

# AUDITED

# Annual Statement of Accounts

# Year ended 31 March 2022

Contents Page

[Narrative Report by the Authority Treasurer](#_Toc109922577) 3

[Statement of Responsibilities for the Statement of Accounts](#_Toc109922596) 53

[Greater Manchester Combined Authority Single Entity Accounts](#_Toc109922602) 55

[Financial Statements](#_Toc109922603) 55

[Comprehensive Income and Expenditure Statement](#_Toc109922604) 56

[Movement in Reserves Statement](#_Toc109922605) 58

[Balance Sheet](#_Toc109922606) 59

[Cash Flow Statement](#_Toc109922607) 61

[Notes to the Financial Statements](#_Toc109922609) 62

[Firefighters’ Pension Fund 19](#_Toc109922649)3

[Greater Manchester Combined Authority - Group Accounts 194](#_Toc109922652)

[Greater Manchester Combined Authority – Group Financial Statements 199](#_Toc109922659)

[Group Comprehensive Income and Expenditure Statement 200](#_Toc109922660)

[Group Movement in Reserves Statement 201](#_Toc109922661)

[Group Balance Sheet 202](#_Toc109922662)

[Group Cash Flow Statement 204](#_Toc109922663)

[Notes to the Group Financial Statements 205](#_Toc109922664)

[Police Pension Fund 26](#_Toc109922695)4

[Glossary of Financial Terms 2](#_Toc109922700)67

Narrative Report by the Authority Treasurer

Welcome to the Greater Manchester Combined Authority’s (the Authority) Annual Statement of Accounts for 2021/22. The statements have been prepared in accordance with the requirements of the Accounting Code of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

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

* A full and understandable explanation of the overarching financial position of the Authority and the financial performance for the year 2021/22;
* Confidence that the public money with which the Authority has been entrusted has been used and accounted for in an appropriate manner;
* Assurance that the financial position of the Authority is sound and secure.

This narrative report provides information about the Authority, including the key issues affecting the Authority and its accounts. It also provides a summary of the financial position at 31 March 2022 and is structured as below:

* How the Authority Performed in 2021/22
* The Authority’s Group of Companies
* Revenue Budget and Financial Performance 2021/22
* Capital Programme and Financing 2021/22
* Treasury Management Performance in 2021/22
* Forward Look – Financial Landscape
* Core Financial Statements

**How the Authority Performed in 2021/22**

**Introduction**

Greater Manchester has a vision to be a place where everyone can live a good life, growing up, getting on and growing old in a greener, fairer, more prosperous city region.

The Authority is made up of the ten Greater Manchester Council Leaders and the Mayor who work with other local services, businesses, communities and other partners to drive the collective ambition for the city-region.

The ten Greater Manchester councils (Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan) have worked together voluntarily for many years on issues that affect everyone in the region, like transport, regeneration, and attracting investment.

The GMCA was established on 1 April 2011 by the Greater Manchester Combined Authority Order 2011 and comprised of ten members, being the Leaders of the constituent councils. Greater Manchester re-elected Andy Burnham as Mayor in May 2021 and he continues to lead on the implementation the Greater Manchester Strategy (GMS) - the blueprint for the future of the city-region.

The GMS is Greater Manchester’s plan for all the communities, neighbourhoods, towns and cities which make up our city-region. The fourth Greater Manchester Strategy was developed and subsequently adopted in 2021 building from the 2017 strategy and the one year Living with COVID-19 Resilience Plan and it is the systemwide response to the Independent Inequalities’ Commission and Build Back Fairer reports.

The refreshed strategy sets out the city region’s vision of*Good Lives for All*: that *Greater Manchester is a great place to grow up, get on and grow old; a great place to invest, do business, visit and study.* It is Greater Manchester’s plan for recovery and renewal following the pandemic and puts responding to the interconnected challenges of inequality and climate change at its heart, providing the lenses through which Greater Manchester activity should be framed and challenging where policy or delivery is contrary to equalities and climate ambitions. It provides a clear direction of travel for the city-region, focused on those areas where all parts of the conurbation need to work together to achieve our shared vision.

The Strategy sets out a series of shared outcomes (the Greater Manchester we want to see) and 15 shared commitments (the things we are going to do), with whole system activity required to deliver against these. It is underpinned by a performance framework with metrics to monitor, some of which are targeted, and web based data dashboards to inform future activity. For the first time this includes three neighbourhood floor targets, which set minimum standards against core indicators – the intention being to highlight variance and inequality at the local levels, and to trigger collective targeted activity in response.

All this is underpinned by a strong foundation formed from agreed ways of working. Greater Manchester is adopting practices which will enable a consistent approach across systems, institutions and communities to come together.

A new process for reporting against progress with the GMS is being adopted which will:

* Provide a system wide view of activity and progress against the shared commitments (and targets) in the strategy and ways of working
* Identify gaps, challenges or issues for development in delivering the shared commitments/ways of working
* Provide for sharing and embedding of good practice, system learning and innovation
* Provide an update every six months.

Devolution is critical to the success of the Greater Manchester (GM) ambition, the devolution deals signed with Government mean that GM has a much greater control of its future and more say over the decisions that can improve the lives of all residents.

The region’s devolution powers include more control of local transport, planning powers to encourage regeneration and development, a housing investment fund, education, skills and training funding, the role of the Police and Crime Commissioner and responsibility for the fire service being merged with the elected mayor. Greater Manchester has access to an ‘earn back’ funding arrangement providing capital and revenue funding for the region’s infrastructure as part of a single pot for investment in economic growth projects and a reform investment fund to enable investment in better services for our residents.

However, there are still significant areas of policy and spending where there is no devolution to Greater Manchester which restricts the ability to integrate, invest and reform to deliver the ambition. And the current devolution settlement does not give Greater Manchester the influence or control over all public spending needed to truly drive productivity growth, address social and economic inequalities and meet our environmental ambitions. Decentralising resources will enable us to have the best possible chance to level up, to step up, and to achieve our GMS ambitions and support the national ambitions. Discussions with Government through the Devolution Trailblazer process announced in the Levelling Up White Paper will therefore be critical going forward.

### The Greater Manchester Local Industrial Strategy

In June 2019 Greater Manchester published its ambitious Local Industrial Strategy, designed to deliver an economy fit for the future, with prosperous communities across the city-region and radically increased productivity and earning power. The strategy is based on the robust evidence provided by the 2019 Independent Prosperity Review, and the 2016 Science and Innovation Audit. It has been developed from the ground up with local and national stakeholders, including business and social enterprises, trade unions, universities and colleges, and community and voluntary organisations.

The Greater Manchester Local Industrial Strategy is not working in isolation. It complements other national and local strategies including the national Plan for Growth and the Greater Manchester Strategy ‘Good Lives For All’. To achieve this ambition, it identifies actions around five foundations of productivity: Ideas, People, Infrastructure, Business Environment and Places, which are the essential attributes of every successful economy. It also identifies the frontier sectors where Greater Manchester has particular strengths and opportunities, and the ‘foundational economy’ which employs significant numbers of people but has been historically undervalued as a sector.  
  
Greater Manchester is currently working to refresh the Local Industrial Strategy and its implementation plan in response to the changing context caused by the UK’s exit from the European Union, the COVID-19 pandemic and the ‘cost-of-living crisis’.

### Growing the Economy

### The GM Investment Strategy continued to support regeneration and job creation in the region through targeted investment that reflects the strengths and opportunities in the local economy. The GM Investment Strategy was based on sustainably generating returns that can be recycled and reinvested so as existing loans are repaid, they can be reinvested in new projects.

### GM investment funds are used as a lever to deliver the strategy and focus on our strategic priorities in business, housing and commercial property. At the end of 2021/22, GM investment funds included over £643m of funds under direct and indirect management. Projects to the value of £1,147m have been approved to date across the funds. The main elements of the Funds are:

1. *The Greater Manchester Housing Investment Loans Fund (HIF):*

HIF aims to unlock the delivery of at least 10,000 homes over the 10-year life of the fund providing the high quality housing offer needed to support GM’s economic growth. In 2018/19 HIF novated from Manchester City Council to the Authority. As existing investments made by the Fund are repaid the monies are available for reinvestment by the Fund and at the time of writing there have been no defaults. Alongside 59 loans to developers for individual schemes, the Fund has invested in three social impact funds focussed on the provision of housing to vulnerable people.

1. *City Deal Receipts:*

In 2015 it was agreed that receipts realised by Homes England from the disposal of its land and property within Greater Manchester would be provided to GMCA to invest in support of the housing and regeneration objectives set out in the 2012 Greater Manchester City Deal. To date Homes England, which has to approve the investments made using City Deal Receipts, has provided £29.7m to GMCA for investment.

1. *The Core Recycled Funds:*

The Core Recycled Funds originated from Regional Growth Fund (RGF) and Growing Places Fund (GPF) monies which have been recycled and are now reinvested into businesses and commercial property. As part of this overarching programme, the funds offered investments at commercial rates to businesses and organisations to fund schemes that boost local employment, improve people's skills and contribute to the region's economic growth.

These funds have invested over £187m into 190+ companies across Greater Manchester who are contracted to create and safeguard over 8,100 jobs. The business funds have been used to support a market gap for finance and therefore, given the nature of the portfolio, defaults are expected. The impact of COVID-19 on the business portfolio remains unclear but provisions have been made to estimate the risk, in accordance with International Financial Reporting Standards - IFRS 9. Where requested, companies have been granted short term payment deferrals to assist them to manage through the pandemic.

1. *Commercial property funds:* the dedicated commercial property funds are managed by CBRE Ltd on behalf of the Authority and have supported the development of 720,000m2 of commercial floor space and the redevelopment of over 52 hectares of Brownfield land. Developments in the year are expected to unlock over 30,000m2 of office and industrial space.
2. *Life Sciences Fund*: The £30m Life Sciences Fund was established in 2016 in partnership with Cheshire East Council and Bruntwood to further develop the Alderley Park site and support life sciences businesses across the city region. As at 31 March 2022, the fund had committed £24.7m into 42 businesses and has created 352 jobs from those investments. The overall target for the fund is to create / safeguard 370 jobs over 15 years and the investments to date show good progress against this target. Post year end a second Life Sciences Fund has been launched with a commitment from the GMCA of £10m.
3. *Low Carbon Fund:* The £15m Low Carbon Fund is managed by CBRE Ltd on behalf of the Authority. The Fund was established to promote the production and distribution of energy derived from renewable resources in the region.
4. *Getting Building Fund:* In March 2020 the government made an allocation of £54.2m to GMCA as part of the Getting Building Fund (GBF). This was focussed on ‘shovel ready’ sites with a key focus on job creation and economic recovery. The full allocation was spent by 31 March 2022 on the following schemes:

* Mayfield – Manchester - £23m
* Manchester Innovation Activities Hub – Manchester - £4m
* Kingsway Business Park Northern Loop Road – Rochdale - £3.5m
* South Heywood Link Road Phase 1 – Rochdale - £10m
* Port Salford early infrastructure work – Salford - £6m
* Conversion of iconic empty retail unit into new workspace – Stockport - £3.5m
* Stockport Exchange Phase 4 and Clean Energy Infrastructure - £4.2m

The schemes are predicted to create almost 12,000 direct jobs and a further 1,876 employment opportunities in construction. A total of 45 apprenticeships will follow as will the building of more than 1,000 new homes and 4.5km of roads, cycle ways and walkways supporting 29 businesses and 205,000m2 of commercial space.

**Business Support and Innovation**

Greater Manchester has an economy worth over £74bn and around 120,000 businesses, with a diverse business base and a number of world leading industries from health innovation to digital industries, to engineering and financial services along with the largest cultural and creative cluster outside London. Over the last year, GMCA’s business-led innovation network, Innovation Greater Manchester, has been connecting the world-leading research and development happening in the city region with businesses and growth opportunities. In February, Greater Manchester was selected by UK Government as one of three Innovation Accelerator areas to be supported by £100m of new government funding.

*Business Growth Hub:*

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

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

BGH has performed well in 2021/22 exceeding a range of targets across a broad range of external and internal agendas in a very uncertain policy, commercial and commissioning environment, arising from the impact of COVID-19 and the UK’s exit from the European Union.

BGH has continued to deliver a range of business support services in 2021/22, reporting throughout the year on performance to the Local Enterprise Partnership (LEP) and GMCA and providing crucial insights from current services to inform future activity through a Monthly Economic Monitoring Dashboard.

BGH provision has included a range of ongoing activities to support GM’s recovery from COVID-19 such as:

* Growth Company Business Finance has continued to administer financial support provided by the LEP/GMCA to businesses and have been on the forefront as an accredited Coronavirus Business Interruption Scheme (CBILS) and Bounce Back Loan Scheme (BBLS) provider with additional local funding made available.
* COVID-19 website – a dedicated COVID-19 landing page provides information to businesses on the support available and how to access.
* The Employ GM website, supported individuals and employers impacted by COVID-19.

BGH has continued to deliver a range of other business support and guidance to Greater Manchester businesses, such as the Business Productivity and Inclusive Programme, which moved into a new phase in January 2022, under the Business Productivity, Innovation and Inclusive Growth Programme. This programme focuses on innovation and inclusive growth and is driving productivity in small to medium sized enterprises (SMEs) through its diverse projects.

*Digital City Region*

Greater Manchester has made important strides in becoming the UK’s leading Digital City region. During 2018-20 our priorities evolved and a refreshed Greater Manchester Digital Blueprint was launched in 2020. The Blueprint is focused on delivering benefits that help the city region’s people lead healthier, happier lives. Each of our five digital priorities and two cross-cutting enablers, co-designed and developed with the input of key stakeholders is supported by pan-Greater Manchester public sector projects. These combined with inclusive community, local authority, private, not-for-profit and academic work. The plan connects the wealth of digital change and will help us reach a shared ambition that underpins and enables both the [Local Industrial Strategy](https://www.greatermanchester-ca.gov.uk/what-we-do/economy/greater-manchesters-local-industrial-strategy/) and the [Greater Manchester Strategy](https://www.greatermanchester-ca.gov.uk/ourpeopleourplace/).

The range of initiatives and successes in Greater Manchester’s digital portfolio is increasing with initiatives like the largest Local Full Fibre Networks (LFFN) programme in the UK. With funding of £20m from government grant plus investment from GMCA and seven of the GM local authorities, over the last year the final stages of laying up to 2,700km of new fibre infrastructure across Greater Manchester has taken place. This work will be complete by early 2022/23 and will connect approximately 1,600 public sites, pushing fibre into new areas of Greater Manchester.

As part of the GM LFFN grant agreement, GMCA and each of participating local authorities committed to using the fibre infrastructure by operating a “Wide Area Network” (WAN) so that users and computers in one location could communicate with users and computers in other locations. In 2020 several of the partners with similar WAN contract end dates agreed to jointly procure WAN services across the LFFN fibre infrastructure for their own organisational needs and to take advantage of economies of scale whilst still enabling each organisation to manage its own services across the shared network.

During 2021/22 having undertaken significant financial and technical analysis and developed a collaborative approach, four GM local authorities and GMCA agreed to commence a joint procurement for network services under the collective title of the ‘GM One Network’ with GMCA as the lead contractor. In March 2022 following a rigorous procurement process, Cisco International was selected as preferred bidder for Greater Manchester One Network to deliver Wide Area Network services for GMCA including GM Fire and Rescue, Transport for Greater Manchester (TfGM) Urban Traffic Controls Signals and select TfGM sites and Stockport, Oldham, Bury and Rochdale Councils. This procurement was one of the first to use the Social Value Portal and will generate additional benefits through social value work.

