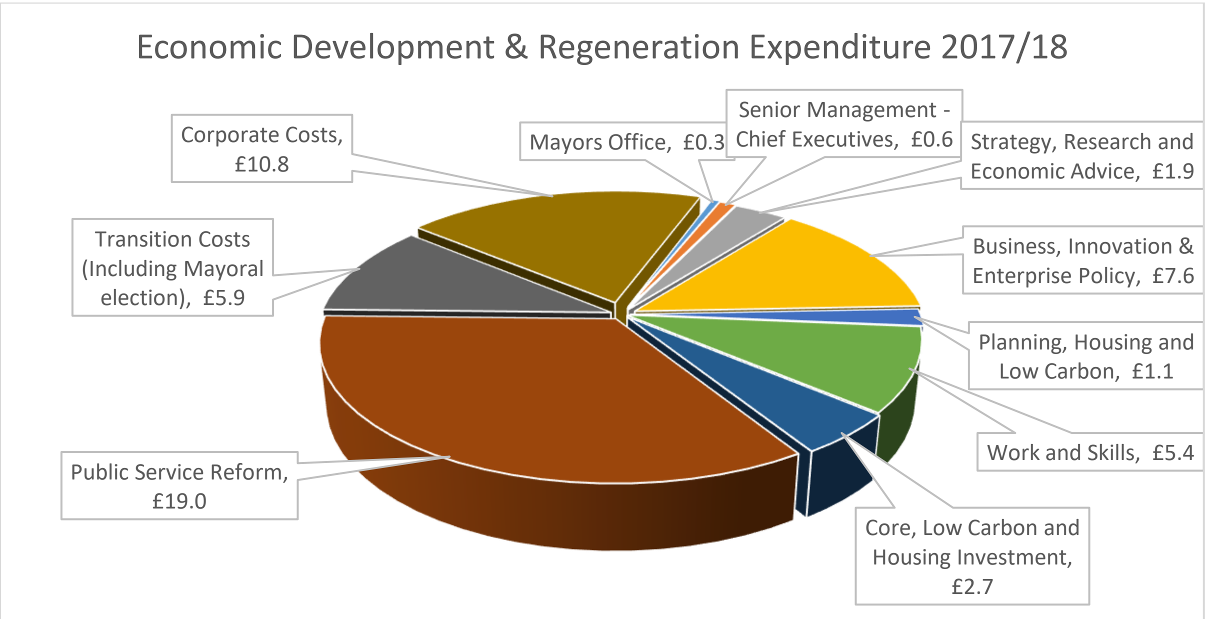




Full details of TFGM funding and performance can be found at:
http://www.tfgm.com/Corporate/Pages/CorporateLibrary/Statement-of-Accounts.aspx

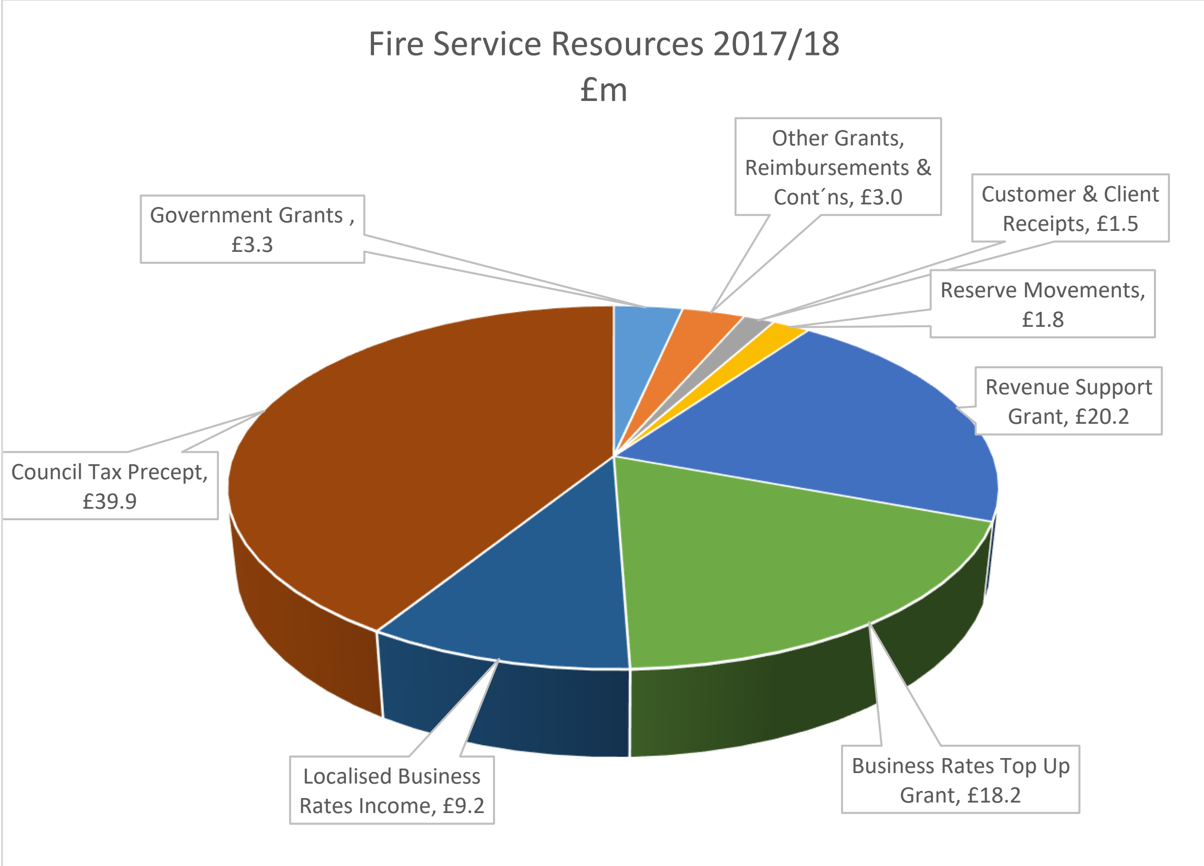
Economic Development and Regeneration
The charts below detail how the Economic Development and Regeneration revenue was funded and spent.

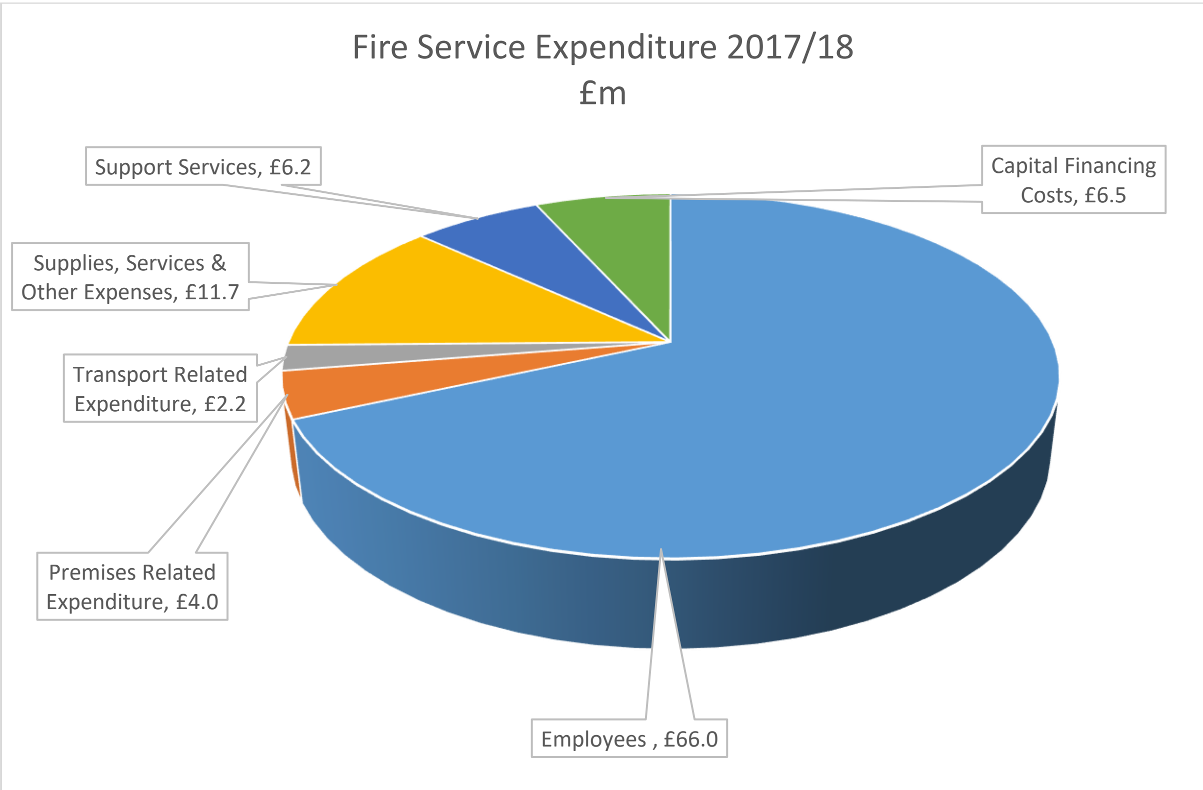




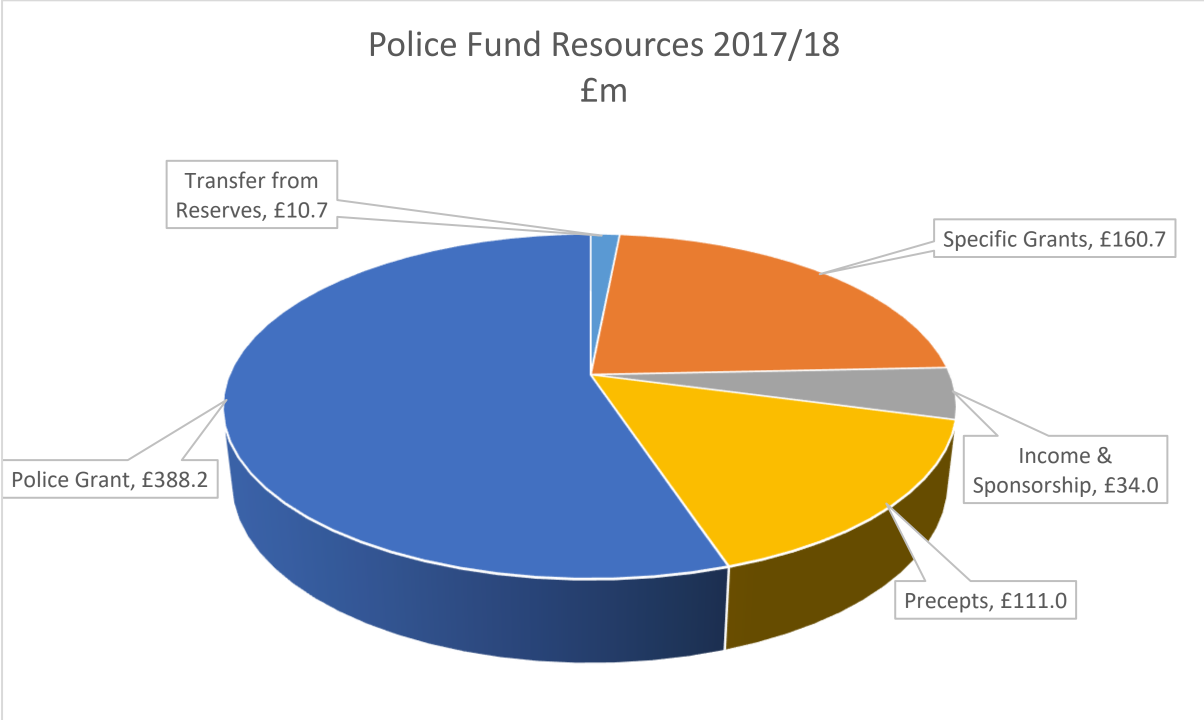
Mayoral General Fund
For 2017/18 the majority of the Mayoral General Fund was spent on Fire and Rescue Services. There was a small under spend of £0.4 million which was transferred in to general balances.

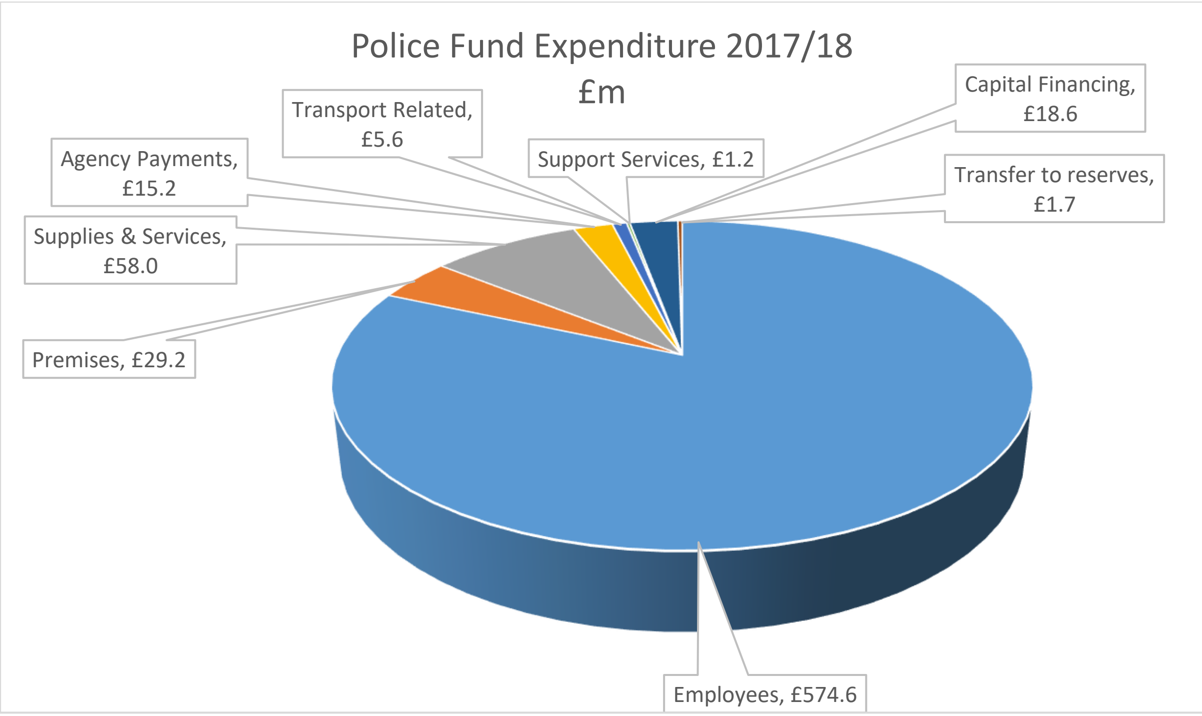
The charts below detail how the Fire and Rescue Service revenue was funded and spent.


Fire Service Resources 2017/18
£m
Other Grants, Reimbursements & Cont´ns, £3.0
Customer & Client Receipts, £1.5
Government Grants , £3.3
Reserve Movements, £1.8
Revenue Support Grant, £20.2
Council Tax Precept, £39.9
Localised Business Rates Income, £9.2
Business Rates Top Up Grant, £18.2


Fire Service Expenditure 2017/18
£m
Support Services, £6.2
Capital Financing Costs, £6.5
Supplies, Services & Other Expenses, £11.7
Transport Related Expenditure, £2.2
Premises Related Expenditure, £4.0
Employees , £66.0

Mayoral Police Fund
The charts below detail how the Mayoral Police Fund revenue was funded and spent. There was a small under spend of £0.7 million which was transferred to the ring fenced police fund general reserve.





Capital Programme and Financing 2017/18

The capital programme for the Authority is reported and managed in 4 sections, Highways and Transport, Economic Development and Regeneration, Mayoral Police Fund and Mayoral General Fund.

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

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

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

The Mayoral General Fund capital programme for 2017/18 wholly related to investment in fire and rescue projects such as vehicles, fire stations and new information technology.

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

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

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

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

SUMMARY OF CAPITAL SPEND AREAS	2017/18 £000
Greater Manchester Transport Fund	22,892
Stockport Council Schemes	62,579
Other Metrolink Schemes	76,313
Growth Deal	19,473
Minor Works	7,862
Traffic Signals	1,978
Highways Maintenance	29,272
Transport for the North	1,999
Other Capital Schemes	4,287
TOTAL TRANSPORT	**226,655**
TOTAL ECONOMIC DEVELOPMENT & REGENERATION	**16,703**
GMFRS Estates	2,009
GMFRS IT	293
GMRFS Vehicles and Equipment	1,936
TOTAL GMFRS	**4,238**
TOTAL GMCA CAPITAL SPEND	**247,596**

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

FUNDED BY:	2017/18 £000
Borrowing	31,967
Capital Grants	197,127
Useable Capital Receipts	5,971
Revenue Contribution to Capital Outlay	4,427
External Contributions	8,104
TOTAL FUNDING	**247,596**

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

POLICE FUND CAPITAL PROGRAMME SPEND (8TH MAY 2017 - 31 MARCH 2018)	2017/18 £000
Information System Transformation Programme	19,434
Estates	803
Information Systems	2,101
Vehicles	4,475
Other Capital Schemes	3,648
TOTAL POLICE FUND CAPITAL SPEND	**30,461**

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

FUNDED BY:	2017/18 £000
Borrowing	6,247
Capital Grants	3,947
Useable Capital Receipts	911
Use of Reserves	2,603
Revenue Contribution to Capital Outlay	16,753
TOTAL FUNDING	**30,461**

Treasury Management Performance in 2017/18

Borrowing and Borrowing Limits

In 2017/18 the Authority had an authorised limit for external debt of £1,489.7 million which compares to the actual level of debt outstanding at 31 March 2018 of £1,329.7 million. This is made up of the following figures:

	2016/17	2017/18
	£m	£m
Long-term Borrowing – PWLB/Other	937.9	1,144.7
Short-term Borrowing – PWLB/Other	23.0	169.0
Short-term Borrowing - Interbank	1.4	16.1
TOTAL	**962.3**	**1,329.7**

The Short-term Borrowing – Interbank represents on call monies from Manchester City Council and borrowing from a Greater Manchester Local Authority and the Greater Manchester Pension Fund to manage short term cash flow.

Total borrowings show an increase during the year of £367.4 million, £150 million relates to a new EIB loan with the majority of the remainder attributable to the in-year transfer of Greater Manchester Fire and Rescue Services and Greater Manchester Police and Crime Commissioner Treasury Management activity to the Authority on 8th May 2018.

Investments for Treasury Management Purposes

Short term money market deposits of cash balances in excess of current requirements as at 31 March 2018 were £340.2 million. This is made up of the following figures:

	2016/17	2017/18
	£m	£m
Bank Deposits	0.2	12.9
UK Government Backed Deposits	82.5	0
Greater Manchester Waste Disposal Authority	35.1	327.3
TOTAL	**117.9**	**340.2**

Total investments showed an increase in the year of £222.3 million. The main reason for this increase relates to lending of funds to the Greater Manchester Waste Disposal Authority, ahead of their transfer to the Authority on 1 April 2018.

Outlook for the future – financial landscape

Whilst the level and pace of future devolution cannot be fully predicted there are a number of orders in train to increase the powers of the Authority. All of which impact on future planning:

There is a further Transport Order which would cover increased Mayoral responsibilities including bus reform. This is currently at the early stage of discussion with Government officials and hence the various budgets are being prepared on the basis of the current split of responsibilities and particularly, that costs incurred in assessing and implementing 'bus reform' options are a GMCA responsibility and cannot be funded from a Mayoral precept in 2018/19.

A Parliamentary Order which gives wider borrowing powers to match the full range of GMCA functions has recently been passed. In particular this will allow the £300 million Housing Investment Fund to transfer from Manchester City Council to the Authority. The implications of this are reflected in both the revenue and capital budgets for 2018/19.

The 2018/19 Revenue Support Grant Settlement included the following elements relating to the various GMCA/Mayoral budgets:

- That £12 million would be made available for 'Mayoral Capacity' to the 6 Mayoral Combined Authorities to cover a two year period. There will be £1 million pa. for each Mayoral Combined Authority.

- That no 'notional budget' nor referendum principles would be set for Mayoral General Budgets in 2018/19. For Greater Manchester this means that the increased referendum limit of 3% which applies to other Fire Authorities will not be applicable to the Fire part of the Mayoral General Budget. Combined Authority Mayors are, therefore, not subject to any limitations on their General budgets or precepts for 2018/19.

- That the 100% business rates pilot for GM districts and the GMCA would continue for 2018/19.

Finally the implications of Brexit and other developments are unknown however further investment in inward investment and marketing are included in the 2018/19 budget.

With regard to the Police Fund there are a number of uncertainties which impact on the ability to plan for the medium term, mainly the delay in the £1bn project to transition from Airwave radio to the new Emergency Services Network (ESN). The only approved iteration of the Emergency Services Mobile Communication Programme (ESMCP) transition plan, issued in 2016, has the North West Forces going live on the ESN in September 2017. Although a revised national plan has yet to be agreed and published it is anticipated that transition for the North West Forces will not now start until at least late 2019. As it stands the delay will require the continuation of the existing Airwave contracts beyond Forces National Shut Down' (NSD) date of December 2019. There is a real concern that any additional costs arising as a result of this delay will involve further top-slicing to the Police Grant, particularly as the 2017/18 police funding settlement did not confirm the exact level of future reallocations which will fund the core costs of ESN beyond 2017/18. It is envisaged that it will take 12 months for GMP to fully transition to ESN followed by up to 2 years for the remaining Forces in England & Wales and other Emergency Service users to transition. Until then there will be a need to keep, and fund, a core Airwave provision. This effectively means funding dual running costs for up to 3 years. The lack of certainty regarding the national plan and funding position presents significant risk to medium term planning.

In recent years the settlement for the police grant has been made on an annual basis which makes planning in the medium term challenging. In the 2018/19 settlement the Policing Minister indicated that the police grant would remain at the same level in 2019/20 and Mayors and Police and Crime Commissioners would be allowed to increase the police precept by a further £12, only if the sector could demonstrate and deliver against national efficiency targets. Whilst this provides a level of certainty in planning for 2019/20 there is no certainty beyond this period.

Finally there have been numerous attempts to review the police funding formula however this is now not expected until at least 2020/21. There are a number of reasons why a review is significant to Greater Manchester, firstly the gearing ratio which is the proportion of total funding received via grant funding. For Greater Manchester the police grant makes up 78% of the total funding available for policing, this compares to a national average of 70%, with individual forces ranging from 48% to 86%. In practical terms this means that reductions in central funding have hit GMP harder than the majority of other police forces. Conversely if a future funding formula recognises the complexity of policing in Greater Manchester, funding could increase.

What's in the Statements of Accounts?

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

Statement of Responsibilities for the Statement of Accounts

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

Movement in Reserves Statement (MIRS)

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

Comprehensive Income and Expenditure Statement (CIES)

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

Balance Sheet (BS)

The balance sheet shows that the Authority recognised assets and liabilities.

Cash Flow Statement

This statement shows that cash and cash equivalents held by the Authority.

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

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

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

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

Supplementary Statements:

The Authority's pension liabilities have significantly increased as a result of the transfer for Police and Crime Commissioner and Fire functions to the Mayor / Combined Authority. These are unfunded pension schemes however, subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up grant.

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

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

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

The Mayoral General Fund Statement
The functions of the GMFRA that are exercisable in relation to the area of the Authority were transferred by Parliamentary Order to the Authority with effect from 8 May 2017. The Authority is the Fire and Rescue Authority for the area and the fire and rescue functions of the Authority are exercisable by the elected Mayor with all staff, properties, rights and liabilities transferring to the Authority.

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

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

Transport for Greater Manchester, Chief Constable of Greater Manchester Police, NW Evergreen Holdings Limited Partnership.

Glossary of financial terms
The nature of this document means that technical words are unavoidable. The glossary is intended to simplify and explain such words.

Richard Paver
Greater Manchester Combined Authority Treasurer
26 July 2018

Statement of Responsibilities for the Statement of Accounts

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

Further Information

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

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

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

Please contact us at the above address if you have any comments on the presentation of the Annual Statement of Accounts.

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

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

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Treasurer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the local authority 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 2018 and of its income and expenditure for the year ended 31 March 2018.

……………………………
Richard Paver
Greater Manchester Combined Authority Treasurer

Approval of the Statement of Accounts

I confirm that these accounts were approved by the Audit Committee on 26 July 2018

…………………………………
Gwyn Griffiths
Chair of the Audit Committee
26 July 2018

Greater Manchester Combined Authority

Single Entity Accounts

Core Financial Statements

Comprehensive Income and Expenditure Statement

Movement in Reserves Statement

Balance Sheet

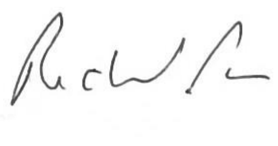
Cash Flow Statement

Notes to the Core Statements including Accounting Concepts and Policies

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost of providing services, rather than the amount set out in legislation that is chargeable to precepts, taxation and grant income. The taxation position is shown in the Movement in Reserves Statement and the Expenditure and Funding Analysis.

Gross Expenditure 2016/17 £000s	Gross Income 2016/17 £000s	Net Expenditure 2016/17 £000s	Comprehensive Income and Expenditure Statement	Note	Gross Expenditure 2017/18 £000s	Gross Income 2017/18 £000s	Net Expenditure 2017/18 £000s
			GMCA Continuing Operations				
336,625	(82,722)	**253,903**	Highways and Transport Services		396,550	(72,900)	323,650
27,610	(24,552)	**3,058**	Economic Development and Regeneration		76,297	(65,086)	11,211
364,235	**(107,274)**	**256,961**	**Total GMCA Continuing Operations**		**472,847**	**(137,986)**	**334,861**
			Transferred Services to GMCA				
			Mayoral General Fund Services				
			Fire and Rescue Services		73,610	(5,229)	68,381
			Mayors Office		105	(101)	3
			Total Mayoral General Fund Services		**73,715**	**(5,330)**	**68,384**
			Mayoral Police Fund Services				
			Mayoral Policing Services		33,654	(99,108)	(65,454)
			Funding provided by the Mayor to the Chief Constable to fund Police and Crime Services		536,444	0	536,444
			Total Mayoral Police and Crime Fund Services		**570,098**	**(99,108)**	**470,990**
364,235	**(107,274)**	**256,961**	**Total Cost of GMCA Operations**	10,12	**1,116,660**	**(242,424)**	**874,235**
176	0	176	Loss on Disposal of Non Current Assets		226	(36)	190
44,564	(4,924)	39,640	Financing and Investment Income and Expenditure	14	99,922	(6,782)	93,140
0	(297,281)	(297,281)	Taxation and Non Specific Grant Income	15	0	(935,240)	(935,240)
0	0	0	Home Office grant payable towards the cost of retirement benefits		101,959	(101,959)	0
408,975	**(409,479)**	**(504)**	**(Surplus) / Deficit on Provision of Services**		**1,318,766**	**(1,286,441)**	**32,325**
			Items that will not be subsequently classified in deficit on provision of services				
		75	Re-measurement of the net defined benefit liability				(13,157)
		0	(Surplus) / Deficit on revaluation of non current assets				(6,672)
		75	**Other Comprehensive (Income) & Expenditure**				**(19,829)**
		(429)	**Total Comprehensive (Income) and Expenditure**				**12,496**



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Richard Paver

Greater Manchester Combined Authority Treasurer

26 July 2018

Movement in Reserves Statement

This statement shows the movement in year on the different reserves held on behalf of the Authority including the Mayoral General Fund and the Mayoral Police Fund. Reserves are 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.

	General Fund Balances £000s	Capital Grants Unapplied Reserve £000s	Capital Receipts Reserve £000s	**Total Usable Reserves £000s**	**Total Unusable Reserves £000s**	**Total Authority Reserves £000s**
Balance as at 31 March 2016	**152,160**	**22,553**	**12,693**	**187,406**	**(1,090,463)**	**(903,057)**
Movement in Reserves during 2016/17						
Surplus or (deficit) on the provision of services	504	0	0	**504**	0	**504**
Total Comprehensive Income and Expenditure	0	0	0	**0**	(75)	**(75)**
Total Adjustments between accounting basis & funding basis under regulations	1,712	(10,751)	11,328	**2,289**	(2,289)	**0**
Transfers to or from Earmarked Reserves	0	0	0	**0**	0	**0**
Increase / (decrease) in year	2,216	(10,751)	11,328	**2,793**	**(2,364)**	**429**
Continuing Operations Balance as at 31 March 2017	**154,376**	**11,802**	**24,021**	**190,199**	**(1,092,828)**	**(902,628)**
Transferred Services Balances as at 8 May 2017						
Mayoral General Fund balance transferred from GMFRA	41,012	1,087	0	**42,099**	(1,641,821)	**(1,599,722)**
Mayoral Police Fund balance transferred from PCC	79,756	0	0	**79,756**	69,936	**149,692**
Restated Balances b/f for GMCA Services	**275,144**	**12,889**	**24,021**	**312,054**	**(2,664,713)**	**(2,352,658)**
Surplus or (deficit) on the provision of services	(32,325)	0	0	**(32,325)**	0	**(32,325)**
Total Comprehensive Income and Expenditure	0	0	0	**0**	19,829	**19,829**
Total Adjustments between accounting basis & funding basis under regulations	29,240	(11,449)	1,487	**19,278**	(19,278)	**0**
Transfers to or from Earmarked Reserves	231	(231)	0	**0**	0	**0**
Increase / (decrease) in year	(2,854)	(11,680)	1,487	**(13,047)**	551	**(12,496)**
Balance as at 31 March 2018	**272,290**	**1,209**	**25,508**	**299,008**	**(2,664,163)**	**(2,365,155)**

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.

2016/17 £000s	Balance Sheet	Note	2017/18 £000s
	Non Current Assets		
23,486	Property, Plant and Equipment	20	441,560
0	Heritage Assets		83
0	Investment Property		53
0	Intangible Assets		786
29,557	Long Term Debtors and Payments in Advance	21	23,219
1,163	Long Term Investments	22	745
54,206	**Total Non Current Assets**		466,445
	Current Assets		
0	Inventories and Stocks		2,012
28,199	Short Term Debtors and Payments in Advance	21	191,731
0	Amount due from the Pension Fund		9,188
119,234	Cash and Cash Equivalents	23	356,726
0	Short Term Assets Held for Sale		600
147,433	**Total Current Assets**		560,257
	Current Liabilities		
(24,380)	Short Term Borrowing	29	(181,227)
(94,038)	Short Term Creditors and Receipts in Advance	24	(185,714)
(23,863)	Capital Grants Receipts in Advance	13	(38,164)
(8,119)	Revenue Grants Receipts in Advance	13	(19,995)
0	Short Term Provisions	25	(6,763)
0	Short Term Lease Liability	26	(1,500)
(2,869)	Short Term Deferred Liability	27	(4,824)
(153,269)	**Total Current Liabilities**		**(438,186)**
	Long Term Liabilities		
(937,892)	Long Term Borrowing	29	(1,148,517)
0	Long Term Provisions	25	(12,461)
0	Long Term Lease Liability	26	(50,331)
(12,954)	Long Term Deferred Liability	27	(16,053)
(152)	Pensions Liability	33	(1,726,309)
(950,998)	**Total Long Term Liabilities**		**(2,953,671)**
(902,628)	**Net Assets (Liabilities)**		**(2,365,155)**
	Financed by:		
190,200	Usable Reserves	9	299,008
(1,092,828)	Unusable Reserves	28	(2,664,163)
(902,628)	**Total Reserves**		**(2,365,155)**

Richard Paver
Treasurer of the Greater Manchester Combined Authority
26 July 2018

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 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 Authority 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 Authority.

2016/17 £000s	Cash Flow Statement	Note	2017/18 £000s
(504)	**Net (surplus) / deficit on the provision of continuing operations**		**32,325**
14,281	Adjustments to net surplus on the provision of services for non cash movements		(22,088)
4,235	Adjust for items included in the net surplus on the provision of services that are investing and financing activities		(6,451)
18,012	**Net Cash Flows from Operating Activities**	32a	**3,786**
(170)	Investing Activities	32b	31,100
17,889	Financing Activities	32c	(250,227)
35,731	**(Increase) / Decrease in Cash and Cash Equivalents**		**(215,342)**
154,965	Cash and cash equivalents on 1 April 2017 for continuing operations		119,234
	Cash and cash equivalents on 8 May 2017 for transferred operations		22,150
	Restated cash and cash equivalents brought forward for all operations		**141,384**
119,234	**Cash and cash equivalents at the end of the reporting period**		**356,726**

Greater Manchester Combined Authority

Single Entity Accounts

Notes to the Core Financial Statements

Notes to the Core Financial Statements

1 Accounting Concepts and Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018. 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.

Expenditure and income relating to Police and Crime Commissioner functions and Fire and Rescue functions within the Authority's 2017/18 accounting statements will be for an 11 month period 8 May 2017 to 31 March 2018. Absorption Accounting will be used to bring the functions into the Authority's accounting statements in 2017/18.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 21 of the Local Government Act 2003.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Accounting Concepts

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

Qualitative characteristics
The usefulness of financial statements is enhanced if they are comparable between similar organisations and between financial years. The Code of Practice promotes comparability by designating the form and content of the financial statements which includes a comparison with the previous financial period.

Section 2.5 of the Code of Practice for 2017/18 outlines the requirements of transfers by absorption accounting. The Authority's 2017/18 statements include the transfer in by absorption accounting of the transactions and balances from 8 May 2017 of the functions previously provided by the GMFRA and PCC. The 2016/17 comparator information for these functions is not required to be included by section 2.5 of the Code of Practice therefore full comparison between financial periods cannot be made in these statements.

Presentation Conventions

Greater Manchester Combined Authority is referred to as 'the Authority' throughout this document.

Financial information disclosed in the tables within this document is shown in £ thousands and columns are headed as £000s.

Financial information disclosed in any narrative supporting the tables is shown in £ millions e.g. £5.6 million.

Reference to the General Fund throughout the document is the collective description for the following funds:

- The Authority General Fund
- The Mayoral General Fund
- The Mayoral Police Fund

Accounting Policies

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from sale of goods is recognised when the significant risks and rewards of ownership are transferred to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority;
- Revenue from the provision of services is recognised when we can reliably measure the completion of the transaction and where it is probable that economic benefits or service potential associated with the transaction will flow to the Authority;
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet;
- Expenses relating to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than on the basis of the cash flows fixed or determined by the contract; and
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance sheet.

Provision is made for debts that are not considered to be collectable – referred to as impairment of financial assets. This provision is calculated based on a risk assessment of each debt. The balance of debtors on the Balance Sheet is reduced by the amount of provision made.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions, Local Authorities and GM Waste Disposal Authority (GMWDA), repayable without penalty on notice of no more than 24 hours. At 1 April 2018 deposits with GMWDA have effectively ceased when they became part of the Authority.

Cash equivalents are highly liquid investments that mature in no more than three months from the balance sheet date and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies, or to correct a material error. Changes in accounting estimates are accounted for prospectively, in other words, in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. If material errors are discovered in a prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

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

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

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

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

Termination Benefits

A termination benefit liability is recognised at the earlier of the following dates: when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring under IAS 37 Provisions, Contingent Liabilities and Contingent Assets which involves the payment of termination benefits.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are made to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits – Pensions

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

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

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

The Fire Service Pension Scheme
This is an unfunded scheme, which is administered by the Authority in accordance with Government Regulations. For such schemes as there are no investment assets, the IAS19 requires recognition of the liability and pension reserve in the Balance Sheet and transactions in the Comprehensive Income and Expenditure Account for movements in the liability and reserve. The primary objective is to allow the separation of the cost of providing pensions from the cost of running a fire and rescue service.

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

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

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

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

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

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

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

Property, Plant and Equipment and Assets under Construction
These are assets having physical substance and being held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year.

Recognition
Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably.

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

Measurement
Assets are initially measured at cost, comprising:

- The purchase price;
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

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

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

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

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

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account. Where non-property assets that have short useful lives or low values (or both), for example vehicles, depreciated historical cost basis is used as a proxy for fair value.

Impairment
Assets are assessed each year as to whether there are indications that an asset may be impaired. Where reliable and consistent indications exist and differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for by:

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

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

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

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

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

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

The table below shows the range of useful lives utilised in calculating depreciation for each class of asset:

Estimated Useful Lives	Years
Infrastructure Assets	
Traffic Signals	11
Assets Deployed for Fire and Rescue Services	
Buildings	20 to 75
Vehicles, Plant and Equipment	3 to 15
Land and Community Assets	no depn
Assets Deployed for Police Services	
Buildings	50 to 99
PFE	5 to 15
Vehicles	5 with 10% residual value

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

Disposals
When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal of £10,000 or more are categorised as capital receipts, are credited to the Capital Receipts Reserve (CRR), and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the relevant Mayoral or Authority CRR from the relevant Mayoral or Authority Balances in the movement in reserves statement.

The written-off value of disposals is not a charge against statutory funding, as the cost of fixed 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.

Revaluations
A rolling programme of revaluation of land and buildings is contained within the Authority's Asset Management Plan. This rolling programme caters for the re-valuation of all fixed assets and is carried out over 5 years.

Fair Value
The Authority measures some of its non-financial assets, such as Investment properties, 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 liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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;
- No early repayment or impairment is recognised;
- The fair value of trade and other receivables and creditors is taken to be the invoiced or billed amount.
- The fair value of the available for sale assets is the carrying amount

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

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

Componentisation Policy

The Code of Practice on Local Authority Accounting requires each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset to be depreciated separately. Where there is more than one significant part of the same asset which have the same useful life and depreciation method, such parts may be grouped in determining the depreciation charge. In practice this can be achieved by only separately accounting for significant components that have different useful lives and/or depreciation methods. The requirement for componentisation for depreciation purposes is applicable to enhancement and acquisition expenditure incurred and revaluations carried out from 1 April 2010.

Revenue Expenditure Funded by Capital Under Statute

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

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

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

For capital expenditure incurred on Metrolink and Greater Manchester Transport Fund Schemes after 1 April 2008, MRP is deferred until the year after the asset has been commissioned into use and will be on an annuity basis over the estimate useful life.

For capital expenditure incurred on assets relating to Policing Services after 1 April 2008, MRP is charged on a straight line basis over the expected useful life of the asset.

For capital expenditure incurred on Fire and Rescue Services between 1 April 2008 and 31 March 2012 using supported capital expenditure approvals, MRP is charged using the regulatory method, and after 1 April 2012 using unsupported borrowing, MRP is charged on a straight line basis over the expected useful life of the asset.

Capital and Revenue Grants and Contributions

Revenue Grants and Contributions
All revenue grants and contributions to the Authority relate to a specific service. Where conditions have been met revenue grants and contributions are credited to the relevant Running Costs line within Cost of Services. When the expenditure relating to specific grants has not been incurred the Authority has elected to make a contribution equivalent to the unspent amount of grant to an earmarked reserve. This reserve will be released in future financial years when the expenditure to which the grant relates is incurred.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as receipts in advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

Grants and Contributions relating to Revenue Expenditure funded by Capital under Statute (REFCUS)
Where conditions have been met, these grants and contributions that are attributable to assets not owned by the Authority (Revenue Expenditure Funded by Capital Under Statute) are credited to the Capital Grants Receivable 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.

During 2017/18 the Authority was the accountable body for Transport for the North (TFN) receiving grant income from the Department for Transport on their behalf. This grant money has been paid out to relevant contractors performing work on behalf of TFN, and the balance has been paid over to TFN in the new financial year when it achieved statutory status and the Authority has ceased to be the accountable body.

Local Taxation

Council Tax
Council Tax Precepts were set by GM Fire and Rescue Authority and GM Office for the Police and Crime Commissioner for the financial year 2017/18 in their capacity as major preceptors. The income from these precepts from 8 May 2017 became income due to the Authority under the Parliamentary Orders which abolished the two entities and transferred their functions to the Authority. The income received is to be accounted for in the Mayoral General Fund and the Mayoral Police Fund respectively.

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

NNDR
From the 1st April 2013 the District Councils as billing authorities of Greater Manchester have acted as agents; they have collected National Non Domestic Rates (NNDR) income on behalf of Central Government, the GM Fire and Rescue Authority up to 7 May 2017 and now for the Authority from 8 May 2017 as well as themselves.

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

For 2017/18 Greater Manchester is a pilot area for the 100% Business Rates Retention Scheme and the relevant shares of NNDR income for 2017/18 are Central Government (0%), GM District Councils (99%) and the Authority (1%).

For both council tax and NNDR, the income reflected in the CIES in 2017/18 is the Authority's share of the income relating to that year. However the amount of council tax / NNDR income that can be credited to the General Fund for the year is determined by statute and may be different from the accrued income position shown in the CIES. An adjustment is made via the Movement in Reserves Statement for the difference between the income due under proper accounting practice and the income per statute.

Financial Assets
Financial assets are classified into two types:

- Loans and receivables - assets that have fixed or determinable payments but are not quoted in an active market
- Available for sale assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables
Loans and receivables (e.g. investments and debtors) are initially measured at fair value and carried at their amortised cost (when the interest received is spread evenly over the life of the loan). Credits to the Financing and Investment Income line within the Comprehensive Income and Expenditure Statement for interest received are based on the balance sheet amount of the asset multiplied by the effective interest rate for the financial instrument.

For the loans that the Authority has made this means the amount shown in the balance sheet is the outstanding principal receivable plus accrued interest. The amount of interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year per the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the Contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Financial Liabilities
Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable plus accrued interest. The interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

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

Impairment of non-financial assets
Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Unquoted Equity Investments at Cost less Impairment
Unquoted Equity Investments at Cost less Impairment 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. The inputs to the measurement techniques are categorised into three levels:

- Level 1 inputs – quoted price in an active market for identical assets that the Authority can access at the balance sheet date;
- Level 2 inputs – inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly;
- Level 3 inputs – unobservable inputs for the asset. If the application of all relevant valuation techniques produces a significant range of reasonable fair value estimates such that no valuation would be reliable, the instrument is exempted from fair value measurement and is carried at cost less impairment.

Value Added Tax (VAT)
VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty’s Revenue and Customs. VAT receivable is excluded from income.

Reserves and Balances
The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus and Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge for the expenditure.

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

From 2017/18 onwards the Authority will keep memorandum accounts to hold the ring fenced reserves and balances relating the new Mayoral General Fund and the Mayoral Police Fund.

Earmarked reserves and general fund balances from GM Fire and Rescue Authority as at 7 May 2017 transferred to the Mayoral General Fund.

Earmarked reserves and general fund balances from GM Office for the Police and Crime Commissioner as at 7 May 2017 transferred to the Mayoral Police Fund.

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

Revenue from sale of goods is recognised when the significant risks and rewards of ownership are transferred to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority;

Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where revenue has been recognised but cash has not been received or paid, a debtor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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

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

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

Contingent liabilities
A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Provisions
Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

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

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

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

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

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

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

An assessment of all the Authority's interests has been carried out during the year, in accordance with the Code of Practice, to determine the relationships that exist and whether they should be included within the Authority's group accounts. As such, Group accounts have been prepared for the Authority to include Transport for Greater Manchester, Chief Constable for Greater Manchester Police and North West Evergreen Holdings LP. The prior year figures for the group have been restated to remove those organisations which are classed as immaterial. These are: Greater Manchester Accessible Transport Ltd; Commission for New Economy; and Manchester Investment and Development Agency Service.

Discretionary Benefits
The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies that are applied to the Local Government Pension Scheme.

Benefits Payable During Employment
Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, and are recognised as an expense for services in the year in which employees render service to the Authority. 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 benefits are charged to the General Fund in the financial year in which the holiday absence occurs.

Private Finance Initiative (PFI)
PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under his PFI schemes, and as ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on his Balance Sheet as part of Property, Plant and Equipment.

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

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

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

- **Fair value of the services received during the year** – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- **Finance costs** – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- **Contingent Rents** – Increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- **Payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- **Lifecycle replacement costs –** proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

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

Absorption Accounting
This is the method by which the in-year day to day cost of operations and the opening balance sheet balances associated with the functions transferred from GMFRA and PCC have been incorporated into the financial statements of the Authority. Operations transferred on 8 May 2017.

Throughout the statements functions transferred from GMFRA are disclosed as Mayoral General Fund Services and functions transferred from PCC are disclosed as Mayoral Police Fund Services.

Section 2.5 of the Code of Practice on Local Authority Accounting 2017/18 outlines the accounting requirements and the effect on the main statements and notes to the statements is summarised below:

In year transactions from 8 May 2017 associated with the day to day costs of operating the transferred functions are disclosed on the face of the Comprehensive Income and Expenditure Account and associated notes under the heading of transferred services.

The opening balances as at 8 May 2017 from the balance sheets of GMFRA and PCC are incorporated into the Authority's balance sheet and associated notes as in year transactions and are disclosed as opening balances transferred in from each of the curtailed entities.

The 2016/17 comparator information relating to the transferred functions is not included in the Authority's statements or associated notes.

2 Critical Accounting Judgements

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

Government Funding
There is a degree of uncertainty about future levels of some of the major funding streams for parts of the Authority and Local Government as a whole. The Authority has had to consider a range of options on how to continue to provide some elements of its services with a reduced level of funding.

As part of these deliberations a possible reduction in its asset base across the Police and Crime and Fire and Rescue functions has been considered. However there is not currently a sufficient indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

Private Finance Initiative (PFI)
The Authority is deemed to control the services provided under its PFI arrangements for the Stretford Fire Station and various Police Station sites. This assessment was based on advice received from expert external advisors. The accounting policy for PFI's has been applied to these arrangements and the assets are recognised as Property, Plant and Equipment in the Balance Sheet.

Greater Manchester Devolution

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

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

The closing balance sheet of GMFRA will be brought into the Authority's 2017/18 balance sheet as an in year transfer using the absorption accounting policy. The Authority's prior year comparative values will not be restated to include the GMFRA 2016/17 values.

Expenditure and income relating to Fire and Rescue functions within the Authority's 2017/18 accounting statements will be for an 11 month period 8 May 2017 to 31 March 2018.

Greater Manchester Police and Crime Commissioner (PCC)
The functions of the PCC in Greater Manchester, were transferred by Parliamentary Order, to the Authority with effect from 8 May 2017. The PCC functions are to be exercised by the elected Mayor, the legal entity known as the Police and Commissioner's Office ceased to exist 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 Police Fund to be kept by the Mayor by virtue of section 21 of the Police Reform and Social Responsibility Act 2011.

The closing balance sheet of the PCC will be brought into the Authority's 2017/18 balance sheet as an in year transfer using the absorption accounting policy. The Authority's prior year comparative values will not be restated to include the PCC 2016/17 values.

Expenditure and income relating to Police and Crime functions within the Authority's 2017/18 accounting statements will be for an 11 month period 8 May 2017 to 31 March 2018.

Group Accounts Considerations

A review of the entities related to the Authority in 2017/18 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 Constables officers and staff operate. The Authority receives all income and funding and makes all the payments for the policing activity from the Mayoral Police Fund. The Police Fund is disclosed in the supplementary notes to the main Authority accounting statements.

Expenditure and income included in the Chief Constables 2017/18 accounting statements and the Authority's group accounts will be for an 11 month period 8 May 2017 to 31 March 2018.

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

For information we have included details of transactions with the TFGM in the related parties note (note 31).

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

NW Evergreen Holdings Limited Partnership (NWEH)
NWEH is included in the Authority's group accounts. In September 2016 the Authority established NWEH to act as a holding fund for earlier tranches of ERDF funding. The Fund has received significant funding from ERDF and will invest in sub funds that provide opportunities to identify, research and negotiate investment opportunities in properties in the North West of England.

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

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

Commission for New Economy Limited (CNE)
CNE is a private company limited by guarantee without share capital. The Authority is the person with significant control and has previously included CNE in its group accounts. On the grounds of immateriality it has been decided that **CNE is not included** in the group accounts from 2017/18 onwards and the group position for 2016/17 has been restated to exclude the comparative figures for CNE.

Greater Manchester Accessible Transport Limited (GMATL)
GMATL is a private company limited by guarantee without share capital. The Authority is the person with significant control and has previously included GMATL in its group accounts. On the grounds of immateriality it has been decided that **GMATL is not included** in the group accounts from 2017/18 onwards and the group position for 2016/17 has been restated to exclude the comparative figures for GMATL.

Manchester Investment and Development Agency Service (MIDAS)
MIDAS is a private company limited by guarantee without share capital. The Authority is the person with significant control and has previously included MIDAS in its group accounts. On the grounds of immateriality it has been decided that **MIDAS is not included** in the group accounts from 2017/18 onwards and the group position for 2016/17 has been restated to exclude the comparative figures for MIDAS.

3 Key Sources of Estimation and Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with certainty actual results could be different from the assumptions and estimates.

The items in the Authority's Balance Sheet as at 31 March 2018 for which there is a risk of adjustment in the following financial year are:

Property Valuations, Depreciation and Impairments Assessments
Professional valuations of all land and property assets is obtained in accordance with Accounting Guidance. In practice this is done on a rolling 5 year basis with each asset being valued at least once every 5 years. The carrying value of assets is also reassessed when capital expenditure has been incurred on them.

Before the recession the valuation trend had been upwards but in recent years this has become more variable. In the opinion of the Valuer, there is no trend that would recommend a general impairment of all the property held. If such a trend were to appear this would be reflected by a reduced asset value and a reduction in either the Capital Adjustment Account or the Revaluation Reserve. A 1% reduction in asset values would generate a reduction of around £3.404m.

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.

Impairment of Debt
Provision is made for long and short term debts that are not considered to be collectable – referred to as an impairment of debt or a bad debt provision. This is calculated based on a risk profile for each debtor. The balance of debtors on the Balance Sheet is reduced by the amount of the

provision made. If the actual risk was different from that assessed, the balance could be under or over stated.

Pensions Liability
Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the expected rate of price inflation, the rate at which salaries and pensions are expected to increase, mortality rates and rate of commutation of pensions. A firm of actuaries is engaged by the Pension Fund to provide expert advice about the assumptions to be applied. The effects on the net pension liability of changes in individual assumptions can be measured. For instance a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £9.96m and a 0.5% increase in the assumed pension rate increase would result in a £24.65m increase in the pension liability. A one year increase in member life expectancy would approximately increase the pension liability by 3-5% (the action cost of a one year increase in life expectancy will depend on the structure of the revised assumption).

Insurance Provisions and Reserves
The estimates for short term and long term insurance provisions and reserves are based on a combination of information provided by an independent actuary and an estimation of likely future claims arising from prior year incidents. The basis of the calculation is the average number of total claims multiplied by the average cost per claim settled in previous years.

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 Authority to disclose information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the 2017/18 Code.

The Code has introduced a number of changes in accounting policies, which will be required from 1 April 2018. The Authority is still fully assessing the impact of standards not yet adopted and will be finalising the review in 2018/19.

Amendments to:

- IFRS 9 Financial Instruments;
- IFRS 15 Revenue from Contracts with Customers;
- IAS 12 Income Taxes, Recognition of Deferred Tax Assets for Unrealised Losses;
- IAS 7 Statement of Cash Flows: Disclosure Initiative.

The transitional reporting requirements for IFRS 9 and IFRS 15 have been adopted such that the preceding year (2017/18) will not be restated.

5 Post Balance Sheet Events

Events after the balance sheet date are those that occur between the end of the reporting period (i.e. 31 March) and the date when the Statement of Accounts is authorised for issue. The Authority is required to disclose any material events as a note to the accounts. The following event has therefore been included:

The Greater Manchester Waste Disposal Authority (WDA) was wound up on 31 March 2018 and the function has been transferred by parliamentary order to the Authority from 1 April 2018. The WDA will be transferred into the Authority's financial statements in 2018/19 under the absorption accounting method. The balance sheet figure of the WDA at 31 March 2018 is £82.5m.

6 Authorisation for the Issue of the Statement of Accounts

The 2017/18 Statement of Accounts was authorised for issue by the Treasurer on 31 July 2018.

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 Directorates. Income and expenditure accounted for under generally accepted accounting practice is presented more fully in the Comprehensive Income and Expenditure Statement.

2016/17				2017/18		
Net expenditure chargeable to the General Fund Balance £000s	Adjustments between Funding and Accounting Basis £000s	Net expenditure in the Comprehensive Income and Expenditure Statement £000s		Net expenditure chargeable to the General Fund Balance £000s	Adjustments between Funding and Accounting Basis £000s	Net expenditure in the Comprehensive Income and Expenditure Statement £000s
			Continuing Services			
163,651	90,252	253,903	Highways and Transport Services	160,274	163,376	323,650
(2,308)	5,366	3,058	Economic Development and Regeneration	(1,941)	13,152	11,211
			Transferred Services			
			Mayoral General Fund Services	78,993	(10,609)	68,384
			Mayoral Police Fund Services	492,409	(21,419)	470,990
161,343	**95,618**	**256,961**	**Cost of Services**	**729,735**	**144,501**	**874,235**
(163,559)	(93,906)	(257,465)	Other Income and Expenditure	(726,650)	(115,261)	(841,910)
(2,216)	**1,712**	**(504)**	**(Surplus) / Deficit**	**3,085**	**29,240**	**32,325**
152,160			**Opening General Fund Balance and Earmarked Reserves Continuing Services**	**154,376**		
			Opening Mayoral General Fund Balance and Earmarked Reserves transferred from GMFRA	41,012		
			Opening Mayoral Police Fund Balance and earmarked Reserves transferred from PCC	79,756		
			Restated Opening General Fund Balance GMCA Services	**275,144**		
2,216			**Surplus / (Deficit) on General Fund Balance in year**	**(3,085)**		
0			**Transfers between reserves**	**231**		
154,376			**Closing General Fund Balance at 31 March**	**272,290**		

7b Note to the Expenditure and Funding Analysis

2016/17					2017/18			
Adjustments for Capital Purposes (a) £000s	Pension Adjustments (b) £000s	Other Adjustments (c) £000s	Total Adjustments £000s		Adjustments for Capital Purposes (a) £000s	Pension Adjustments (b) £000s	Other Adjustments (c) £000s	Total Adjustments £000s
				Continuing Services				
90,252	0	0	90,252	Highways and Transport	163,376	0	0	163,376
5,325	41	0	5,366	Economic Development and Regeneration	17,408	(4,256)	0	13,152
				Transferred Services				
				Mayoral General Fund Services	(142)	(10,466)	0	(10,609)
				Mayoral Police Fund Services	(20,690)	(729)	0	(21,419)
95,577	**41**	**0**	**95,618**	**Net Cost of Services**	**159,952**	**(15,451)**	**0**	**144,501**
(98,032)	0	4,126	**(93,906)**	**Other Income and Expenditure**	(155,401)	44,764	(4,623)	**(115,261)**
(2,455)	**41**	**4,126**	**1,712**	**Difference between General Fund Surplus and CIES Deficit on the Provision of Services**	**4,550**	**29,313**	**(4,623)**	**29,240**

a) Adjustments for capital purposes includes revenue expenditure funded from capital under statute, depreciation and impairment, gain/loss on disposal of non-current assets, capital grants and contributions, minimum revenue provision and revenue contribution to capital outlay.

b) Pension adjustments include employer's contribution to the pension scheme and retirement benefits per IAS 19.

c) Other adjustments include contributions to capital bad debt provision and available for sale financial instruments.

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 the resources that are specified by statutory provisions as being available 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 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.