Alongside this activity,

* The GMCA Digital Transformation team has worked with localities to develop and deploy the first parts of the GM Early Years solution, with over 20,000 health visitor assessments been completed digitally and increasing. Work is underway on a Government funded programme that will enable Supporting Families teams in four localities to be more easily data driven. This team has also deployed systems relating to A Bed Every Night and, during the pandemic, a Community Hub application and a local ‘Track and Trace’ system.
* The GMCA Digital Inclusion team is working with localities, voluntary and community sector organisations and local businesses to help under 25s, over 75s and disabled people get online as part of the mayoral manifesto commitment and in line with the refreshed Greater Manchester Strategy. The team has led on initiatives such as the GM Data Bank, GM Tech Fund, GM Digital Inclusion Social Housing Pilots, Care Leavers digital support, and Digital Inclusion Risk Index.
* Supporting growth of the digital sector, the GMCA Digital Policy team has worked closely with GCHQ and linked stakeholders to support development of their presence in Greater Manchester. This has resulted in initiatives such as the GM Cyber Foundry and GM Artificial Intelligence (AI) Foundry which accessed and matched £6m of European Regional Development Funding to support many businesses across the city region. The Greater Manchester Digital Innovation Security Hub opens in early 2022/23 with £5m of growth funding in 2021 and will be co-located with GCHQ in Manchester. Work in support of GCHQ’s presence has contributed to Government situating National Cyber Force, a new investment, in the North West region.

*Green City Region:*

At a Green Summit, held in March 2019, the city region launched a five-year Environment Plan and confirmed its target to become carbon neutral by 2038. The aim is for Greater Manchester to be a clean, carbon neutral, climate resilient city-region with a thriving natural environment and circular, zero-waste economy. GMCA and all 10 Greater Manchester Local Authorities have now declared a Climate Emergency. To continue delivery of the plan and support the climate emergency declarations, the Authority has this year been successful in securing a significant amount of funding across a number of programmes.

Green Homes Grant (Local Authority Delivery) - £22m funding received to provide energy efficiency, low carbon heating and renewable energy systems to approximately 2000 fuel poor homes, by September 2022.

Public Sector Decarbonisation Scheme (PSDS) - Early in 2021 the Authority coordinated a successful bid to Phase 1 of the PSDS for £78m of capital funding to install carbon reduction measures to c150 public buildings owned by local authorities, health and education providers in 2021/22. The Phase 1 programme was extended to end of June 2022 and the expectation is that the majority of the grant will have been utilised. During 2021/22 GMCA was also successful in a bid for a further £15.5m from Phase 3 of the programme with a delivery timeframe for utilisation of the grant by March 2023.

Social Housing Decarbonisation Fund (SHDF) - In collaboration with GM housing providers, the Authority has successfully bid for £10m of funding from Government for the SHDF which has been matched by £9m of local funding. This was to support the installation of energy performance measures in c1,286 social homes to be completed by March 2023.

Phase 4 of the multi-phase Natural Course project commenced this year, which aims to promote action to improve water quality in Greater Manchester. This brings with it £1m external funding to GMCA and partner LAs over this phase, which runs until 2024.

The IGNITION project concluded at the end of year 2021/22. This was a 12 partner multi-year project aimed at making the case for funding of nature-based solutions for climate change adaptation in urban areas. This brought £4m of external funding to GMCA and partner organisations over the 3 years of the project.

Greater Manchester was selected by government as a pilot for developing a Local Nature Recovery Strategy, which concluded this year. This brought with it £125,000 of external funding for the GMCA to develop the strategy.

### Housing

In December 2020 nine of the GM Councils were asked to approve an agreement to prepare a joint development plan to cover strategic policies including housing and employment land requirements. This plan known as ‘Places for Everyone’ (PfE)replaced the Greater Manchester Spatial Framework following the withdrawal of Stockport Council. The Places for Everyone plan was submitted to the Secretary of State in February 2022 and Inspectors appointed to undertake the examination in public. The public hearing sessions are scheduled to begin in October 2022 with adoption by the end of 2023.

In March 2020 the Government announced a £400m Brownfield Land Fund (BLF). For GMCA this was an allocation to GMCA of £81.2m over a 5 year period to unlock capacity for a minimum of 5,500 homes to start on site by 31 March 2025. In February 2021 GMCA received a further allocation of £15.8m based on a bid to deliver a further 1,325 homes. This took Greater Manchester’s total Brownfield Housing Fund allocation to £97m over the five years to 2025. Spend against the programme over the first two years to the end of 2021/22 is £57m. This has unlocked 64 brownfield sites across the city-region and the number of new homes to date stands at 9,524. This is in addition to the homes built as a consequence of investments in schemes across the city-region by the Greater Manchester Housing Investment Loans Fund. In February 2022 a further £11.4m of funding was announced for 8 schemes delivering 916 homes. There is a further £27m of BLF grant that has been allocated for which GMCA is in the process of identifying which sites this will be awarded against.

**Education, Skills and Work**

The Education, Skills and Work landscape in Greater Manchester brings together large-scale national programmes managed and funded by various central government departments, devolved/co-commissioned activity developed and commissioned at GM level, and smaller scale targeted activity focused on priority cohorts, sectors and geographies. Work is undertaken across four priority areas:

1. **Young people leave education and training ready to succeed in the labour market, with a balance of academic, technical and ‘life ready’ skills.**

Working to support and help prepare young people to actively participate and thrive in the economy is a key feature of the work undertaken by the Directorate. We are doing this by building on their ambitions, qualities and skills of young people in order for them to have fair access to the opportunities available across the sub-region. There are four ways in which this has been achieved through our designed service offers:

* A service offer to young people via the Greater Manchester Apprenticeship and Careers Service (GMACS) website which is now used in more than half of secondary schools with over 100,000 young people registered. Aligned to this a digital curriculum for life tool is in development for young people to access in late Autumn, co-designed and written by young people.
* An offer to those who work with young people delivered through the GM Careers Hub. The Careers Hub is a community of practice for senior careers leaders and Headteachers/Principals in secondary education to implement the highest standard of careers education. 34 schools and colleges have now reached full implementation of the Gatsby Benchmarks, the measure by which schools and colleges self-evaluate. The push now is to get those nearly at full implementation to nudge their practice which would take the full implementation balance to approximately 100 schools and colleges, just under half of all schools and colleges. Through this model businesses are also connected through a range of key initiatives such as Meet Your Future which has connected employers to over 100,000 young people and through Pledge 5 we are building up more of a business portfolio offering multiple opportunities to young people. In addition, a bespoke programme of innovative leadership for headteachers has been created, working with Edge Foundation and Ashoka to start the system changes required to develop a more localised, sustainable model of practice reducing the dependence on external funding.
* An offer to businesses which supports them to connect to their future talent pipeline based on the skills intelligence and led by business need and interest. This work is supported by what we learn from GMACS to better connect what young people say they have ambitions to do versus what jobs are available in the jobs market.

GMCA has worked in partnership with The Prince’s Trust to deliver the £10m Future Workforce Fund (FWF), a three-year pilot funded jointly by DfE and GM to test innovative ways of supporting around 7,000 young people and young adults aged 14-25 who are not in education, employment or training (NEET) or at risk of becoming so for a sustained period and experiencing poorer outcomes in adult life. With a focus on young people in schools, colleges, alternative education provision as well as those not engaged in education, training or work, the FWF has seven main strands of activity, including life skills, pre-employment, world of work and mentoring, plus a series of small-scale grant funded projects commissioned by Prince’s Trust. To the end of March 2022, the programme has supported 5,990 young people.

GMCA has commissioned delivery of the £10m ESF NEET & Youth Employment programme, which commenced during January 2022 and will engage 6000 young people across GM aged 15-24 who are affected by missed education, and/or are disengaged from mainstream skill support offers, employment, or training. Career Connect have been awarded the contract to support 15-19 years, and Ingeus to support 18-25 years. The programme will conclude in September 2023.

During 2021/22, apprenticeships remained a key pathway into work and skills for our residents and, together with Traineeships and T Levels, saw additional employer grants continue as an incentive within the Government’s Plan for Jobs COVID-19 response/recovery package, started in the summer of 2020.

The Public Sector Apprenticeship approach has supported thousands of new apprenticeships starts across Greater Manchester public services since 2017. Whilst formal reporting for 2021/22 has not yet taken place, in the previous year (20/21) around 2,000 people started new apprenticeships across the GM public sector despite the COVID-19 pandemic, and the overall number of apprentices in the GM public sector increased by over 650. Collaborative approaches to apprenticeships across our public services continue, and apprenticeships continue to be a key strategic focus, so it is anticipated that at least 2,000 additional apprenticeships will have started across Greater Manchester public sector employers in the year to March 2022.

As part of our work to remove barriers to apprenticeships for underrepresented groups, seven small-scale projects commenced delivery in September 2020, designed to better understand and tackle under-representation of different groups within our apprentice population relative to the GM population in general. In total, 147 individuals engaged across the 7 projects, with 31 starting apprenticeships up to March 2022., An evaluation report has been produced to capture learning from the programme to inform future work in this area and help to ensure the greatest impact for residents. This builds on the work undertaken with Department for Education as part of the Five Cities pilot, and work with the Ageing Hub on apprenticeships for the Over 50s.

1. **Adults can acquire the skills, mindset and support they need to fulfil their career potential and adapt to changing needs throughout their lives, from entering employment to highly skilled careers and retraining.**

The Adult Education Budget (AEB) is a single budget bringing together adult further education (all 19yrs+ provision with the exception of apprenticeships / traineeships), community learning, and discretionary learner support. GMCA receives an annual budget every academic year (August to July) of approximately £96 million, with the final allocation determined each January prior to the start of the academic year.

The AEB is intended to fund provision which supports the local labour market and economic development. In particular, it focuses on ensuring that adults have the core skills that they need for work, including guaranteeing a number of statutory entitlements relating to English, Maths and Digital Skills, as well as first Level 2 and 3 qualifications and English for Speakers of Other Languages (ESOL).

The academic year ending August 2021 was the second year of devolved AEB to GM where over 52,000 GM residents accessed over 110,000 devolved AEB funded courses, with over 88,000 of these completed during 2020/21 academic year. During 2020/21, the COVID-19 pandemic continued to have an effect on classroom and other face-to-face learning and resulted in a decrease in residents enrolling on courses, at key milestones within the academic year. GMCA provided support to residents and providers through support for online delivery, continued targeted programmes for people significantly impacted by the pandemic and providing continued funding to enable providers to offer additional pastoral support to learners. AEB providers delivered 88% of planned learning in 2020/21, considering the continued impact the pandemic caused all learning environments to close or limit access for significant parts of the academic year. This reflects the work and commitment from across the provider base, to ensure the residents were supported and offered the learning they required.

In December 2021, the GMCA approved the refresh of the GM Adult Skills Programme, ensuring it continues to be a key part of that integrated system and one which, through alignment with devolved employment support programmes and health and social care functions, can deliver change that not possible at national level. Whilst the pace of change has been impacted by the pandemic, the core priorities for Adult Education Budget (AEB) have not fundamentally changed. Rather, the refreshed priorities are about tackling inequalities, equipping people for life and work, and help residents to progress in learning and into/within employment.

Over the last financial year GMCA has delivered the Skills Bootcamps pilot supporting adults to retrain and employers to fill skills shortage vacancies via a place based approach that has brought partnerships of local employers and providers together to deliver innovative employer led skills training. There have been nearly 600 participants with 55% entering skilled employment; 49% of which were women and 41% from ethnic minorities. Earlier this year GMCA were successful in securing £7m of funding to expand delivery of “Skills Bootcamps” in the region. We aim to support 2500 people into real job vacancies in the region across the range of LIS Frontier Sectors including digital & creative, advanced materials/manufacturing, green economy & life sciences. Building upon the recommendations of the inequalities commission we will target groups of residents underrepresented in key sectors and facing disadvantage in the labour market.

1. **Employers have access to a system that is flexible, resilient and adaptable, and meets their needs in the rapidly changing 21st Century world of work, driving a sustainable economic future for GM in which companies compete on the basis of high productivity, good quality work, and excellent employment practices.**

The Skills Intelligence team is an external facing employer intelligence function (funded by ESF) engaging with businesses of all sizes and across all sectors across GM. The core role of the team is to gather (from/with employers) a detailed evidence base building on information and intelligence gathered from other sources about the current and future talent & skills needs of businesses in GM; including the jobs they need to recruit to, competencies required, and skills challenges. The team is putting the voice of business at the heart of the education, skills & work system in GM with 10 sectors now covered by in-depth skills intelligence work which:

* Enhances the quality, value for money, and reach of GMCA’s wider Work and Skills commissioning.
* Reaches back into the skills system to influence curriculum and programme change within existing delivery, ensuring that residents are better equipped to secure high-skill jobs in the city region.
* Works across internal functions (e.g. Economy, Environment), and external bodies (e.g. Local Authorities, TfGM, central government), to ensure that the skills system in the city region supports key strategic priorities.

GM’s Skills for Growth Programme, funded by ESF, will support 3,000 businesses to better understand and articulate their skills needs and over 25,000 individuals to develop their technical skills. Developed in response to industry intelligence gathered from businesses and employer networks in Greater Manchester frontier sectors and foundation economy; delivery of the SME Support element commenced in Autumn 2020 and to date over 1800 SME’s in GM have been supported with this programme. We have also commissioned 8 skills contracts across a variety of sectors to deliver upskilling to those working or living in GM, to date more than 1700 individuals have enrolled or completed the training on offer and we have our final 3 commissioning opportunities live.

The programme will run until September 23 with claims being submitted to ESF until Dec 23.

GM’s Skills for Growth programme has specifically supported the creation of 137 apprenticeships in SMEs, with 265 expected by May 2023.

We continue to maximise impact of Apprenticeship Levy funding generated within Greater Manchester via the GM Levy Matchmaking Service which, since its launch in August 2019, has secured pledges of Levy funding totalling £7.3m, and has funded 570 new apprenticeships to date, with a further 191 agreed for the future.

GM’s Local Growth Fund Programme (LGF) reached financial closure on 31 March 2021. The full £143m grant allocation was achieved by the spend deadline. Projects, which have included capital investment in GM’s further education infrastructure and the creation of industry-standard training facilities and learning environments, have continued to report match spend and jobs created (outputs) since this date. Across the full programme, we agreed to create 6250 jobs and £210m of match spend. We have exceeded this target across the programme (transport and non-transport) with 6291 jobs and £339m match spend reported to date. We continue to demonstrate good value for money for GM; we are currently reporting 2,173 jobs and £319m of match spend on the non-transport side of the programme and are therefore on target to achieve contract outputs by 2025. Within the LGF programme there were approx. £25m of recycled funds which continue to fund the original projects and there is also £16m which has been allocated to skills recovery, a proposal for these funds is being developed and is expected by Autumn 2022.

###### Residents are supported by a welfare system, under Universal Credit, that provides access to good work for those who can, support for those who could and care for those that can’t

The devolved GM Working Well (Work and Health Programme (WHP)) continues to support GM residents who are out of work due to poor health/disabilities and the long term unemployed, to help address their individual barriers to employment with a view to helping them enter or return to work. The £52m programme will support over 22,000 GM residents over its five-year span (2018-2024). The challenges of the pandemic brought movement from a payment by results model to a cost-plus model, enabling the provider to continue to support all participants on programme despite having to adopt remote delivery models for significant periods in order to continue supporting residents facing some of the most complex barriers and long-standing distancing from the labour market. To the end of March 2022, there have been 21,000 individual starts onto the programme with 8,500 of those starting employment and 5,000 achieving earnings outcomes (sustained jobs). The programme performs well in comparison to other Contract Package Areas across England and Wales. Work towards a potential 2 year extension of the WHP is currently underway, introducing a further £12.3m investment to support upward of 5,800 people. This work is anticipated to conclude in autumn and will ensure continuation of support to 2026.

The GM Working Well suite expanded with the launch of the Specialist Employment Service (SES) in August 2020, a £4m three-year programme aiming to support up to 1,300 residents with a learning disability and/or autism or severe mental illness (SMI) to find work. GMCA is currently agreeing an 18 month contract extension for the supported employment element of SES and is supporting the mental health system to commission GM’s Individual Placement and Support provision for SMI going forwards. In addition, as part of the government’s Plan for Jobs, support for the newly unemployed came in the form of the £13m Job Entry Targeted Support (JETS) programme, launched in late October 2020 and devolved to Greater Manchester as part of our Working Well suite. By the end of May 2022, JETS had already supported 16,700 residents and had delivered 7,800 job entries making the GM JETS programme the second most successful across England and Wales.