2016/17					2017/18			
Usable Reserves					Usable Reserves			
General Fund Balance £000s	Capital Grants Unapplied £000s	Capital Receipts Reserve £000s	Unusable Reserves £000s	Accounting Basis to Funding Basis	General Fund Balance £000s	Capital Grants Unapplied £000s	Capital Receipts Reserve £000s	Unusable Reserves £000s
189,437	0	0	(189,437)	Transport Revenue Expenditure Payable to TfGM and District Councils funded from Capital Under Statute	218,085	0	0	(218,085)
5,826	0	0	(5,826)	Regeneration Revenue Expenditure Payable to District Councils funded from Capital Under Statute	7,765	0	0	(7,765)
	0	0	0	Fire Services Revenue Expenditure Funded from Capital Under Statute	401	0	0	(401)
4,307	0	0	(4,307)	Charges for depreciation and impairment of non-current assets	26,800	0	0	(26,800)
176	0	0	(176)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	89	0	0	(89)
0	0	0	0	Charges for amortisation of intangible assets	191	0	0	(191)
(173,369)	0	0	173,369	Capital Grants and Contributions - REFCUS	(184,580)	(231)	0	184,811
0	0	0	0	Capital Grants and Contributions - non REFCUS	(4,962)	0	0	4,962
(3,099)	0	0	3,099	Contributions Receivable - Traffic Signals	(1,978)	0	0	1,978
0	0	0	0	Capital grants and contributions unapplied	(12)	(9,060)	0	9,072
235	0	0	(235)	Impairment of Loans and Investments	10,445	0	0	(10,445)
4,131	0	0	(4,131)	Contribution to Capital Bad Debt provision	(4,585)	0	0	4,585
(23,327)	0	0	23,327	Minimum Revenue Provision for capital financing	(34,958)	0	0	34,958
(2,720)	0	0	2,720	Inherited Debt Principal Payment	(4,646)	0	0	4,646
(671)	0	0	671	Revenue Contributions to Fund Capital - RCCO	(23,785)	0	0	23,785
0	0	0	0	Revaluation (increase) / decreases recognised in the Surplus or Deficit on the Provision of Services	(3,098)	0	0	3,098
0	0	0	0	Revaluation Losses not charged to services	110	0	0	(110)
0	0	0	0	Revaluation of Equity Investments	(420)	0	0	420
				Usable Capital Receipts	(911)	0	0	911
750	0	0	(750)	Available for sale financial instruments	0	0	0	0
0	(10,751)	0	10,751	Short / Long Term Debtor financed from Capital Grants	0	(2,389)	0	2,389
0	0	17,945	(17,945)	Write Down of Long Term Debtor	127	0	7,158	(7,285)
0	0	(6,619)	6,619	Long and Short Term Debtor financed from Capital Receipts	0	0	(5,671)	5,671
(3)	0	0	3	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirements	118	0	0	(118)
122	0	0	(122)	Reversal of items related to retirement benefits debited or credited to the CIES	79,616	0	0	(79,616)
(81)	0	0	81	Employer's pension contributions and direct payments to pensioners in the year	(50,303)	0	0	50,303
0	0	0	0	Amount by which Precept and non-domestic rates income credited to the CIES is different to the amounts calculated in accordance with statutory requirements	(85)	0	0	85
0	0	0	0	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	47	0	0	(47)
1,714	**(10,751)**	**11,326**	**(2,289)**	**Total Adjustments**	**29,471**	**(11,680)**	**1,487**	**(19,278)**

9a Transfers to/from Earmarked Reserves

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

1 April 2016 £000s	Transfers in/out £000s	31 March 2017 £000s	Earmarked Reserves and Balances	Continuing Operations 1 April 2017 £000s	Transferred Services 8 May 2017 £000s	Restated Opening Balances £000s	Transfers in/out £000s	31 March 2018 £000s
			Transport, Economic Development and Regeneration					
0	1,554	**1,554**	Growing Places Fund (LEP)	**1,554**		**1,554**	0	**1,554**
1,877	(825)	**1,052**	Local Sustainable Transport Fund	**1,052**		**1,052**	(501)	**551**
4,045	(1,362)	**2,683**	Youth Contract	**2,683**		**2,683**	(245)	**2,438**
494	119	**613**	LEP Strategic Plans Funding (LEP)	**613**		**613**	(139)	**474**
5,078	(1,737)	**3,341**	City Deal	**3,341**		**3,341**	(1,158)	**2,183**
250	325	**575**	One Public Estate	**575**		**575**	458	**1,033**
0	0	**0**	Clean Air Plan	**0**		**0**	1,003	**1,003**
0	0	**0**	Manchester Western Loop	**0**		**0**	775	**775**
0	0	**0**	GM Trailblazer	**0**		**0**	1,734	**1,734**
0	0	**0**	Public Service Reform	**0**		**0**	8,469	**8,469**
0	2,348	**2,348**	Earn-back Revenue	**2,348**		**2,348**	5,879	**8,227**
0	1,431	**1,431**	HS2 Growth Strategy	**1,431**		**1,431**	(1,268)	**163**
105,626	212	**105,838**	Capital Programme Reserve	**105,838**		**105,838**	(91,614)	**14,224**
10,793	(10,793)	**0**	Metrolink Reserve	**0**		**0**	0	**0**
2,958	3,230	**6,188**	Regional Growth Fund / Growing Places Interest and Arrangement Fees	**6,188**		**6,188**	1,253	**7,441**
0	0	**0**	Business Rates Top Up	**0**		**0**	34,305	**34,305**
12,500	0	**12,500**	Integrated Ticketing Reserve	**12,500**		**12,500**	0	**12,500**
0	1,950	**1,950**	Business Growth Hub	**1,950**		**1,950**	(856)	**1,094**
0	6,841	**6,841**	Business Rates Growth Pilot & Levy	**6,841**		**6,841**	39,458	**46,299**
0	0	**0**	GM Connect	**0**		**0**	1,850	**1,850**
2,719	(2,288)	**431**	Other Transport and ED&R Reserves	**431**		**431**	937	**1,368**
5,820	1,213	**7,033**	**General Fund Balances**	**7,033**		**7,033**	178	**7,211**
152,160	**2,218**	**154,378**	**Total General Fund Balances**	**154,378**		**154,378**	**518**	**154,896**
12,693	11,328	**24,021**	Usable Capital Receipts Reserve	**24,021**		**24,021**	1,487	**25,508**
22,553	(10,751)	**11,802**	Capital Grants Unapplied Reserve	**11,802**		**11,802**	(11,461)	**341**
187,406	**2,796**	**190,202**	**Total Transport and ED&R**	**190,202**		**190,202**	**(9,456)**	**180,745**

1 April 2016 £000s	Transfers in/out £000s	31 March 2017 £000s	Earmarked Reserves and Balances	Continuing Operations 1 April 2017 £000s	Transferred Services 8 May 2017 £000s	Restated Opening Balances £000s	Transfers in/out £000s	31 March 2018 £000s
			Mayoral General Fund transferred from GMFRA					
			Capital Reserve		11,473	**11,473**	(914)	**10,559**
			Earmarked Budgets Reserve		5,312	**5,312**	(812)	**4,500**
			Unspent Grant Reserve		4,779	**4,779**	571	**5,350**
			Insurance Reserve		2,488	**2,488**	361	**2,849**
			Business Rates Reserve		1,710	**1,710**	413	**2,123**
			Restructuring Reserve		418	**418**	0	**418**
			Innovation and Partnership CYP		127	**127**	0	**127**
			Projects Reserve		244	**244**	0	**244**
			Transformation Fund		0	**0**	500	**500**
			Mayoral General Fund Balances		14,461	**14,461**	713	**15,174**
0	**0**	**0**	**Total General Fund Reserves**		**41,012**	**41,012**	**832**	**41,844**
			Capital Grants Unapplied Reserve		1,087	**1,087**	(219)	**868**
0	**0**	**0**	**Total Mayoral General Fund**		**42,099**	**42,099**	**613**	**42,712**
			Mayoral Police Fund transferred from PCC					
			Revenue Expenditure Reserve		12,668	**12,668**	(5,406)	**7,262**
			Insurance Reserve		0	**0**	15,173	**15,173**
			PCC Earmarked Reserves		38,212	**38,210**	(13,495)	**24,717**
			Capital Expenditure		2,603	**2,603**	(384)	**2,219**
			PFI Reserve		13,054	**13,054**	(752)	**12,302**
			Mayoral Police Fund Balances		13,221	**13,221**	659	**13,880**
0	**0**	**0**	**Total Mayoral Police Fund**		**79,758**	**79,756**	**(4,205)**	**75,553**
			Combined					
152,160	2,218	**154,377**	General Fund Balances	**154,377**	120,768	**275,145**	(2,855)	**272,291**
12,693	11,328	**24,021**	Usable Capital Receipts Reserve	**24,021**	0	**24,021**	1,487	**25,508**
22,553	(10,751)	**11,802**	Capital Grants Unapplied Reserve	**11,802**	1,087	**12,889**	(11,680)	**1,209**
187,406	**2,795**	**190,200**	**Total Usable Reserves**	**190,200**	**121,855**	**312,055**	**(13,048)**	**299,008**

9b Purpose of Earmarked Reserves

The purpose and operation of the reserves are as follows.

GMCA Reserves

Growing Places Fund - funding to establish revolving investment funds, promoting a long term locally led solution to local infrastructure constraints.

Local Sustainable Transport Fund - funding to stimulate economic growth whilst reducing carbon emissions.

Youth Contract - funding to assist with job creation jobs for 16-24 yr olds.

LEP Strategic Plans - funding to assist plans with the EU structural plans for 2014-2020.

City Deal - funding from the Skills Funding Agency as part of the City Deal to assist with increased apprenticeship and training opportunities.

One Public Estate - funding to assist with the One Public Estate initiative.

Clean Air Plan – funding to develop a clean air plan across GM.

Manchester Western Loop – funding to link the Metrolink tramline between Manchester Airport and Wythenshawe Hospital.

GM Trailblazer – funding for homelessness prevention.

Public Service Reform – to support the reform investment priorities.

Earn-back Revenue - part of the devolution deal to be used for infrastructure investment

HS2 Growth Strategy – funding to evaluate the HS2 Growth Strategy.

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

Regional Growth Fund / Growing places Interest and Arrangement Fees - 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

Business Rates Top Up – funding received as part of Business Rates 100% Pilot.

Integrated Ticketing Reserve - funding to support the integrated ticketing scheme

Business Growth Hub - funding to provide ERDF Match to the Business Growth Hub

Business Rates Growth Pilot & Levy – Funding to support Greater Manchester Strategy Priorities.

GM Connect – funding to support the GM Connect Digital Strategy.

Other Transport & ED&R Reserves

These reserves are made up of the following reserves:

Regional Growth Fund deposit interest; Smarter Cities; Local Enterprise Partnership Core Funding (LEP);Total Transport Pilot Fund; Careers & Enterprise Grant;GM Skills for Employment Pilot; Brownfield Land Register Pilot; SEMMMs Study; CCAG Evaluation; Ageing Better; Access Fund – Active Travel; Cycling & Walking to Work; Social Impact Bond; Adult Education Budget Devolution; 14-19 Fund.

Usable Capital Receipts - these include the principal repayments of the RGF / GPF Loans

Capital Grants Unapplied Reserve: Includes GPF funds and LTP Top-Slice grants

Mayoral General Fund Reserves

Capital Reserve - this is built up from revenue contributions for the purpose of funding the Fire Service capital programme.

Earmarked Budget Reserve – this will be utilised to meet the costs of future projects as part of the budget strategy.

Unspent Grant Reserve - this reserve represents grant funding unspent during the year which is required to meet costs in future years.

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.

Business Rates Reserve - this reserve has been created to mitigate the impact of potential significant deficits on the 10 Greater Manchester Council respective Collection Funds, of which the Authority is liable for 1%.

Restructuring Reserves - this reserve was created to provide funds towards the costs of transition as the levels of funding provided by the Government as announced in the spending review, continues to fall over the next few years.

Innovation & Partnership/CYP Reserve - this reserve was created to provide the necessary funding for future partnership and innovation schemes and to support Children's and Young People's initiatives.

Projects Reserve -this reserve was created specifically to support project work within the Authority

Transformation Fund - New reserve set up as part of the Budget Strategy.

Capital Grants Unapplied Reserve. Funding from Central Government and North West Ambulance Service that will be released to match expenditure incurred as planned in the Capital Programme.

Mayoral Police Fund Reserves

Revenue Expenditure Reserve – utilised to meet costs of existing projects which span years.

Mayor (PCC) Earmarked Reserves – utilised to meet costs of future projects which support the delivery of the Police and Crime Plan.

Insurance Reserve – in accordance with the Combined Authority it has been decided to split the previous insurance provision between a provision and a reserve. The reserve provides a prudent contingency against unforeseen future claims with the value of the reserve calculated using the actuarial review recommendation. Historically the provision was deemed as an appropriate accounting treatment however in order to be consistent with the Combined Authority policies the reserve was created.

Capital Expenditure Reserve – utilised to fund future year costs of the existing Information Systems Transformation Programme.

PFI Reserve – This reserve holds that balance of the PFI grant paid by the Home Office. It is used to support the future costs arising from the PFI Scheme.

10 Nature of Income and Expenditure

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

2016/17 £000s	Nature of Expenditure and Income	2017/18 £000s
	Expenditure	
825	Employee Costs	70,240
0	Cost of Police Officer retirement benefits	101,959
154,359	Grants Expenditure	707,433
9,246	Other Service Expenditure	85,936
4,542	Capital Charges including Depreciation and Impairment	26,800
44,564	Financing and Investment Expenditure	99,922
195,263	Revenue Expenditure Funded from Capital Under Statute	226,251
176	Loss on Disposal of Non-current Assets	226
408,975	Total Expenditure	**1,318,766**
	Income	
(4,924)	Financing and Investment Income	(6,782)
0	Fees, charges and other service income	(78,978)
0	Home Office grant payable towards the cost of retirement benefits	(101,959)
0	Income from Council Tax and NNDR	(220,625)
0	Gain on Disposal of Non-current assets	(36)
(189,323)	Transport Levy Income	(103,871)
(215,232)	Government Grants and Contributions	(774,191)
(409,479)	Total Income	**(1,286,441)**
(504)	**Deficit / (Surplus) on the Provision of Services**	**32,326**

11 Revenue Expenditure Funded from Capital under Statute

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

2016/17 £000s	REFCUS	2017/18 £000s
189,437	Highways and Transport Services	218,085
5,827	Economic Development and Regeneration Services	7,765
0	Fire Services	401
195,264	**REFCUS Total**	**226,251**

12 Grants and Contributions Income

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

2016/17 £000s	Grants and Contributions Credited to the Cost of Services	2017/18 £000s
	Highways and Transport Services	
(2,500)	HS2 Growth Strategy - DfT	0
(1,109)	Sustainable Transport Transition Year Grant - DfT	(1,391)
(1,998)	Local Sustainable Transport Grant - DfT	(101)
0	CCAG Evaluation Study - DfT	(86)
0	GM Clean Air Plan (Feasibility Study) - DEFRA	(1,300)
0	Cycling & Walking to Work Award - DfT	(1,500)
0	Manchester Western Loop - T2/Airport City - DfT	(2,100)
0	Transport for the North - DfT	(22,932)
0	Bus Service Operators Grant - DfT	(6,731)
(341)	District & External Contributions to Traffic Signals Repairs / S278	(435)
(76,774)	Revenue Expenditure Funded by Capital under Statute - DfT	(36,325)
(82,722)		(72,900)
	Economic Development and Regeneration Services	
(500)	Regional Growth Fund / Growing Places Fund Arrangement fees	(176)
(513)	Growth Deal - Business Growth Hub (LEP) - CLG	(513)
(250)	Local Enterprise Partnership Core Funding (LEP) - CLG	0
(250)	Local Enterprise Partnership EU Strategic Plans (LEP) - CLG	0
(226)	Elena Grant - EIB	(468)
(3,201)	AGE Grant - SFA	(1,986)
(45)	Adult Education Budget Devolution - DfE	(52)
115	City Deal - Skills Funding Agency	0
(396)	One Public Estate - Cabinet Office	(458)
(141)	GM Skills & Employment Pilot - SFA	0
(95)	Careers & Enterprise Grant	(64)
(101)	GM Technical Assistance - ERDF	(5)
(108)	GM Technical Assistance - ESF	(15)
0	Heat Network Delivery Project - BIS	(42)
0	Contribution to fund ED&R Advances	(5,671)
0	Work and Health Programme - DWP	(822)
0	Life Chances Grant - DCMS	(5,000)
0	Gatsby Foundation	(66)
0	Homelessness Trailblazer - CLG	(1,810)
0	Energy Strategy Support Grant - DWP	(40)
0	Troubled Families - CLG	(4,742)
0	Troubled Families - Cost Benefit Analysis - CLG	(25)
0	Social Impact Bond - CLG	(312)
0	100 Resilient Cities	(94)
0	Ageing Better	(114)
0	Work & Skills - Local Growth Fund - SFA	(162)
(9,883)	District Contributions to ED&R Functions	(8,284)
0	Contributions to ED&R Programmes - Manchester City Council	(22,620)
(8,222)	External Contributions and Income Towards ED&R	(10,806)
(736)	Revenue Expenditure Funded by Capital under Statute - DCLG / HCA	(741)
(24,552)		**(65,086)**

2016/17 £000s	Grants and Contributions Credited to the Cost of Services	2017/18 £000s
	Mayoral General Fund Services	
0	Mayor's Office	(101)
0	Business Rates Top-Up Grant	(1,197)
0	Fire Service Specific Grants	(1,677)
0	Fees, charges and other service income	(2,356)
		(5,330)
	Mayoral Police Fund Services	
0	Police Income and Contributions	(40,315)
0	CTU Grant	(29,837)
0	Other Revenue Grants	(22,526)
0	PFI Grant	(4,872)
0	Asset Incentivisation	(661)
0	Other External Funding	(897)
		(99,108)
(107,274)	**Total Grants and Contributions Credited to the Cost of Services**	**(242,424)**

13 Grants and Contributions Received in Advance

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

2016/17 £000s	Grants Received in Advance	2017/18 £000s
	Capital Grants Receipts in Advance	
(41)	Clean Bus Technology Grant	(1,547)
(8,795)	Cross City Bus Package	(7,019)
(10,538)	Cycle City Ambition Grant 2	(16,444)
(4,429)	Stockport Town Centre Access	(7)
0	Integrated Transport & Highway Maintenance	(6,185)
(60)	Local Sustainable Transport Fund	(58)
0	Transport for the North	(3,851)
0	Early Measure (GM Clean Air Plan)	(3,000)
0	Police Capital Grants	(53)
(23,863)	**Total Capital Grants RIA**	(38,164)
(23,863)	Due to be recognised within 1 year	(38,164)
0	Due to be recognised over 1 year	0
	Revenue Grants Receipts in Advance	
(437)	ELENA Grant	0
(101)	Local Sustainable Transport Fund	0
(2,940)	AGE Grant	(1,984)
(1,750)	Metrolink Western Loop	0
(1,500)	Cycling & Walking to Work	0
(1,391)	Sustainable Transport Transition Year	0
0	Transport for the North	(5,794)
0	100 Resilient Cities	(31)
0	Social Impact Bond	(174)
0	Controlling Migration Fund	(850)
0	Troubled Families - Cost Benefit Analysis	(100)
0	Adult Education Budget	(52)
0	Improvement & Development (IDEA)	(50)
0	Innovation & Reform Funding	(7,430)
0	Bus Service Operators Grant (BSOG)	(9)
0	Planning Delivery Fund	(1,350)
0	HSCP Apprenticeship Strategy Grant	(120)
0	Work and Health Programme	(959)
0	Heat Network Delivery Project	(49)
0	New Dimensions	(87)
0	Business Rates / RSG	0
0	Firelink Grant	(230)
0	ESMCP	0
0	Victims Services Grant	(40)
0	Mayoral Police Fund Other	(688)
(8,119)	**Total Revenue Grants RIA**	(19,995)
(8,119)	Due to be recognised within 1 year	(19,995)
0	Due to be recognised over 1 year	0

14 Financing and Investment Expenditure and Income Analysis

2016/17 £000s		2017/18 £000s
20,192	PWLB	18,406
18,987	European Investment Bank	19,792
4,440	Other	8,671
945	Former Greater Manchester Council Debt	1,203
0	Interest Element of PFI Unitary Charge	7,085
0	Net interest on the net defined liability (asset)	44,764
44,564	**Total Financing and Investment Expenditure**	**99,922**

2016/17 £000s		2017/18 £000s
(916)	Interest receivable on deposits	(1,672)
(4,008)	Interest receivable on loans	(2,463)
0	Expected return on pension assets	(2,647)
(4,924)	**Total Financing and Investment Income**	**(6,782)**

15 Taxation and Non Specific Grant Income

2016/17 £000s		2017/18 £000s
(189,323)	Transport Levy from the Greater Manchester Districts	(103,871)
(2,490)	Capital Contributions Receivable for Traffic Signal Schemes	(1,978)
(75,468)	Growth Deal Grant (LEP)	(500)
(30,000)	Earnback Grant	(30,000)
0	Council Tax Police Precept Income	(109,725)
0	Council Tax Fire Precept Income	(39,943)
0	Non Domestic Rates Income	(70,957)
0	Business Rates Top up Grant	(43,377)
0	Revenue Support Grant	(20,042)
0	Police Grant	(383,123)
0	Capital Grants and Contributions	(131,320)
0	PFI Grant	(405)
(297,281)	**Total Taxation and Non Specific Grant Income**	**(935,240)**

16 Agency Activities

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

2016/17 £000s	Agency Income and Expenditure	2017/18 £000s
(27,217)	LTP Highways Capital Maintenance Received from DfT	0
27,217	LTP Highways Capital Maintenance Paid to Districts	0
0	GM Transport Fund - non GMCA Road Schemes Received from DfT	0
184	GM Transport Fund - non GMCA Road Schemes Paid to Districts	15,400
184	**Net Agency**	**15,400**

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.

2016/17 £000s	External Audit Fees	2017/18 £000s
(4)	Fees receivable from Public Sector Audit Appointments with regard to external audit services carried out by the appointed auditor for the prior year	(17)
24	Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	85
0	Fees payable to Grant Thornton for the certification of grant claims and returns for the year	4
6	Fees payable to Grant Thornton in respect of any other services	0
26	**Total External Audit Fees**	**72**

18 Officer Remuneration

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

Staff who have not received severance 2016/17	Staff who have received severance 2016/17	Total 2016/17	Salary Range	Staff who have not received severance 2017/18	Staff who have received severance 2017/18	Total 2017/18
0	0	0	£50,000 to £54,999	39	0	39
1	0	1	£55,000 to £59,999	17	0	17
2	0	2	£60,000 to £64,999	14	0	14
0	0	0	£65,000 to £69,999	6	0	6
0	0	0	£70,000 to £74,999	4	0	4
0	0	0	£75,000 to £79,999	4	0	4
0	0	0	£80,000 to £84,999	2	0	2
0	0	0	£85,000 to £89,999	0	0	0
0	0	0	£90,000 to £94,999	0	0	0
0	0	0	£95,000 to £99,999	2	0	2
0	0	0	£100,000 to £104,999	3	0	3
1	0	1	£105,000 to £109,999	0	0	0
0	0	0	£110,000 to £114,999	1	0	1
0	0	0	£115,000 to £119,999	0	0	0
1	0	1	£120,000 to £124,999	1	0	1
0	0	0	£125,000 to £129,999	0	0	0
2	0	2	£130,000 to £134,999	1	1	2
0	0	0	£135,000 to £139,999	1	0	1
0	0	0	£140,000 to £144,999	0	0	0
0	0	0	£145,000 to £149,999	0	0	0
0	0	0	£150,000 to £154,999	0	0	0
0	0	0	£155,000 to £159,999	1	0	1
0	0	0	£160,000 to £164,999	0	0	0
0	0	0	£165,000 to £169,999	0	0	0
0	0	0	£170,000 to £174,999	0	0	0
0	0	0	£175,000 to £179,999	0	0	0
0	0	0	£180,000 to £184,999	1	0	1
7	**0**	**7**		**97**	**1**	**98**

Note - Employees who transferred from Greater Manchester Fire and Rescue Service and Office of Police and Crime Commissioner are disclosed with effect from May 2017.

Senior Employees Remuneration

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

Note	Post Title	Applicable Dates	Financial Year	Salary (including fees and allowances) £000s	Expenses £000s	Employer's Pension Contribution £000s	Total Remuneration £000s	Annual Salary for the post £000s
	Treasurer (Richard Paver)	01/06/16 to 31/03/17	2016/17	130	1	0	132	156
	Strategic Director Public Service Reform	01/04/16 to 31/03/17	2016/17	130	0	25	155	130
	Chief Investment Officer (William Enevoldson)	01/04/16 to 31/03/17	2016/17	105	1	0	106	105
1	Mayor of Greater Manchester (Andrew Burnham)	08/05/17 to 31/03/18	2017/18	99	0	0	99	110
2	Deputy Mayor for Police and Crime (Baroness Beverley Hughes)	05/06/17 to 31/03/18	2017/18	62	0	0	62	75
3	Director - Mayor's Office	08/05/17 to 31/03/18	2017/18	67	0	14	81	75
4	County Fire Officer (Peter O'Reilly)	08/05/17 to 05/02/18	2017/18	133	2	26	161	162
5	Interim Chief Fire Officer (Dawn Docx)	23/01/18 to 31/03/18	2017/18	29	0	6	35	155
	Chief Executive (Eamonn Boylan)	01/04/17 to 31/03/18	2017/18	180	0	0	180	180
6	Deputy Chief Executive	01/04/17 to 31/03/18	2017/18	131	0	28	159	131
7	Chief Investment Officer (William Enevoldson)	01/04/17 to 31/03/18	2017/18	101	0	0	101	106
	Treasurer (Richard Paver)	01/04/17 to 31/03/18	2017/18	159	0	0	159	158
8	Solicitor and Monitoring Officer	14/03/18 to 31/03/18	2017/18	5	0	1	6	105
9	Multi Agency Strategic Lead	01/09/17 to 31/03/18	2017/18	35	0	7	42	54

Notes:

1 Post Start Date 08/05/17
2 Post Start Date 05/06/17
3 Post Start Date 08/05/17
4 Post holder retirement date 05/02/18. Post changed to Chief Fire Officer
5 Interim Post Holder from 23/01/18
6 Role in previous year was Strategic Director Public Service Reform
7 Post currently 0.7 FTE, Annual salary for 1.0 FTE would be £151,500
8 Post currently 0.8 FTE, Annual salary for 1.0 FTE would be £121,723
9 Post currently 0.6 FTE, Annual salary for 1.0 FTE would be £90,000

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	Total number of exit packages by cost band		Total cost of exits	
	2016/17	**2017/18**	2016/17 £000s	**2017/18 £000s**
£0 - £20,000	0	**3**	0	**25**
£20,001 - £40,000	0	**1**	0	**25**
£40,001 - £60,000	0	**0**	0	**0**
£60,001 - £80,000	0	**0**	0	**0**
£80,001 - £100,000	0	**1**	0	**81**
Total	0	**5**	0	**131**

19 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

2016/17 £000s	**Capital Expenditure**	**2017/18 £000s**
3,099	Capital Expenditure on Property, Plant and Equipment	37,270
0	Capital Expenditure on Intangible Assets	612
100,019	Capital Grants Payable to TfGM (REFCUS)	119,351
5,827	Capital Grants Payable to Districts for ED&R (REFCUS)	7,765
89,418	Capital Grants Payable for Transport to Districts (REFCUS)	98,734
17,369	Long/Short Term Debtors for ED&R	8,061
215,732	**Total Capital Expenditure**	**271,793**
	Funded by:	
(184,743)	Central Government Grants	(201,073)
(2,084)	District Contributions	(1,622)
(406)	External Capital Contributions	(518)
(671)	Revenue Contributions	(23,783)
(6,619)	Useable Capital Receipts	(6,582)
(21,209)	Borrowing	(38,215)
(215,732)	**Total Funding**	**(271,793)**

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.

2016/17 £000s	Capital Financing Requirement	2017/18 £000s
1,185,076	Opening Capital Financing Requirement - Continuing Operations	**1,180,251**
	Opening CFR Transferred in from GMFRA	**31,904**
	Opening CFR Transferred in from PCC	**237,432**
	Opening CFR	**1,449,587**
	Capital Investment In Year	
195,264	Revenue Expenditure Funded from Capital Under Statute	226,251
3,099	Property, Plant and Equipment Assets	37,270
0	Intangible Assets	612
17,369	Long/Short Term Debtors for ED&R	8,061
	Sources of Finance	
(176,469)	Government Grants & Other Contributions	(200,822)
(10,751)	Short / Long Term Debtor financed from Capital Grants	(2,389)
(6,619)	Short / Long Term Debtor financed from Capital Receipts	(5,671)
(671)	Revenue Contributions	(23,783)
0	Useable Capital Receipts	(911)
(23,327)	Minimum Revenue Provision	(34,958)
(2,720)	Repayment of Inherited Debt	(4,646)
1,180,251	**Closing Capital Financing Requirement**	**1,448,601**
	Explanation of movements in year	
(4,825)	Increase / (decrease) in underlying need to borrow	(986)
(4,825)	**Increase in Capital Financing Requirement**	**(986)**

	Movement in the Capital Financing Requirement analysed by Fund:	£000s
	Authority Operations	4,080
	Mayoral General Fund	(1,875)
	Mayoral Police Fund	(3,191)
	Total	**(986)**

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

2016/17 £000s	Capital Commitments	2017/18 £000s
741	Traffic Signals	609
0	Fire Programme related	4,122
0	Police Programme related	4,466
741	**Total Capital Commitments**	**9,197**

20 Property, Plant and Equipment Including Disposals

Assets are initially measured at cost, comprising:

- The purchase price;
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

The Authority revalued assets as follows:

	Infrastructure Assets £000's	Other Land & Buildings £000's	Vehicles, Plant & Equipment £000's	Surplus Assets £000's	AUC £000's	Total £000's
Carried at Historic Cost:	73,895	5,212	181,101	0	59,017	319,225
Valued at current value:						
2017/18	0	59,879	0	0	0	59,877
2016/17	0	52,724	0	0	0	52,724
2015/16	0	177,401	0	0	0	177,401
2014/15	0	23,409	0	0	0	23,409
2013/14	0	21,802	0	0	0	21,802
Valued at fair value:						0
2015/16	0	0	0	1,526	0	1,526
Total	**73,895**	**340,427**	**181,101**	**1,526**	**59,017**	**655,966**

Property, Plant and Equipment	Infrastructure Assets £000s	Land and Building £000s	Vehicles, Plant Furniture & Equipment £000s	Long Term Surplus Assets £000s	Assets under Construction £000s	Total Property Plant and Equipment £000s	PFI Assets Included in Property Plant and Equipment £000s
Movements in 2017/18							
Cost or Valuation							
At 1 April 2017 - asset values b/f	71,891	0	0	0	0	71,891	0
Asset values transferred in:							
At 8 May 2017 - asset values transferred from GMFRA	0	85,918	33,725	275	4,424	124,342	3,057
At 8 May 2017 - asset values transferred from PCC	0	243,539	141,131	1,526	38,267	424,463	75,238
Balance b/f	**71,891**	**329,457**	**174,856**	**1,801**	**42,691**	**620,696**	**78,295**
Additions	2,570	932	6,793	0	26,680	36,975	0
Accumulated depreciation and impairment written off to cost or valuation	0	(1,503)	(743)	0	0	(2,246)	0
Revaluation increases (decreases) recognised in the Revaluation Reserve	0	3,378	1,038	195	0	4,611	0
Revaluation increases (decreases) recognised in the Surplus/Deficit on the Provision of Services	0	3,244	0	13	0	3,257	0
Derecognition - disposals	(566)	0	(5,985)	0	0	(6,551)	0
Derecognition - other	0	(43)	0	0	0	(43)	0
Assets reclassified (to)/from held for sale	0	(250)	0	(483)	0	(733)	0
Assets reclassified (to)/from assets under construction	0	0	5,142	0	(5,142)	0	0
Other Movements in cost or valuation	0	5,212	0	0	(5,212)	0	0
Cost or valuation as at 31 March 2018	**73,895**	**340,427**	**181,101**	**1,526**	**59,017**	**655,966**	**78,295**

Property, Plant and Equipment	Infrastructure Assets £000s	Land and Building £000s	Vehicles, Plant Furniture & Equipment £000s	Long Term Surplus Assets £000s	Assets under Construction £000s	Total Property Plant and Equipment £000s	PFI Assets Included in Property Plant and Equipment £000s
Movements in 2017/18							
Accumulated Deprecation and Impairment							
At 1 April 2017 - depreciation values b/f	(48,405)	0	0	0	0	(48,405)	0
Accumulated depreciation transferred in:							
At 8 May 2017 - depreciation values transferred from GMFRA	0	(8,921)	(22,140)	(181)	0	(31,242)	(775)
At 8 May 2017 - depreciation values transferred from PCC	0	(7,485)	(111,051)	(7)	0	(118,543)	(8,583)
Balance b/f	**(48,405)**	**(16,406)**	**(133,191)**	**(188)**	**0**	**(198,190)**	**(9,358)**
Depreciation Charge	(6,302)	(8,962)	(11,533)	(3)	0	(26,800)	(1,977)
Depreciation written out to the Revaluation Reserve	0	1,924	0	48	0	1,972	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	596	0	0	0	596	0
Derecognition - disposals	352	0	5,242	0	0	5,594	0
Derecognition - other	0	1,546	743	0	0	2,289	0
Assets Reclassified (to)/from Held for Sale	0	0	0	133	0	133	0
Accumulated depreciation as at 31 March 2018	**(54,355)**	**(21,302)**	**(138,739)**	**(10)**	**0**	**(214,406)**	**(11,335)**
Net book value summary							
At 1 April 2017	23,486	0	0	0	0	23,486	0
At 8 May 2017	0	313,051	41,665	1,613	42,691	399,020	68,937
At 31 March 2018	**19,540**	**319,125**	**42,362**	**1,516**	**59,017**	**441,560**	**66,960**
Net book value as at 31 March 2018:							
Assets deployed for GMCA activity	19,540	0	0	0	0	19,540	0
Assets deployed for Mayoral General Fund acti	0	83,567	11,464	0	320	95,351	2,135
Assets deployed for Mayoral Police activity	0	235,558	30,898	1,516	58,697	326,669	64,825
At 31 March 2018	**19,540**	**319,125**	**42,362**	**1,516**	**59,017**	**441,560**	**66,960**

Property, Plant and Equipment	Infrastructure Assets £000s
Comparative Movements in 2016/17	
Cost or Valuation	
At 1 April 2016	70,576
Additions	3,099
Derecognition - disposals	(1,784)
At 31 March 2017	**71,891**
Accumulated Deprecation and Impairment	
At 1 April 2016	(45,706)
Depreciation Charge	(4,307)
Derecognition - disposals	1,608
At 31 March 2017	**(48,405)**
Net book value summary	
At 1 April 2016	**24,870**
At 31 March 2017	**23,486**

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

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

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

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

The valuation of the Authority's assets was carried out by S Gwatkin M.R.I.C.S of Urban Vision Limited.

21 Short and Long Term Debtors

Short Term Debtors
These are amounts which are owed to the Authority which will be repaid within a year.

2016/17 £000s	Short Term Debtors	2017/18 £000s
2,326	**Central Government Bodies**	53,885
8,740	**Other Local Authorities and Police and Crime Commissioners**	127,048
0	**NHS Bodies**	1,386
1,666	**Public Corporations**	1,940
0	**Payments in Advance**	7,250
18,661	**Other entities and individuals**	27,803
(3,194)	**Bad Debt Provision**	(27,581)
28,199	**Total Short Term Debtors**	**191,731**

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

2016/17 £000s	Long Term Debtors	2017/18 £000s
	Other entities and individuals	
43,293	Gross Book Value	30,188
(13,735)	Bad Debt Provision	(6,969)
29,558	**Total Long Term Debtors**	**23,219**

22 Long Term Investments

Investments are shown at their market value or cost. Holding investments at cost does not make a material difference to the accounts.

2016/17 £000s	Long Term Investments	2017/18 £000s
2	DataCentred Ltd	0
125	Intechnica Ltd	695
50	UK Municipal Bonds Agency	50
240	Clowdy Group Ltd	0
446	Smartlife	0
300	Optimise Hiring	0
1,163	**Total Long Term Investments**	**745**

23 Cash and Cash Equivalents

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

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

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

2016/17 £000s	Cash and Cash Equivalents	2017/18 £000s
19	Bank current accounts	(340)
150	Bank call accounts	12,948
0	Cash held by the Authority	567
119,065	Short term deposits with central government and other institutions	343,551
119,234	**Total Cash and Cash Equivalents**	**356,726**

24 Short and Long Term Creditors

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

2016/17 £000s	Creditors	2017/18 £000s
(26,860)	**Central Government Bodies**	(23,494)
(38,209)	**Other Local Authorities and Police and Crime Commissioners**	(73,780)
0	**NHS Bodies**	(447)
(27,355)	**Public Corporations**	(32,693)
(1,614)	**Other entities and individuals**	(41,684)
0	**Prepaid Income / Receipt in Advance**	(8,240)
0	**Siezed Cash**	(5,375)
(94,038)	**Total Creditors**	**(185,713)**

25 Short and Long Term Provisions

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

Provisons	**Insurance** £000s	**NNDR Appeals** £000s	**Police Pension Lump Sums** £000s	**Other** £000s	**Total** £000s
Balances b/f					
Provisions b/f - continuing operations	0	0	0	0	0
Provisions transferred in from GMFRA	(1,335)	(1,995)	0	0	(3,330)
Provisions transferred in from PCC	(27,348)	0	(201)	0	(27,549)
Provisions b/f - all operations	**(28,683)**	**(1,995)**	**(201)**	**0**	**(30,879)**
Use of Provision					
GMCA	0	0	0	0	0
Mayoral General Fund	1,147	1,995	0	0	3,142
Mayoral Police Fund	1,467	0	0	12	1,479
Unused amounts moved to an earmarked reserve					
GMCA	0	0	0	0	0
Mayoral General Fund	0	0	0	0	0
Mayoral Police Fund	15,173	0	0	0	15,173
Top Up of Provision					
GMCA	0	0	0	(2,366)	(2,366)
Mayoral General Fund	(789)	(1,909)	0	(73)	(2,771)
Mayoral Police Fund	(2,948)	(23)	0	(31)	(3,002)
Balance c/f					
GMCA	0	0	0	(2,366)	(2,366)
Mayoral General Fund	(977)	(1,909)	0	(73)	(2,959)
Mayoral Police Fund	(13,656)	(23)	(201)	(19)	(13,899)
Total Provisions c/f	(14,633)	(1,932)	(201)	(2,458)	(19,224)
Short Term	(3,437)	(1,909)	(224)	(1,194)	(6,764)
Long Term	(11,196)	0	0	(1,265)	(12,461)
Total Provisions c/f	**(14,633)**	**(1,909)**	**(224)**	**(2,459)**	**(19,225)**

26 Short and Long Term Leases including PFI

All PFI arrangements detailed below have been transferred to the Authority on 8 May 2017 from GMFRA and from PCC.

Fire Station

2017/18 was the nineteenth 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.

Property Plant and Equipment
The Fire Station and Equipment provided under the contract 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.

Payments due under the PFI Contract
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.

Future payments remaining to be made under the contract are as follows:

	Payment for Services £000s	Repayment of Liability £000s	Repayment of Interest £000s	Total £000s
Payable 2018/19	318	193	188	699
Between 2 to 5 years	1,336	1,029	496	2,862
Between 6 to 10 years	569	551	53	1,173
Between 11 to 13 years	0	0	0	0
Total	**2,223**	**1,774**	**737**	**4,733**

Outstanding Liability
The PFI liability represents the outstanding long term liability to the contractor for capital expenditure. A fair value disclosure has not been provided for the PFI liability as the actual borrowing lies with the PFI provider and not the Authority. The fair value is defined as 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. There is no basis on which the Authority can exchange a financial liability held by a third party, as they are not directly a market participant.

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

	Liability £000s
Opening balances transferred from GMFRA	(1,933)
Payments during the year	159
Balance at the end of the year	**(1,774)**
Short Term liability	(193)
Long Term liability	(1,580)
Total	**(1,774)**

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

	Grant Due to be Received £000s
Within 1 year	(452)
Within 2-5 years	(1,809)
Within 6-10 years	(339)
Total	**(2,600)**

Police Stations
2017/18 was the fifteenth year of a Private Finance Initiative (PFI) contract (ending in 2028) for the construction and maintenance of seventeen Police stations across the Greater Manchester area. The contractor will operate and service the stations for twenty-five years after which ownership will revert to the Authority, to be held on behalf of the Mayor, for nil consideration.

Property Plant and Equipment
The stations are recognised on the Authority's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on Property, Plant and Equipment notes to the accounts.

Payments Due Under the PFI Contract
The Authority makes an agreed annual payment, which is partly increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year. The Authority on behalf of the Mayor only has the right to terminate the contact if the contractor is compensated in full for costs incurred and lost future profits.

Payments remaining to be made under the PFI contract (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Payment for Services £000s	Repayment of Liability £000s	Repayment of Interest £000s	Total £000s
Payable 2018/19	6,642	1,306	8,217	16,165
Between 2 to 5 years	20,409	12,626	35,773	68,808
Between 6 to 10 years	30,586	23,261	42,292	96,139
Between 11 to 13 years	13,923	12,864	15,118	41,905
Total	**71,560**	**50,057**	**101,400**	**223,017**

Outstanding Liability
The PFI liability represents the outstanding long term liability to the contractor for capital expenditure. A fair value disclosure has not been provided for the PFI liability as the actual borrowing lies with the PFI provider and not the Authority. The fair value is defined as 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. There is no basis on which the Authority can exchange a financial liability held by a third party, as they are not directly a market participant.

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

	Liability £000s
Opening balance transferred from PCC	(52,238)
Payments during the year	2,181
Balance at the end of the year	**(50,057)**
Short Term liability	(1,306)
Long Term liability	(48,751)
Total	**(50,057)**

Central Government Grant Subsidy

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

	Grant Due to be Received £000s
Within 1 year	(5,315)
Within 2-5 years	(21,260)
Within 6-10 years	(26,575)
Within 11-15 years	(10,406)
Total	**(63,556)**

27 Short and Long Term Deferred Liabilities

This debt was created on 1 April 1986 when Greater Manchester Council was abolished and its debt was shared between the ten GM district councils, the Police Authority, the Fire Authority and Greater Manchester Transport.

The debt is being repaid annually on an annuity basis over the 36 years to 31 March 2022. During 2017/18 the GMFRA and PCC shares of this debt were transferred into the Authority.

2016/17 £000s	Deferred Liability	2017/18 £000s
	Former Greater Manchester Council Debt	
(18,543)	Balance brought forward - continuing operations	(15,823)
	Balance transferred in year from GMFRA	(3,186)
	Balance transferred in year from PCC	(6,512)
	Balance b/f all operations	**(25,521)**
2,720	Repayment in the year	4,644
(15,823)	**Balance carried forward**	**(20,877)**
(2,869)	Due within 1 year	(4,824)
(12,954)	Due over 1 year	(16,053)

28 Unusable Reserves

2016/17 £000s	Unusable Reserves	2017/18 £000s
(1,092,427)	Capital Adjustment Account	(1,010,508)
(249)	Financial Instruments Adjustment Account	(245)
(152)	Pensions Reserve	(1,726,309)
0	Revaluation Reserve	65,192
0	Collection Fund Adjustment Account	7,418
0	Accumulated Absences Reserve	(149)
0	Deferred Capital Receipts Reserve	438
(1,092,828)	**Total Unusable Reserves**	**(2,664,163)**

The Capital Adjustment Account (CAA) absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The CAA is debited with the cost of the capital grants payable to TfGM, District Councils and ED&R partners, he annual depreciation charge and any loss on disposal of traffic signals. The CAA is credited with both the capital grants and contributions receivable and the amounts set aside by the Authority to directly finance capital costs of acquisition, construction and enhancement.

2016/17 £000s	Capital Adjustment Account	2017/18 £000s
(1,090,925)	Balance b/f for continuing operations	(1,092,427)
0	Balance transferred in from GMFRA	40,324
0	Balance transferred in from OPCC	28,752
	Balance b/f for all operations	**(1,023,351)**
(195,264)	Revenue expenditure funded from capital under statute	(226,251)
(4,307)	Charges for depreciation and impairment of non-current assets	(26,800)
(175)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(89)
0	Charges for amortisation of intangible assets	(191)
0	Revaluation (increase) / decreases recognised in the Surplus or Deficit on the Provision of Services	3,098
176,469	Capital grants and contributions credited to the CI&ES that have been applied to capital financing	191,751
0	Capital grants and contributions not credited to the CI&ES that have been applied to capital financing	9,072
671	Capital expenditure charged against the General Fund	23,785
23,327	Statutory provision for the financing of capital investment charged against the General Fund	34,958
2,720	Repayment of Inherited Debt charged against the General Fund	4,646
10,751	Long and Short Term Debtor financed from Capital Grants	2,389
6,619	Long and Short Term Debtor financed from Capital Receipts	5,671
0	Usable Capital Receipts	911
(4,131)	Bad debt provision for RGF / GPF loans	4,585
(17,947)	Write Down of Long Term Debtor	(7,158)
(235)	Impairment of investments	(10,445)
0	Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost	2,911
(1,092,427)	**Balance carried forward**	**(1,010,508)**

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.

2016/17 £000s	Financial Instruments Adjustment Account	2017/18 £000s
(252)	Balance b/f for continuing operations	(249)
	Balance transferred in from PCC	121
	Balance b/f for all operations	**(128)**
675	Interest incurred in the year and charged to the Comprehensive Income and Expenditure Statement	675
(672)	Proportion of interest incurred to be charged against the General Fund Balance in accordance with statutory requirements	(792)
3	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	**(117)**
(249)	**Balance carried forward**	**(245)**

The Pension Reserve relates to the net pension asset as at 31 March 2018 in accordance with the actuary's report.

2016/17 £000s	Pension Reserve	2017/18 £000s
(36)	Balance b/f for continuing operations	(152)
	Balance transferred in from GMFRA	(1,705,132)
	Balance transferred in from OPCC	(4,869)
	Balance b/f for all operations	**(1,710,153)**
(75)	Remeasurements of the net defined benefit liability / (asset)	13,157
81	Employer's pension contributions and direct payments to pensioners payable in the year	50,303
0	Balances transferred in with staff TUPE'd over to GMCA	(6,950)
(122)	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.	(72,666)
(152)	**Balance carried forward**	**(1,726,309)**

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.

2016/17 £000s	Revaluation Reserve	2017/18 £000s
0	Balance b/f for continuing operations	0
	Balance transferred in from GMFRA	21,101
	Balance transferred in from OPCC	40,020
0	**Balance b/f for all operations**	**61,121**
0	Upward revaluation of assets	6,591
0	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(29)
0	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	6,562
0	Difference between fair value depreciation and historical cost depreciation	(2,660)
0	Accumulated gains on assets sold or scrapped	(251)
0	Amount written off to the Capital Adjustment Account	(2,911)
0	Upward revaluation of investments charged to the Surplus/Deficit on the Provision of Services	420
0	**Balance carried forward at 31 March**	**65,192**

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.

2016/17 £000s	Collection Fund Adjustment Account	2017/18 £000s
0	Balance b/f for continuing operations	0
	Balance transferred in from GMFRA	1,972
	Balance transferred in from OPCC	5,361
	Balance b/f for all operations	**7,333**
0	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	85
0	**Balance carried forward**	**7,418**

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

2016/17 £000s	Accumulated Absence Account	2017/18 £000s
0	Balance b/f for continuing operations	0
	Balance transferred in from GMFRA	(86)
	Balance transferred in from OPCC	(15)
	Balance b/f for all operations	**(101)**
0	Settlement or cancellation of accrual made at the end of the preceding year	101
0	Amounts accrued at the end of the current year	(149)
0	Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	**(48)**
0	**Balance carried forward**	**(149)**

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.

2016/17 £000s	Deferred Capital Receipts Reserve	2017/18 £000s
0	Balance b/f for continuing operations	**0**
	Balance transferred in from OPCC	**565**
	Balance b/f for all operations	**565**
0	Transfer to the Capital Receipts Reserve upon receipt of cash	**(127)**
0	**Balance carried forward**	**438**

29 Financial Instruments

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

Financial Instruments in the Balance Sheet	Long Term		Current	
	2016/17 £000s	2017/18 £000s	2016/17 £000s	2017/18 £000s
Investments				
Equity investments	1,163	**745**	0	**0**
Loans and receivables	0	**0**	119,215	**343,551**
Debtors				
Loans and receivables	29,557	**23,219**	27,099	**157,178**
Cash				
Loans and receivables	0	**0**	19	**13,175**
Borrowings				
Financial liabilities at amortised cost	(937,892)	**(1,144,656)**	(24,380)	**(185,090)**
Creditors and Grants Received in Advance				
Financial liabilities at amortised cost	0	**0**	(126,020)	**(225,468)**
Other Liabilities				
Private Finance Initiative	0	**(50,331)**	0	**(1,499)**

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

2016/17			Income and Expense	2017/18		
Financial Liabilities measured at amortised cost £000s	Financial assets: loans and receivables £000s	Total £000s		Financial Liabilities measured at amortised cost £000s	Financial assets: loans and receivables £000s	Total £000s
43,619	0	43,619	Interest Expense	46,869	0	46,869
0	4,131	4,131	Impairment of Debtors	0	(4,585)	(4,585)
0	(4,924)	(4,924)	Interest Income	0	(4,135)	(4,135)
0	0	0	Interest on PFI Unitary Payments	0	7,085	7,085
43,619	**(793)**	**42,826**	**Net (gain) / loss for the year**	**46,869**	**(1,635)**	**45,234**

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

- For loans from the PWLB, premature repayment rates from the PWLB have been applied to provide the fair value; by applying new loan rates their fair value would be £628.744 million;
- For non PWLB loans payable, premature repayment rates have been applied to provide the fair value; by applying new loan rates their fair value would be £1,051.163 million;

- No early repayment or impairment is recognised;
- The fair value of trade and other receivables, cash and creditors is taken to be carrying amount due to the short term nature of the instruments;
- The fair value of long term debtors have been evaluated at their carrying value;
- The fair value of equity investment assets have been evaluated at their carrying value.
- The fair value of the PFI contracts have been evaluated using new loan rates.
- The valuation techniques used for PWLB and non PWLB debt are at level 2 – significant observable inputs. There have been no changes in valuation technique during the financial year.
- The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value, which includes accrued interest as at the balance sheet date. The Authority has therefore included accrued interest in the fair value calculation.
- The discount rates used for the evaluation were obtained by the Authority from Link Asset Services (formally Capita). Link Asset Group is a leading and independent provider of capital financing, treasury advisory and strategic advisory consulting services to the public sector.
- Assumptions used, which do not have a material effect on the fair value evaluation are: interest is calculated using a 365 day basis; interest is paid on the maturity date; no adjustment is made to the interest value and date where a relevant date occurs on a non-working day.

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

2016/17			2017/18	
Carrying Amount £000s	**Fair Value £000s**		**Carrying Amount £000s**	**Fair Value £000s**
		Financial Assets		
19	19	Cash	13,175	13,175
175,871	175,871	Loans and Receivables	523,948	523,966
1,163	1,163	Equity investments	745	745
177,053	177,053	**Total Financial Assets**	537,868	537,886
		Financial Liabilities		
(394,282)	(394,282)	PWLB Debt using premature repayment rates	(459,211)	(716,738)
(567,991)	(567,991)	Non- PWLB debt	(870,535)	(1,215,644)
0	0	PFI Liability	(51,830)	(86,208)
(126,020)	(126,020)	Creditors and Grants Received in Advance	(225,468)	(225,468)
(1,088,293)	**(1,088,293)**	**Total Financial Liabilities**	**(1,607,044)**	**(2,369,462)**

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

Borrowings	**Range of interest rates payable in 17/18 from %**	**to %**	**Average Interest 2016/17 %**	**Average Interest 2017/18 %**	**Total Outstanding 2016/17 £000s**	**Total Outstanding 2017/18 £000s**
a) Analysis of loans by type:						
Public Works Loans Board	3.34%	9.75%	5.18%	5.05%	(389,906)	(454,282)
Other Loans	0.45%	4.58%	4.22%	3.20%	(565,040)	(842,857)
TfGM - Interbank					(1,402)	(16,138)
Accrued Interest Payable:						
PWLB					(4,376)	(4,929)
Others					(1,549)	(11,540)
Total as at 31 March					**(962,273)**	**(1,329,746)**
b) Analysis of loans by maturity						
Maturing:						
Due within 1 year: accrued interest payable						
PWLB					(4,376)	(4,929)
Others					(1,549)	(11,540)
Due within 1 year: principal						
PWLB					(5,000)	(10,000)
Others					(12,053)	(142,483)
Due within 1 year: TfGM - Interbank					(1,402)	(16,138)
Due within 1 year					(24,380)	(185,090)
In 1 to 2 years					(11,295)	(23,283)
In 2 to 5 years					(42,659)	(50,077)
In 5 to 10 years					(115,122)	(175,180)
In over 10 years					(768,817)	(896,116)
Due over 1 year					(937,893)	(1,144,656)
Total as at 31 March					**(962,273)**	**(1,329,746)**

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 movements.

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

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

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
  - The Authority's overall borrowing;
  - Its maximum exposures to fixed and variable rates;
  - Its maximum exposures in the maturity structure of its fixed rate debts;
  - Its maximum exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year, setting out its criteria for both investing and selecting Investment counter parties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Authority's annual levy setting 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 Authority's financial instrument exposure. Actual performance is also reported at least annually to the Members.
These policies are implemented by a central treasury team. The Authority maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed periodically.

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

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

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

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

Banks and Building Societies	
Fitch AA+ and above	£20 million
Fitch AA+/AA-	£15 million
Fitch A+/A	£15 million
Fitch A-	£10 million
Fitch BBB+	£10 million

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

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

Credit Risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch and Moody's Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. All investments held as at 31 March 2018 were with the HM Treasury Debt Management Office, other local authorities or UK banks and building societies.

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

Whilst the current credit crisis in international markets has raised the overall possibility of default the Authority maintains strict credit criteria for investment counterparties.

The Authority has not used any non-credit rated institutions (for instance smaller building societies or bank subsidiaries where the parent has a satisfactory rating). In these circumstances these investments would have been classified as other counterparties.

The Authority's debtors relate primarily to claims on Central and Local Government departments. Excluding HMRC and RGF/GPF Loans, £13.252 million of the balance of debtors of £191.731 million is past its due date for payment, therefore the estimated exposure to default is £nil.

RGF/GPF loans have had individual risk profiles assessed, resulting in an impairment of debt of £12.979 million being included within the accounts.

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

Credit Ratings Used:
Banks and Building Societies, as a minimum institutions must have the following Fitch (or equivalent) credit ratings (where rated):

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

Monitoring of credit ratings:
This Authority will not use the approach of using the lowest rating from all three rating agencies to determine creditworthy counterparties. The Capita Asset Services creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system does not give undue preponderance to just one agency's ratings.

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

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

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

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

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

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

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

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

The maturity analysis of financial liabilities is as follows:

2016/17 £000s		**2017/18 £000s**
150,400	Less than one year	412,057
11,295	Between one and two years	23,283
42,659	Between two and five years	63,732
115,122	Between five and ten years	198,992
768,817	More than ten years	908,980
1,088,293	**Total**	**1,607,044**

The maturity analysis of financial assets including cash balances is as follows:

2016/17 £000s		**2017/18 £000s**
146,333	Less than one year	513,904
10,590	Between one and two years	14,386
16,936	Between two and five years	9,404
2,031	Between five and ten years	63
1,163	More than ten years	111
177,053	Total	537,868

Refinancing and maturity risk

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

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

All trade creditors are due to be paid in less than one year.

Market Risk
Interest Rate Risk

The Authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – The interest expense charged to the Deficit / (Surplus) on the Provision of Services will rise;
- Borrowings at fixed rates - The fair value of the borrowing liability will fall;
- Investments at variable rates - The interest income credited to the Deficit / (Surplus) on the Provision of Services will rise; and
- Investments at fixed rates - The fair value of the assets will fall.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Deficit / (Surplus) on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Deficit on the Provision of Services and effect the General Fund Reserve.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Authority's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy, a prudential indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market interest rates and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns.

The Authority tries to maximise its income on temporary investment and minimise its interest costs on temporary and long-term borrowing.

The maximum interest rate increase that could be expected in the current climate is assessed at 1%. 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:

The impact of a 1% rise in interest rates would be as follows:

- Short term investment risk (£338.945 million @ 1%) = £3.389 million gain;
- Short term borrowing risk (£138.620 million @ 1%) = £1.386 million loss;
- LOBO risk (loans potentially subject to call over the remaining term of the loan);
- (£50 million @ 1%) = £0.50 million loss;

The short term investment risk reduced on 1st April when the cash position of the GMWDA became part of the Authority's cash position.

Impact on the Surplus or Deficit on the Provision of Services = £1.253 million gain.

The impact of a 1% fall in interest rates would be as follows:

- Short term investment risk (£338.945 million @ 1%) = £3.389 million loss.
- Short term borrowing risk (£138.620 million @ 1%) = £1.386 million gain.

Impact on the Surplus or Deficit on the Provision of Services = £1.253 million loss.

31 Related Party Transactions

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

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

Central Government

2016/17 £000s	Central Government	2017/18 £000s
(194,991)	Income	(862,320)
1,065	Debtors	53,885

Greater Manchester Authorities

2016/17 £000s	Greater Manchester Authorities	2017/18 £000s	Manchester City Council £000s	Bolton Council £000s	Bury Council £000s	Oldham Council £000s	Rochdale Council £000s	Salford City Council £000s	Stockport Council £000s	Tameside Council £000s	Trafford Council £000s	Wigan Council £000s
(246,291)	Income	(345,878)	(88,360)	(29,269)	(19,694)	(23,787)	(23,751)	(28,526)	(35,928)	(26,773)	(34,508)	(35,281)
108,987	Expenditure	136,009	19,901	5,243	4,316	4,773	5,274	7,804	69,424	7,252	5,094	6,927
7,949	Debtors	104,061	52,002	3,146	2,289	4,170	5,236	8,192	6,014	7,607	10,177	5,227
(60,234)	Creditors	(72,110)	(22,490)	(1,596)	(1,597)	(2,174)	(2,670)	(4,209)	(28,505)	(2,806)	(1,498)	(4,567)
5,000	Short Term Borrowings	57,620	52,620	0	0	5,000	0	0	0	0	0	0

Transport for Greater Manchester

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

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

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

2016/17 £000s	Transport for Greater Manchester	2017/18 £000s
245,071	Expenditure	272,395
(325)	Income	(231)
2,662	Debtors	2,912
(29,647)	Creditors	(36,223)
1,402	Borrowings	16,138

Members and Chief Officers

Members of the Authority (the Mayor and leaders of the GM District Councils) have direct control over the Authority's financial and operating policies.
No members allowances are payable, the remuneration of the Mayor and Deputy Mayor for Police and Crime are disclosed in note 18.
Details of member's interest, both pecuniary and non-financial are recorded in the register of member’s interest (available for public inspection).
During 2017/18 there were no reported material transactions with related parties advised by members or officers.

Chief Constable for Greater Manchester

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

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

2016/17 £000s		2017/18 £000s
3	Finance Costs calculated in accordance with the code	(118)
(235)	Impairment of Equity Investment	(10,025)
7,086	Increase / (Decrease) in Debtors	36,654
18,170	Decrease / (Increase) in Creditors	(23,796)
0	Decrease / (Increase) in Provisions	11,678
0	Revaluation adjustment	3,098
0	Increase / (Decrease) in Stock	47
(4,627)	(Increase) in impairment of debt	4,585
(176)	Loss on sale of non current assets	(89)
(4,307)	Annual depreciation charge	(26,991)
(116)	Pensions Liability	(29,313)
(1,640)	(Increase) / Decrease in Interest Debtors	(1,103)
(105)	Increase / (Decrease) in Interest Creditors	9,532
228	Other non-cash movements	3,753
14,281	**Adjustments to net surplus / deficit on the provision of services for non-cash movements**	**(22,088)**
44,669	Finance Costs Paid	45,626
(44,564)	Financing Expenditure	(55,158)
4,924	Financing Income	6,782
(3,284)	Interest Income Received	(5,679)
2,490	Capital grants and contributions receivable	1,978
4,235	**Adjust for items included in the net deficit on the provision of services that are investing and financing activities**	**(6,451)**

32b Cash Flow Statement - Investing Activities

2016/17 £000s	Investing Activities	2017/18 £000s
3,094	Purchase of Property, Plant and Equipment	33,872
17,369	Long and Short Term Loans paid out	8,060
(18,143)	Long Term Loans repaid / impaired	(8,518)
0	Proceeds from the sale of property plant and equipment	(911)
(2,490)	Capital grants and contributions received	(1,403)
(170)	**Net Cash Inflow / (Outflow) from Investing Activities**	**31,100**

32c Cash Flow Statement - Financing Activities

2016/17 £000s	Financing Activities	2017/18 £000s
2,720	Repayment of former GMC Debt	4,645
0	Reduction of the outstanding liability relating to a finance lease and on-balance sheet PFI contracts	2,339
(184)	Capital Grants Receipts in Advance relating to Agency Activities	85
25,393	Repayment of borrowing	363,520
(10,040)	Receipt of borrowing	(620,817)
17,889	**Net Cash Inflow / (Outflow) from Financing Activities**	(250,227)

33 Defined Benefit Pension Schemes

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

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

The Fire Service Pension Scheme for its uniformed firefighters - this is an unfunded scheme, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Local Government Pension Scheme for its other employees - this is a funded scheme, meaning that the Authority and employees pay its contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against grant and precept income is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Income and Expenditure Account in the Statement of Movement on General Fund Balances.

The Authority also has responsibility for the Police Pension Scheme for police officers although this scheme is administered by the Chief Constable (Greater Manchester Police) on behalf of the Authority.

In accordance with proper practices the Authority has fully complied with the International Financial Reporting Standard IAS19 (Employee Benefits). Both Pension schemes are classified as ‘defined benefit’ schemes under IAS19 and the accounting principles and their effect on the Financial Statements are explained below.