The beginning of the first period of lockdown in March 2020 also coincided with the launch of a new pilot programme, Enterprising You, to test up-skilling support for low income self-employed residents and those working in the gig economy. Enterprising You, developed in partnership with the Federation of Small Businesses, is the only programme of its kind in the UK that is offering this level of multi-faceted support to self-employed/gig workers on low incomes. Due to the circumstances of the pandemic this was one of several programmes which adapted to provide support where it was most needed, to date the delivery the pilot has already supported over 2,200 people.

A priority of the GM Age-Friendly Strategy is to increase economic participation amongst the over-50s. GMCA has been working in partnership with the Centre for Ageing Better, DWP 50+ Choices team and the local Jobcentre Plus team to better understand the challenges facing over-50s in our labour market, and explore how we could better support older workers. In February 2022 the final report of the co-design project in GM, commissioned by the Centre for Ageing Better, was completed. This recommended a digital platform to deliver targeted and bespoke support to unemployed and economically inactive over-50s in GM, alongside some small scale pilots of local engagement and coaching. GMCA will be developing and piloting this project during 2022/23, with evaluation being funded by the Centre for Ageing Better.

Also as part of the partnership with Centre for Ageing Better, GMCA launched the [GM Age-Friendly Employer Toolkit](https://www.greatermanchester-ca.gov.uk/what-we-do/work-and-skills/age-friendly-employer-toolkit/) in February 2022. The toolkit aims to provide practical information and links for employers in GM looking to become more age-friendly in their employment and recruitment practices.

**Public Service Reform**

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

The GM Public Service Reform (PSR) programme aims to develop new models of support for people who need it most, including those with more difficult and complex lives. Available resources are aligned to the Public Service Reform programme working collaboratively with the 10 Authorities, the GM Health and Care Partnership, Greater Manchester Police, Housing Providers, the Voluntary, Community and Social Enterprise Sector and a range of other partners to continue to shift our emphasis to people, prevention and place.

The GM Reform Investment Fund (RIF) was agreed with Government as part of the fourth devolution agreement for Greater Manchester. The original ambition for the RIF was to create a vehicle through which different Government funding streams could be brought together into a single GM pot to be invested alongside other local funding in driving system wide reform. This included a £5m allocation from the ‘Life Chances Fund’ in 2018.

###### Tackling homelessness

###### Tackling homelessness and rough sleeping have continued to be key priorities and policy objectives in 2021/22. The Greater Manchester Homelessness Prevention Strategy provides long term vision and cross sector commitment. The strategy was developed following extensive co-production and public consultation and approved by GMCA in September 2021.

The A Bed Every Night (ABEN) programme has provided a key accommodation and support pathway for people who are experiencing rough sleeping, or at imminent risk. A Bed Every Night critically provides for people with no statutory duty of interim accommodation owed them, including those with No Recourse to Public Funds. During 2021/22 the fourth phase of ABEN commenced at a planned cost of £6m funded from local and national funding and delivered as one part of a wider system of activity to prevent and relieve rough sleeping, including the Rough Sleeper Initiative, Rough Sleeper Accommodation Programme and Housing First pilot.

The Rough Sleeper Accommodation Programme has seen significant capital spend in ‘move on’ accommodation for people to take up 2–3-year tenancies. GMCA has deployed £1.34m planned capital spend to acquire and repair 51 properties.

During the COVID-19 pandemic GMCA funded from the RIF a ‘Youth Homelessness Prevention Pathfinder’ to develop a working model that could be procured as a full social outcomes contract. The fee-for-service pathfinder ran from December 2020 to December 2021 and supported an estimated 250 young people at risk of homelessness. The outcome of this led to the design of a larger three-year outcomes based contract (£4.85m) which commenced early in 2022, with the aim of achieving positive outcomes for 1,500 young people. The contract is to be funded from the RIF and local match funding from the business rates growth funding retained by GM as part of its devolution agreement and the current 100% growth retention pilot.

### Supporting Families

Through an agreement with Government established in 2017 GMCA has received Supporting Families funding through the GM Reform Investment Fund prior to it being distributed to the ten Local Authorities. This agreement with Government which also sees Greater Manchester Local Authorities work towards a collective number of families has helped to ensure that money is being invested in things that allow families to get access to the family support services they need, whilst also freeing up funding to contribute to transformation of services at neighbourhood level.

For 2021/22 the Government provided an allocation of £10.926m for the Troubled Families programme with the aim of working with a minimum of 4,754 families, a target that GM Local Authorities exceeded.

### Age Friendly Greater Manchester

Making Greater Manchester more age-friendly is the primary objective of the GM Ageing Hub. The Hub’s range of task groups and campaigns has convened a number of strategic partnerships to support this objective under the following priority areas:

* Work and Skills – promoting new services and inclusive practice for older workers and producing a new age-friendly employment toolkit.
* Housing and Planning – publishing a framework for age-friendly housing and supporting the Design for Life book
* Ageing well, including public health and culture – Coordinating best practice and increasing capacity of a range of services that promote healthy ageing
* Ageing-in-Place – developing a new £4m Ageing in Place pathfinder programme
* Innovation and Growth – collaborating to take create new jobs and businesses

In addition, the Hub has:

* led a campaign with GM housing agencies to get older people to claim pension credit and other entitlements, raising £3m for eligible people of state pension age. This included a social media campaign and the production of materials for each of the ten GM local authorities.
* Coordinated a programme of activities to encourage older adults to become more digitally included, including the publication of best practice guidance and practical projects in a number of local areas.
* Maintain a regular cycle of research, policy and strategic meetings and events for colleagues across GM agencies.
* Continued to support the GM Older People’s Network as representative voice of older people in GM, and in 2022 the GMCA agreed to establish an Older People’s Panel to enhance the representative voice of older people in GM decision-making.
* Further developed its long-standing partnership with the Centre for Ageing Better.

The Ageing Hub continues to develop extensive partnerships with the GM Local Authorities to develop effective ageing plans that deliver real improvements for GM residents.

**Waste and Resources**

GMCA is responsible for the management and disposal of municipal waste from Greater Manchester (formerly known as Greater Manchester Waste Disposal Authority). The Authority handles around 4% of the UK’s municipal waste. This is approximately 1.1 million tonnes of waste and recycling each year from over a million households from the metropolitan areas of Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside and Trafford (Wigan operate as a unitary authority and administers its own disposal arrangements).

Each of the local authorities are responsible for the collection of household waste. GMCA receives funding from a levy on the nine Greater Manchester local authorities to pay for the processing and disposal of this waste. The 2021/22 levy was set in February 2021 for a total of £162.402m using forecast levels of waste totalling 861,000 tonnes. The overall volume of waste during 2021/22 was in line with budget but with variances in the types of waste delivered. Lower amounts than forecast were received in biowaste, street sweepings and trade, and higher than forecast in residual, commingled and paper/card waste streams.

The GMCA Waste and Resources team oversee the operation of the facilities through contract arrangements with Suez Recycling and Recovery UK. The recycling rate for waste from households in Greater Manchester in 2021/22 was 45.98% and only 0.86% of GM waste was sent to landfill.

General (residual) waste is delivered to a mechanical treatment facility in Greater Manchester and then transported by train to the Energy Recovery facility in Runcorn. The general waste is fed into the furnace which creates heat used to boil water to make steam which spin turbines. The turbines are connected to generators which make electricity and heat used to power the INOVYN facility, which now takes around 20% less energy from the National Grid. The chimney stack at the facility is fitted with an emissions monitoring system which continually monitors the emissions coming from the process. Ferrous metals are removed for recycling and the ash is reused for construction.

Food and garden waste is delivered to In-Vessel Composting facilities (IVC). The IVC system harnesses the natural composting process to recycle food and garden waste into compost in 6 weeks. The compost produced will be used as a soil improver on agricultural land. Paper and card is taken to a paper sorting facility for recycling back into new products.

Mixed recycling is taken to a materials recovery facility in Manchester, where the plastic bottles, glass bottles and jars, foil, food tins, drinks cans and aerosols are separated. Greater Manchester only collect plastic bottles because there is a sustainable market to guarantee they can be recycled.

During 2021/22 the service netted an underspend of £35m, mainly relating to surpluses from the operation of the main contracts for residual and recycled waste. This includes:

* £16.1m surplus on the residual waste contract from an increased share of third-party income mainly in relation to electric wholesale price.
* £10.2m from the Waste and Resources Management Services contract due to increased recyclate revenue rebate from an increased priced obtained and slightly higher tonnages of mixed recycling and paper/card.
* £2.9m from other contracts with the underspend being moved to the Lifecycle Reserve to be spent in future years.

The 2021/22 year end surplus has been transferred to reserves. It was agreed in February 2022 to return at least £10m of 2021/22 waste reserves to the nine GM local authorities.

### Police and Crime - Safer and Stronger Communities

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

For 2021/22 the PCC received core grant of £495m, ring fenced Police Uplift grant of £5.8m and Pension grant of £6.6m. The precept increase limit set by government for 2021/22 was £15 for a Band D property which would have been an increase in funding for Police and Crime in Greater Manchester of £25.8m. Following consultation on a proposed £15 increase it was reduced to £10 in response to the issues raised by the public which reduced the overall funding increase by £3.8m. Taking account of a deficit position on the Council Tax Collection Fund during the pandemic, an increase in the tax base and non-recurrent COVID-19 support funding for Council Tax the total amount from the precept was £167m. This provided overall budget of £674.4m for policing in 2021/22.

Government funding for 2021/22 included the second year of the national expansion programme of 20,000 police officers over three years. In 2021/22 this was 6,000 officers nationally which for Greater Manchester equated to 325 officers plus 16 additional officers to support the North West Regional Crime Unit. Funding in the previous year 2020/21 included a front loaded contribution to the infrastructure costs of new officers (training, equipment etc) of £20m from which £5m was drawn down in 2021/22 onwards to support delivery. The 2021 Spending Review provided funding for the final 8,000 officers nationally which equates to further 438 in 2022/23.

Greater Manchester is committed to building safer and stronger communities where every community and person in Greater Manchester feels safe and secure in their daily lives. The Greater Manchester Mayor fulfils the role of Police and Crime Commissioner. Launched in March 2018, this ambition is echoed in ‘Standing Together’, the Greater Manchester Police and Crime plan. Following the re-election of the Mayor in May 2021 the plan was extensively consulted on and refreshed during 2021/22 and approved by the Police, Fire and Crime Panel in January 2022.

The plan sets out the vision for how policing and other services which contribute to community safety will be delivered across Greater Manchester. The Medium-Term Financial Plan (MTFP) provides the resourcing for the delivery of the priorities in the Standing Together Police and Crime Plan:

**Keeping people safe** - Protecting and caring for people who live, work, socialise and travel in Greater Manchester. Protecting those who are vulnerable and those who are victims of crime or at risk of being victimised. Building resilience, feelings of safety and confidence in policing and community safety.

**Reducing harm and offending** - Preventing anti-social and criminal behaviour including the most serious offending by solving problems, intervening early and rehabilitating offenders to build confidence in criminal justice.

**Strengthening communities and places** - Helping to build resilient and resourceful communities including online communities and protecting the places where people live, work, socialise or travel. Supporting the delivery of the IT systems, buildings, roads, street lighting and other public assets needed to solve problems in a 21st century society.

The refresh of the police and crime plan reflected the Greater Manchester Strategy and the emphasis on place based, multi-agency working, inequalities and the climate emergency. Priorities including the assessment from His Majesty’s Inspectorate of Constabulary and Fire & Rescue (HMICFRS) of policing in Greater Manchester, learning from the COVID-19 pandemic, new ways of working and changes to patterns of need and demand and the Greater Manchester Gender Based Violence Strategy are reflected in the refreshed plan.

For GMP 2021/22 reflected a year of improvement in operational delivery and services to the public. The launch of the Plan on A Page (POAP) improvement programme in September 2021 established the basics required to prevent and reduce crime, to keep people safe and to care for victims. The publication of the HMICFRS PEEL inspection in March 2022, whilst highlighting significant improvements are still required, set out that progress GMP had made since it published its new action plan in September, reflecting the “greenshoots” of improvement achieved in 2021/22. The workforce has been strengthened during 2021/22 from a net growth in police officer numbers during 2021/22 of 280 and improved leadership and performance management framework.

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

Greater Manchester was the first police force area in the country to work with health colleagues to commission jointly an integrated custody healthcare and liaison and diversion service, providing vulnerable people both within custody and at court with the support they need at the right time in the right place. Everyone who comes into custody has a needs assessment completed which helps to identify and respond to their vulnerabilities, accessing support and interventions, which will help them to reduce their offending.

The police service is working closely with partners to support individuals before they reach crisis point. Supported by a network of health professionals and skilled community volunteers, we have invested in schemes that support both victims of domestic abuse and people who have mental ill health, who may come into the criminal justice system because they are vulnerable and aims to reduce the risk of them coming into contact with the criminal justice system in the future.

The Deputy Mayor works closely with GM Authority Community Safety Partnerships. In 2021/22, over £4m was delegated to Community Safety Partnerships to support delivery of ‘Standing Together’ collectively making our communities safer and more resilient. Part of this funding was ring fenced for supporting communities to contribute to reducing crime and anti-social behaviour in the areas where they live. This meant that more than 70 community groups across Greater Manchester have received funding through their local community safety partnerships and their work has been invaluable to tackling local priorities.

### Greater Manchester Fire and Rescue Service

Greater Manchester Fire and Rescue Service (GMFRS) is one of the largest Fire and Rescue Services outside London with around 1,800 full time equivalent members of staff and 41 fire stations covering an area of approximately 500m2. GMFRS work closely with the local community to make Greater Manchester a safer place to live, work and visit. GMFRS are also responsible for enforcing fire safety legislations.

The Annual Delivery Plan 2021/22 introduced the new GMFRS Improvement Programme, and was made up of several improvement projects, all aligned to the Mayor’s Fire Plan as the framework to deliver against. The programme focused on improving and investing in the Service, whilst at the same time enabling the organisation to deliver against key elements of the HMICFRS improvement action plan. Our most recent inspection by confirmed we are an evolving and improving service with inspectors reporting a positive shift in the leadership and culture of GMFRS. We will continue to work with HMICFRS to implement further improvements to deliver our statutory core functions extraordinarily well and create an increasingly outward facing fire and rescue service.

Over the last year there has been a focus on developing a culture of excellence, equality and inclusivity and significant progress has been made against our strategic priorities:

**Priority 1: Provide a fast, safe, and effective response**

* Implemented 999 Eye at North West Fire Control
* Negotiated with the Fire Brigade Union to implement a new ‘Marauding Terrorist Attack’ operating model
* Implemented Flexile Day Crewing
* Successful rollout of new Mobile Data Terminals across all fire appliances
* Invested in new appliances
* Delivered High Rise Training, testing new equipment and involving wider stakeholders
* Developed Training Strategy and successfully implemented Year 1

**Priority 2: Help people reduce the risk of fires and other emergencies**

* Designed and introduced the Home Fire Safety Assessment
* Undertook a review of prevention campaigns and messaging
* Published Prevention Education offer

**Priority 3: Help protect the built environment**

* Implemented a Service Wide action plan in response to learnings from Grenfell and The Cube
* High Rise Training exercises delivered for operational crews
* Implemented Level 1 Fire Investigation Training
* Delivered Protection Awareness Training to operational crews
* Partnership engagement via Department of Levelling Up and the Home Office
* Continued leadership on the National Fire Chief Council North West Operations / Resilience Committee workstream
* Continued support to Greater Manchester High Rise Task Force and engagement with communities in GMFRS

**Priority 4: Use resources sustainably and deliver the most value**

* Achieved financial savings of £2.9m
* Gained approval of the Sustainability Strategy and developed a steering group
* LED’s schemes were implemented at 18 Fire Stations as part of the Carbon reduction scheme
* Delivered schemes through the Public Sector Decarbonisation programme
* Successfully delivered the Ramsbottom Housing Refurbishment

**Priority 5: Develop a culture of excellence, equality, and inclusivity**

* Recruited 97 new Apprentice Firefighters
* Re-set the workplace following COVID-19, including a review of workspaces

**Priority 6: Integrate our services in every locality with those of partner agencies**

* Delivered 54 multi agency training and exercise scenarios
* Multi Agency Gold Incident Command training delivered in GM
* Delivered a COVID-19 response
* Agreed principles for Blue Light Collaboration

Alongside this, core activities and statistical information is captured and utilised to help ensure that focus and campaigns are targeted in the right areas. Performance is closely monitored through Key Performance Indicators and our governance arrangements to assist in driving service delivery and improvement across the Service.