Employer contribution rates for the current and next year for both schemes are provided below:

	2017/18	2018/19
Firefighters Pension Scheme		
1992 Scheme	21.7%	21.7%
2006 Scheme	11.9%	11.9%
2015 Scheme	14.3%	14.3%
Modified Scheme	21.7%	21.7%
Local Governement Pension Scheme	21.2%	21.2%

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

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

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

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

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

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

1. **Current service cost** – the increase in liabilities as a result of years of service earned this year. This is allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
2. **Past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
3. **Interest cost** – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. This is debited to Financing and Investment Income and Expenditure Line in the Comprehensive Income and Expenditure Statement.
4. **Gains/losses on settlements and curtailments** – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees. This is debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
5. **Expected return on assets** – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return. This is credited to Financing and Investment Line in the Comprehensive Income and Expenditure Statement.

6. **Actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.
7. **Contributions paid to the pension fund** – cash paid as employer's contributions to the fund.

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

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

Comprehensive Income and Expenditure Statement

2016/17 LGPS £000s		2017/18 LGPS £000s	2017/18 FIRE £000s	2017/18 TOTAL £000s
	Cost of Services:			
120	Current service cost (includes transfer in)	5,843	23,480	**29,323**
0	Past service cost (including curtailments)	26	1,200	**1,226**
120	**Total Service Cost**	**5,869**	**24,680**	**30,549**
	Financing and Investment Income & Expenditure:			
0	Interest income on plan assets	(2,647)	0	**(2,647)**
2	Interest cost on defined benefit obligation	3,644	41,120	**44,764**
2	**Total Net Interest**	**997**	**41,120**	**42,117**
122	**Total Post Employment Benefit Charged to the (Surplus)/Deficit on the Provision of Services**	**6,866**	**65,800**	**72,666**
	Remeasurements of the Net Defined Liability Comprising:			
(17)	Return on plan assets excluding amounts included in net interest	(1,337)	0	**(1,337)**
3	Actuarial gains/losses arising from changes in demographic assumptions	0	(44,440)	**(44,440)**
78	Actuarial gains/losses arising from changes in financial assumptions	(4,610)	43,630	**39,020**
11	Other	0	(6,400)	**(6,400)**
75	**Total Remeasurements Recognised in Other in the CIES**	**(5,947)**	**(7,210)**	**(13,157)**
197	**Total Post Employment Benefit Charged to the CIES**	**919**	**58,590**	**59,509**

Movement in Reserves Statement

2016/17 LGPS £000s		2017/18 LGPS £000s	2017/18 FIRE £000s	2017/18 TOTAL £000s
41	Reversal of net charges made to the (surplus)/deficit on the provision of service	(6,866)	(65,800)	**(72,666)**
81	Employers' contributions payable to the scheme	3,325	0	**3,325**
0	Retirement benefits payable to pensioners	0	46,978	**46,978**
122	**Actual amount charged against the General Fund Balance for Pensions in the year**	**(3,541)**	**(18,822)**	**(22,363)**

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:

2016/17 LGPS £000s		2017/18 LGPS £000s	2017/18 FIRE £000s	2017/18 TOTAL £000s
(404)	Present value of the defined benefit obligation	(162,780)	(1,685,820)	**(1,848,600)**
254	Fair value of employer assets	123,288	0	**123,288**
(2)	Net Interest	(997)	0	**(997)**
(152)	**Net Liability Arising from the Defined Benefit Obligation**	**(40,489)**	**(1,685,820)**	**(1,726,309)**

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

2016/17 LGPS £000s		2017/18 LGPS £000s	2017/18 FIRE £000s	2017/18 TOTAL £000s
147	**Opening fair value of continuing scheme liabilities**	**404**		**404**
	Opening fair value of liabilities transferred in	**159,696**	**1,674,208**	**1,833,904**
120	Current Service Cost	5,843	23,480	**29,323**
8	Interest Cost	3,644	41,120	**44,764**
39	Contributions from scheme participants	1,068	0	**1,068**
	Remeasurement gain			
3	Actuarial gains/losses arising from change in demographic assumptions	0	(44,440)	**(44,440)**
78	Actuarial gains/losses arising from change in financial assumptions	(4,610)	43,630	**39,020**
11	Other	0	(6,400)	**(6,400)**
0	Past Service Costs	26	1,200	**1,226**
(2)	Benefits Paid	(3,291)	(46,978)	**(50,269)**
404	**Closing fair value of scheme liabilities**	**162,780**	**1,685,820**	**1,848,600**

Reconciliation of movements in the fair value of the scheme assets

2016/17 LGPS £000s		2017/18 LGPS £000s	2017/19 FIRE £000s	2017/20 TOTAL £000s
111	**Opening fair value of continuing scheme assets**	**252**		**252**
	Opening fair value of assets transferred in	**116,953**		**116,953**
6	Interest Income	2,647		2,647
	Remeasurement gain			
17	Return on assets excluding amounts included in net interest	1,337		1,337
81	Contributions from employer	3,325		3,325
39	Contributions from employees into the scheme	1,068		1,068
(2)	Benefits Paid	(3,291)		(3,291)
252	**Closing fair value of scheme assets**	**122,291**	**0**	**122,291**

Local Government Pension Scheme assets comprised:

2016/17					2017/18			
Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets		Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets
£000s	£000s	£000s	%		£000s	£000s	£000s	%
				Equity Securities				
20.50		20.50	8%	Consumer	6,978.10		6,978.10	6%
21.00		21.00	8%	Manufacturing	8,371.20		8,371.20	7%
16.80		16.80	7%	Energy and utilities	6,628.50		6,628.50	5%
25.80		25.80	10%	Financial Institutions	10,072.10		10,072.10	8%
9.00		9.00	4%	Health and care	3,125.60		3,125.60	3%
6.40		6.40	3%	Information Technology	1,960.10		1,960.10	2%
4.30		4.30	2%	Other	1,196.20		1,196.20	1%
				Debt Securities				
12.00		12.00	5%	Corporate bonds (investment grade)	4,533.10		4,533.10	4%
3.30		3.30	1%	UK Government	1,059.60		1,059.60	1%
8.00		8.00	3%	Other	3,403.10		3,403.10	3%
				Private Equity				
	7.20	7.20	3%	All		4,092.30	4,092.30	3%
				Real Estate				
	6.90	6.90	3%	UK Property		4,186.80	4,186.80	3%
				Investment Funds and Unit Trusts				
63.00		63.00	23%	Equities	33,090.80		33,090.80	27%
18.00		18.00	7%	Bonds	15,856.40		15,856.40	13%
	5.80	5.80	3%	Infrastructure		3,166.30	3,166.30	3%
4.50	12.50	17.00	7%	Other	3,220.40	6,877.40	10,097.80	8%
				Derivatives				
				Other				0%
				Cash and Cash Equivalents				
7.00		7.00	3%	All	4,473.00		4,473.00	4%
219.60	**32.40**	**252.00**	**100%**	**Totals**	**103,968**	**18,323**	**122,291**	**100%**

Basis for Estimating Assets and Liabilities
Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

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

The significant assumptions used by the actuary have been:

Mortality Assumptions

2016/17 LGPS		2017/18 LGPS	2017/18 FIRE
	Longevity at 65 for current pensioners:*		
21.5 years	Male	21.5 years	21.9 years
24.1 years	Female	24.1 years	21.9 years
	Longevity at 65 for future pensioners:*		
23.7 years	Male	23.7 years	23.9 years
26.2 years	Female	26.2 years	23.9 years
	Rate of Inflation (Price Increases)		
3.2%	Rate of increase in salaries (Salary Increases)	3.2%	4.3%
2.4%	Rate of increase in pensions (Pension Increases)	2.4%	2.3%
2.5%	Rate of discounting scheme liabilities (Discount Rate)	2.6%	2.6%
55.0%	Take up of option to convert annual pension into retirement grant - pre April 2008	55.0%	
80.0%	Take up of option to convert annual pension into retirement grant - post April 2008	80.0%	

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

An allowance is included for future retirements to elect to take 55% of the maximum additional tax free cash up to the HRMC limits for pre-April 2008 service and 80% of the maximum tax-free cash for post-April 2008 service.

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

Sensitivity Analysis

Local Government Pension Scheme **Change in Assumption at 31 March 2018**	**Approximate % increase to Employer Liability**	**Approximate monetary amount £000s**
0.5% decrease in Real Discount Rate	6%	9,963
0.5% increase in the Salary Increase Rate	-7%	(11,840)
0.5% increase in the Pension Increase Rate	15%	24,647

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

Fire Fighters Pension Scheme Change in Assumption at 31 March 2018	Approximate % increase to Employer Liability	Approximate monetary amount £000s
0.5% decrease in Real Discount Rate	-9.50%	(160,000)
1 year increase in member life expectancy	2.50%	43,000
0.5% increase in the Salary Increase Rate	1.00%	19,000
0.5% increase in the Pension Increase Rate	7.50%	128,000

The weighted average duration of the defined benefit obligation for the Firefighter scheme members is approximately 20 years.

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

The objectives of the scheme are to keep employers contributions at as constant a rate as possible and agree a funding strategy to ensure future employers contributions meet the Administering Authority's funding objectives. Following the latest triennial valuation the LGPS has been assessed as being 90.5% funded. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed 31 March 2019.

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

Greater Manchester Combined Authority

Supplementary Financial Statements

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

Pension Funds

There is a requirement in the IFRS Code to create a Pension Fund Account and Net Assets Statement in respect of the Firefighter's and Police Pension Schemes. The primary objective is to separate the cost of providing pensions from the cost of running services. Therefore, any accruals created relating to the Pension Funds are removed from the Balance Sheet and a corresponding entry created to recognise the relationship with the Pension Fund Account.

Police Pension Fund

The Police Pension Scheme

The scheme is unfunded. Both the employer and employee pay pension contributions based on a percentage of pensionable pay into the Pension Fund Account. Pensions are then paid out of the Account.

The amounts that must be paid into and out of the Pension Fund Account are specified by regulation. The Authority is liable for any surplus or deficit on the fund, which is repaid to The Authority via a Home Office Grant.

In all schemes the Authority paid an employer's contribution and employee paid a contribution too. Further information can be found in the Chief Constable of GMP's Statement of Accounts.

Police Pension Fund Account	**2017/18 £000s**
Contributions Receivable	
From employer	
- contributions at 21.3% of pensionable pay	(42,271)
- early retirements	(3,084)
- other (contributions from the Territorial Army)	(6)
Officers contributions	(27,054)
Transfers In	
Individual transfers in from other schemes	(844)
Benefits Payable	
Pensions	139,803
Commutations and lump sum retirement benefits	40,522
Payments to and on account of leavers	
Individual transfers out to other schemes	360
Refunds of contributions	39
Other (tax and interst	249
Sub Total: Net Amount Payable for the year	**107,714**
Additional 2.9% funding due from the Mayoral Police Fund to meet the deficit for the year	**(5,755)**
Amount due from the Mayoral Police Fund	**(101,959)**
Net amount payable/receivable for the year	**0**

Contribution rates

	2016/17 %	2017/18 %
Employer	24.20%	24.20%
Employee:		
'Old' scheme	Between 14.25 and 15.05%	Between 14.25 and 15.05%
'New' schemes: 1.4.2006	Between 11% and 12.75%	Between 11% and 12.75%
'New' schemes: 1.4.2015	Between 12.44% and 13.78%	Between 12.44% and 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 on behalf of the Mayor of Greater Manchester.

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 the Mayor which he reclaims from central government.

Employer and employee contributions are paid into the Fund based on a percentage of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department. See the contribution rates table above. At the last revaluation the employer's contribution was reduced by 2.9% from 24.2% to 21.3%. However, the effective rate remains at 24.2% as the saving has been recovered by central government. Benefits payable to scheme members are made from the Fund with the exception of injury awards which are payable from revenue funds. Administrative costs are also met from revenue. 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 the Mayor. If expenditure exceeds income then the Mayor must fund the deficit. The Mayor 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 Comprehensive Income and Expenditure Statement. The additional contribution from the Mayor is debited in his accounts together with a matching grant from the Home Office.

The amount of Home Office grant outstanding at 31st March 2018 has been accrued and is shown in the Balance Sheet.

The Fund's financial statements do not take into account liabilities to pay pensions after 31st March 2018. Liabilities to pay future payments are included in the IAS19 charges and notes to the Financial Statements.

The Fund's Accounting Policies are set out in the notes to the Core Financial Statements.

Following a consultation exercise a new pension scheme has been introduced for Police Officers base on Career Average revalued earnings (CARE). From 1/4/2015, all officers recruited on or after 1/4/2015 will become members of the 2015 scheme and earlier schemes have been closed to new members from that date. Members of the older schemes will either be fully protected if they were within 10 years of retirement, or transfer to the 2015 scheme on transfer on differing tapering dates up to 31/3/2022 subject to individual circumstances around age and remaining length of service.

Fire Pension Fund

The Fire Service Pension Scheme

This is an unfunded scheme, which is administered by the Authority in accordance with Home Office regulations. For such schemes as there are no investment assets, the IAS19 requires recognition of the liability and pension reserve in the Balance Sheet and transactions in the Income and Expenditure Account for movements in the liability and reserve. The primary objective is to allow the separation of the cost of providing pensions from the cost of running a fire and rescue service.

The funding arrangements for the Firefighters pension scheme in England changed on 1 April 2006. Before 1 April 2006 these schemes did not have a percentage of pensionable pay type of employer’s contribution - rather each Authority was responsible for paying the pensions of its own former employees on a pay as you go basis. Under the new arrangements the schemes remain unfunded but Authorities will pay an employer’s pension contribution based on a percentage of pay into the Pension Fund. Each Authority in England is required by legislation to operate a Pension Fund and the amounts that must be paid into and out of the Fund are specified by regulation under the Firefighters’ Pension Scheme (Amendment) (England) Order 2006.

Employees’ and employers’ contribution levels are based on percentages of pensionable pay set nationally by the Government Actuary Department (GAD) and are subject to triennial revaluation.

There are no investment assets and the fund is balanced to nil each year by receipt of pension top-up grant from the Home Office or by paying over any surplus to the Home Office. The fund’s financial statements do not take into account liabilities to pay pensions and other benefits after the period end.

The accounting policies adopted for the production of the pension fund account are in line with recommended practice and follow those that apply to the Authority’s primary statements.

The Net Assets statement does not include liabilities to pay pensions and other benefits after the balance sheet date. Future liabilities are addressed under the application of IAS19.

Fire Service Pension Scheme Employee Contributions Holiday

Under the previous terms of the 1992 Firefighters’ Pension Scheme, the maximum pensionable service that a member can accrue is 30 years’ service, whilst the earliest point they can retire is at age 50. This means that some scheme members, mainly those who joined before age 20, must continue to pay employee contributions beyond the point of accruing maximum pensionable service but before they are able to retire.

The Government has now introduced an employee contributions holiday for 1992 Scheme members to accrue the maximum 30 years’ pensionable service prior to age 50. This legislation came into effect on 30 September 2016. Payments due in 2017/18 amounted to £0.430 million which is fully funded by the Top-up grant from the Home Office.

Firefighter Pension Fund Account	**2017/18 £000s**
Contributions Receivable	
From Employer	(5,834)
From Employee	(4,700)
Ill Health Retirements	(443)
Transfers In	
Individual transfers in from other schemes	(39)
Benefits Payable	
Pensions	37,869
Commutations and lump sum retirement benefits	8,051
Payments to and on account of leavers	
Individual transfers out to other schemes	127
Sub Total: Net Amount Payable for the year	**35,031**
Top-up grant receivable from the Government	**(35,031)**
Net amount payable/receivable for the year	**0**
Net Assets Statement	
Pension Top-Up Grant receivable from the Home Office	9,284
Payments in Advance	0
Creditor	(97)
Debtor	0
Amount due from the Mayoral General Fund	(9,188)
Net Assets	**0**

Mayoral Police Fund

Mayoral Police Fund

The functions of the Greater Manchester Police and Crime Commissioner (PCC), in Greater Manchester, were transferred by Parliamentary Order[1], to the elected Mayor of Greater Manchester with effect from 8th May 2017. Under Section 3 of the Order "the mayor is to be treated, in relation to the mayor's PCC functions, as a police and crime commissioner for the purposes of all police and crime commissioner enactments, wherever passed or made, subject to schedule 1 of the Order". The transfer of the PCC functions to the Elected Mayor means that the legal entity known as the Greater Manchester Police and Crime Commissioner ceased to exist as of 8 May 2017. All properties, rights and liabilities (including contracts of employment) transferred to the Greater Manchester Combined Authority 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. As the functions of the PCC will continue the accounts have been prepared on a going concern basis.

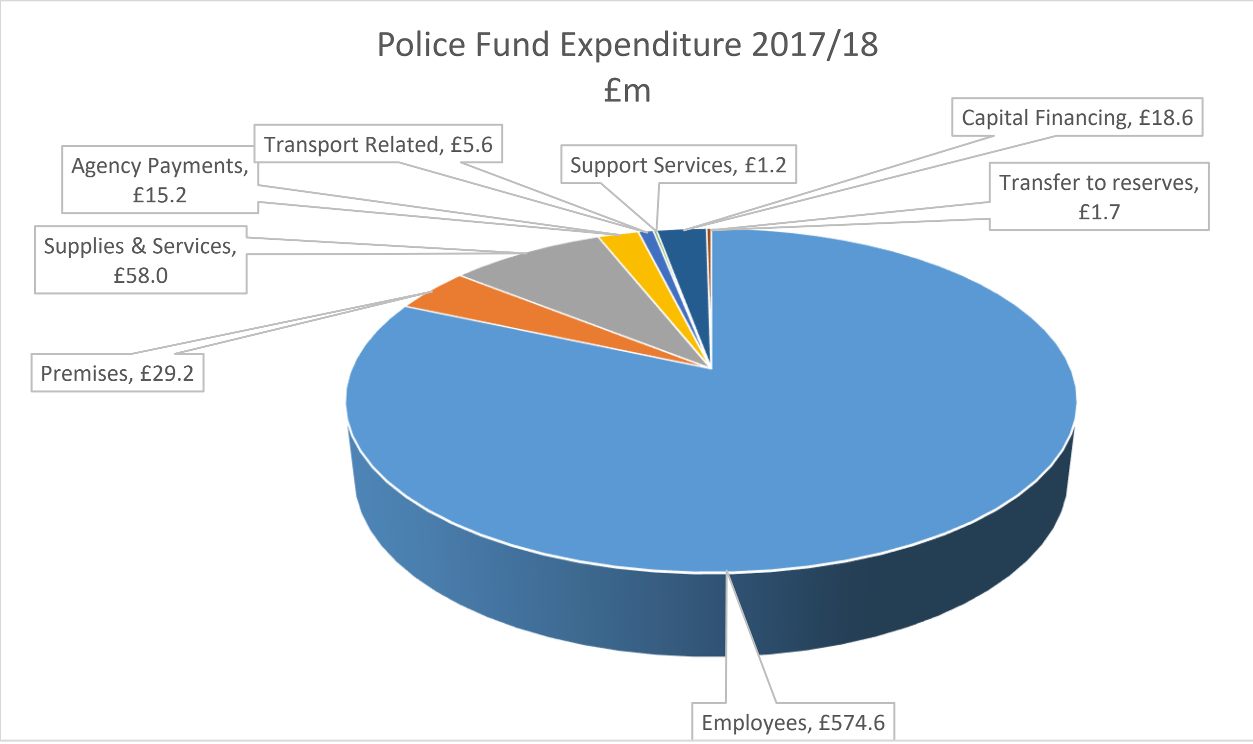
Chief Constable of Greater Manchester Police (GMP) Statement of Accounts is to be included in the Combined Authority's group accounts from 8 May 2017. The Mayor is responsible for the formal oversight of GMP, including provision of all funding, budget-setting, performance scrutiny and strategic policy 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 Constables officers and staff operate. The Authority receives all income and funding and makes all the payments for the policing activity from the Mayoral Police Fund. The movement on the Police Fund is disclosed in these supplementary notes to the main Authority accounting statements.

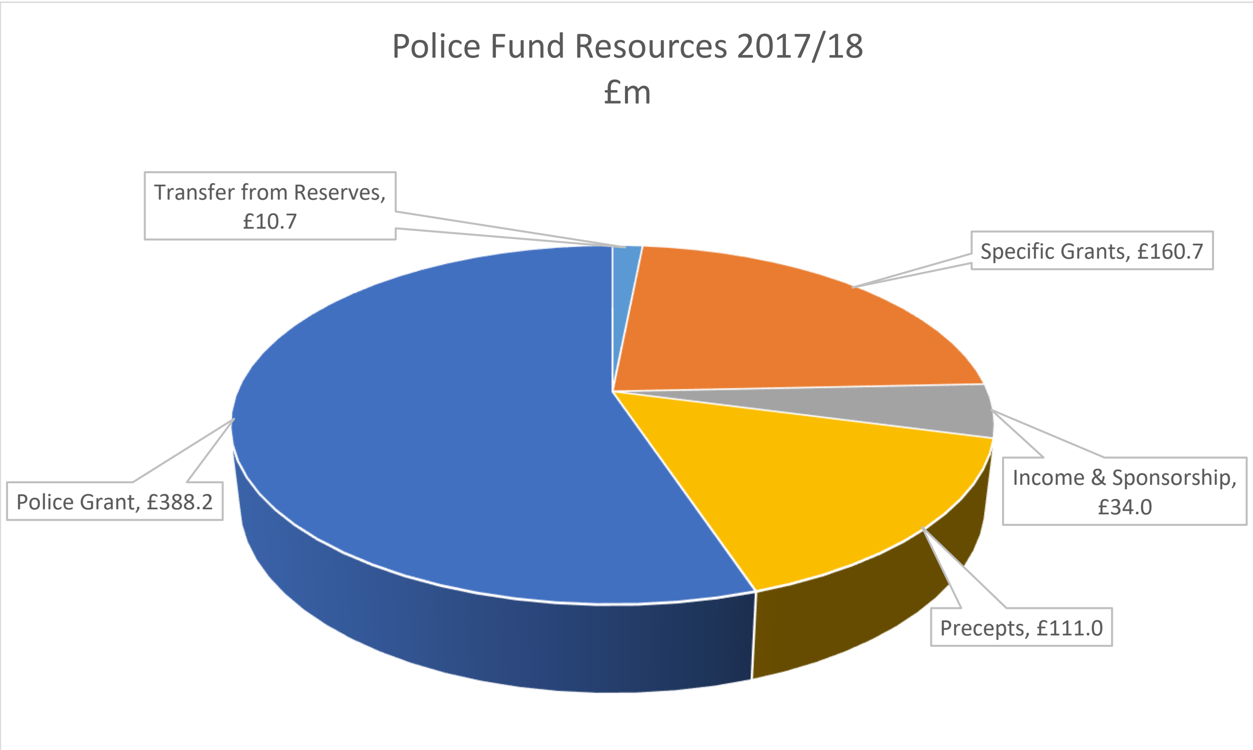
In compliance with legislation the Police Fund is accounted for in the group accounts of the Combined Authority in the interests of transparency the statements below set out how the police fund was spent and funded, movements in the Mayoral Police Fund reserves and also assets deployed for policing 2017/18:

[1] The Greater Manchester Combined Authority (Transfer of Police and Crime Commissioner Functions to the Mayor) Order 2017

How the money was spent:



Where the money came from:



Movement in Mayoral Police Fund Reserves:

Earmarked Reserves and Balances	Transferred Services 8 May 2017 £000s	Restated Opening Balances £000s	Transfers in/out £000s	31 March 2018 £000s
Mayoral Police Fund transferred from PCC				
Revenue Expenditure Reserve	12,668	**12,668**	(5,406)	**7,262**
Insurance Reserve	0	**0**	15,173	**15,173**
Mayoral (PCC) Earmarked Reserves	38,210	**38,210**	(13,495)	**24,715**
Capital Expenditure	2,603	**2,603**	(384)	**2,219**
PFI Reserve	13,054	**13,054**	(752)	**12,302**
Mayoral Police Fund Balances	13,221	**13,221**	659	**13,880**
Total Mayoral Police Fund	**79,756**	**79,756**	**(4,205)**	**75,551**

Mayoral Police Fund Property, Plant and Equipment:

Property, Plant and Equipment deployed in the provision of Police Services	Land and Building £000s	Vehicles, Plant Furniture & Equipment £000s	Long Term Surplus Assets £000s	Assets under Construction £000s	Total Property Plant and Equipment £000s	PFI Assets Included in Property Plant and Equipment £000s
Movements in 2017/18						
Cost or Valuation						
At 8 May 2017 - asset values transferred from PCC	243,539	141,131	1,526	38,267	424,463	75,238
Additions	0	4,597	0	25,572	30,169	0
Accumulated depreciation and impairment written off to cost or valuation	(1,503)	(743)	0	0	(2,246)	0
Revaluation increases (decreases) recognised in the Revaluation Reserve	2,209	1,038	0	0	3,247	0
Revaluation increases (decreases) recognised in the Surplus/Deficit on the Provision of Services	3,098	0	0	0	3,098	0
Derecognition - disposals	0	(5,736)	0	0	(5,736)	0
Derecognition - other	0	0	0	0	0	0
Assets reclassified (to)/from held for sale	(250)	0	0	0	(250)	0
Assets reclassified (to)/from assets under construction	0	5,142	0	(5,142)	0	0
Other Movements in cost or valuation	0	0	0	0	0	0
Cost or valuation as at 31 March 2018	247,093	145,429	1,526	58,697	452,745	75,238
Accumulated Deprecation and Impairment						
At 8 May 2017 - depreciation values transferred from PCC	(7,485)	(111,051)	(7)	0	(118,543)	(8,583)
Depreciation Charge	(5,553)	(9,221)	(3)	0	(14,777)	(1,830)
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0
Impairment losses(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0
Impairment losses(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0
Derecognition - disposals		4,998	0	0	4,998	0
Derecognition - other	1,503	743	0	0	2,246	0
Assets Reclassified (to)/from Held for Sale	0	0	0	0	0	0
Other movements in depreciation and impairment	0	0	0	0	0	0
Accumulated depreciation as at 31 March 2018	(11,535)	(114,531)	(10)	0	(126,076)	(10,413)
Net book value summary						
as at 1 April 2017	0	0	0	0	0	0
as at 8 May 2017	236,054	30,080	1,519	38,267	305,920	66,655
as at 31 March 2018	235,558	30,898	1,516	58,697	326,669	64,825

Mayoral General Fund

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

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

The closing balance sheet of GMFRA has been brought into the Authority's 2017/18 balance sheet as an in year transfer using the absorption accounting methodology. The Authority's prior year comparative values will not be restated to include the GMFRA 2016/17 values.

Expenditure and income relating to Fire and Rescue functions within the Authority's 2017/18 accounting statements will be for an 11 month period 8 May 2017 to 31 March 2018.

The statements below set out the movements in the Mayoral General Fund and assets deployed for fire and rescue services for 2017/18:

Movement in Mayoral General Fund Reserves:

Earmarked Reserves and Balances	Transferred Services 8 May 2017 £000s	Restated Opening Balances £000s	Transfers in/out £000s	31 March 2018 £000s
Mayoral General Fund transferred from GMFRA				
Capital Reserve	11,473	**11,473**	(914)	**10,559**
Earmarked Budgets Reserve	5,312	**5,312**	(812)	**4,500**
Unspent Grant Reserve	4,779	**4,779**	571	**5,350**
Insurance Reserve	2,488	**2,488**	361	**2,849**
Business Rates Reserve	1,710	**1,710**	413	**2,123**
Restructuring Reserve	418	**418**	0	**418**
Innovation and Partnership CYP	127	**127**	0	**127**
Projects Reserve	244	**244**	0	**244**
Transformation Fund	0	**0**	500	**500**
Mayoral General Fund Balances	14,461	14,461	713	15,174
Total Mayoral General Fund Balances	**41,012**	**41,012**	**832**	**41,844**
Capital Grants Unapplied Reserve	1,087	**1,087**	(219)	**868**
Total Mayoral General Fund	**42,099**	**42,099**	**613**	**42,712**

Property, Plant and Equipment	Land and Building £000s	Vehicles, Plant Furniture & Equipment £000s	Long Term Surplus Assets £000s	Assets under Construction £000s	Total Property Plant and Equipment £000s	PFI Assets Included in Property Plant and Equipment £000s
Movements in 2017/18						
Cost or Valuation						
At 8 May 2017 - asset values transferred from GMFRA	85,918	33,725	275	4,424	124,342	3,057
Additions	932	2,196		1,108	4,236	
Revaluation increases (decreases) recognised in the Revaluation Reserve	1,169		195		1,364	
Revaluation increases (decreases) recognised in the Surplus/Deficit on the Provision of Services	146		13		159	
Derecognition - disposals		(249)			(249)	
Derecognition - other	(43)				(43)	
Assets reclassified (to)/from held for sale			(483)		(483)	
Assets reclassified (to)/from assets under construction					0	
Other Movements in cost or valuation	5,212			(5,212)	0	
Cost or valuation as at 31 March 2018	93,334	35,672	0	320	129,326	3,057
Accumulated Deprecation and Impairment						
Accumulated depreciation transferred in:						
At 8 May 2017 - depreciation values transferred from GMFRA	(8,921)	(22,140)	(181)	0	(31,242)	(775)
Depreciation Charge	(3,409)	(2,312)			(5,721)	(147)
Depreciation written out to the Revaluation Reserve	1,925		48		1,973	
Depreciation written out to the Surplus/Deficit on the Provision of Services	596				596	
Impairment losses(reversals) recognised in the Revaluation Reserve					0	
Impairment losses(reversals) recognised in the Surplus/Deficit on the Provision of Services					0	
Derecognition - disposals		244			244	
Derecognition - other	43				43	
Assets Reclassified (to)/from Held for Sale			133		133	
Other movements in depreciation and impairment					0	
Accumulated depreciation as at 31 March 2018	(9,766)	(24,208)	0	0	(33,974)	(922)
Net book value summary						
as at 1 April 2017	0	0	0	0	0	0
as at 8 May 2017	76,997	11,585	94	4,424	93,100	2,282
as at 31 March 2018	83,568	11,464	0	320	95,352	2,135

Greater Manchester Combined Authority

Group Accounts

Introduction

Group Accounts

Introduction

Background
The Accounting Code of Practice requires that where an Authority has material financial interests and a significant level of control over one or more entities, it should prepare Group Accounts. The aim of these statements is to give an overall picture of the Council'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 in 2017/18 has taken place and the conclusions are provided below:

Bodies Consolidated:

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

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

Expenditure and income included in the Chief Constables 2017/18 accounting statements and the Authority's group accounts will be for an 11 month period 8 May 2017 to 31 March 2018.

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

For information details of transactions with the TfGM are included in the related parties note.

The accounts of TfGM are prepared in accordance with the Accounts and Audit (England) Regulations 2015. These require the accounts to be prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 ('The Code').

NW Evergreen Holdings Limited Partnership (NWEH)
NWEH is to continue to be included in the Authority's group accounts. In September 2016 the Authority established NWEH to act as a holding fund for earlier tranches of ERDF funding. The Fund has received significant funding from ERDF and will invest in sub funds that provide opportunities to identify, research and negotiate investment opportunities in properties in the North West of England.

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

Bodies Not Consolidated:

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

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

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

Commission for New Economy Limited (CNE)
CNE is a private company limited by guarantee without share capital. The Authority is the person with significant control and has previously included CNE in its group accounts. On the grounds of immateriality it has been decided that CNE is not to be included in the group accounts from 2017/18 onwards and the group position for 2016/17 has been restated to exclude the comparative figures for CNE.

Greater Manchester Accessible Transport Limited (GMATL)
GMATL is a private company limited by guarantee without share capital. The Authority is the person with significant control and has previously included GMATL in its group accounts. On the grounds of immateriality it has been decided that GMATL is not to be included in the group accounts from 2017/18 onwards and the group position for 2016/17 has been restated to exclude the comparative figures for GMATL.

Manchester Investment and Development Agency Service (MIDAS)
MIDAS is a private company limited by guarantee without share capital. The Authority is the person with significant control and has previously included MIDAS in its group accounts. On the grounds of immateriality it has been decided that MIDAS is not to be included in the group accounts from 2017/18 onwards and the group position for 2016/17 has been restated to exclude the comparative figures for MIDAS.

Basis of Preparation of the Group Accounts

The group accounts have been prepared on a historical cost basis, except for certain property assets that are measured at fair value, in accordance with the Code. The group accounts have been prepared on a going concern basis.

Statement of Compliance with IFRS
In accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 20117/18, 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

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Comprehensive Income and Expenditure Statement

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

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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 Restated 2016/17 £000s	Gross Income Restated 2016/17 £000s	Net Expenditure Restated 2016/17 £000s	Comprehensive Income and Expenditure Statement	Note	Gross Expenditure 2017/18 £000s	Gross Income 2017/18 £000s	Net Expenditure 2017/18 £000s
			GMCA Continuing Operations				
402,535	(180,215)	222,320	**Highways and Transport Services**		463,119	(160,225)	302,894
27,610	(24,552)	3,058	**Economic Development and Regeneration Services**		76,297	(65,086)	11,211
430,145	**(204,767)**	**225,378**	**Total GMCA Continuing Operations**		**539,416**	**(225,311)**	**314,105**
			Transferred Services to GMCA				
			Mayoral General Fund Services				
			Fire and Rescue Services		73,610	(5,229)	68,381
			Mayors Office		105	(101)	3
			Total Mayoral General Fund Services		**73,715**	**(5,330)**	**68,384**
			Mayoral Police Fund Services				
			Mayoral Policing Services		**539,244**	**(99,108)**	**440,136**
430,145	**(204,767)**	**225,378**	**Total Cost of GMCA Operations**	37,38	**1,152,375**	**(329,749)**	**822,625**
0	0	0	Loss on Disposal of Non Current Assets		226	(36)	190
6,514	0	6,514	Other Operating Income and Expenditure		0	(2,674)	(2,674)
49,716	(5,394)	44,322	Financing and Investment Income and Expenditure	39	310,550	(26,314)	284,236
0	(359,018)	(359,018)	Taxation and Non Specific Grant Income	40	0	(949,627)	(949,627)
			Home Office grant payable towards the cost of retirement benefits		101,959	(101,959)	0
486,375	**(569,179)**	**(82,804)**	**(Surplus) / Deficit on Provision of Services**		**1,565,109**	**(1,410,359)**	**154,750**
			Items that will not be subsequently classified in deficit on provision of services				
		43,510	Re-measurement of the net defined benefit liability				(23,780)
		(2,163)	(Surplus) / Deficit on revaluation of available for sale non current assets				0
			(Surplus) / Deficit on revaluation of non current assets				(6,672)
		41,347	**Other Comprehensive (Income) & Expenditure**				**(30,452)**
		(41,457)	**Total Comprehensive (Income) and Expenditure**				**124,298**

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

2016/17 Restated £000s	Reconcilliation of (surplus)/deficit for the year	2017/18 £000s
(429)	(Surplus)/deficit for the year on the Authority CIES	12,496
	(Surplus) / deficit arising from other entities included in the group accounts analysed into the amounts attributable to:	
(64,151)	Evergreen Holdings (GP) Ltd	(502)
23,122	TfGM	(39,780)
0	Chief Constable GMP	152,084
(41,458)		**124,298**

Group Movement in Reserves Statement

This statement shows the movement in year on the different reserves held by the Authority Group. This is analysed into usable and unusable reserves. Usable reserves can be utilised to fund services whereas unusable reserves are accounting reserves held to reconcile the position between the accounting cost of services and the cost set out in legislation that is chargeable to precepts and taxation.
Further details of usable reserves can be found in the relevant associated notes.

Movement in Reserves	Authority General Fund Balances £000s	Authority Capital Grants Unapplied Reserve £000s	Authority Capital Receipts Reserve £000s	**Total Authority Usable Reserves £000s**	**Authority Share of Group Usable Reserves £000s**	**Total Usable Group Reserves £000s**	**Authority Unusable Reserves £000s**	**Authority Share of Group Unusable Reserves £000s**	**Total Unusable Group Reserves £000s**	**Total Group Reserves £000s**
Balance as at 31 March 2016	**152,160**	22,553	12,693	**187,406**	**33,185**	**220,591**	**(1,090,463)**	**1,800,997**	**710,534**	**931,125**
Movement in Reserves during 2016/17										
Surplus or (deficit) on the provision of services	**504**	0	0	**504**	**82,300**	**82,804**	**0**	**0**	**0**	**82,804**
Total Comprehensive Income and Expenditure	**0**	0	0	**0**	**0**	**0**	**(75)**	**(41,272)**	**(41,347)**	**(41,347)**
Total Adjustments between accounting basis & funding basis under regulations	**1,712**	(10,751)	11,328	**2,289**	**(13,721)**	**(11,431)**	**(2,289)**	**13,721**	**11,431**	**0**
Transfers to or from Earmarked Reserves	**0**	0	0	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Increase / (decrease) in year	**2,216**	(10,751)	11,328	**2,793**	**68,579**	**71,373**	**(2,364)**	**(27,551)**	**(29,916)**	**41,457**
Continuing Operations Balance as at 31 March 2017	**154,376**	11,802	24,021	**190,199**	**101,764**	**291,964**	**(1,092,828)**	**1,773,446**	**680,617**	**972,581**
Transferred Services Balances as at 8 May 2017										
Mayoral General Fund balance transferred from GMFRA	41,012	1,087	0	**42,099**	**0**	**42,099**	**(1,641,821)**	**0**	**(1,641,821)**	**(1,599,722)**
Mayoral Police Fund balance transferred from PCC	79,756	0	0	**79,756**	**0**	**79,756**	**69,936**	**0**	**69,936**	**149,692**
Chief Constable GMP	0	0	0	**0**	**0**	**0**	**0**	**(7,565,529)**	**(7,565,529)**	**(7,565,529)**
Restated Balances b/f for GMCA Services	**275,144**	12,889	24,021	**312,054**	**101,764**	**413,819**	**(2,664,713)**	**(5,792,083)**	**(8,456,797)**	**(8,042,978)**
Surplus or (deficit) on the provision of services	(32,325)	0	0	**(32,325)**	**(122,425)**	**(154,750)**	**0**	**0**	**0**	**(154,750)**
Total Comprehensive Income and Expenditure	0	0	0	**0**	**0**	**0**	**19,829**	**10,623**	**30,452**	**30,452**
Total Adjustments between accounting basis & funding basis under regulations	29,240	(11,449)	1,487	**19,278**	**125,335**	**144,613**	**(19,278)**	**(125,335)**	**(144,613)**	**(0)**
Transfers to or from Earmarked Reserves	231	(231)	0	**0**	**(830)**	**(830)**	**0**	**830**	**830**	**0**
Increase / (decrease) in year	(2,854)	(11,680)	1,487	**(13,047)**	**2,080**	**(10,967)**	**551**	**(113,882)**	**(113,331)**	**(124,298)**
Balance as at 31 March 2018	**272,290**	1,209	25,508	**299,008**	**103,844**	**402,852**	**(2,664,163)**	**(5,905,965)**	**(8,570,127)**	**(8,167,275)**

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.

2016/17 Restated £000s	Balance Sheet	Note	2017/18 £000s
	Non Current Assets		
1,939,929	Property, Plant & Equipment	43	2,392,080
0	Heritage Assets		83
890	Investment Property		943
5,510	Intangible Assets		9,068
90,256	Long Term Debtors and Payments in Advance	44	82,688
1,163	Long Term Investments		2,745
2,037,748	**Total Non Current Assets**		**2,487,607**
	Current Assets		
196	Inventories and Stock		2,194
85,425	Short Term Debtors and Payments in Advance	44	233,899
0	Amount due from the Pension Fund		9,188
124,205	Cash and Cash Equivalents	45	362,618
0	Assets Held For Sale		600
209,826	**Total Current Assets**		**608,498**
	Current Liabilities		
(24,215)	Short Term Borrowing	51	(166,329)
(128,405)	Short Term Creditors and Receipts in Advance	46	(218,649)
(23,863)	Capital Grants Receipts in Advance		(38,164)
(8,119)	Revenue Grants Receipts in Advance		(19,995)
(1,226)	Short Term Provisions	47	(9,620)
0	Short Term Lease Liability		(1,500)
(2,869)	Short Term Deferred Liability		(4,824)
(188,697)	**Total Current Liabilities**		**(459,080)**
	Long Term Liabilities		
(1,003,889)	Long Term Borrowing	51	(1,214,488)
(200)	Long Term Provisions	47	(15,017)
0	Long Term Lease Liability		(50,331)
(12,954)	Long Term Deferred Liability		(16,053)
(69,251)	Pensions Liability	54	(9,508,411)
(1,086,294)	**Total Long Term Liabilities**		**(10,804,300)**
972,583	**Net Assets**		**(8,167,275)**
	Financed By:		
291,965	Usable Reserves	36	**402,852**
680,618	Unusable Reserves	48	**(8,570,127)**
972,583	**Total Reserves**		**(8,167,275)**

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.

2016/17 Restated £000s	Group Cash Flow	2017/18 £000s
(82,804)	**Net (Surplus) on the provision of services**	**154,750**
(14,901)	Adjustments to net surplus or deficit on the provision of services for non cash movements	(268,677)
65,532	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	98,052
(32,173)	**Net Cash Flows from Operating Activities**	**(15,875)**
60,452	Investing Activities	34,970
2,520	Financing Activities	(235,357)
30,799	**(Increase) / decrease in cash and cash equivalents**	**(216,262)**
155,004	Cash and cash equivalents on 1 April 2017 for continuing operations	124,205
0	Cash and cash equivalents on 8 May 2017 for transferred operations	22,150
	Restated cash and cash equivalents brought forward for all operations	**146,355**
124,205	Cash and cash equivalents at the end of the reporting period	**362,617**

Greater Manchester Combined Authority

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Notes to the Group Core Financial Statements

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Summary of Significant Accounting Policies

Consolidation Method

The accounts of all subsidiary group entities are consolidated on a line by line basis with corresponding consolidation adjustments to remove inter group transactions and balances.

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

Property, Plant and Equipment and Assets under Construction

Items of property, plant and equipment are stated at cost less accumulated depreciation, with the exception of investment properties and non-infrastructure operational assets which are measured at current value. The Group's policy is to write off the carrying value of all assets, other than freehold land, on a straight line basis over their estimated remaining useful lives.

The range of estimated useful lives for each class of assets is as follows:

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

* Infrastructure assets includes a number of categories of assets relating to the Metrolink network, the Leigh to Ellenbrook Guided busway and cycle hubs.

Further details of the asset lives within this category are given below:

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

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

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

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

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

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

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

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

Intangible assets

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

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

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

Capital and revenue grants and contributions

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

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

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

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

Inventories

Inventories are carried at the lower of cost (including costs incurred in bringing the inventory to its present location, such as freight) and net realisable value, determined on a first in first out basis.

Financial Assets

Financial assets are classified at recognition as loans, deposits or receivables in accordance with IAS 39, and recognised at cost. The Group's financial assets include the long term investment, cash, short-term deposits, trade and other receivables.

Subsequent measurement depends on their classification as follows:

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

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

Changes in fair value are balanced by an entry in the Available for Sale Reserve and the gain/ loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available for Sale Reserve.

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

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

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

Financial Liabilities

Financial liabilities are classified at recognition as loans and borrowings in accordance with IAS 39, and recognised at cost. The Group has not designated any financial liabilities or assets as at fair value through the Comprehensive Income and Expenditure Statement. The Group's financial liabilities include bank overdraft, trade creditors, loans and other payables.

Subsequent measurement depends on their classification as follows:

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

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

Offsetting of Financial Instruments

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

Impairment of non-financial assets

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

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

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

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

Expenditure Statement unless the asset is carried at re-valued amount, in which case the reversal is treated as a revaluation increase.

Provisions, Contingent liabilities and Contingent assets

Provisions

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will be required (or a lower settlement than anticipated is made), the amount of the provision no longer required is reversed and credited back to the relevant service or project cost.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income in the relevant service line if it is “virtually certain” that reimbursement will be received if the obligation is settled.

Contingent liabilities

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

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but are instead disclosed in a note to the accounts.

Contingent assets

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

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

Passenger Transport Facilities

As part of its statutory duties, The Group is responsible for meeting the costs of upgrading public passenger transport facilities in the Greater Manchester area, including railway and highways infrastructure. The expenditure incurred is offset by equivalent grants received from the Authority and other parties, which for the year ended 31 March 2018 amounted to £5.651 million (2017: £13.084 million).

Once completed, ownership of these assets vests in Network Rail, rail operating companies, Highways England, the Authority or the Local Authority as appropriate.

Both the costs and the grant income are recognised within the Comprehensive Income and Expenditure Statement.

Income

Income, which all arises within the United Kingdom and is stated net of value added tax, represents income arising from Metrolink fare revenues, services provided, rental income, and advertising revenues, including estimates in respect of services provided but not invoiced at the year end.

Lease Income

Amounts receivable under finance leases are stated net of interest allocated to future periods. Interest is allocated to accounting periods to produce a constant periodic rate of return on the remaining net investment.

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

Lease Expenditure

Assets held under finance leases where The Group retains substantially all the risks and benefits of ownership are capitalised in the balance sheet at the lower of the fair value of the asset and the net present value of the minimum lease payments; the assets are then depreciated over their useful economic lives.

The lease obligations are recognised as a financial liability. The interest element of the rental obligations is charged to the Comprehensive Income and Expenditure Statement over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to expenditure on a straight line basis over the term of the lease, recognising on an equal basis the impact of any premia or incentives.

Pensions

Certain employees of the Group are members of the Local Government Pension Scheme administered by Greater Manchester Pension Fund (GMPF).

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked.

The Scheme is accounted for as a defined benefits scheme:

- The liabilities of the GMPF attributable to the Group are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.6% (2017: 2.5%).
- The assets of GMPF attributable to the Group are included in the Balance Sheet at their fair value based on the bid values of the assets.

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

- Current service cost – the increase in liabilities as a result of years of service earned this year are allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – is debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;

- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- Expected return on assets – the annual investment return on the fund assets attributable to The Group, based on an average of the expected long-term return - is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- Gains or losses on settlements and curtailments – the result of actions to relieve The Group of liabilities or events that reduce the expected future service or accrual of benefits of employees – are debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
- Remeasurement of the net defined benefit liability – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – are credited or debited to the Pensions Reserve; and
- Contributions paid to the GMPF – cash paid as employer's contributions to the pension fund in settlement of liabilities; are not accounted for as an expense.

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

Accrual of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

Revenue from sales of goods is recognised when The Group transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to The Group;

Revenue from the provision of services is recognised when The Group can reliably measure the completion of the transaction and where it is probable that economic benefits or service potential associated with the transaction will flow to The Group;

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

Expenses relating to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than on the basis of the cash flows fixed or determined by the contract; and

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of the debtors is written down and a charge made to revenue for the amount of income that might not be collected.

Reserves

The Group holds specific amounts as reserves for future policy purposes or to cover contingencies. Reserves held are shown in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

Certain reserves are kept to manage the accounting processes for non-current assets, capital grants, retirement and employee benefits and do not represent usable resources for The Group.

Exceptional items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of The Group's financial performance.

Events after the balance sheet date

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

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

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

Value Added Tax (VAT)

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

Agency Services

Transactions are excluded from The Group's financial statements for all agency relationships. As stipulated by the Code The Group is acting as an agent in situations when The Group do not have exposure to the significant risks and rewards in providing the goods or services. The Group review all services provided to determine who has exposure to the significant risks and rewards and when this is not deemed to be The Group the transactions have been excluded from the financial statements. There was one significant agency relationships in 2017/18 which was in relation to the services provided by The Group to Transport for the North. See note 18.

34a Group Expenditure and Funding Analysis

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

2016/17				2017/18		
Restated Net expenditure chargeable to the General Fund Balance	Restated Adjustments between Funding and Accounting Basis	Restated 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			
167,762	54,558	222,320	Highways and Transport Services	65,629	237,265	302,894
(2,308)	5,366	3,058	Economic Development and Regeneration	(1,941)	13,152	11,211
			Transferred Services			
			Mayoral General Fund Services	78,993	(10,609)	68,384
			Mayoral Police Fund Services	492,409	(52,273)	440,136
165,454	**59,924**	**225,378**	**Cost of Services**	**635,090**	**187,536**	**822,625**
(236,477)	(71,705)	(308,182)	Other Income and Expenditure	(634,592)	(33,283)	(667,875)
(71,023)	**(11,781)**	**(82,804)**	**(Surplus) / Deficit**	**497**	**154,253**	**154,750**
184,674			**Opening General Fund Balance and Earmarked Reserves Continuing Services**	**255,697**		
			Opening Mayoral General Fund Balance and Earmarked Reserves transferred from GMFRA	41,012		
			Opening Mayoral Police Fund Balance and earmarked Reserves transferred from PCC	79,756		
			Restated Opening General Fund Balance GMCA Services	**376,465**		
71,023			**Surplus / (Deficit) on General Fund Balance in year**	**(497)**		
0			**Transfers between reserves**	**(599)**		
255,697			**Closing General Fund Balance at 31 March**	**375,368**		

34b Note to the Group Expenditure and Funding Analysis

2016/17					2017/18			
Restated Adjustments for Capital Purposes (a)	Restated Pension Adjustments (b)	Restated Other Adjustments (c)	Restated Total Adjustments		Adjustments for Capital Purposes (a)	Pension Adjustments (b)	Other Adjustments (c)	Total Adjustments
£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s
				Continuing Services				
53,927	631	0	54,558	Highways and Transport Services	231,800	5,465	0	237,265
5,325	41	0	5,366	Economic Development and Regeneration	17,408	(4,256)	0	13,152
				Transferred Services				
				Mayoral General Fund Services	(142)	(10,466)	0	(10,609)
				Mayoral Police Fund Services	(20,690)	(31,583)	0	(52,273)
59,252	**672**	**0**	**59,924**	**Net Cost of Services**	**228,376**	**(40,840)**	**0**	**187,536**
(76,338)	505	4,128	(71,705)	**Other Income and Expenditure**	(261,647)	232,988	(4,623)	(33,283)
(17,086)	**1,177**	**4,128**	**(11,781)**	**Difference between General Fund Surplus and CIES Deficit on the Provision of Services**	**(33,272)**	**192,148**	**(4,623)**	**154,253**

a) Adjustments for capital purposes includes revenue expenditure funded from capital under statute, depreciation and impairment, gain/loss on disposal of non-current assets, capital grants and contributions, minimum revenue provision and revenue contribution to capital outlay.
b) Pension adjustments include employer's contribution to the pension scheme and retirement benefits per IAS 19.
c) Other adjustments include contributions to capital bad debt provision and available for sale financial instruments.

35 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Group in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to meet future capital and revenue expenditure.

2016/17					2017/18			
Usable Reserves					Usable Reserves			
General Fund Balance £000s	Capital Grants Unapplied £000s	Capital Receipts Reserve £000s	Unusable Reserves £000s	Accounting Basis to Funding Basis	General Fund Balance £000s	Capital Grants Unapplied £000s	Capital Receipts Reserve £000s	Unusable Reserves £000s
104,456	0	0	(104,456)	Transport Revenue Expenditure Payable to TfGM and District Councils funded from Capital Under Statute	218,085	0	0	(218,085)
5,826	0	0	(5,826)	Regeneration Revenue Expenditure Payable to District Councils funded from Capital Under Statute	7,765	0	0	(7,765)
0	0	0	0	Fire Services Revenue Expenditure Funded from Capital Under Statute	401	0	0	(401)
4,307	0	0	(4,307)	Charges for depreciation and impairment of non-current assets	26,800	0	0	(26,800)
176	0	0	(176)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	89	0	0	(89)
0	0	0	0	Charges for amortisation of Intangible Assets	191	0	0	(191)
(173,369)	0	0	173,369	Capital Grants Receivable - REFCUS	(184,811)	0	0	184,811
0	0	0	0	Capital Grants Receivable - non REFCUS	(4,962)	0	0	4,962
(3,099)	0	0	3,099	Contributions Receivable - Traffic Signals	(1,978)	0	0	1,978
0	(228)	0	228	Capital grants and contributions unapplied credited to the CIES	(106,313)	(8,738)	0	115,051
70,410	0	0	(70,410)	Capital grants released	68,479	0	0	(68,479)
235	0	0	(235)	Impairment of Loans and Investments	10,445	0	0	(10,445)
4,131	0	0	(4,131)	Contribution to Capital Bad Debt provision	(4,585)	0	0	4,585
(23,327)	0	0	23,327	Minimum Revenue Provision for capital financing	(34,958)	0	0	34,958
(2,720)	0	0	2,720	Inherited Debt Principal Payment	(4,646)	0	0	4,646
(671)	0	0	671	Revenue Contributions to Fund Capital - RCCO	(23,785)	0	0	23,785
0	0	0	0	Revaluation (increase)/decrease recognised in the surplus/deficit on provision of services	(3,098)	0	0	3,098
				Revaluation losses not charged to services	110	0	0	(110)
0	0	0	0	Revaluation of Equity Investments	(420)	0	0	420
0	0	0	0	Usable Capital Receipts	(911)	0	0	911
750	0	0	(750)	Available for sale financial instruments	0	0	0	0
0	(10,751)	0	10,751	Short / Long Term Debtor financed from Capital Grants	0	(2,389)	0	2,389
0	0	17,945	(17,945)	Write Down of Long Term Debtor	127	0	7,158	(7,285)
0	0	(6,619)	6,619	Long and Short Term Debtor financed from Capital Receipts	0	0	(5,671)	5,671
(3)	0	0	3	Amount by which finance costs charged to the CIES are different from the finance costs chargeable in the year in accordance with statutory requirements	118	0	0	(118)
6,932	0	0	(6,932)	Reversal of items related to retirement benefits debited or credited to the CIES	453,834	0	0	(453,834)
(5,427)	0	0	5,427	Employer's pension contributions and direct payments to pensioners in the year	(261,702)	0	0	261,702
0	0	0	0	Amount by which Precept and non-domestic rates income credited to the CIES is different to the amounts calculated in accordance with statutory requirements	(85)	0	0	85
0	0	0	0	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	63	0	0	(63)
(11,393)	**(10,979)**	**11,326**	**11,046**	**Total Adjustments**	**154,253**	**(11,127)**	**1,487**	**(144,613)**

36a Transfers to/(from) Earmarked Reserves

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

1 April 2016 £000s	Transfers in/out £000s	31 March 2017 £000s	Earmarked Reserves and Balances	Continuing Operations 1 April 2017 £000s	Transferred Services 8 May 2017 £000s	Restated Opening Balances £000s	Transfers in/out £000s	31 March 2018 £000s
			Transport, Economic Development and Regeneration					
0	1,554	**1,554**	Growing Places Fund (LEP)	**1,554**		**1,554**	0	**1,554**
1,877	(825)	**1,052**	Local Sustainable Transport Fund	**1,052**		**1,052**	(501)	**551**
4,045	(1,362)	**2,683**	Youth Contract	**2,683**		**2,683**	(245)	**2,438**
494	119	**613**	LEP Strategic Plans Funding (LEP)	**613**		**613**	(139)	**474**
5,078	(1,737)	**3,341**	City Deal	**3,341**		**3,341**	(1,158)	**2,183**
250	325	**575**	One Public Estate	**575**		**575**	458	**1,033**
0	0	**0**	Clean Air Plan	**0**		**0**	1,003	**1,003**
0	0	**0**	Manchester Western Loop	**0**		**0**	775	**775**
0	0	**0**	GM Trailblazer	**0**		**0**	1,734	**1,734**
0	0	**0**	Public Service Reform	**0**		**0**	8,469	**8,469**
0	2,348	**2,348**	Earn-back Revenue	**2,348**		**2,348**	5,879	**8,227**
0	1,431	**1,431**	HS2 Growth Strategy	**1,431**		**1,431**	(1,268)	**163**
105,626	212	**105,838**	Capital Programme Reserve	**105,838**		**105,838**	(91,614)	**14,224**
10,793	(10,793)	**0**	Metrolink Reserve	**0**		**0**	0	**0**
2,958	3,230	**6,188**	Regional Growth Fund / Growing Places Interest and Arrangement Fees	**6,188**		**6,188**	1,253	**7,441**
0	0	**0**	Business Rates Top Up	**0**		**0**	34,305	**34,305**
12,500	0	**12,500**	Integrated Ticketing Reserve	**12,500**		**12,500**	0	**12,500**
0	1,950	**1,950**	Business Growth Hub	**1,950**		**1,950**	(856)	**1,094**
0	6,841	**6,841**	Business Rates Growth Pilot & Levy	**6,841**		**6,841**	39,458	**46,299**
0	0	**0**	GM Connect	**0**		**0**	1,850	**1,850**
2,719	**(2,288)**	**431**	Other Transport and ED&R Reserves	**431**		**431**	**937**	**1,368**
314	**0**	**314**	Revenue Grants Unapplied Reserve - TfGM	**314**		**314**	**0**	**314**
8,499	**0**	**9,405**	Property Reserve - TfGM	**9,405**		**9,405**	**3,151**	**12,556**
2,093	**0**	**2,093**	Metrolink Reserve - TfGM	**2,093**		**2,093**	**0**	**2,093**
5,820	**(173)**	**5,647**	Joint Road Safety Group Reserve - TfGM	**5,647**		**5,647**	**(917)**	**4,730**
9,355	**(1,352)**	**8,003**	Concessionary Fares Reserve - TfGM	**8,003**		**8,003**	**0**	**8,003**
671	**(228)**	**443**	Capital Grants Unapplied Reserve TFGM	**443**		**443**	**322**	**765**
0	**64,151**	**64,151**	Donated Asset Reserve - Evergreen Holdings LP	**64,151**		**64,151**	**502**	**64,653**
6,433	**5,275**	**11,708**	TFGM Balances	**11,708**		**11,708**	**(979)**	**10,729**
5,820	1,213	**7,033**	General Fund Balances	**7,033**		**7,033**	178	**7,211**
185,345	**69,891**	**256,142**	**Total Earmarked Reserves**	**256,142**	**0**	**256,142**	**2,596**	**258,738**
12,693	11,328	**24,021**	Usable Capital Receipts Reserve	**24,021**		**24,021**	1,487	**25,508**
22,553	(10,751)	**11,802**	Capital Grants Unapplied Reserve	**11,802**		**11,802**	(11,461)	**341**
220,591	**70,469**	**291,966**	**Total Transport and ED&R**	**291,966**	**0**	**291,966**	**(7,378)**	**284,588**

1 April 2016 £000s	Transfers in/out £000s	31 March 2017 £000s	Earmarked Reserves and Balances	Continuing Operations 1 April 2017 £000s	Transferred Services 8 May 2017 £000s	Restated Opening Balances £000s	Transfers in/out £000s	31 March 2018 £000s
			Mayoral General Fund transferred from GMFRA					
			Capital Reserve		11,473	**11,473**	(914)	**10,559**
			Earmarked Budgets Reserve		5,312	**5,312**	(812)	**4,500**
			Unspent Grant Reserve		4,779	**4,779**	571	**5,350**
			Insurance Reserve		2,488	**2,488**	361	**2,849**
			Business Rates Reserve		1,710	**1,710**	413	**2,123**
			Restructuring Reserve		418	**418**	0	**418**
			Innovation and Partnership CYP		127	**127**	0	**127**
			Projects Reserve		244	**244**	0	**244**
			Transformation Fund		0	**0**	500	**500**
			Mayoral General Fund Balances		14,461	14,461	713	15,174
0	**0**	**0**	**Total Mayoral General Fund Balances**		**41,012**	**41,012**	**832**	**41,844**
			Capital Grants Unapplied Reserve		1,087	**1,087**	(219)	**868**
0	**0**	**0**	**Total Mayoral General Fund**		**42,099**	**42,099**	**613**	**42,712**
			Mayoral Police Fund transferred from PCC					
			Revenue Expenditure Reserve		12,668	**12,668**	(5,406)	**7,262**
			Insurance Reserve		0	**0**	15,173	**15,173**
			PCC Earmarked Reserves		38,210	**38,210**	(13,495)	**24,715**
			Capital Expenditure		2,603	**2,603**	(384)	**2,219**
			PFI Reserve		13,054	**13,054**	(752)	**12,302**
			Mayoral Police Fund Balances		13,221	**13,221**	659	**13,880**
0	**0**	**0**	**Total Mayoral Police Fund**		**79,756**	**79,756**	(4,205)	**75,551**
			Combined					
185,345	**69,891**	**256,142**	**General Fund Balances**	**256,142**	**120,768**	**376,910**	**(776)**	**376,134**
12,693	**11,328**	**24,021**	**Capital Receipts Unapplied Reserve**	**24,021**	**0**	**24,021**	**1,487**	**25,508**
22,553	**(10,751)**	**11,802**	**Capital Grants Unapplied Reserve**	**11,802**	**1,087**	**12,889**	**(11,680)**	**1,209**
220,591	**70,469**	**291,966**	**Total Usable Reserves**	**291,966**	**121,855**	**413,820**	**(10,969)**	**402,852**

36b Purpose of Earmarked Reserves

The purpose of the Authority's earmarked reserves is set out in note 9b. The purpose of other group reserves is set out below:

Transport for Greater Manchester Reserves

- Revenue Grants Unapplied Reserve – Manchester Airport Contribution to the Metrolink extension to the airport;
- Property Reserve – surpluses arising from 2 Piccadilly Place to be reinvested in property activity;
- Metrolink Reserve – funding set aside for Metrolink Service Enhancements;
- Joint Road Safety Group Reserve – surpluses arising from JRSG activity;
- Concessionary Fares Reserve – surpluses of reimbursed income set aside for future investment;
- Capital Grants Unapplied Reserve – grants for specific capital schemes to be applied in future years.