GMFRS attended 30,478 incidents (fires, false alarms and special service calls) during 2021/22, an increase of 10% (2,734) when compared with 2020/21. The increase is mainly associated with special service call incident types. GMFRS attended 30,478 incidents (fires, false alarms and special service calls) during 2021/22, an increase of 10% (2,734) when compared with 2020/21. The increase is mainly associated with special service call incident types.

Sadly, 11 people died as a result of fires in 2021/22 compared with 10 fire related deaths in 2020/21. Of these, six involved males, of which five were accidental in nature and 1 was deliberate. Home Office research has indicated that ‘the likelihood of dying in a fire is not uniform across all age groups and genders, overall men are twice as likely to die in a fire as women'. There have been 163 injuries as a result of fires in 2021/22; 137 slight and 26 serious. This compares with 180 injuries during 2020/21, a decrease of 9% (seventeen). The majority of fires continue to originate in the kitchen and are associated with cooking.

7,851 Safe and Well/Home Fire Safety visits were made to homes across Greater Manchester in 2021/22 compared to 8,335 telephone assessments during 2020/21. During the period of the COVID-19 pandemic, GMFRS worked to balance keeping households safe from fire whilst limiting the exposure of our operational staff to the public and/or the COVID-19 virus. Following the lifting of COVID-19 restrictions in line with the government roadmap, the delivery model of our Safe and Well visits was reviewed, which included a review of booking processes and direct question sets, to take account of the ongoing prevalence of the COVID-19 virus and variants in our communities.

Direct visits were reintroduced in September 2021, with control measures put in place to protect the public and staff from the ongoing transmission of the COVID-19 virus, while at the same time addressing fire risk. January 2022 saw the launch of the new Home Fire Safety Assessment (HFSA) process and supporting systems. Each referral received is triaged to identify the risk of the individual to support our targeted approach to delivering home safety advice to those most at risk.

During 2021/22 continued challenges due to the COVID-19 pandemic impacted on activities being delivered due to periodic restrictions impacting on recruitment and training delivery. Additional costs have been incurred for increased activities such as overtime, cleaning, cleaning materials, ICT equipment and loss of income relating to catering and Prince’s Trust delivery. Since the outbreak of the COVID-19 pandemic, the service has received one off grant allocations totalling £3.421m to support the response which has been fully utilised.

### Highways and Transport Services

The Greater Manchester Transport Strategy 2040 was published in 2017 and refreshed with a new Five-Year Transport Delivery Plan published in 2021 for the period up to 2026. The strategy is updated through a series of five-year delivery plans, which set out Greater Manchester’s medium and shorter-term delivery priorities.

The Mayor of Greater Manchester has committed to creating the ‘Bee Network’ a London-style transport system which includes buses and trams by 2025 and commuter trains by 2030. It supports the GMCA ambition to make GM one of the best places in the world to *grow up, get on and grow old* - seamlessly connecting our people, places and communities. The Bee Network will also help to contribute to our health, our air quality and to help us achieve our commitment for GM to be net zero by 2038.

The approved 2021/22 revenue budget for Transport was £246.426m, the majority of which is paid to Transport for Greater Manchester (TfGM) and the remainder is retained by GMCA for capital financing costs. Most of the Greater Manchester transport budget is funded from the Transport Levy, Statutory Charge and the Mayoral Precept, as far as the latter relates to transport matters.

TfGM is responsible for carrying out the transport-related functions and policies of the GMCA and the Greater Manchester Transport Committee (GMTC), and those functions of the Mayor which may be delegated to it, including the functions set out below. The GMTC is a joint committee made-up of the principal transport decision-making bodies – the ten GM Councils, GMCA and the Mayor of Greater Manchester.

Members of the GMTC represent residents and businesses across Greater Manchester and have oversight across all aspects of Greater Manchester’s transport network. GMTC oversees the performance of the transport system and hold rail, tram, bus operators, TfGM, and highways authorities to account. This effectively allows the Committee to act in an advisory capacity to the Mayor and GMCA.

TfGM acts on behalf of the GMCA to coordinate with the GMCA and the ten Local Authorities to develop a strategy that ensures the legal requirements for clean air are met across the city-region. In addition to the policies and activities which are directed by the GMCA transport vision, a number of TfGM activities are determined by government policy or legislation, including the English National Concessionary Travel Scheme.

The period covered by this Statement of Accounts and the period since the year end continue to have been significantly impacted in a number of ways by the COVID-19 pandemic and the recovery from it.

Highways

TfGM has strategic oversight of the Key Route Network (“KRN”), making up over 650km of Greater Manchester’s busiest roads. While this is just 7% of the total length of the highways network, it carries two-thirds of all peak-time traffic. TfGM works closely with local authority partners and Highways England to coordinate day-to-day operations and deal with incidents and events on Greater Manchester’s roads and motorways. This includes work aimed at tackling congestion such as managing signals to improve traffic flow, controlling pedestrian crossings, conducting long-term planning and modelling and design, and installing and modifying new traffic signal junctions.

Having both visual oversight and close working relationships with each of the districts enables TfGM to communicate up-to-date travel advice across its various media platforms – ranging from web and social media channels through to roadside message boards. Such travel information helps the travelling public to plan their journeys in advance of major events or upcoming roadworks.

Based on 2021 data, in the city-region, 70% of all journeys were made by road, with an estimated 1.6 billion trips made on the Greater Manchester (GM) road network (with an origin and/or destination inside GM) each year. It is a critical asset on which public transport, freight, business, visitors and commuters rely including, increasingly, for active travel modes. Journey numbers on highways were relatively steady throughout the COVID-19 pandemic and despite recent record fuel prices have remained close to pre-pandemic levels. During March 2022 the number of road journeys had returned to c. 99% of pre pandemic levels.

Metrolink

Metrolink is owned by TfGM and operated and maintained by KeolisAmey Metrolink (KAM) on a seven year contract which began in July 2017. While KAM operates and maintains the network, TfGM is responsible for setting the price of tickets, renewing, enhancing and expanding the network and planning future development, as well as overseeing the operations and maintenance contract.

Metrolink services began operating in 1992 and since then the network has grown extensively and is now the largest light rail network in the UK. The system began to expand in 2010, with a c£2 billion expansion and extension programme, the latest extension being the Trafford Park Line which opened in March 2020. The network now has a total of 99 stops and 103km of track. Metrolink is one of the most accessible forms of transport with step-free access at all stops and level access from the platform to the tram. The system is powered by electricity produced from wind or solar power, making it zero-emission at street level.

As agreed by GMCA, as part of the funding strategy for the Greater Manchester Transport Fund (GMTF) which funded the majority of the investment in the network referred to above, all net revenues generated from Metrolink are ring fenced to fund the financing costs associated with the local borrowings taken out as part of the GMTF.

Patronage and revenues on Metrolink have been significantly impacted by COVID-19 and the lockdowns throughout the last two years, as well as the changes in work and travel patterns and behaviours which have occurred during the recovery period to date. Patronage fell to as low as c. 5% of pre-pandemic levels during the first lockdown before recovering back to c. 50% and then reducing again in subsequent lockdowns.

As at June 2022, patronage has reached circa 70% of pre-pandemic levels.

Since the start of the pandemic, funding has been provided by DfT to support the loss in farebox revenues and to enable the continued operation of these essential services which, along with the other modes (such as bus and rail), have been key to providing transport to key workers and latterly to help the local economy recover from the impacts of the pandemic. Although patronage and revenues have started to recover, patronage and farebox income are still well below pre pandemic levels. DfT has announced a further funding package for the period to 4 October 2022, which it has indicated will be the last period of government funding for light rail systems such as Metrolink.

Bus

Greater Manchester’s bus network plays a key role in keeping the city-region moving by helping to reduce car journeys and easing congestion on our roads. Bus services were deregulated in 1986 under the Transport Act 1985. Consequently, there are currently two interacting bus markets in Greater Manchester: a commercial (deregulated) market and a subsidised (contracted) market.

As with other travel modes, patronage on bus has been significantly impacted by the COVID-19 pandemic and the network and its operators have been dependent on ongoing financial assistance from the government to support the continuation of services at current levels. As referred to above for Metrolink, the DfT has indicated that the period to 4 October 2022 will be the last period when COVID-19 recovery funding will be available for bus operators. TfGM is working with bus operators to assess the likely impacts on services beyond this date. This work includes the requirement for a ‘Network Review’ being carried out by GMCA/TfGM, as the Local Transport Authority (LTA) for GM, and is considering the future required development of transport across all modes including bus and light rail.

In April 2022, TfGM was informed that that it had been successful in being awarded an indicative revenue funding allocation of up to £94.8 million to commence delivery of the Greater Manchester Bus Services Improvement Programme (BSIP). This funding is for the period from 2022/23 to 2024/25. As with the situation for other LTA’s, discussions continue with the Department for Transport and HM Treasury prior to a final award being confirmed.

In March 2021, the Mayor of Greater Manchester made a decision, to implement bus franchising as part of plans for a joined-up and truly passenger-focused transport network. Once implemented Greater Manchester will be the first city-region outside London to have buses that are under local control, allowing local leaders to set routes, frequencies, fares and tickets. This will allow GMCA and TfGM to fully integrate buses with the rest of the transport network, as part of a passenger-focused network with easy end-to-end journeys. TfGM will be implementing and managing bus franchising on behalf of GMCA (the franchising authority). To ensure a smooth transition, franchising will be introduced in phases, with the first franchised buses starting to run in Bolton and Wigan in September 2023.

Rail

Greater Manchester is a prominent regional and national centre for rail passenger travel. Typically, 40 million rail trips per year took place (pre COVID-19) within the Greater Manchester city-region and rail passenger use has increased by 30% over the last decade. A further 30 million trips either started or finished in GM from a location outside the city-region. In the context of journeys to, from and within the wider North West, around 50% of all journeys involve Greater Manchester.

Currently, Greater Manchester does not have devolved control over rail services or infrastructure. TfGM therefore takes a collaborative approach to working with Network Rail, rail operators and the Department for Transport in order to see services delivered as effectively as possible. TfGM uses communications channels such as social media to ensure Greater Manchester’s residents are made aware of planned service disruption and improvements, and using local insight, expertise and data continues to make the case for investment from central government.

Greater Manchester Clean Air Plan

The government has instructed many local authorities across the UK to take quick action to bring harmful nitrogen dioxide (NO2) air pollution levels within legal limits.

In Greater Manchester, the ten local authorities, with the support of GMCA and TfGM, are working together to develop a Greater Manchester Clean Air Plan (GM CAP) to tackle NO2 exceedances at the roadside. In June 2021 the GMCA endorsed a final GM Clean Air Plan and policy following a review of the information from the GM CAP consultation and wider data, evidence and modelling work. The plan was then agreed by the ten GM local authorities. This included a Greater Manchester-wide category C charging Clean Air Zone (CAZ), where only the most polluting vehicles which don’t meet emission standards would have been charged to drive in the Zone.

It was originally intended that the CAZ would go live from 30 May 2022, affecting non-compliant HGVs, buses and non-GM-registered taxi and private hire vehicles. Work to install the CAZ signage and Automatic Number Plate Recognition (ANPR) cameras for monitoring the CAZ began in summer 2021, alongside the development of back office systems.

The CAZ was designed to comply with a legal direction from government issued before the coronavirus pandemic, to deliver compliance with NO2 legal limits on the local road network by 2024. However, since then there have been significant vehicle supply chain issues and the cost of living has increased leading to concerns about the availability of compliant vehicles and financial hardship for local people.

Late last year, Greater Manchester commissioned an independent review of emerging global supply chain issues and the impact this could have on the cost and availability of vehicles. Based on this the Greater Manchester Mayor and Leaders determined that the original Clean Air Plan was unworkable, Government agreed in February 2022 to lift the previous legal direction requiring GM to achieve compliance with legal NO₂ limits by 2024. Government gave Greater Manchester until July 2022 to present a revised plan to achieve compliance with legal levels of NO₂ on the local road network in the shortest time possible and by no later than 2026. This was submitted on 1 July 2022.

### Greater Manchester Local Enterprise Partnership (LEP)

The Authority acts as the accountable body for the Greater Manchester LEP, with funds such as, Growth Deal, LEP Capacity and Business Growth Hub being awarded to it. The tables below show Income and Expenditure activity within 2021/22, along with funds held in reserves on behalf of the LEP.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Income**  **£000s** | **Expenditure**  **£000s** | **Variance**  **£000s** |
| **Revenue Funds** |  |  |  |
| LEP Capacity | (556) | 556 | 0 |
| Business Growth Hub | (780) | 780 | 0 |
| **Total Revenue** | **(1,336)** | **1,336** | **0** |
|  |  |  |  |
| **Capital Funds** |  |  |  |
| Growing Places Fund | (4,795) | 4,795 | 0 |
| **Total Capital** | **(4,795)** | **4,795** | **0** |
|  |  |  |  |
| **Grand Total** |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **LEP Reserves** | **31 March 2021** | **Transfers in/out** | **31 March 2022** |
|  | **£000s** | **£000s** | **£000s** |
| LEP Capacity | (396) | (56) | **(452)** |
| Business Rates (Enterprise Zones) | (340) | 0 | **(340)** |
| **Total Reserves** | **(736)** | **(56)** | **(792)** |

### Revenue Outturn 2021/22

The 2021/22 revenue outturn position in relation to the Mayoral budget, GMCA General Budget, GM Fire and Rescue, Waste and Resources and Transport, including TfGM and the Police Fund is shown in the table below:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2021/22 Revenue Outturn** | **Original/Revised Budget** | | | **Outturn** | | | **Variance**  **(under) / overspend** | | |
| **Exp** | **Income** | **Total** | **Exp** | **Income** | **Total** | **Exp** | **Income** | **Total** |
|  | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| GMCA General | 259,765 | (259,765) | 0 | 259,967 | (259,765) | 202 | 202 | 0 | 202 |
| Mayoral General | 126,749 | (126,749) | 0 | 126,427 | (126,427) | 0 | (322) | 322 | 0 |
| Fire & Rescue | 112,173 | (112,173) | 0 | 113,176 | (115,146) | (1,970) | 1,003 | (2,973) | (1,970) |
| Waste & Res | 162,402 | (162,402) | 0 | 162,496 | (162,402) | 94 | 94 | 0 | 94 |
| Transport | 246,426 | (246,426) | 0 | 234,503 | (246,426) | (11,923) | (11,923) | 0 | (11,923) |
| Police Fund | 646,654 | (646,654) | 0 | 646,737 | (646,654) | 83 | 83 | 0 | 83 |

### Capital Programme and Financing 2021/22

GMCA Capital Programme

The capital programme for the Authority is reported and managed in 5 sections, Highways and Transport, Economic Development and Regeneration, Waste Disposal, Police Fund and Mayoral General Fund including Fire and Rescue Services.