NW Evergreen Holdings Reserve

- Donated Asset Reserve – includes grant monies novated to NW Evergreen for investment in city areas.

37a Group Nature of Income and Expenditure

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

2016/17 £000s	Nature of Expenditure and Income	2017/18 £000s
	Expenditure	
34,793	Employee Costs	547,869
0	Cost of Police Officer retirement benefits	101,959
154,359	Grants Expenditure	170,988
76,232	Other Service Expenditure	352,449
69,517	Capital Charges including Depreciation and Impairment	113,483
49,716	Financing and Investment Expenditure	310,011
95,244	Revenue Expenditure Funded from Capital Under Statute	226,251
6,514	Loss on Disposal of Non-current Assets	226
486,375	Total Expenditure	**1,823,236**
	Income	
(5,394)	Financing and Investment Income	(26,314)
(97,818)	Fees, charges and other service income	(197,797)
0	Home Office grant payable towards the cost of retirement benefits	(101,959)
0	Income from Council Tax and NNDR	(220,625)
0	Gain on Disposal of Non-current assets	(36)
(189,323)	Transport Levy Income	(103,871)
(276,644)	Government Grants and Contributions	(1,017,885)
(569,179)	Total Income	**(1,668,487)**
(82,804)	**Deficit / (Surplus) on the Provision of Services**	**154,750**

37b Group Grants and Contributions Income

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

2016/17 £000s	Grants and Contributions Credited to the Cost of Services	2017/18 £000s
	Highways and Transport Services	
(2,500)	HS2 Growth Strategy - DfT	0
(1,109)	Sustainable Transport Transition Year Grant - DfT	(1,391)
(1,998)	Local Sustainable Transport Grant - DfT	(101)
0	CCAG Evaluation Study - DfT	(86)
0	GM Clean Air Plan (Feasibility Study) - DEFRA	(1,300)
0	Cycling & Walking to Work Award - DfT	(1,500)
0	Manchester Western Loop - T2/Airport City - DfT	(2,100)
0	Transport for the North - DfT	(22,932)
0	Bus Service Operators Grant - DfT	(6,731)
(341)	District & External Contributions to Traffic Signals Repairs / S278	(435)
(76,774)	Revenue Expenditure Funded by Capital under Statute - DfT	(36,325)
(7,817)	Supported Bus Services	(9,794)
(60,055)	Metrolink	(64,868)
(5,821)	Management of Traffic Signals	(5,970)
(5,974)	Road Safety Activities	(5,017)
(1,387)	Passenger Transport Facilities	0
(16,439)	Other Operating Income	(1,676)
(180,215)		(160,225)
	Economic Development and Regeneration Services	
(500)	Regional Growth Fund / Growing Places Fund Arrangement fees	(176)
(513)	Growth Deal - Business Growth Hub (LEP) - CLG	(513)
(250)	Local Enterprise Partnership Core Funding (LEP) - CLG	0
(250)	Local Enterprise Partnership EU Strategic Plans (LEP) - CLG	0
(226)	Elena Grant - EIB	(468)
(3,201)	AGE Grant - SFA	(1,986)
(45)	Adult Education Budget Devolution - DfE	(52)
115	City Deal - Skills Funding Agency	0
(396)	One Public Estate - Cabinet Office	(458)
(141)	GM Skills & Employment Pilot - SFA	0
(95)	Careers & Enterprise Grant	(64)
(101)	GM Technical Assistance - ERDF	(5)
(108)	GM Technical Assistance - ESF	(15)
0	Heat Network Delivery Project - BIS	(42)
	Contribution to fund ED&R Advances	(5,671)
0	Work and Health Programme - DWP	(822)
0	Life Chances Grant - DCMS	(5,000)
0	Gatsby Foundation	(66)
0	Homelessness Trailblazer - CLG	(1,810)
0	Energy Strategy Support Grant - DWP	(40)
0	Troubled Families - CLG	(4,742)
0	Troubled Families - Cost Benefit Analysis - CLG	(25)
0	Social Impact Bond - CLG	(312)
0	100 Resilient Cities	(94)
0	Ageing Better	(114)
0	Work & Skills - Local Growth Fund - SFA	(162)
(9,883)	District Contributions to ED&R Functions	(8,284)
0	Contributions to ED&R Programmes - Manchester City Council	(22,620)
(8,222)	External Contributions and Income Towards ED&R	(10,806)
(736)	Revenue Expenditure Funded by Capital under Statute - DCLG / HCA	(741)
(24,552)		(65,086)
	Mayoral General Fund Services	
	Mayor's Office	(101)
	Business Rates Top-Up Grant	(1,197)
	Fire Service Specific Grants	(1,677)
	Fees, charges and other service income	(2,356)
		(5,330)
	Mayoral Police Fund Services	
	Police Income and Contributions	(40,315)
	CTU Grant	(29,837)
	Other Revenue Grants	(22,526)
	PFI Grant	(4,872)
	Asset Incentivisation	(661)
	Other External Funding	(897)
		(99,108)
(204,767)	**Total Grants and Contributions Credited to the Cost of Services**	**(329,749)**

38 Group Financing and Investment Expenditure and Income Analysis

2016/17 Restated £000s	Interest payable and similar charges on borrowings	2017/18 £000s
24,156	PWLB	22,084
19,342	European Investment Bank	19,792
4,440	Other	9,210
945	Former Greater Manchester Council Debt	1,203
0	Interest Element of PFI Unitary Charge	7,085
833	Net interest on the net defined liability (asset)	251,176
49,716	**Total interest payable and simliar charges on borrowings**	**310,550**

2016/17 £000s	Interest Receivable	2017/18 £000s
(1,100)	Interest receivable on investments and deposits	(1,976)
(4,294)	Interest receivable on loans	(3,504)
0	Expected return on pension assets	(20,834)
(5,394)	**Total Interest Receivable**	**(26,314)**

39 Group Taxation and Non Specific Grant Income

2016/17 £000s		2017/18 £000s
(189,323)	Transport Levy from the Greater Manchester Districts	(103,871)
(2,490)	Capital Contributions Receivable for Traffic Signal Schemes	(1,978)
(75,468)	Growth Deal Grant (LEP)	(500)
(30,000)	Earnback Grant	(30,000)
0	Council Tax Police Precept Income	(109,725)
0	Council Tax Fire Precept Income	(39,943)
0	Non Domestic Rates Income	(70,957)
0	Business Rates Top up Grant	(43,377)
0	Revenue Support Grant	(20,042)
0	Police Grant	(383,123)
0	Capital Grants and Contributions	(131,320)
0	PFI Grant	(405)
0	Transport Grants	(14,387)
(297,281)	**Total Taxation and Non Specific Grant Income**	**(949,627)**

40 Group External Audit Fees

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

2016/17 Restated £000s	External Audit Fees	2017/18 £000s
(4)	Fees receivable from Public Sector Audit Appointments with regard to external audit services carried out by the appointed auditor for the prior year	(17)
68	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year.	194
0	Fees payable to external auditors for the certification of grant claims and returns for the year	4
36	Fees payable to external auditors in respect of any other services	0
100	**Total External Audit Fees**	**181**

41 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**:**

2016/17 RESTATED	Salary Range	2017/18
42	£50,000 to £54,999	**801**
15	£55,000 to £59,999	**374**
14	£60,000 to £64,999	**138**
12	£65,000 to £69,999	**56**
8	£70,000 to £74,999	**34**
1	£75,000 to £79,999	**23**
6	£80,000 to £84,999	**25**
3	£85,000 to £89,999	**14**
2	£90,000 to £94,999	**4**
1	£95,000 to £99,999	**7**
1	£100,000 to £104,999	**5**
4	£105,000 to £109,999	**4**
1	£110,000 to £114,999	**5**
0	£115,000 to £119,999	**2**
2	£120,000 to £124,999	**2**
0	£125,000 to £129,999	**1**
2	£130,000 to £134,999	**4**
0	£135,000 to £139,999	**1**
0	£140,000 to £144,999	**0**
0	£145,000 to £149,999	**1**
0	£150,000 to £154,999	**0**
0	£155,000 to £159,999	**1**
0	£160,000 to £164,999	**0**
0	£165,000 to £169,999	**0**
2	£170,000 to £174,999	**2**
0	£175,000 to £179,999	**0**
0	£180,000 to £184,999	**1**
0	£195,000 to £199,999	**1**
0	£200,000 to £204,999	**0**
0	£205,000 to £209,999	**0**
1	£285,000 to £289,999	**0**
0	£290,000 to £294,999	**1**
117		**1507**

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	Applicable Dates	Financial Year	Salary (including fees and allowances) £000s	Expenses £000s	Employer's Pension Contribution £000s	Total Remuneration £000s	Annual Salary for the post £000s
	GMCA Treasurer (Richard Paver)	01/06/16 to 31/03/17	2016/17	130	1	0	132	156
	GMCA Strategic Director Public Service	01/04/16 to 31/03/17	2016/17	130	0	25	155	130
	GMCA Chief Investment Officer (William Enevoldson)	01/04/16 to 31/03/17	2016/17	105	1	0	106	105
	TFGM Chief Executive Officer (Dr J Lamonte)	01/04/16 to 31/03/17	2016/17	288	0	4	292	288
	TFGM Chief Operating Officer (RM Morris)	01/04/16 to 31/03/17	2016/17	172	0	32	204	172
	TFGM Finance and Corporate Services Director (S Warrener)	01/04/16 to 31/03/17	2016/17	170	0	32	202	170

Note	Post Title	Applicable Dates	Financial Year	Salary (including fees and allowances) £000s	Expenses £000s	Employer's Pension Contribution £000s	Total Remuneration £000s	Annual Salary for the post £000s
1	Mayor of Greater Manchester (Andrew Burnham)	08/05/17 to 31/03/18	2017/18	99	0	0	99	110
2	Deputy Mayor for Police and Crime (Baroness Beverley Hughes)	05/06/17 to 31/03/18	2017/18	62	0	0	62	75
3	Director - Mayor's Office	08/05/17 to 31/03/18	2017/18	67	0	14	81	75
4	County Fire Officer (Peter O'Reilly)	08/05/17 to 05/02/18	2017/18	133	2	26	161	162
5	Interim Chief Fire Officer (Dawn Docx)	23/01/18 to 31/03/18	2017/18	29	0	6	35	155
	GMCA Chief Executive (Eamonn Boylan)	01/04/17 to 31/03/18	2017/18	180	0	0	180	180
6	GMCA Deputy Chief Executive	01/04/17 to 31/03/18	2017/18	131	0	28	159	131
7	GMCA Chief Investment Officer (William Enevoldson)	01/04/17 to 31/03/18	2017/18	101	0	0	101	106
	GMCA Treasurer (Richard Paver)	01/04/17 to 31/03/18	2017/18	159	0	0	159	158
8	GMCA Solicitor and Monitoring Officer	14/03/18 to 31/03/18	2017/18	5	0	1	6	105
9	GMCA Multi Agency Strategic Lead	01/09/17 to 31/03/18	2017/18	35	0	7	42	54
	TFGM:							
	Chief Executive Officer (Dr J Lamonte)	01/04/17 to 31/03/18	2017/18	291	0	0	291	291
	Chief Operating Officer (RM Morris)	01/04/17 to 31/03/18	2017/18	174	0	33	206	174
	Finance and Corporate Services Director (S Warrener)	01/04/17 to 31/03/18	2017/18	172	0	32	204	172
	GMP:							
	Chief Constable (Ian Hopkins)	08/05/17 to 31/03/18	2017/18	205	0	46	251	200
	Deputy Chief Constable (Ian Pilling)	08/05/17 to 31/03/18	2017/18	157	0	35	192	148
a	Assistant Chief Constable	see note	2017/18	109	0	11	120	114
	Assistant Chief Constable	08/05/17 to 31/03/18	2017/18	116	0	27	143	114
	Assistant Chief Constable	08/05/17 to 31/03/18	2017/18	116	0	26	142	109
b	Assistant Chief Constable	see note	2017/18	16	0	4	20	91
c	Assistant Chief Constable	see note	2017/18	125	0	28	153	117
	Assistant Chief Constable	08/05/17 to 31/03/18	2017/18	118	1	26	145	112
d	Assistant Chief Constable	see note	2017/18	91	2	21	114	89
e	Assistant Chief Constable	see note	2017/18	108	2	21	131	101
f	Assistant Chief Constable	see note	2017/18	97	0	21	118	96
g	Chief Superintendent x 20	see note	2017/18	1,396	36	304	1,736	up to £92k
	Assistant Chief Officer Resources	see note	2017/18	123	0	21	144	110

Notes

1 Post Start Date 08/05/17
2 Post Start Date 05/06/17
3 Post Start Date 08/05/17
4 Post holder retirement date 05/02/18, Post changed to Chief Fire Officer
5 Interim Post Holder from 23/01/18
6 Role in previous year was Strategic Director Public Service Reform
7 Post currently 0.7FTE, Annual salary for 1 FTE would be £151,500
8 Post currently 0.8FTE, Annual salary for 1 FTE would be £121,723
9 Post currently 0.6FTE, Annual salary for 1 FTE would be £90,000

a Assistant Chief Constable retired February 2018
b Assistant Chief Constable left May 2017
c Assistant Chief Constable on secondment
d Assistant Chief Constable from December 2017 (Chief Superintendent until December 2017)
e Assistant Chief Constable from May 2017 (on secondment to another Force in April 2017)
f Assistant Chief Constable from July 2017 (Chief Superintendent until July 2017)
g Chief Superintendent Posts have not been individually included due to numbers. Total costs are included in the table with salaries ranging from £2,000 to £92,000

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	Total number of exit packages by cost band		Total cost of exits	
	2016/17 Restated	**2017/18**	2016/17 Restated £000s	**2017/18 £000s**
£0 - £20,000	6	**11**	20	**126**
£20,001 - £40,000	2	**8**	65	**223**
£40,001 - £60,000	2	**0**	95	**0**
£60,001 - £80,000	0	**3**	0	**203**
£80,001 - £100,000	0	**3**	0	**249**
£100,001 - £150,000	0	**1**	0	**111**
£150,001 - £200,000	0	**0**	0	**0**
Total	10	**26**	180	**912**

42 Group Capital and Lease Commitments

2016/17 Restated £000s	**Capital Commitments**	**2017/18 £000s**
213,615	Capital Commitments	161,911
213,615	**Total Capital Commitments**	**161,911**

2016/17 Restated £000s	**Lease Commitments**	**2017/18 £000s**
	Land and Buildings	
303	Payments due within 1 year	483
960	Later than 1 year and not later than 5 years	1,759
6,918	Later than 5 years	6,877
8,181	**Total Capital Commitments**	**9,119**

43 Group Property, Plant and Equipment Including Disposals

Property, plant and equipment is reported as either capitalised assets available for use or as assets under construction. An analysis of the movements are contained in the tables below:

Property, Plant and Equipment	Infrastructure Assets £000s	Land and Building £000s	Vehicles, Plant Furniture & Equipment £000s	Long Term Surplus Assets £000s	Assets under Construction £000s	Total Property Plant and Equipment £000s	PFI Assets Included in Property Plant and Equipment £000s
Movements in 2017/18							
Cost or Valuation							
At 1 April 2017 - asset values b/f	2,184,052	14,149	56,200	805	112,622	2,367,828	0
Asset values transferred in:							
At 8 May 2017 - asset values transferred from GMFRA	0	85,918	33,725	275	4,424	124,342	3,057
At 8 May 2017 - asset values transferred from PCC	0	243,539	141,131	1,526	38,267	424,463	75,238
Opening Cost/Value	**2,184,052**	**343,606**	**231,056**	**2,606**	**155,313**	**2,916,633**	**78,295**
Additions	2,570	932	6,793	0	130,837	141,132	0
Accumulated depreciation and impairment written off to cost or valuation	0	(1,503)	(743)	0	0	(2,246)	
Revaluation increases (decreases) recognised in the Revaluation Reserve	0	3,378	1,038	195	0	4,611	0
Revaluation increases (decreases) recognised in the Surplus/Deficit on the Provision of Services	0	3,244	0	13	0	3,257	0
Derecognition - disposals	(696)	(450)	(5,992)	(50)	0	(7,188)	0
Derecognition - other	0	(43)	0	0	0	(43)	0
Assets reclassified (to)/from held for sale	0	(250)	0	(483)	0	(733)	0
Assets reclassified (to)/from assets under construction	61,048	0	6,651	0	(67,699)	0	0
Other Movements in cost or valuation	0	5,212	0	0	(5,212)	0	0
Cost or valuation as at 31 March 2018	**2,246,974**	**354,126**	**238,803**	**2,281**	**213,239**	**3,055,423**	**78,295**

Property, Plant and Equipment	Infrastructure Assets £000s	Land and Building £000s	Vehicles, Plant Furniture & Equipment £000s	Long Term Surplus Assets £000s	Assets under Construction £000s	Total Property Plant and Equipment £000s	PFI Assets Included in Property Plant and Equipment £000s
Movements in 2017/18							
Accumulated Deprecation and Impairment							
At 1 April 2017 - depreciation values b/f	(402,396)	(378)	(25,125)	0	0	(427,899)	0
Accumulated depreciation transferred in:							
At 8 May 2017 - depreciation values transferred from GMFRA	0	(8,921)	(22,140)	(181)	0	(31,242)	(775)
At 8 May 2017 - depreciation values transferred from PCC	0	(7,485)	(111,051)	(7)	0	(118,543)	(8,583)
Opening Accumulated Depreciation and Impairment	**(402,396)**	**(16,784)**	**(158,316)**	**(188)**	**0**	**(577,684)**	**(9,358)**
Depreciation Charge	(70,907)	(9,411)	(15,981)	(3)	0	(96,302)	(1,977)
Depreciation written out to the Revaluation Reserve	0	1,925	0	48	0	1,973	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	596	0	0	0	596	0
Impairment losses(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - disposals	404	0	5,249	0	0	5,653	0
Derecognition - other	0	1,546	743	0	0	2,289	0
Assets Reclassified (to)/from Held for Sale	0	0	0	133	0	133	0
Other movements in depreciation and impairment	0	0	0	0	0	0	0
Accumulated depreciation as at 31 March 2018	**(472,899)**	**(22,128)**	**(168,305)**	**(10)**	**0**	**(663,342)**	**(11,335)**
Net book value summary							
At 1 April 2017	1,781,656	13,771	31,075	805	112,622	1,939,929	0
At 8 May 2017	0	313,051	41,665	1,613	42,691	399,020	68,937
At 31 March 2018	**1,774,075**	**331,998**	**70,498**	**2,271**	**213,239**	**2,392,081**	**66,960**

Property, Plant and Equipment	Infrastructure Assets £000s	Land and Building £000s	Vehicles, Plant Furniture & Equipment £000s	Long Term Surplus Assets £000s	Assets under Construction £000s	Total Property Plant and Equipment £000s	PFI Assets Included in Property Plant and Equipment £000s
Comparative Movements in 2016/17			**Restated**			**Restated**	
Cost or Valuation							
At 1 April 2016	2,042,889	14,302	53,937	0	181,762	2,292,890	0
Additions	3,099	0	0	0	87,153	90,252	0
Transfers from AUC	150,457	0	5,836	0	(156,293)	0	0
Revaluation	0	750	0	0	0	750	0
Derecognition - disposals	(12,393)	0	(3,596)	0	0	(15,989)	0
At 31 March 2017	**2,184,052**	**15,052**	**56,177**	**0**	**112,622**	**2,367,903**	**0**
Accumulated Deprecation and Impairment							
At 1 April 2016	(342,987)	(1,701)	(24,597)	0	0	(369,285)	0
Depreciation Charge	(64,850)	(536)	(4,131)	0	0	(69,517)	0
Transfers from AUC	0	0	0	0	0	0	0
Revaluation	0	1,791	0	0	0	1,791	0
Derecognition - disposals	5,441	0	3,596	0	0	9,037	0
At 31 March 2017	**(402,396)**	**(446)**	**(25,132)**	**0**	**0**	**(427,974)**	**0**
Net book value summary							
At 1 April 2016	**1,699,902**	**12,601**	**29,340**	**0**	**181,762**	**1,923,605**	**0**
At 31 March 2017	**1,781,656**	**14,606**	**31,045**	**0**	**112,622**	**1,939,929**	**0**

Group Property, Plant and Equipment Valuations

Within the Group TfGM carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The current values for these properties have been based on existing use values and these were re-valued as at 31 March 2017.

A number of surplus properties were identified in 2015/16 and in accordance with the code were revalued at fair value. The fair value for the properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

In estimating the fair value of TfGM's surplus properties, the highest and best use of the properties is their current use. Due to the value of the properties and the changes in mark conditions these have not been re-valued in 2017/18.

All TFGM valuations were carried out by Leslie Roberts & Co Ltd, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. TfGM's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

44 Group Short and Long Term Debtors

2016/17 £000s	Long Term Debtors	2017/18 £000s
	Other entities and individuals	
43,293	Gross Book Value	30,188
(13,735)	Bad Debt Provision	(6,969)
	Other Local Authorities	
1,230	Gross Book Value	0
0	Bad Debt Provision	0
	Bodies External to General Government	
59,469	Gross Book Value	59,469
0	Bad Debt Provision	0
90,257	**Total Long Term Debtors**	**82,688**

2016/17 Restated £000s	Short Term Debtors	2017/18 £000s
12,114	**Central Government Bodies**	59,465
7,999	**Other Local Authorities and Police and Crime Commissioners**	125,644
0	**NHS Bodies**	1,390
1,666	**Public Corporations**	1,940
40,732	**Payments in Advance**	9,208
27,991	**Other entities and individuals**	65,571
(5,077)	**Bad Debt Provision**	(29,319)
85,425	**Total Short Term Debtors**	**233,899**

45 Group Cash and Cash Equivalents

2016/17 Restated £000s	Cash and Cash Equivalents	2017/18 £000s
4,990	Bank current accounts	5,551
150	Bank call accounts	12,948
0	Cash held by the Authority	567
119,065	Short term deposits with central government and other institutions	343,551
124,205	**Total Cash and Cash Equivalents**	**362,617**

46 Group Short and Long Term Creditors

2016/17 Restated £000s	Creditors	2017/18 £000s
(28,078)	**Central Government Bodies**	(24,813)
(41,137)	**Other Local Authorities and Police and Crime Commissioners**	(77,086)
0	**NHS Bodies**	(457)
(57,344)	**Public Corporations**	0
(1,846)	**Other entities and individuals**	(98,813)
0	**Prepaid Income / Receipt in Advance**	(12,105)
0	**Siezed Cash**	(5,375)
(128,405)	**Total Creditors**	**(218,649)**

47 Group Short and Long Term Provisions

Provisions are established to meet liabilities or losses which are likely or certain to be incurred, but the amounts or timings are uncertain. Provisions provided as at 31 March 2018 relate to (a) capital works, and (b) others, including insurance excesses, contractual obligations, contracted maintenance and an onerous lease.

Provisons	Insurance £000s	NNDR Appeals £000s	Police Pension Lump Sums £000s	Capital Works £000s	Other £000s	Total £000s
Balances b/f						
Provisions b/f - continuing operations	(439)	0	0	(786)	(201)	(1,426)
Provisions transferred in from GMFRA	(1,335)	(1,995)	0	0	0	(3,330)
Provisions transferred in from PCC	(27,348)	0	(201)	0	0	(27,549)
Provisions b/f - all operations	**(29,122)**	**(1,995)**	**(201)**	**(786)**	**(201)**	**(32,305)**
Use of Provision						
GMCA	60	0	0	3,440	1	3,501
Mayoral General Fund	1,147	1,995	0	0	0	3,142
Mayoral Police Fund	1,467	0	0	0	12	1,479
Unused amounts moved to an earmarked reserve						
GMCA						
Mayoral General Fund						
Mayoral Police Fund	15,173					15,173
Top Up of Provision						
GMCA	(122)	0	0	(7,210)	(2,522)	(9,854)
Mayoral General Fund	(789)	(1,909)	0	0	(73)	(2,771)
Mayoral Police Fund	(2,948)	(23)	0	0	(31)	(3,002)
Balance c/f						
GMCA	(501)	0	0	(4,556)	(2,722)	(7,779)
Mayoral General Fund	(977)	(1,909)	0	0	(73)	(2,959)
Mayoral Police Fund	(13,656)	(23)	(201)	0	(19)	(13,899)
Total Provisions c/f	(15,134)	(1,932)	(201)	(4,556)	(2,814)	(24,637)
Short Term	(3,642)	(1,909)	(224)	(2,651)	(1,195)	(9,621)
Long Term	(11,492)	0	0	(1,905)	(1,620)	(15,017)
Total Provisions c/f	**(15,134)**	**(1,909)**	**(224)**	**(4,556)**	**(2,815)**	**(24,638)**

48 Group Unusable Reserves

2016/17 Restated £000s	Unusable Reserves	2017/18 £000s
790,382	Capital Adjustment Account	909,815
(249)	Financial Instruments Adjustment Account	(245)
(69,245)	Pensions Reserve	(9,508,411)
4,098	Revaluation Reserve	68,728
0	Collection Fund Adjustment Account	7,418
0	Accumulated Absences Reserve	(4,887)
0	Deferred Capital Receipts Reserve	438
2,461	Capital Reserve	2,461
(46,836)	Deregulation Reserve	(45,444)
680,611	**Total Unusable Reserves**	**(8,570,127)**

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.

2016/17 £000s	Capital Adjustment Account	2017/18 £000s
777,098	Balance b/f for continuing operations	790,382
	Balance transferred in from GMFRA	40,324
	Balance transferred in from OPCC	28,752
	Balance b/f for all operations	**859,458**
(110,283)	Revenue expenditure funded from capital under statute	(119,950)
(70,410)	Charges for capital grants released	(68,479)
(4,307)	Charges for depreciation and impairment of non-current assets	(26,800)
(175)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(89)
0	Charges for amortisation of intangible assets	(191)
0	Revaluation (increase) / decreases recognised in the Surplus or Deficit on the Provision of Services	3,098
176,449	Capital grants and contributions credited to the CI&ES that have been applied to capital financing	191,443
0	Capital grants and contributions not credited to the CI&ES that have been applied to capital financing	9,072
0	Capital expenditure charged against the General Fund	23,783
23,327	Statutory provision for the financing of capital investment charged against the General Fund	34,958
2,720	Repayment of Inherited Debt charged against the General Fund	4,646
10,751	Long and Short Term Debtor financed from Capital Grants	2,389
6,619	Long and Short Term Debtor financed from Capital Receipts	5,671
(4,131)	Bad debt provision for RGF / GPF loans	4,585
(17,947)	Write Down of Long Term Debtor	(7,158)
0	Impairment of Investments	(10,445)
0	Usable capital receipts	911
0	Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost	2,911
671	Revenue Contributions to Finance Capital	0
790,382	**Balance carried forward**	**909,815**

Pensions Reserve

This relates to the net pension asset as at 31 March 2018 in accordance with the actuary's report. Further details are shown in Note 54.

2016/17 £000s	Pensions Reserve	2017/18 £000s
(24,236)	Balance b/f for continuing operations	(69,245)
	Balance transferred in from GMFRA	(1,705,132)
	Balance transferred in from OPCC	(4,869)
	Balance transferred in from GMP	(7,560,807)
	Balance b/f for all operations	**(9,340,053)**
(43,504)	Remeasurements of the net defined benefit liability / (asset)	23,780
(6,729)	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.	(446,890)
0	Balances transferred in with staff TUPE'd over to GMCA	(6,950)
5,224	Employer's pension contributions and direct payments to pensioners payable in the year	261,702
(69,245)	**Total Pension Reserves**	**(9,508,411)**

Revaluation Reserve

2016/17 £000s	Revaluation Reserve	2017/18 £000s
2,649	Balance b/f for continuing operations	4,098
0	Balance transferred in from GMFRA	21,101
0	Balance transferred in from OPCC	40,020
2,649	**Balance b/f for all operations**	**65,219**
1,449	Upward revaluation of assets	6,591
0	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(29)
1,449	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	6,562
0	Difference between fair value depreciation and historical cost depreciation	(2,660)
0	Accumulated gains on assets sold or scrapped	(251)
0	Amount written off to the Capital Adjustment Account	(2,911)
0	Upward revaluation of investments charged to the Surplus/Deficit on the Provision of Services	420
0	Release to general fund balances	(562)
4,098	**Balance carried forward at 31 March**	**68,728**

Accumulated Absences Reserve

2016/17 £000s	Accumulated Absences Reserve	2017/18 £000s
0	Balance b/f for continuing operations	0
	Balance transferred in from GMFRA	(85)
	Balance transferred in from OPCC	(15)
	Balance transferred in from GMP	(4,722)
	Balance b/f for all operations	**(4,822)**
0	Settlement of accrual made at end of preceding year	4,823
0	Amount by which officer remuneration charged to CIES on accruals is different to that on a funded basis	(4,887)
0	**Total Accumulated Absence Reserves**	**(4,886)**

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.

2016/17 £000s	Deregulation Reserve	2017/18 £000s
(46,836)	Balance b/f	(46,836)
0	Amortisation during the year	1,392
(46,836)	**Total Deregulation Reserve**	**(45,444)**

49 Group Collaborations

The Chief Constable (GMP) within the Authority Group works in collaboration with other police forces in order to increase business resilience, efficiency and flexibility to make budget savings. Collaboration between forces is not new and has generally been defined as "all activity where two or more parties work together to achieve a common goal, which includes inter-force activity and collaboration with the public and private sectors, including outsourcing and business partnering."

The following table shows the collaborations that the Chief Constable is part of that are classified as Joint Operations under the CIPFA Code of Practice 2017/18.

Joint Operation	Lead force	Contribution 2017/18 £000s
TITAN - Includes regional asset recovery, intelligence and crime. Partners are Greater Manchester, Cheshire, Merseyside, Lancashire, Cumbria and North Wales. Staff are drawn from these forces with net costs apportioned between partners based on government grant allocations.	Merseyside	6,225
UNDERWATER SEARCH - Partners are Greater Manchester, Cheshire, Merseyside, Lancashire, Cumbria and North Wales. Net costs are apportioned between partners based on government grant allocations.	Cheshire	345
NORTH WEST MOTORWAY POLICE GROUP - Partners are Greater Manchester, Cheshire, Merseyside and Lancashire. Costs are apportioned based on a Service Level Agreement.	Cheshire	308

50 Group Contingent Liabilities

The Chief Constable (GMP) within the Group along with other Chief Constables and the Home Office, currently has 1,313 claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015.

In 2017/18 similar claims made by the Judiciary and Firefighters were heard in the Appeal Tribunal, subsequent to which, the respondents appealed against the Appeal Tribunal judgements. In the case of the Firefighters the claimants are also appealing against aspects of the judgement. The outcome of these further appeals may influence the outcome of the Police claims. The Tribunal has agreed to stay the Police hearing and the Home Office has requested that the stay is extended in light of the further appeals. In the event that the Police claims are successful it is unclear what remedy would be applied, whether this would require further legislation and who it would impact.

Given the fact that the Judiciary and Firefighter claims are subject to further appeal and the Police claims are yet to be heard, and the uncertainty regarding remedy and quantum at this point in time it is not possible to provide an estimate of the financial effect in the event that the claims are partially or fully successful. Therefore it has been assessed that the Chief Constable has no liability at the Balance Sheet date.

CHIS Handlers
Following successful claims in Allard v Devon and Cornwall Police for unpaid overtime following recalls to duty, in excess of 1500 claims have been made nationally. As of the 27th April, it is intended that they be co-ordinated through one County Court and that test cases are litigated to establish principles of remuneration. All other cases will be stayed pending the outcome of the test cases. The total cost of the claims will be dependent upon the principles established in the test cases, but a number go back over a six year period. There is no insurance indemnity for these claims”.

51 Group Financial Instruments

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

Financial Instruments in the Balance Sheet	Long Term 2016/17 Restated £000s	Long Term 2017/18 £000s	Current 2016/17 Restated £000s	Current 2017/18 £000s
Investments				
Equity investments	1,163	2,745	0	0
Available for Sale Financial Asset	0	0	0	0
Loans and receivables	0	0	119,215	343,551
Debtors				
Loans and receivables	90,365	82,688	74,537	199,346
Cash	0	0	4,990	19,066
Borrowings				
Financial liabilities at amortised cost	(1,003,890)	(1,210,627)	(24,215)	(170,192)
Creditors and Grants Received in Advance				
Financial liabilities at amortised cost	0	0	(159,520)	(258,314)
Other Liabilities				
Private Finance Initiative	0	(50,331)	0	(1,499)

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

2016/17 Financial Liabilities measured at amortised cost Restated £000s	2016/17 Financial assets: loans and receivables restated £000s	2016/17 Total Restated £000s	Income and Expense	2017/18 Financial Liabilities measured at amortised cost £000s	2017/18 Financial assets: loans and receivables £000s	2017/18 Total £000s
47,938	0	47,938	Interest Expense	51,086	0	51,086
0	4,366	4,366	Impairment of Debtors	0	(4,585)	(4,585)
0	(5,394)	(5,394)	Interest Income	0	(5,480)	(5,480)
0	0	0	Interest Element of PFI Unitary Charge	7,085	0	7,085
47,938	**(1,028)**	**46,910**	**Net (gain) / loss for the year**	**58,171**	**(10,065)**	**48,106**

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

- For loans from the PWLB, premature repayment rates from the PWLB have been applied to provide the fair value; by applying new loan rates their fair value would be £646.066 million;
- For non PWLB loans payable, premature repayment rates have been applied to provide the fair value; by applying new loan rates their fair value would be £1,112.405 million;
- No early repayment or impairment is recognised;

- The fair value of trade and other receivables, cash and creditors is taken to be carrying amount due to the short term nature of the instruments;
- The fair value of long term debtors have been evaluated at their carrying value;
- The fair value of equity investment assets have been evaluated at their carrying value.
- The fair value of the PFI contracts have been evaluated at new loan rates.
- The valuation techniques used for PWLB and non PWLB debt are at level 2 – significant observable inputs. There have been no changes in valuation technique during the financial year.
- The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value, which includes accrued interest as at the balance sheet date. The group has therefore included accrued interest in the fair value calculation.
- The discount rates used for the evaluation were obtained by the Authority from Link Asset Services (formally Capita). Link Asset Group is a leading and independent provider of capital financing, treasury advisory and strategic advisory consulting services to the public sector.
- Assumptions used, which do not have a material effect on the fair value evaluation are: interest is calculated using a 365 day basis; interest is paid on the maturity date; no adjustment is made to the interest value and date where a relevant date occurs on a non-working day.

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

2016/17			**2017/18**	
Carrying Amount Restated £000s	**Fair Value Restated £000s**		**Carrying Amount £000s**	**Fair Value £000s**
		Financial Assets		
4,990	4,990	Cash	19,066	19,066
284,117	284,117	Loans and Receivables	625,585	625,585
1,163	1,163	Equity investments	2,745	2,745
290,270	**290,270**	**Total Financial Assets**	**647,396**	**647,396**
		Financial Liabilities		
(411,965)	(651,092)	PWLB Debt using premature repayment rates	(476,895)	(738,423)
(616,140)	(966,625)	Non- PWLB debt	(903,924)	(1,265,824)
0	0	PFI Liability	(51,830)	(86,208)
(159,520)	(159,520)	Creditors and Grants Received in Advance	(258,314)	(258,314)
(1,187,625)	**(1,777,237)**	**Total Financial Liabilities**	**(1,690,963)**	**(2,348,769)**

Borrowings	Range of interest rates payable in 17/18 from %	to %	Average Interest 2016/17 %	Average Interest 2017/18 %	Total Outstanding 2016/17 £000s	Total Outstanding 2017/18 £000s
a) Analysis of loans by type:						
Public Works Loans Board	3.34%	9.75%	5.18%	5.05%	(407,228)	(471,604)
Other Loans	0.45%	4.581%	4.22%	3.20%	(613,715)	(891,506)
Accrued Interest Payable:						
PWLB					(4,737)	(5,291)
Others					(2,425)	(12,418)
Total as at 31 March					**(1,028,105)**	**(1,380,819)**
b) Analysis of loans by maturity						
Maturing:						
Due within 1 year: accrued interest payable						
PWLB					(4,737)	(5,291)
Others					(2,425)	(12,418)
Due within 1 year: principal						
PWLB					(5,000)	(10,000)
Others					(12,053)	(142,483)
Due within 1 year					(24,215)	(170,192)
In 1 to 2 years					(11,295)	(23,283)
In 2 to 5 years					(50,159)	(69,577)
In 5 to 10 years					(144,444)	(192,502)
In over 10 years					(797,992)	(925,265)
Due over 1 year					(1,003,890)	(1,210,627)
Total as at 31 March					**(1,028,105)**	**(1,380,819)**

51b Nature and Extent of Risks arising from Financial Instruments

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

Risk Factors

TfGM carries out credit assessments of all new customers before contracting with them.

A prudent view is taken in respect of impairment of trade debtors.

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

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

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

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

There is an element of inherent credit risk in respect of short-term deposits placed by TfGM on behalf of GMCA. This risk is managed in accordance with the policies and procedures set out in the accounts of GMCA.

Hedging Instruments

TfGM holds no financial instruments that could be classified as hedging instruments.

52 Group Related Party Transactions

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

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

All intercompany balances have been removed for TFGM, which leaves none for disclosure in this note. All GMP related party balances have been removed on consolidation, the only remaining related party balance is with the Home Office, as disclosed on the CIES.

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

The cash flows for operating activities include the following items:

2016/17 Restated £000s		2017/18 £000s
3	Finance Costs calculated in accordance with the SORP	(118)
(235)	Impairment of investments	(10,025)
11,478	Increase / (Decrease) in Debtors	24,738
(10)	Increase / (Decrease) in Inventories	33
(2,519)	Decrease / (Increase) in Creditors	(29,323)
0	Decrease / (Increase) in Provisions	11,678
0	Revaluation adjustment	3,098
(4,627)	Increase in bad debt provision	4,585
(6,514)	Loss on sale of non current assets	2,585
(69,573)	Annual depreciation charge	(97,757)
(747)	IAS19 adjustments	(190,353)
(1,640)	(Increase) / Decrease in Interest Debtors	(1,103)
(105)	Increase / (Decrease) in Interest Creditors	9,532
59,418	Gain on acquisition of donated asset	0
170	Other non-cash movements	3,753
(14,901)	**Adjustments to net deficit on the provision of services for non cash movements**	**(268,677)**
48,647	Finance Costs Paid	49,301
(48,528)	Financing Expenditure	(58,836)
4,924	Financing Income	6,782
(3,284)	Interest Income Received	(5,679)
(833)	IAS 19 pension finance interest	(1,795)
64,227	Capital grants and contributions receivable	108,279
379	Revaluation loss on non current assets	0
65,532	**Adjust for items included in the net deficit on the provision of services that are investing and financing activities**	**98,052**

53 Group Cash Flow Statement - Investing Activities

2016/17 £000s	Investing Activities	2017/18 £000s
126,564	Purchase of property, plant and equipment	142,821
17,369	Long Term Loans paid out	8,060
(18,143)	Long Term Loans repaid	(8,518)
(64,617)	Capital grants and contributions received	(105,230)
(721)	Proceeds from sale of property, land and equipment	(2,163)
60,452	**Net Cash Inflow / (Outflow) from Investing Activities**	**34,970**

53 Group Cash Flow Statement - Financing Activities

2016/17 £000s	Financing Activities	2017/18 £000s
2,720	Repayment of former GMC Debt	4,645
0	Reduction of the outstanding liability relating to a finance lease and on-balance sheet PFI contracts	2,339
(184)	Capital Grants Receipts in Advance relating to non GMCA road schemes	85
10,024	Repayment of borrowing	379,684
(10,040)	Receipt of borrowing	(622,110)
2,520	**Net Cash Inflow / (Outflow) from Financing Activities**	**(235,357)**

54 Group Defined Benefit Pension Schemes

2016/17 Restated LGPS £000s		2017/18 LGPS £000s	2017/18 FIRE £000s	2017/18 POLICE £000s	2017/18 TOTAL £000s
	Cost of Services:				
6,043	Current service cost (includes transfer in)	51,986	23,480	134,440	209,906
54	Past service cost (including curtailments)	667	1,200	4,770	6,637
6,097	**Total Service Cost**	**52,653**	**24,680**	**139,210**	**216,543**
	Financing and Investment Income & Expenditure:				
835	Interest income on plan assets	(20,834)	0	0	(20,834)
0	Interest cost on defined benefit obligation	29,205	41,120	180,850	251,175
835	**Total Net Interest**	**8,371**	**41,120**	**180,850**	**230,341**
6,932	**Total Post Employment Benefit Charged to the (Surplus)/Deficit on the Provision of Services**	**61,024**	**65,800**	**320,060**	**446,884**
	Remeasurements of the Net Defined Liability Comprising:				
(31,882)	Return on plan assets excluding amounts included in net interest	6,706	0	0	6,706
901	Actuarial gains/losses arising from changes in demographic assumptions	0	(44,440)	251,410	206,970
61,221	Actuarial gains/losses arising from changes in financial assumptions	(4,610)	43,630	(241,230)	(202,210)
13,270	Other	(52)	(6,400)	(14,680)	(21,132)
43,510	**Total Remeasurements Recognised in Other in the CIES**	**2,044**	**(7,210)**	**(4,500)**	**(9,666)**
50,442	**Total Post Employment Benefit Charged to the CIES**	**63,068**	**58,590**	**315,560**	**437,218**

2016/17 Restated LGPS £000s		2017/18 LGPS £000s	2017/18 FIRE £000s	2017/18 POLICE £000s	2017/18 TOTAL £000s
44,940	Reversal of net charges made to the (surplus)/deficit on the provision of service	(47,457)	(65,800)	(320,060)	(433,317)
(5,265)	Employers' contributions payable to the scheme	14,736	0	47,998	62,734
27,519	Employers contribution - unfunded deficit	22,134	0	0	22,134
	Retirement benefits payable to pensioners	0	46,978	0	46,978
67,194	**Actual amount charged against the General Fund Balance for Pensions in the year**	**(10,587)**	**(18,822)**	**(272,062)**	**(301,471)**

2016/17 Restated LGPS £000s		2017/18 LGPS £000s	2017/18 FIRE £000s	2017/18 POLICE £000s	2017/18 TOTAL £000s
(425,704)	Present value of the defined benefit obligation	(1,593,309)	(1,685,820)	(7,476,360)	(10,755,489)
356,456	Fair value of employer assets	1,247,078	0	0	1,247,078
(2)	Net Interest	0	0	0	0
(69,250)	**Net Liability Arising from the Defined Benefit Obligation**	**(346,231)**	**(1,685,820)**	**(7,476,360)**	**(9,508,411)**

2016/17 Restated LGPS £000s		2017/18 LGPS £000s	2017/18 FIRE £000s	2017/18 POLICE £000s	2017/18 TOTAL £000s
357,947	**Opening fair value of continuing scheme liabilities**	**425,704**			**425,704**
	Opening fair value of liabilities transferred in	**1,117,502**	**1,674,208**	**7,339,430**	**10,131,140**
6,043	Current Service Cost	51,986	23,480	107,410	182,876
11,842	Interest Cost	37,940	41,120	180,850	259,910
1,947	Contributions from scheme participants	9,330	0	27,030	36,360
	Remeasurement gain				
901	Actuarial gains/losses arising from change in demographic assumptions	(10,830)	(44,440)	(251,410)	(306,680)
61,221	Actuarial gains/losses arising from change in financial assumptions	621	43,630	241,230	285,481
13,270	Other	142	(6,400)	19,450	13,192
54	Unfunded benefits paid	(39,086)	1,200	(380)	(38,266)
(27,521)	Benefits Paid		(46,978)	(187,250)	(234,228)
425,704	**Closing fair value of scheme liabilities**	**1,593,309**	**1,685,820**	**7,476,360**	**10,755,489**

2016/17 Restated LGPS £000s		2017/18 LGPS £000s	2017/18 FIRE £000s	2017/18 POLICE £000s	2017/18 TOTAL £000s
333,712	**Opening fair value of continuing scheme assets**	356,456			356,456
	Opening fair value of assets transferred in	853,384			853,384
11,007	Interest Income	29,569			29,569
	Remeasurement gain				
31,882	Return on assets excluding amounts included in net interest	10,336			10,336
505	Contributions in respect of unfunded benefits	3,830			3,830
4,922	Contributions from employer	24,332			24,332
1,947	Contributions from employees into the scheme	4,966			4,966
(27,519)	Benefits Paid	(35,795)			(35,795)
356,456	**Closing fair value of scheme assets**	**1,247,078**	**0**	**0**	**1,247,078**

2016/17					2017/18			
Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets		Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets
£000s	£000s	£000s	%		£000s	£000s	£000s	%
				Equity Securities				
20.50		20.50	8%	Consumer	62,984		62,984	5%
21.00		21.00	8%	Manufacturing	75,558		75,558	6%
16.80		16.80	7%	Energy and utilities	59,830		59,830	5%
25.80		25.80	10%	Financial Institutions	90,910		90,910	7%
9.00		9.00	4%	Health and care	28,212		28,212	2%
6.40		6.40	3%	Information Technology	17,692		17,692	1%
4.30		4.30	2%	Other	10,796		10,796	1%
				Debt Securities				
12.00		12.00	5%	Corporate bonds (investment grade)	40,915		40,915	3%
3.30		3.30	1%	UK Government	133,481		133,481	11%
8.00		8.00	3%	Other	30,716		30,716	2%
				Private Equity				
	7.20	7.20	3%	All		36,937	36,937	3%
				Real Estate				
	6.90	6.90	3%	UK Property		37,791	37,791	3%
				Investment Funds and Unit Trusts				
63.00		63.00	23%	Equities	298,679		298,679	24%
18.00		18.00	7%	Bonds	143,119		143,119	11%
	5.80	5.80	3%	Infrastructure		28,579	28,579	2%
4.50	12.50	17.00	7%	Other	20558	98,776	119,334	10%
				Derivatives				
				Other				
				Cash and Cash Equivalents				
7.00		7.00	3%	All	39,616		39,616	3%
219.60	**32.40**	**252.00**	**100%**	**Totals**	**1,053,066**	**202,083**	**1,255,149**	**100%**

2016/17 LGPS		2017/18 LGPS	2017/18 FIRE	2017/18 POLICE
	Longevity at 65 for current pensioners:*			
21.5 years	Male	21.5 years	21.9 years	22.6
24.1 years	Female	24.1 years	21.9 years	24.2
	Longevity at 65 for future pensioners:*			
23.7 years	Male	23.7 years	23.9 years	24.5
26.2 years	Female	26.2 years	23.9 years	26.1
	Rate of Inflation (Price Increases)			
3.2%	Rate of increase in salaries (Salary Increases)	3.2%	4.3%	4.3%
2.4%	Rate of increase in pensions (Pension Increases)	2.4%	2.3%	2.3%
2.5%	Rate of discounting scheme liabilities (Discount Rate)	2.6%	2.6%	2.6%
55.0%	Take up of option to convert annual pension into retirement grant - pre April 2008	55%		
80.0%	Take up of option to convert annual pension into retirement grant - post April 2008	80%		

Local Government Pension Scheme **Change in Assumption at 31 March 2018**	**Approximate % increase to Employer Liability**	**Approximate monetary amount** **£000s**
0.5% decrease in Real Discount Rate	8.7%	56,296
0.5% increase in the Salary Increase Rate	-1.0%	7,124
0.5% increase in the Pension Increase Rate	9.7%	46,209

Fire Fighters Pension Scheme Change in Assumption at 31 March 2018	Approximate % increase to Employer Liability	Approximate monetary amount £000s
0.5% decrease in Real Discount Rate	-9.50%	(160,000)
1 year increase in member life expectancy	2.50%	43,000
0.5% increase in the Salary Increase Rate	1.00%	19,000
0.5% increase in the Pension Increase Rate	7.50%	128,000

Old Police Pension Scheme Change in Assumption at 31 March 2018	Approximate % increase to Employer Liability	Approximate monetary amount £000s
0.5% decrease in Real Discount Rate	-10.00%	(679,000)
1 year increase in member life expectancy	2.50%	170,000
0.5% increase in the Salary Increase Rate	1.00%	68,000
0.5% increase in the Pension Increase Rate	8.00%	543,000

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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 fixed assets used in the provision of services.

Capital Financing Requirements
This measures the underlying need to borrow to finance capital expenditure.

Capital Grants

Grants received towards capital expenditure either generally or for a particular project.

Capital Grants Unapplied

Proceeds received from Government Grants, Other Grants and Contributions, which have not yet been used to finance capital expenditure.

Capital Receipts

Money received from the sale of property, plant and equipment or repayment of a capital advance.

Carrying Amount

The balance sheet value recorded of an asset or a liability.

Cash and Cash Equivalents

This comprises cash in hand, cash overdrawn and short-term investments, which are readily convertible into known amounts of cash.

CIPFA (The Chartered Institute of Public Finance and Accountancy)

CIPFA is the leading professional accountancy body for public services.

Consolidated

Added together with adjustments to avoid double counting of income, expenditure or to avoid exaggeration.

Contingent Assets

Sums due from individuals or organisations that may arise in the future but which cannot be determined in advance.

Contingent Liabilities

Sums due to individuals or organisations that may arise in the future but which cannot be determined in advance.

Corporate and Democratic Core

This comprises the activities that all local authorities engage in because they are elected multi-purpose authorities. The cost of these activities is over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services.

Corporate Governance

This is concerned with the Authority's accountability for the stewardship of resources, risk management, and relationship with the community. It also encompasses policies on whistle blowing, fraud and corruption.

Creditors

Amounts owed by the Authority and Group for goods and services provided by the balance sheet date, where payment has not been made at that date.

Current Assets

An asset where the value changes because the volume held varies from day to day, for example, stock. It is reasonable to expect that these assets will either be consumed or realised during the next accounting period.

Current Liabilities

An amount which will become payable or could be called in within the next accounting period.

Current Service Cost

The increase in present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current financial year.

Curtailments

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces the accrual of defined benefits for a number of employees for some or all of their future service.

Debtors

Sums of money owed to the Authority and Group at the balance sheet date but not received at that date.

Deferred Capital Receipts

Amounts derived from asset sales, which will be received in instalments over a period of years.

Defined Benefit Pension Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Defined Benefit Contribution Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of property, plant and equipment.

Exceptional Items

Material items which derive from effects or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Expected Return on Pension Assets

For a funded defined benefit pension scheme, the average return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Expenditure

Amounts paid by the Authority and Group for goods received or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment - expenditure is deemed to have been incurred once the goods or services have been received even if they have not been paid for.

External Audit

The independent examination of the activities and accounts of local authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Authority has made proper arrangements to secure value for money in its use of resources.

Fair Value

The fair value of an asset is the price at which it could be exchanged in an arms length transaction.

Fees and Charges

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

Finance Lease

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

Financial Instruments

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

Historical Cost

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

Impairment

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

Income

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

Infrastructure Assets

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

Intangible Assets

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

Interest Cost (Pensions)

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

International Financial Reporting Standards (IFRS)

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

Inventory

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

Investment Properties

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

Investments

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

Liabilities

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

Long-term Contracts

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

Material

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

Minimum Revenue Provision (MRP)

This is the amount that is charged to an Authority's Movement in Reserves Statement each year and set aside as a provision for credit liabilities.

Net Book Value

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current cost less the cumulative depreciation.

Net Debt

The Police and Crime Commissioner’s borrowing less cash and liquid resources.

Net Realisable Value

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non-Current Assets

Assets which have value to the Authority for more than one year. These can be tangible (e.g. land, buildings, equipment) or intangible (e.g. Software or licences) assets.

Non-Operational Assets

Non-current assets held by the Authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements pending sale or redevelopment.

Non Domestic Rate (NDR)

These are often referred to as Business Rates, and are a levy on business properties based on a national rate in the pound applied to the ‘rateable value’ of the property. The Government determines that national rate poundage, Local Authorities collect the sums due, with distribution made in accordance with rules governing the Business Rates retention scheme.

Operating Lease

A lease other than a finance lease.

Past Service Cost

For a defined benefit pension scheme, the increase in present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Past Service Credit

For a defined benefit pension scheme, the decrease in present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or reductions, in retirement benefits.

Payments in Advance

Amounts actually paid in an accounting period prior to the period in which they are due

Pension Account
The Authority is required to set up a separate fund from the rest of its operation for transactions relating to firefighters and police pension arrangements. The funds are balanced to nil each year by the receipt of a pensions top-up grant from the Department for Communities and Local Government.

Precept
An amount of money levied by one Authority (the precepting Authority) which is collected by another Authority (the collecting Authority) as part of the council tax. The Authority is the precepting Authority and the Metropolitan District Authorities of Greater Manchester are the collecting authorities.

Prior Year Adjustments

Material adjustments to the accounts of earlier years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Private Finance Initiative (PFI)
A partnership between the private and public sectors that uses private sector financing to provide public sector assets. The partnership has to meet certain criteria to qualify for Central Government subsidy.

Provisions

These are sums set aside to meet liabilities or losses that have been incurred but where the amount and/or timing of such costs are uncertain.

Public Works Loan Board (PWLB)

A Government agency that lends money to local authorities. Local authorities are able to borrow some or all of their requirements to finance capital expenditure from this source.

Receipts in Advance

Amounts actually received in an accounting period prior to the period in which they are due.

Residual Value

The net realisable value of property, plant or equipment at the end of its useful life.

Reserves

These are sums set aside to meet possible future costs where there is no certainty about whether or not these costs will be incurred.

Revenue Contributions

The method of financing capital expenditure directly from revenue.

Revenue Expenditure

Expenditure incurred on the day-to-day running of the Authority and Group. This mainly includes staff recharge costs, general running expenses and capital financing costs.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

These are items of capital expenditure that do not result in, or remain matched by, the Authority's property, plant and equipment.

Settlement

An irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligations and the assets used to effect the settlement

Unfunded Pension Scheme

This is one in which liabilities for pension benefits are charged to the employer's revenue account in the year in which they arise and are not financed from investments held. The Authority operates such a scheme for its firefighters.

Voluntary Revenue Provision (VRP)

The VRP is a voluntary revenue contribution for the repayment of debt. It recognises the shorter life span of a number of assets i.e. vehicles, that would become obsolete before the original debt has been repaid.

EXTERNAL AUDIT OPINION

Independent auditor's report to the members of Greater Manchester Combined Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Greater Manchester Combined Authority (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Mayoral Police Fund, the Mayoral General Fund, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet and the Group Cash Flow Statement and all notes to the financial statements, including the Accounting Concepts and Policies to the core single entity financial statements and the Summary of Significant Accounting Policies to the Group Accounts, and include the police and fire pension fund financial statements comprising the Police Pension Fund Account and Notes and the Firefighter Pension Fund Account. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2018 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

1.2.1 Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Treasurer is responsible for the other information. The other information comprises the information included in the Annual Statement of Accounts and the Annual Governance Statement other than the core single entity financial statements, supplementary financial statements and group accounts and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the group and Authority obtained in the course of our work including that gained through work in relation to the Authority's arrangements for securing value for money through economy, efficiency and effectiveness in the use of its resources or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

1.2.2 Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Annual Statement of Accounts and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice we are required to report to you if:

- we have reported a matter in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Treasurer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities for the Annual Statement of Accounts, 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. The Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18, which give a true and fair view, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the group's and the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the group or the Authority lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the group or the Authority.

The Audit Committee is Those Charged with Governance.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Qualified conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, except for the effects of the matter described in the basis for qualified conclusion section of our report we are satisfied that, in all significant respects, the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Basis for qualified conclusion

In considering the Authority's arrangements for securing efficiency, economy and effectiveness in its use of resources we identified the following matter:

On 22 May 2017 there was a terrorist attack at the Manchester Arena. Following the incident the Greater Manchester Mayor asked Lord Kerslake to undertake an independent review of the preparedness for, and emergency response to, the Manchester Arena attack.

In March 2018, Lord Kerslake published his report. The report stated that poor communication arrangements and poor procedures were in place in the Greater Manchester Fire and Rescue Service at the time of the terrorist attack in May 2017. The report also identified wider issues in relation to operational culture and the approach taken to multi-agency working.

This matter is evidence of weaknesses in proper arrangements within the fire and rescue service, inherited from Greater Manchester Fire Authority, for acting in the public interest, through demonstrating and applying the principles and values of sound governance.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor’s responsibilities for the review of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - *Delay in certification of completion of the audit*

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA)

Component Assurance statement for the Authority for the year ended 31 March 2018. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Mark R Heap

Mark Heap
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

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31 July 2018