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

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

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

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

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

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

The Authority’s capital programme outturn and how it was financed is summarised in the tables below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Capital Programme 2021/22** | **Original Budget** | **Revised Budget** | **Outturn** | **Variance Over / (Under) Spend** |
|  |
|  | **£000** | **£000** | **£000** | **£000** |  |
|  |  |  |  |  |  |
| **Greater Manchester Transport Fund** |  |  |  |  |  |
| Metrolink Programme | 5,770 | 7,020 | 5,877 | (1,143) |  |
| Metrolink Renewals and Enhancements | 8,394 | 9,257 | 10,938 | 1,681 |  |
| Park and Ride | 0 | 97 | 21 | (76) |  |
| Bus Priority Programme | 77 | 198 | 190 | (8) |  |
| Interchange Programme | 51 | 62 | (136) | (198) |  |
| **Greater Manchester Transport Fund** | **14,292** | **16,634** | **16,890** | **256** |  |
|  |  |  |  |  |  |
| **Road Schemes (Stockport)** |  |  |  |  |  |
| A6 MARR / SEMMMS | 5,552 | 3,732 | 2,500 | (1,232) |  |
| **Stockport Council Schemes total** | **5,552** | **3,732** | **2,500** | **(1,232)** |  |
|  |  |  |  |  |  |
| **Other Metrolink Schemes** |  |  |  |  |  |
| Trafford Extension | 196 | 710 | 988 | 278 |  |
| **Other Metrolink Schemes total** | **196** | **710** | **988** | **278** |  |
|  |  |  |  |  |  |
| **Clean Air Programme** |  |  |  |  |  |
| OZEV-EV Taxi | 1,986 | 2,530 | 2,109 | (421) |  |
| Financial Support Scheme (FSS) | 0 | 3,294 | 3,344 | 50 |  |
| Clean Air Zone (CAZ) | 0 | 18,137 | 12,127 | (6,010) |  |
| Clean Bus Technology Fund | 1,733 | 2,071 | 1,646 | (425) |  |
| Clean Bus Fund | 11,571 | 6,582 | 5,836 | (746) |  |
| Early Measures Investment Fund | 342 | 320 | 332 | 12 |  |
| **Clean Air Programme total** | **15,632** | **32,934** | **25,394** | **(7,540)** |  |
|  |  |  |  |  |  |
| **Other Capital Schemes** |  |  |  |  |  |
| CCAG 2 | 2,179 | 1,732 | 1,625 | (107) |  |
| TCF - Mayors Challenge Fund | 54,290 | 40,574 | 40,602 | 28 |  |
| TCF - Metrolink Capacity Improvement Programme | 18,132 | 16,856 | 13,088 | (3,768) |  |
| Active Travel Fund | 6,697 | 2,461 | 1,842 | (619) |  |
| Access For All | 1,788 | 624 | 463 | (161) |  |
| **Other Capital Schemes total** | **83,086** | **62,247** | **57,620** | **(4,627)** |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Capital Programme 2021/22 (continued)** | **Original Budget** | **Revised Budget** | **Outturn** | **Variance Over / (Under) Spend** |
|  |
|  | **£000** | **£000** | **£000** | **£000** |  |
| **Growth Deal Majors** |  |  |  |  |  |
| TfGM Majors | 22,117 | 16,765 | 18,375 | 1,610 |  |
| Local Authorities Majors | 12,418 | 9,675 | 9,669 | (6) |  |
| **Growth Deal total** | **34,535** | **26,440** | **28,044** | **1,604** |  |
|  |  |  |  |  |  |
| **Minor Works** |  |  |  |  |  |
| ITB Local Authorities | 849 | 1,011 | 332 | (679) |  |
| Growth Deal 1 & 2 Local Authorities | 6,932 | 4,993 | 4,239 | (754) |  |
| Growth Deal 2 TfGM Schemes | 910 | 638 | 563 | (75) |  |
| Growth Deal 3 TfGM schemes | 1,347 | 2,343 | 2,256 | (87) |  |
| Growth Deal 3 Local Authorities | 1,040 | 43 | 31 | (12) |  |
| **Minor Works total** | **11,078** | **9,028** | **7,421** | **(1,607)** |  |
|  |  |  |  |  |  |
| **Transforming Cities 2** |  |  |  |  |  |
| TCF2 | 2,625 | 1,029 | 1,017 | (12) |  |
| **Transforming Cities 2 total** | **2,625** | **1,029** | **1,017** | **(12)** |  |
| **Bus Franchising** |  |  |  |  |  |
| Bus Franchising | 0 | 6,423 | 5,223 | (1,200) |  |
| **Bus Franchising total** | **0** | **6,423** | **5,223** | **(1,200)** |  |
| Traffic Signals (Externally Funded) | 2,500 | 2,500 | 2,230 | (270) |  |
| Full Fibre Network | 17,252 | 11,200 | 12,313 | 1,113 |  |
| GM One Network |  | 0 | 499 | 499 |  |
| Highways Capital Maintenance | 27,202 | 34,940 | 47,164 | 12,224 |  |
| **Other Transport** | **46,954** | **48,640** | **62,206** | **13,566** |  |
|  |  |  |  |  |  |
| **TOTAL TRANSPORT** | **213,950** | **207,817** | **207,303** | **(514)** |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Capital Programme 2021/22 (continued)** | **Original Budget** | **Revised Budget** | **Outturn** | **Variance Over/ (Under) / Spend** |
|  |
|  | **£000** | **£000** | **£000** | **£000** |  |
| Recycled GF / RGF Capital Receipts | 5,000 | 8,295 | 8,147 | (148) |  |
| Growing Places | 20,000 | 10,250 | 4,795 | (5,455) |  |
| Housing Investment Fund | 90,142 | 77,434 | 139,412 | 61,978 |  |
| Growth Deal - Skills Capital Round 2/3 | 9,673 | 4,596 | 3,445 | (1,151) |  |
| Growth Deal - Life Sciences Fund | 1,749 | 999 | 749 | (250) |  |
| Growth Deal - Pankhurst Institute | 793 | 0 | 0 | 0 |  |
| Getting Building Fund | 31,316 | 34,612 | 34,611 | (1) |  |
| Brownfield Land Fund | 30,000 | 37,907 | 39,780 | 1,873 |  |
| Affordable Homes | 0 | 200 | 88 | (112) |  |
| Public Sector Decarbonisation Scheme | 0 | 57,648 | 35,257 | (22,391) |  |
| Homelessness Rough Sleeper Programme | 0 | 1,335 | 1,335 | 0 |  |
| Green Homes | 0 | 3,300 | 1,939 | (1,361) |  |
| **TOTAL ECONOMIC DEVELOPMENT & REGENERATION** | **188,673** | **236,576** | **269,558** | **32,982** |  |
|  |  |  |  |  |  |
| Estates | 4,999 | 3,194 | 2,305 | (889) |  |
| ICT | 4,017 | 1,820 | 407 | (1,413) |  |
| Vehicles & Equipment | 4,186 | 3,779 | 1,988 | (1,791) |  |
| Sustainability | 75 | 342 | 409 | 67 |  |
| Waking Watch Relief | 0 | 2,050 | 1,751 | (299) |  |
| **TOTAL FIRE & RESCUE SERVICE** | **13,277** | **11,185** | **6,860** | **(4,325)** |  |
|  |  |  |  |  |  |
| Operational Sites | 21,300 | 24,150 | 15,516 | (8,634) |  |
| Non-Operational - Sites | 1,750 | 189 | 38 | (151) |  |
| **TOTAL WASTE & RESOURCES** | **23,050** | **24,339** | **15,554** | **(8,785)** |  |
|  |  |  |  |  |  |
| Plan on a Page | 15,222 | 11,970 | 10,925 | (1,045) |  |
| ICT | 29,914 | 22,739 | 22,025 | (714) |  |
| Fleet | 3,590 | 4,461 | 3,375 | (1,086) |  |
| Estates | 1,662 | 1,697 | 1,611 | (86) |  |
| Other | 3,997 | 2,625 | 2,301 | (324) |  |
| **TOTAL POLICE & CRIME** | **54,385** | **43,492** | **40,237** | **(3,255)** |  |
|  |  |  |  |  |  |
| **TOTAL CAPITAL** | **493,335** | **523,409** | **539,512** | **16,103** |  |

|  |  |
| --- | --- |
| **Financed by:** | **£000** |
| GMCA Resources |  |
| Borrowing | 43,346 |
| Capital Grants | 116,519 |
| Revenue Contribution to Capital Outlay | 31,847 |
| External Contributions | 2,230 |
| External Contributions TfGM | 13,361 |
| **Total Transport** | **207,302** |
| Borrowing | 0 |
| Capital Grants | 112,205 |
| Revenue Contribution to Capital Outlay | 0 |
| Useable Capital Receipts | 157,353 |
| **Total Economic Development and Regen** | **269,558** |
| Borrowing | 1,779 |
| Capital Grants | 1,751 |
| Revenue Contribution to Capital Outlay | 3,330 |
| Capital Receipts | 0 |
| **Total Fire and Rescue Service** | **6,861** |
| Borrowing | 14,295 |
| Useable Capital Receipts | 318 |
| Revenue Contribution to Capital Outlay | 941 |
| **Total Waste** | **15,554** |
| Borrowing | 39,637 |
| Capital Grant | 600 |
| Capital Receipt | 0 |
| **Total Police and Crime** | **40,237** |
| **Total Funding** | **539,512** |
|  |  |

### Treasury Management Performance in 2021/22

### Borrowing and Borrowing Limits

In 2021/22, the Authority had an authorised limit for external debt of £2,685.1m, which compares to the actual level of debt outstanding at 31 March 2022 of £1,425.9m. Debt outstanding (including accounting adjustments) is made up of the following figures:

|  |  |  |
| --- | --- | --- |
| **2020/21**  **£m** |  | **2021/22**  **£m** |
| 567.5 | Public Works Loan Board (PWLB) | 546.2 |
| 571.6 | European Investment Bank (EIB) | 559.9 |
| 106.2 | Market | 106.2 |
| 61.8 | Temporary | 20.3 |
| 161.2 | MHCLG – HIF | 164.1 |
| 28.5 | Homes England | 29.2 |
| **1,496.8** | **Total** | **1,425.9** |

Total borrowings show a net decrease during the year of £70.9m due to scheduled repayments to PWLB and EIB, reduced temporary borrowing and other accounting adjustments.

### Short Term Investments for Treasury Management Purposes

Whilst the Authority held short-term borrowing at the end of the financial year, a level of short-term cash is always held to cover unexpected cash flow requirements. Short term deposits (excluding bank current accounts) as at 31 March 2022 were £245.7m. This is made up of the following figures:

|  |  |  |
| --- | --- | --- |
| **2020/21**  **£m** |  | **2021/22**  **£m** |
| 89.4 | Bank Deposits | 13.4 |
| 50.0 | UK Government Backed Deposits | 232.3 |
| **139.4** | **Total** | **245.7** |

Total investments showed an increase in the year of £106.3m, mainly due to the advanced receipt of grants from central government.

### Outlook for the future – financial landscape.

The 2021 Spending Review covered the three-year period to 2024/25, however the government has only confirmed a one-year settlement for Police and Crime Commissioners and Fire and Rescue Services in 2022/23. The budget approved in February 2022 for all areas of GMCA reflected the confirmed funding from government at that time and estimated funding for 2023/24 and 2024/25.

For 2022/23 the Mayor proposed a precept of £102.95 (Band D) which was an increase of £12 from 2021/22. This was to provide budget support to the Fire and Rescue Service which would receive £7.20 of the precept and other Mayoral General Functions which would receive £31.75.

Highways and Transport, Economic Development and Regeneration and Waste Disposal Services are all funded through a mixture of levies and contributions from the GM Authorities alongside specific grant funding from Government Departments.

For 2022/23 the Transport Levy has been set at £105.8m and the Statutory Charge has been set at £86.7m, a total of £192.5m which is unchanged from 2021/22. The Transport Levy and Statutory Charge is distributed across the Districts based on mid-year 2020 population.

Since the budget was approved further capital and revenue funding for key programmes of work including the City Region Sustainable Transport Settlement (CRSTS), BSIP, UK Shared Prosperity Fund (UKSPF). The medium term financial plan including the capital programme for 2022-2025 will be updated and reported to GMCA for approval to reflect these changes during 2022/23 financial year.

The Business Rates 100% retention pilot was extended for a further year into 2022/23. Greater Manchester will strongly support the retention of the 100% pilot beyond 2022/23. Continuation of the 100% pilot would enable Greater Manchester to maintain a source of income to cover its investment priorities to promote growth in the GM economic area.

The ten GM Authorities continue to face uncertain financial prospects as the country emerges from the COVID-19 pandemic, with continuing pressure on budgets from social care services and more recently the impact of inflationary increases and the long awaited Fair Funding Review. This will continue to impact on and influence the levels of Contributions and Waste and Transport Levies which are funded from the ten GM Authorities’ General Fund Budgets.

There is an inherent financial risk across all areas of the GMCA with inflation as a consequence of the challenging global economic environment, the ‘cost of living crisis’ and pandemic recovery impacting particularly on transport revenues. The outcome of pay negotiations is difficult to predict and the availability of government funding to meet pressures is not confirmed.

###### Mayor’s Police and Crime Services

Funding for police is sourced 75% from a central Government grant and 25% from the policing precept. Revenue funding for 2022/23 is budgeted at £718.5m, which is an overall increase of £44.1m compared to 2021/22.

For 2021/22 the Government grant for police included an additional £29.9m for Greater Manchester Police. This includes the final year of the police uplift funding relating to the recruitment of the third tranche of the 20,000 new officers nationwide.

As part of the overall funding for policing in 2022/23, the Government gave PCCs the ability to raise the police element of council tax (the precept) by up to £10 a year for an average Band D property which was approved by the Police, Fire and Crime Panel in January 2022. With this increase the Greater Manchester police and crime precept remains one of the 10 lowest out of the 42 police and crime areas of England. However Greater Manchester is more dependent than other areas on changes to Government grant funding due to the lower council tax base in the region.

The revenue budget for 2022/23 sets out the resources which are available to fund Mayoral PCC functions and GMP to resource policing services with a focus on addressing the concerns raised by HMICFRS in their inspection of GMP in December 2020. Implementation of GMP’s improvement plan as set out in the ‘Plan on a Page’ (POAP) includes significant change and a commitment to fulfil promises made to the public to deliver an effective police service. This is supported by a medium-term financial plan incorporating use of non-recurrent resources and efficiency savings from within existing budgets.

Overall Police funding is dependent on Government grant and the PCC precept. There is an assumption of a £10 precept for each of the three years 2022/23, 2023/24 and 2024/25, however this is subject to local consultation and decision in January each year. There is a risk that police cost pressures will exceed available funding if the maximum £10 precept increase is not agreed upon locally.

### What is in the Statements of Accounts?

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

Statement of Responsibilities for the Statement of Accounts

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

Movement in Reserves Statement (MIRS)

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

Comprehensive Income and Expenditure Statement (CIES)

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

Balance Sheet (BS)

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

Cash Flow Statement

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

Expenditure and Funding Analysis

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

Accounting Policies and Concepts

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

Notes to the Financial Statements

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

Events after the reporting period and authorised for issue date

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

Group Accounts

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

Transport for Greater Manchester, Chief Constable of Greater Manchester Police, NW Evergreen Holdings Limited Partnership, Greater Manchester Evergreen 2 Limited Partnership and GM Fund of Funds Limited Partnership.

Glossary of financial terms

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



**Steve Wilson, Greater Manchester Combined Authority Treasurer**

Statement of Responsibilities for the Statement of Accounts

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

### Further Information

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

Greater Manchester Combined Authority,

Finance Department

1st Floor, Broadhurst House

56 Oxford Street

Manchester

M1 6EU

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

### The Authority’s Responsibilities

The Authority is required to:

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

### The Treasurer’s Responsibilities

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

In preparing this Statement of Accounts, the Treasurer has:

* Selected suitable accounting policies and then applied them consistently.
* Made judgements and estimates that were reasonable and prudent.
* Complied with the Code.

### **The Treasurer has also**:

* Kept proper accounting records which were up to date.
* Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that these audited Statement of Accounts give a true and fair view of the financial position of the Authority as at 31 March 2022 and of its income and expenditure for the year ended 31 March 2022.



**Steve Wilson**

**Greater Manchester Combined Authority Treasurer**

# Greater Manchester Combined Authority Single Entity Accounts

Financial Statements

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.



\*20/21 restated figures are explained in note 36.

**Steve Wilson, Greater Manchester Combined Authority Treasurer**

**Date: 9 November 2023**

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end of the year on the different reserves held by the Authority, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other ‘unusable reserves’. The Statement shows how the movements in year of the Authority’s reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.



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.





**Steve Wilson, Greater Manchester Combined Authority Treasurer**

**Date: 9 November 2023**

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority’s future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.



\*20/21 restated figures are explained in note 36.

Single Entity Accounts

Notes to the Financial Statements

1 Accounting Concepts and Policies

1.1. General Principles

The Statement of Accounts summarises the Authority’s transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. These regulations require the Accounts to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Local Government Act 2003.

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

1.2. Accounting Concepts

The accounts are prepared on a going concern basis. This assumes that the functions of the authority will continue in operational existence for the foreseeable future.

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

The group includes TfGM, which provides the transport network across Greater Manchester, and although transport related borrowing sits on the GMCA - Single Entity balance sheet, all the transport assets sit on TFGM's balance sheet within the

GMCA - Group accounts. GMCA carries sufficient reserves in respect of each of its functions to provide resilience in the event of volatility in its various funding sources.

1.3. Accruals of Income and Expenditure

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

* Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet;
* Expenses relating to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
* Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than on the basis of the cash flows fixed or determined by the contract;
* Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance sheet.

1.4. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions and local authorities, repayable without penalty on notice of no more than 24 hours.

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

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

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

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

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

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

1.6. Charges to Revenue for Non-Current Assets

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

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

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

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

1.7. Termination Benefits

Termination benefits are amounts payable, as a result of a decision by the Authority, to terminate an Officer’s employment or an Officer’s decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an Officer or group of Officers or making an offer to encourage voluntary redundancy.

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

1.8. Post-Employment Benefits – Pensions

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

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

##### 1.8.1. The Firefighters’ Pension Scheme

This is a defined benefit scheme, the rules of which are set out in the Firefighters’ Pension Regulations. The scheme is wholly unfunded. No investment assets have been built up to meet liabilities and cash has to be generated from employee and employer contributions to meet actual pension payments as they fall due.

The Combined Authority as an employer, and firefighters as members, pay pension contributions based on a percentage of pensionable pay into the Firefighters’ Pension Fund Account. Pension benefits are paid out of the Pension Fund Account.

The amounts payable into and out of the Pension Fund Account are specified by regulations. Any surplus or deficit on the Pension Fund Account must be transferred to or from the Authority and ultimately repaid to or received from the Home Office.

Injury awards are not part of the pension scheme and are charged directly to the Comprehensive Income and Expenditure Statement. However, liabilities in respect of injury awards are disclosed as part of the overall pensions liability.

Other than references to assets, these schemes are accounted for in the same way as the Local Government Pension Scheme set out below.

##### 1.8.2. Local Government Pension Scheme

The Local Government Pension Scheme is a defined benefits scheme. Both employer and employees pay pension contributions based on a percentage of pensionable pay into the scheme.

* The liabilities of the Greater Manchester Pension Fund (GMPF) attributable to the authority are included in the balance sheet on an actuarial basis using the projected unit credit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projected earnings for current employees
* Liabilities are discounted to their value at current prices, using a discount rate based on the rate of return on high quality corporate bonds constructed on the constituents of the iBoxx AA corporate bond index. The discount rate reflects the weighted average duration of the benefit obligation
* The assets of GMPF attributable to the authority are included in the balance sheet at their fair value:
* quoted securities – current bid price
* unquoted securities – professional estimate
* unitised securities – current bid price
* property – market value.

##### 1.8.3. Net Pensions Liability

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

###### 1.8.3.1. Service cost comprising:

* Current service cost – the increase in liabilities as a result of years of service earned this year, allocated in the comprehensive income and expenditure statement to the services for which the employees worked;
* Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, debited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement; and
* Net interest on the net defined benefit liability, i.e. net interest expense for the authority, – the change during the period in the net defined benefit liability that arises from the passage of time charged to the financing and investment income and expenditure line of the comprehensive income and expenditure statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

###### 1.8.3.2. Remeasurements comprising:

* Return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the pensions reserve as other comprehensive income and expenditure;
* Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the pensions reserve as other comprehensive income and expenditure; and
* Contributions paid to the GMPF – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

##### 1.8.4. Discretionary benefits

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

1.9. Property, Plant and Equipment and Assets under Construction

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

##### 1.9.1. Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the authority and the cost of the item can be measured reliably. The authority has a £20,000 de minimis level for the recognition of property, plant and equipment. Exceptions to this are traffic signals and vehicles, which are capitalised with no minimum level.

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

##### 1.9.2. Measurement

Assets are initially measured at cost, comprising:

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

The authority does not capitalise borrowing costs incurred while assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income line of the comprehensive income and expenditure statement unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the comprehensive income and expenditure statement, they are reversed out of the general fund balance to the capital adjustment account in the movement in reserves statement

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

* assets under construction and infrastructure assets – depreciated historical cost;
* surplus assets – fair value, estimated at highest and best use from a market participants perspective; and
* all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

Assets included in the balance sheet at current value are revalued sufficiently regularly, as a minimum every five years, to ensure that their carrying amount is not materially different from their current value at the year-end. Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the surplus or deficit on the provision of services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

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

The revaluation reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the capital adjustment account.

##### 1.9.3. Impairment

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

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

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

##### 1.9.4. Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

* infrastructure assets – straight-line allocation over the useful life of the assets

(11 years) as estimated by a relevant expert;

* buildings – straight-line allocation over the useful life of the property (5 to 100 years) as estimated by the valuer; and
* vehicles, plant and equipment – straight-line allocation over the useful life of the asset (5 to 30 years) as advised by a suitably qualified officer.

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Where there is more than one significant part of the same asset that has the same useful life and depreciation method, such parts may be grouped in determining the depreciation charge. In practice, this can be achieved by only separately accounting for significant components that have different useful lives. The requirement for componentisation for depreciation purposes is applicable to enhancement and acquisition expenditure incurred and revaluations carried out from 1 April 2010.

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

##### 1.9.5. Non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the comprehensive income and expenditure statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the surplus or deficit on provision of services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

##### 1.9.6. Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the balance sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the comprehensive income and expenditure statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the comprehensive income and expenditure statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the capital adjustment account.

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

The written-off value of disposals is not a charge against statutory funding, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the relevant general fund balance in the movement in reserves statement.

##### 1.9.7. Highways Infrastructure Assets

Highways infrastructure assets include traffic signals, tram networks, bus interchanges and bus stations, guided busways and cycle hubs.

##### 1.9.8. Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

##### 1.9.9. Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost. Opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994 England and Scotland, which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

##### 1.9.10 Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year and the useful life of a Traffic Signal is estimated to be 11 years.

##### 1.9.11 Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the ‘Other operating expenditure’ line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against the general fund, as the cost of non-current assets are fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement

1.10. Intangible Assets

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

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

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

loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

1.11. Fair Value

The Authority measures some of its non-financial assets, such as Investment Properties and Surplus Assets, and some of its financial instruments at fair value at each reporting date, if material. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

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

1.12. Revenue Expenditure Funded by Capital Under Statute

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

1.13. Minimum Revenue Provision

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

* For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, MRP will be calculated using an Asset Life annuity basis over 50 years.
* For capital expenditure incurred from 1 April 2008 for all unsupported borrowing (including PFI and finance leases), MRP will be calculated on an Asset Life annuity basis. The interest rate applied will be linked to PWLB interest rates and the useful life of the asset.
* MRP will generally commence in the financial year following the one in which the expenditure was incurred. However, for long life assets, the Authority will postpone the commencement of MRP until the financial year following the one in which the asset becomes operational.

1.14. Capital and Revenue Grants and Contributions

##### 1.14.1. Revenue Grants and Contributions

Revenue grants and contributions received by the Authority can either be classified as non-specific for general purposes or specific for use in relation to a service and/or function. Where conditions have been met, specific revenue grants and contributions are credited to the relevant service line within Cost of Services; non-specific grants are credited to Taxation and Non-Specific Grant Income.

When the expenditure relating to specific grants has not been incurred, the Authority has elected to make a contribution equivalent to the unspent amount of grant to an earmarked reserve. This reserve will be released in future financial years when the expenditure to which the grant relates is incurred.

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

##### 1.14.2. Capital Grants and Contributions

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

##### 1.14.3. Grants and Contributions relating to Revenue Expenditure funded by Capital under Statute (REFCUS)

Where conditions have been met, grants and contributions to fund expenditure not attributable to assets owned by the Authority (Revenue Expenditure Funded by Capital Under Statute) are credited to the non-specific income line within the Cost of Services. They are then transferred to the Capital Adjustment Account when the related expenditure has been incurred via the Movement in Reserves Statement. If the grant is not spent, it goes to the Capital Grants Unapplied Reserve via the Movement in Reserves Statement. When spent, it is transferred from the Capital Grants Unapplied Reserve to the Capital Adjustment Account.

1.15. Local Taxation

##### 1.15.1. Council Tax

Following the abolishment of GM Fire and Rescue Authority and GM Office for the Police and Crime Commissioner, the Mayor now collects funds via the Mayoral General Fund and the Mayoral Police Fund respectively.

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

##### 1.15.2. Business Rates

From 1 April 2013 the ten GM Authorities as billing authorities of Greater Manchester have acted as agents; they have collected business rates income on behalf of Central Government, the GMCA and themselves.

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

In 2021/22 GM continues to be a pilot area for the 100% Business Rates Retention Scheme and the relevant shares of business rates income for 2021/22 are Central Government (0%), GM Authorities (99%) and GMCA (1%).

For both council tax and business rates, the income reflected in the CIES in 2021/22 is the GMCA’s share of the income relating to that year. However, the amount of council tax / business rates income that can be credited to the General Fund for the year is determined by statute and may be different from the accrued income position shown in the CIES. An adjustment is made via the Movement in Reserves Statement for the difference between the income due under proper accounting practice and the income per statute.

1.16. Financial Assets

Financial Assets such as investments (excluding those in companies included in the Authority’s group accounts) and debtors are classified into three types; amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

The categorisation of financial assets into these types is dependent on the reason for holding the assets, which can be to collect cash flows, to sell assets or achieve objectives by other means.

Financial assets are introduced onto the balance sheet at fair value when the Authority becomes a party to any contractual provision.

1.16.1. Amortised Cost

These assets relate to financial instruments where the amounts received are solely principal and interest and they are held in a hold to collect business model (e.g. investments of surplus cash with the government’s debt management office or loans to third parties).

The interest received on these assets is measured using the Effective Interest Rate model.

1.16.2. Fair Value through Other Comprehensive Income (FVOCI)

These assets relate to financial instruments where the amounts received are solely principal and interest, but they are held to collect cash and have the ability sell the assets (e.g. money market funds).

The interest received on these assets is measured using the Effective Interest Rate model.

All gains and losses due to changes in the fair value of these assets are accounted for through an unusable reserve (the Financial Instruments Revaluation Reserve) and charged to Other Comprehensive Income and Expenditure.

The cumulative gain or loss is debited or credited to the surplus/deficit on provision of services when an asset is disposed of.

1.16.3. Fair Value through Profit and Loss (FVPL)

These assets relate to financial instruments where the amounts received are not principal and interest (e.g. equity investments).

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

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed through the Movement in Reserves Statement and charged to the Capital Adjustment Account, which is an unusable reserve.

An equity instrument that has been classed as FVPL can be designated as FVOCI if it is not held for trading (e.g. a strategic investment). Once this designation has been made it cannot be reversed. This designation would mean that any gains and losses would be held in the Financial Instruments Revaluation Reserve.

1.16.4. Credit loss

The Authority will recognise a loss allowance for expected credit losses, if applicable, on assets where cash flows are solely principal and interest (i.e. financial instruments measured at amortised cost or FVOCI). This does not apply where the counterparty is central government or another local authority.

At each year end, the loss allowance for a financial instrument is calculated as equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If at the year end, the credit risk has not increased significantly since initial recognition the loss allowance is measured at an amount equal to twelve month expected credit losses.

Where the financial asset was treated as capital expenditure, any losses will be reversed via the Movement in Reserves Statement to the Capital Adjustment Account.

1.17. Financial Liabilities

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

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

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

1.18. Impairment of non-financial assets

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

Where impairment losses are identified, they are accounted for as follows:

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

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

1.19. Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

1.20. Reserves and Balances

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus and Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge for the expenditure.

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

The Authority produces memorandum accounts to hold the ring-fenced reserves and balances relating to the Mayoral General Fund and the Mayoral Police Fund.

1.21. Revenue

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

Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

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

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

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

1.22. Contingent assets

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

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

1.23. Contingent liabilities

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

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

1.24. Provisions

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

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

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

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

1.25. Events after the Reporting Period

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

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

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

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

1.26. Interests in Companies and Other Entities - Group Accounts

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

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

An assessment of all the Authority’s interests has been carried out during the year, in accordance with the Code of Practice, to determine the relationships that exist and whether they should be included within the Authority’s group accounts. As such, group accounts have been prepared for the Authority to include Transport for Greater Manchester, Greater Manchester Police, NW Evergreen Holdings LP, GM Fund of Funds LP and Greater Manchester Evergreen 2 LP.

1.27. Discretionary Benefits

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

1.28. Benefits Payable During Employment

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

In 2018/19, the Authority adopted a policy of not accruing for employee benefits if the value of the adjustment was considered immaterial. An annual assessment will be made each year and should this result in an adjustment that would be material then these benefits will be accrued. In the 2021/22 accounts the employee benefit accrual was calculated and considered not to be material, therefore the accounts have not been adjusted.

1.29. Private Finance Initiative (PFI)

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

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

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

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

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

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

2 Critical Accounting Judgements

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

Government Funding

There is an inherent degree of uncertainty about future levels of funding for major Government programmes devolved to GMCA and Local Government funding as a whole. Where necessary the Authority would have to consider a range of options on how to continue to provide some elements of its services with a reduced level of funding.

The asset base across Police and Crime, Fire and Rescue and Transport functions is considered as part of the financial planning process and there is not currently a sufficient indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

Private Finance Initiative (PFI)

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

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

Group boundary

The GMCA has interests in a number of external companies either as a direct owner or in partnership with other organisations. The nature of these relationships has been

assessed under IFRS 11, IAS 27 and IAS 28 (Accounting for Joint Arrangements,

Subsidiaries and Associates)

These Accounts contain a set of group statements and supporting notes to reflect the nature and value of the Authorities’ interests in other entities. Where the Authority is considered to have control or significant influence over another entity, they are deemed to be within the group boundary and are assessed for inclusion in the group accounts.

Consolidation of entities considered for inclusion in the group account is dependent on several factors, including the extent of the Authorities’ interest and power to influence and control, materiality, investment, and transparency; where these factors are not considered material those members of the Group have not been consolidated.

Group Accounts Considerations

A review of the entities related to the Authority in 2021/22 has taken place and the conclusions are provided below:

Chief Constable of Greater Manchester Police (GMP)

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

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

Transport for Greater Manchester (TfGM)

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

For information, details of transactions with TfGM will be included within the related parties note.

Greater Manchester Fund of Funds Limited Partnership (FoFLP)

In November 2016 the Authority established FoFLP to act as a holding fund for ERDF funding. The Company registration number is 10482059. As at 31 March 2022, the fund had drawn down £30m of ERDF funding from Department for Levelling Up, Housing and Communities, and £0.6m from the Authority. FoFLP invest in sub-funds that seek to support the shift towards a low carbon economy and for research and innovation workspace. The fund has a further £30m of ERDF funding awarded which can be drawn down upon the achievement of certain milestones. On the grounds of materiality, **FoFLP will continue to be included** in the group accounts.

NW Evergreen Holdings Limited Partnership (NWEH)

In September 2016 the Authority established NWEH to act as a holding fund for the ERDF funding attributed to the North West Evergreen Fund, an urban development fund established under the 2007-13 European Operational Programme. The Company registration number is LP017585. NWEH received over £60m of funding from ERDF and matched funding sources and invests via its sub-fund in commercial development projects in the North West of England. **NWEH will continue to be included** in the Authority’s group accounts.

Greater Manchester Evergreen 2 Limited Partnership (GME2LP)

Evergreen 2 was incorporated on 20 February 2017 under England's 2014-20 ERDF Operational Programme and is solely a Greater Manchester fund. The Company registration number is LP017867. It has been decided that the **GM Evergreen 2 LP will be Included** in the group accounts for the first time this year.

Greater Manchester Low Carbon UDF Limited Partnership

The GM Low Carbon UDF LP was incorporated on 20th February 2017, Company registration number LP017868. The GM FOF LP is supplying a loan facility of £15m to the GM Low Carbon UDF LP under a Contingent Loan Facility. The GM Low Carbon UDF LP is to use the funds to increase small scale renewable energy schemes. On the grounds of immateriality, it has been decided that the **GM Low Carbon UDF LP will not be Included** in the group accounts

NW Fire Control Company

NW Fire Control Limited (NWFCC) is a Company limited by Guarantee with the responsibility for Fire and Rescue services mobilisation for the North West Region. The Company registration number is 06314891. The company has four equal partners namely: GMCA, Cheshire, Cumbria County Council and Lancashire Fire and Rescue Authorities.

NWFCC became operational during 2014/15 and it meets with the definition of a Joint Operation for group accounts purposes. The Company is governing by unanimous consent for all key decisions, with each member having equal voting rights. The liability of each member in the event of the company being wound up is limited and shall not exceed £1. Each member of the company has the right to appoint two directors, who are Councillors appointed to their respective FRAs. In 2014 all four services transferred their Control Room functions into the regionalised service provided by NW Fire Control Limited. The cost of the service is charged out to the four FRAs on an agreed pro rata basis set out in a Service Level Agreement.

However, on the grounds of immateriality **NWFCC will not be Included** the group accounts.

For information, details of transactions with NWFCC will be included within the related parties note.

Greater Manchester Accessible Transport Limited (GMATL)

GMATL is a private company limited by guarantee without share capital. The Company registration number is 02483763. The Authority is the person with significant control and has previously included GMATL in its group accounts. The balance sheet value is approximately £2.9m. On the grounds of immateriality, it has been decided that **GMATL will not be included** in the group accounts.

Manchester Investment and Development Agency Service (MIDAS)

MIDAS is a private company limited by guarantee without share capital. The Company registration number is 03323710. The Authority is the person with significant control and has previously included MIDAS in its group accounts. The balance sheet value is approximately £2.6m. On the grounds of immateriality, it has been decided that **MIDAS will not be included** in the group accounts.

For information, details of transactions with MIDAS will be included within the related parties note.

HIVE Homes

HIVE Homes is a joint venture with 10 Registered Housing providers and has been incorporated to acquire sites in GM and then develop them for sale as residential use. The Company registration number is OC425196. From March 2019 the Authority has a 20% share within the company, and £2m has been invested to date. On the grounds of immateriality, it has been decided that **HIVE Homes will not be included** in the group accounts.

Resonance Supported Homes Fund Limited Partnership

Resonance Supported Homes Fund was incorporated in July 2020 to house adults with learning disabilities, autism and mental health issues living in inappropriate housing such as long-term hospital inpatient facilities, or on long waiting lists awaiting the right housing for their needs. The Company registration number is LP021031. On the grounds of immateriality, it has been decided that **Resonance Supported Homes Fund will not be included** in the group accounts.

The GM & Cheshire life Sciences Fund Limited Partnership

The GM & Cheshire Life Sciences Fund was incorporated in September 2015 as a seed and early-stage venture capital fund for life sciences businesses located in the Greater Manchester and Cheshire & Warrington region. The Fund came to the end of its new investment period in mid-2021, by which time it had made a range of seed, early-stage and growth investments into 42 companies. The Fund will continue to support its portfolio and carry out follow-on funding until at least 2030. The Company registration number is LP016834. On the grounds of immateriality, it has been decided that **The GM & Cheshire Life Sciences Fund will not be included** in the group accounts.

INTERCHANGE HOMES LLP

Interchange Home LLP was incorporated in October 2021 as a special purpose

vehicle (SPV) for the town centre residential accommodation development at

Stockport Interchange. The company registration number is OC439564. On the grounds of immateriality, it has been decided that **Interchanges Homes LLP will not be included** in the group accounts.

3 Key Sources of Estimation and Uncertainty

In preparing the annual Accounts there are areas where estimates are made. These include:

3.1 Valuation of PPE

The valuation of GMCA’s Property, Plant and Equipment (PPE) is a significant area of estimation uncertainty. There is a risk of material adjustment to the carrying value of PPE within the next financial year, if the actual values differ from the assumptions used to value PPE. A reduction in estimated valuation would result in a reduction to the Revaluation Reserve and/or a loss in the Comprehensive Income and Expenditure Statement. An increase in estimation valuation would result in an increase in the Revaluation Reserve and/or gain in the Comprehensive Income and Expenditure Statement. For instance, the impact of a 10% change in the valuation of GMCA’s operational land and buildings would be £51m. Note 20 to the accounts sets out the Authority’s approach to the valuation of its PPE.

3.2 The liability for future pension payments which is estimated by qualified actuaries

This is estimated by the actuary and a sensitivity analysis undertaken by them for the firefighters’ pension scheme and local government pension scheme. Details can be found in Note 33.

4 Impact of Accounting Standards Issued but not yet Adopted

The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2021/22 Code. The Code also requires that changes in accounting policy are to be applied retrospectively, unless transitional arrangements are specified; this would result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2022/23 Code are:

Annual improvements to IFRS Standards 2018-2020. The annual IFRS improvement programme notes three changed standards:

* IFRS1 (First-time adoption) - amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS.
* IAS 37 (Onerous contracts) - clarifies the intention of the standard.
* IAS 41 (Agriculture) - one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

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

5 Events After the Reporting Period

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

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

The Statement of Accounts was authorised for issue by the Treasurer on 9 November 2023. Events taking place after this date are not reflected in the financial statements or notes.

Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information as detailed below.

A full valuation of the Local Government Pension Scheme liabilities is carried out every three years. The latest full valuation of the scheme is at 31 March 2022, using membership data up to that date and was published in March 2023. Actuarial estimates have been revised based on the latest full valuation which has:

* reduced the 2021/22 Single Entity Accounts pension liability and pension reserve by £27.967m

6 Authorisation for the Issue of the Statement of Accounts

The 2021/22 Statement of Accounts were authorised for issue by the Treasurer on the 9 November 2023.

7a Expenditure and Funding Analysis

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



7b Note to the Expenditure and Funding Analysis



a) Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

- Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

b) Net Change for the Pensions Adjustments - Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.

- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

c) Other Differences - Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

8 Adjustments between Accounting Basis and Funding Basis under Regulations

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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



9 Transfers to/from Reserves

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





10 Purpose of Earmarked Reserves

The purpose and operation of the reserves are as follows:

|  |  |
| --- | --- |
| **Transport, Economic Development & Regeneration** | |
| Earnback Revenue Reserve | Funding from the devolution deal to be used for infrastructure investment. |
| GM Clean Air Plan Reserve | Funding to support the work to improve air quality across GM and to develop a local plan to ensure the UK achieves compliance with legal limits for nitrogen dioxide in the shortest possible time. |
| Business Rates Top-Up Reserve | Funding received as part of the single pot allocations to support delivery. |
| GPF-RGF Interest and Arrangement Fees Reserve | Interest earned on income received in advance will be re-invested within the loan fund as per grant conditions. Arrangement fees may be off set against specific costs associated with the making of the loans. |
| Adult Education Budget Devolution | Funds adult further education (all 19yrs+ provision with the exception of apprenticeships/traineeships), community learning and discretionary learner support. Supports the local labour market and economic development, in particular, it focuses on ensuring that adults have the core skills that they need for progression in learning and work, including guaranteeing a number of statutory entitlements relating to English, Maths and (from 2020/21 academic year onwards) digital skills, as well as first level 2 and 3 qualifications and English for Speakers of Other Languages (ESOL). |
| Integrated Ticketing Reserve | Funding to support the integrated ticketing scheme. |
| Capital Programme Reserve | Surpluses of capital financing costs which have been set aside to fund future capital programme related expenditure. |
| Business rates Growth Pilot & Levy | Funding to support GM Strategic Priorities. |
| HIF Interest and Arrangement Fees | Interest, arrangement fees and other income earned from loans provided in accordance with a funding agreement with the Ministry for Homes, Communities and Local Government, where surplus funds are used to support the GM housing strategy. |
| Our Pass Reserve | Funding to support Our Pass a membership scheme for young people who live in GM and supports both school and care leavers. Allows young people access opportunities with free bus travel throughout GM. |
| Waste Disposal Insurance Reserve | This reserve has been established as a result of reducing the insurance provision in compliance with IAS37. The reserve provides a prudent contingency against unforeseen future claims, including the MMI Scheme of Arrangement and provides a prudent hedge against changes in the insurance market which may require premium increases. The Reserve has also been enhanced as a buffer to satisfy any future insurance claims that may arise from an unforeseen event due to failure to secure selected insurance from the market. |
| Waste Medium Term Financial Plan Funding Reserve | Reserve to support the delivery of objectives in the Waste & Resources service Medium Term Financial Plan. |
| Waste Optimisation Reserve | This reserve has been set up to allow a further capital contribution to be made (if required), so that the Authority can realise longer term financial and operational benefits from the approach to minimising the amount of waste sent to landfill. |
| Waste Lifecycle Reserve | Reserve created to allow funding of lifecycle / maintenance needs at the operational sites now under Authority control. |
| Transport and ED&R General Fund Balances | Funding to be utilised for the basic activities or the services that are provided by the GMCA. Funding to support Transport and Economic Development and Regeneration activities. |
| Waste General Fund Balances | Funding to be utilised for the basic activities or the services that are provided by the GMCA. Funding to support waste activities or services. |
| Usable Capital Receipts Reserve | Includes the principal repayments of RGF/GPF and other loans. |
| Capital Grants Unapplied Reserve | Fund to hold capital grants which have been received and credited to income but not yet spent on the acquisition of non – current assets. |

|  |  |
| --- | --- |
| **Mayoral General Fund** | |
| Capital Reserve | Surpluses of capital financing costs which have been set aside to fund future capital programme related expenditure. |
| Earmarked Budgets Reserve | Funding to be utilised to meet the costs of future projects as part of the budget strategy. |
| Revenue Grants Unapplied Reserves | Accumulated unspent grant funding which is required to meet costs in future years. |
| Projects Reserve | Funding to support project work within the Authority. |
| Mayoral General Fund Balances | Funding to be utilised for the basic activities or the services that are provided by the GMCA. Funding to support The Mayoral General fund |
| Capital Grants Unapplied Reserve | Fund to hold capital grants which have been received and credited to income but not yet spent on the acquisition of non – current assets |

|  |  |
| --- | --- |
| **Mayoral Police Fund** | |
| Revenue Expenditure Reserve | Funding to be utilised to meet costs of existing projects which span across future years. |
| Insurance Reserve | Insurance Reserve - this reserve has been established as a result of reducing the insurance provision in compliance with IAS37. The reserve provides a prudent contingency against unforeseen future claims, including the MMI Scheme of Arrangement. The reserve also provides a prudent hedge against changes in the insurance market which may require premium increases. |
| PCC Earmarked Reserves | Funding to be utilised to meet costs of future projects which support the delivery of the Police and Crime Plan. |
| PFI Reserve | This reserve holds that balance of the PFI grant paid by the Home Office. It is used to support the future costs arising from the PFI Scheme. |
| Mayoral Police Fund Balances | Funding to be utilised for the basic activities and services that are provided by the GMCA. |

11 Expenditure and Income Analysed by Nature

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



12 Revenue Expenditure Funded from Capital under Statute

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



13 Grants and Contributions Credited to Comprehensive Income

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





\*The full benefit of the saving from a loan provided at below market rate interest is treated as a grant in the year the loan funds are received. In future years the benefit is reduced annually over the remaining years of the loan term using a fair value effective interest rate.

14 Grants and Contributions Received in Advance

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

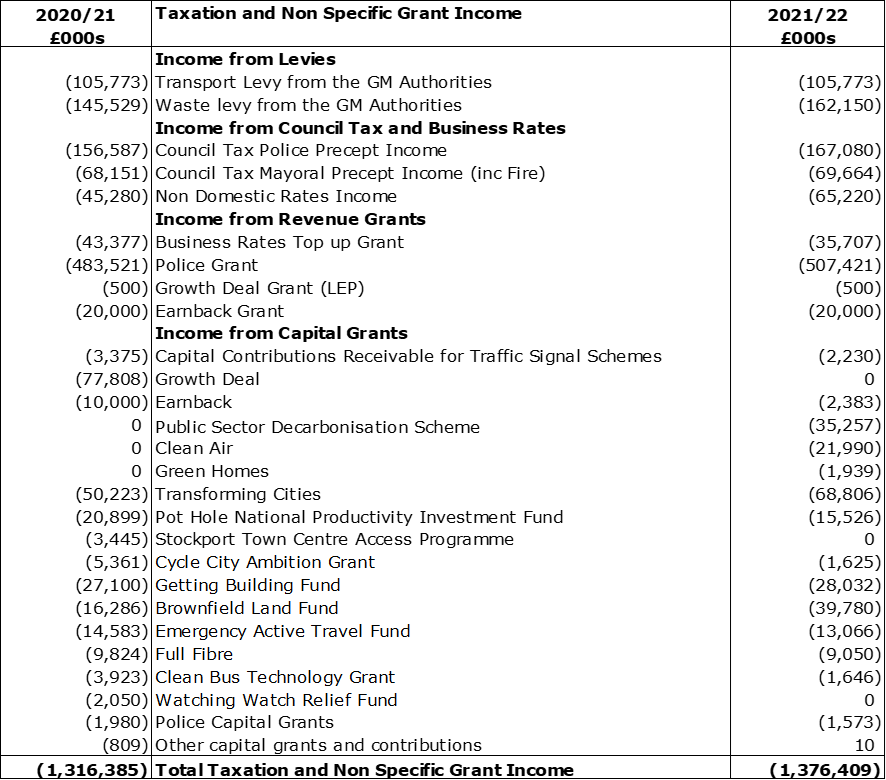
|  |  |  |
| --- | --- | --- |
| **31 March 2021** | **Grants Received in Advance** | **31 March 2022** |
| **£000s** |  | **£000s** |
|  | **Capital Grants Receipts in Advance** |  |
| (2,097) | Clean Bus Technology Grant | (451) |
| (4,759) | Cross City Bus Package | (7,950) |
| (1,785) | Cycle City Ambition Grant 2 | (160) |
| (368) | Stockport Town Centre Access | (368) |
| (58) | Local Sustainable Transport Fund | (55) |
| (1,024) | Early Measure (GM Clean Air Plan) | (692) |
| (1,542) | Cycle Safety Grant | (1,542) |
| (64,387) | Clean Air Charging Zone | (123,077) |
| (1,758) | OLEV ULEV Taxi Infrastructure | 0 |
| (10,284) | Green Homes Grant | (8,965) |
| (4,658) | Pothole Action Fund | 0 |
| (78,237) | Public Sector Decarbonisation | (42,980) |
| (1,335) | Rough Sleeping Accommodation Programme (RSAP | (2,796) |
| (53,515) | Transforming Cities - Metrolink | (83,709) |
| 0 | Air Quality (Capital) | (377) |
| 0 | Brownfield Fund | (8,577) |
| 0 | Earnback Grant (Capital) | (7,617) |
| 0 | Social Housing Decarbonisation | (10,473) |
| 0 | Transport City Deal | (22,300) |
| 0 | Zero Emissions Buses | (35,730) |
| (119) | Police Capital Grants | (23) |
| **(225,926)** | **Total Capital Grants RIA** | **(357,841)** |
|  |  |  |
| (153,665) | Due to be recognised within 1 year | (198,507) |
| (72,262) | Due to be recognised over 1 year | (159,333) |
|  |  |  |
|  | **Revenue Grants Receipts in Advance** |  |
| (2,040) | Made Smarter | (171) |
| (568) | Innovation & Reform Funding | (477) |
| (3,684) | Work and Health Programme | (1,991) |
| (191) | Digital Skills Academy Fund | 0 |
| (1,941) | NHS Early Help Transformation Fund | (156) |
| (3,034) | Self Employment Pilot Programme | (1,424) |
| (589) | UIA Ignition Project | (3) |
| (2,686) | Dedicated Home to School & College Transport | (5) |
| (1,577) | Early Years Transformation Fund | 0 |
| (1,449) | Working Well JETS | (3,122) |
| (1,148) | Future Workforce Fund | (1,451) |
| (1,000) | Housing Deal Capacity Funding | 0 |
| (1,532) | Better Deal for Bus Users | (1,416) |
| 0 | AEB -National Skills Fund Level 3 Adult Offer | (5,592) |
| 0 | Changing Futures Development Grant | (1,526) |
| 0 | FIM | (800) |
| 0 | GRIR Well Being | (765) |
| (634) | Other revenue grants receipts in advance | (2,392) |
| (745) | Mayoral Police Fund Asset Incentivisation | (3,798) |
| (550) | Mayoral Police Fund Other | (2,443) |
| **(23,369)** | **Total Revenue Grants RIA** | **(27,532)** |
|  |  |  |
| (23,369) | Due to be recognised within 1 year | (27,532) |
| 0 | Due to be recognised over 1 year | 0 |

15 Financing and Investment Income and Expenditure





16 Taxation and Non-Specific Grant Income

****

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.



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**:**



Senior Employees Remuneration

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



1. The GMCA received a contribution of £114,720.42 (2020/21: £113,025) for the Chief Executive also performing the duties of Chief Executive at TfGM during 2021/22 (50% of Basic Pay and Employers NI)
2. Post Holder left 31 August 2020 (2020/21: FTE salary £164,020.63)
3. Post Holder commenced 7 September 2020. (2020/21: FTE salary £164,020.63)
4. The GMCA received a contribution of £60,000 for the Treasurer performing duties of Executive lead for finance and investment at Greater Manchester Health and Social Care Partnership during 2021/22 (2020/21: £60,000). This contribution is included in the Treasurer’s total remuneration figure.
5. Post in 2020/21 is 0.41 FTE, Annual salary for 1.0 FTE would be £161,955.16. Post in 2021/22 is also 0.41 FTE, Annual Salary for 1.0 FTE would be £164,789.37

Exit Costs

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



19 Capital Expenditure and Capital Financing

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed below.



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



20 Property, Plant and Equipment Including Disposals

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

The Authority carries out a rolling programme to ensure that all property required to be measured at current value is revalued at least every 5 years. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. All valuations were carried out externally.

Waste Assets

* Valuations were carried out by Avison Young, an independent valuer, for all land, buildings and infrastructure revaluations, in accordance with the provisions of the professional standards of the Royal Institute of Chartered Surveyors.
* Hilco Appraisals Limited carried out plant and machinery valuations.

Other Assets

* Salford City Council Property Services carried out valuations of the Authority’s remaining assets.







**Movements on balances**

In accordance with the temporary relief offered by the Update to the Code of Practice on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.



Balance Sheet reconciling note:



The authority has determined in accordance with the England amendment of the Local Authorities Capital Finance and Accounting Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

21 Intangible Assets

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

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

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

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



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



There is one capitalised software suite that is individually material to the financial statements: The Information Services Transformation Programme had a gross carrying amount of £25.306m at 31 March 2022 and a remaining amortisation period of 2.5 years.

22 Short and Long Term Debtors

Short Term Debtors

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



Other entities and individuals includes the following short term debtors:

* £70m where Housing Investment Fund loans have been provided to support GM’s economic growth by supporting the delivery of new homes (£145.3m in 20/21).
* £5.3m where Local Growth Fund loans have been provided for projects that benefit the local area and economy (£15.1m in 20/21).

£6.8m where Regional Growth Fund and Growing Places Fund (GPF) monies have been recycled and loans provided for investment in businesses and commercial property projects (£8.4m in 20/21).

Long Term Debtors

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



Ageing Analysis of Trade Debtors

At 31 March 2022, trade debtors at a nominal value of £666,000 (2021: £1,308,000) were impaired.

As at 31 March 2022, the ageing analysis of trade debtors net of the provision for impairment was as follows:



23 Cash and Cash Equivalents

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

* Cash is represented by operating bank accounts (shown net of bank overdrafts), deposits with financial institutions for less than three months, cash in hand and petty cash balances.
* Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with an insignificant risk of change in value. These include interest bearing call accounts and money market funds with institutions that meet our required credit ratings.



24 Short and Long Term Creditors

Short Term Creditors

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



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.



The provisions held by the Authority are described below:

GMCA

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

Mayoral General Fund

1. Insurance Provision - This provision represents the value of an actuarial assessment of the remaining liability for all self-insured claims occurring in 2021/22, all prior policy years and a prudent margin added for emerging claim types.
2. Business Rates Appeals Provision - This is the estimated amount required to cover the cost of successful appeals against local non-domestic rateable values, where the cost of these appeals is required to be met locally.
3. Bear Scotland v Fulton - The Employment Appeals Tribunal has ruled in this case that non-contractual overtime needs to be included when calculating holiday pay paid to firefighter employees. This provision is the estimated amount required to pay backdated claims.

Mayoral Police Fund

1. Insurance Provision - This provision represents the value of an actuarial assessment of the remaining liability for all self-insured claims occurring in 2021/22, all prior policy years and a prudent margin added for emerging claim types.
2. Police Pension Lump Sum Provision - The Pensions Ombudsman determined there was an underpayment of lump sums, to pension scheme members who retired between December 2001 and August 2006. The Ombudsman concluded that commutation formulas to convert annual pensions payments to lump sums should have been updated between 2001 and 2006 and as a result, additional payments are due to those members who chose to commute pension for lump sum at retirement during these years.
3. Capital Project Retentions Provision - This is a provision to hold a percentage of a projects total funding, which is retained during the contractual defects period.

26 Short and Long Term Leases including PFI

Fire Station

2021/22 was the twenty second year of a 25 year PFI contract (ending October 2024) for the construction, maintenance and provision of a Fire Station at Stretford, along with associated equipment.

The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards. The building and equipment will be transferred to the Authority at the end of the 25 year contract at nil value.

Over the remaining term of the contract, the Authority is committed to making gross payments of £1.868m (average payment per year is £0.723m). However, the net cost to the Authority after income from specific government grant is estimated at £0.625m (average payment per year is £0.242m).

Police Stations

2021/22 was the nineteenth year of a Private Finance Initiative (PFI) contract (ending in 2030) for the construction and maintenance of seventeen Police stations across the GM area. The contractor will operate and service the stations for twenty-five years after which ownership will revert to the Authority, to be held on behalf of the Mayor, for nil consideration.

Over the remaining term of the contract, the Authority is committed to making gross payments of £128.424m (average payment per year is £16.053m). However, the net cost to the Authority after income from specific government grant is estimated at £85.905m (average payment per year is £10.738m).

Property Plant and Equipment

The Stations and Equipment provided under the contracts are recognised on the Authority's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property Plant and Equipment balance in the notes to the Balance Sheet.

Outstanding Liability

The PFI liability represents the current outstanding long term liability to the contractor for capital expenditure. A fair value disclosure has also been provided for the PFI liabilities in the Financial Instruments note. The current value of the liability held under each PFI arrangement is as follows:



Central Government Grant Subsidy

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

Payments due under the PFI Contracts

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

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





27 Short and Long Term Deferred Liabilities

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

The debt is being repaid annually on an annuity basis over the 36 years to 31 March 2022.



28 Unusable Reserves

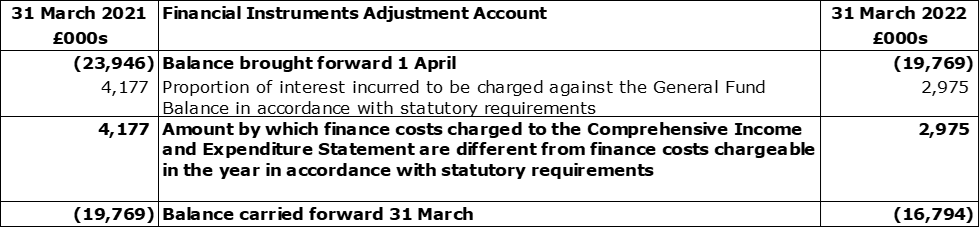


**The Capital Adjustment Account (CAA)** absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The CAA is debited with the cost of the capital grants payable to TfGM, GM Authorities and other external organisations, the annual depreciation charge and any loss on disposal of assets. The CAA is credited with both the capital grants and contributions receivable and the amounts set aside by the Authority to directly finance the capital costs of acquisition, construction and enhancement of assets.



**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.



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

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

**The Pension Reserve** relates to the net pension asset as at 31 March 2022 in accordance with the actuary's report.



**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.



**The Financial Instruments Revaluation Reserve** contains the gains made bythe Authority arising from increases in the fair value of its investments that are measured at fair value through other comprehensive income.

The balance is reduced when investments with accumulated gains are:

* + Revalued downwards, or impaired and gains are lost,
  + Disposed of and the gains are realised.



**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.



**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.



29 Financial Instruments

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

Categories of Financial Instruments

The Authority is required to classify its financial assets into one of three categories.

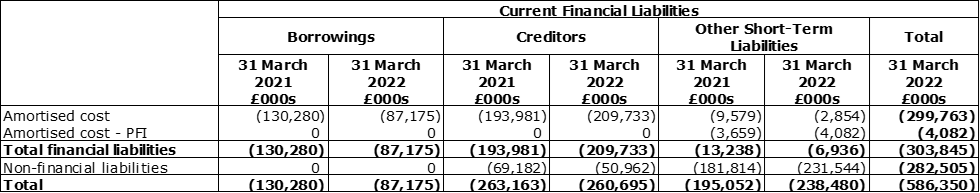
* Financial Assets held at amortised cost. These assets relate to instruments where the amount received relating to them are solely principal and interest and they are held to generate cashflows. The amount presented in the balance sheet represents the outstanding principal plus any accrued interest. Interest credited to CIES is the amount receivable as per the instrument’s agreement.
* Fair Value through Other Comprehensive Income (FVOCI). Amounts received relate to principal and interest but the business model for holding the asset includes the possibility of sale. These assets are measured and carried at fair value. All gains and losses due to changes in fair value are accounted for through a reserve account (the Financial Instruments Revaluation Reserve), with the balance debited or credited to CIES when the asset is disposed of.
* Fair Value Through Profit and Loss (FVPL) – all other instruments where the amounts received relating to them are not principal and interest, for example dividends as part of equity instruments. These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

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



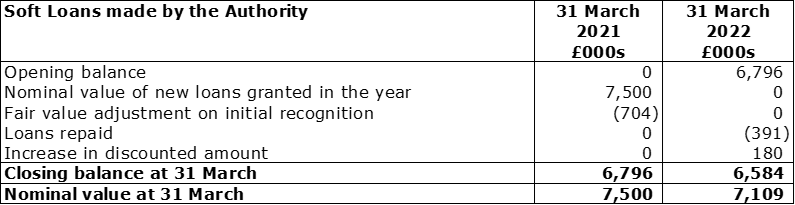




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The Authority provided two loans to the Growth Company in 2020/21 at less than market rates of interest (these are known as soft loans). No further soft loans have been made in 2021/22:

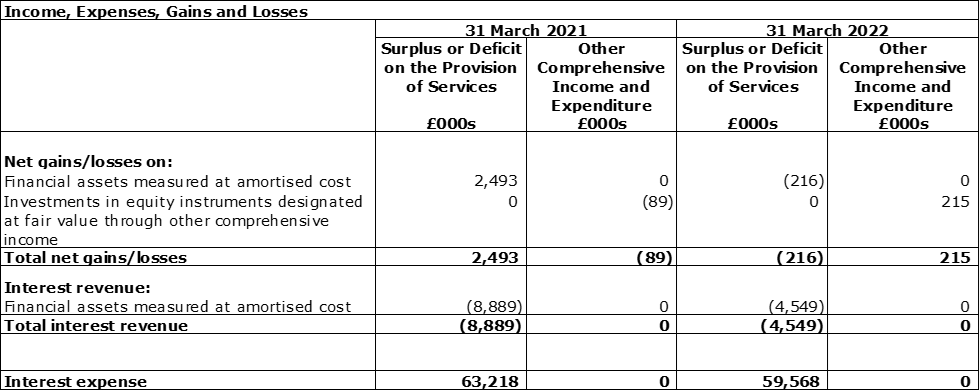
* a £1.5m loan for the Coronavirus Business Interruption Scheme (CBILS); and
* a £6m loan for the Bounceback Loan Scheme, where the Growth Company Business Finance division are administering financial support to businesses as an accredited loan provider.



When the loans are made the amount of interest forgone over the life of the loan is charged to the CIES (debited to the appropriate service line) and the outstanding principal is reduced on the Balance Sheet. This represents the present value of the interest that will be forgone over the life of the loan agreement. Statutory provisions require that the impact of soft loans on the General Fund balance is the interest receivable in the year, so the amount of foregone interest is managed by a transfer from the Financial Instruments Adjustment Account to the Movement in Reserves Statement.

Income, Expenses, Gains and Losses

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

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Fair Value of Assets & Liabilities

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

Assets and liabilities are carried at amortised cost where part of their carrying amount (as per the balance sheet) will either be written down or written up via the Comprehensive Income and Expenditure Statement over the term of the financial instrument.

For the purposes of the notes to the accounts, all assets and liabilities are given a fair value, although this is only shown in the balance sheet for available for sale assets. For many financial instruments the fair value will be the same as the outstanding principal amount, but for others there could be a significant difference.

Fair Value Hierarchy

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

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

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



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

* The Authority holds £40.766m in equity investments for a number of businesses that previously held loans plus other direct investments in 2021/22. These shares are not traded in active markets. The shares are valued based on level 2 - observable input data from the companies, such as latest filed accounts and management accounting reports.
* Equity investments are held at Fair Value through Other Comprehensive Income; they meet the requirements of the CIPFA code to be designated this way as they are strategic investments and not held for trading purposes.
* There have been no transfers between input levels or changes in valuation techniques during 2021/22 for this class of asset.
* The fair value of cash and cash equivalents, short-term debtors and short-term creditors is taken to be their carrying amount as this is deemed to provide a reasonable approximation in accordance with the CIPFA Code of Practice.
* The fair value of soft loan short-term and long-term debtors has been calculated using an interest rate arrived at by taking the Authority’s prevailing cost of borrowing and adding an allowance for the risk that the loans might not be repaid.
* The fair value of other long-term debtors has been evaluated and where these relate to loan advances greater than £3m, prevailing benchmark market rates have been applied to provide the fair value. All other long-term debtors are included at their carrying value.
* Fair value for PFI schemes cannot be obtained as there is no comparable information available, and these have therefore been shown at cost.
* PWLB loans – premature repayment loan rates from the PWLB have been applied to provide the fair value. In comparison, by applying PWLB new loan rates their fair value would be £682.266m.
* Non-PWLB loans – premature repayment loan rates from the PWLB have been applied to provide the fair value. In comparison, by applying PWLB new loan rates their fair value would be £1,003.138m.
* The valuation techniques used for PWLB and non-PWLB debt are level 2 –observable inputs. There have been no changes in valuation technique during the financial year.

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

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

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

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



30 Nature and Extent of Risks Arising from Financial Instruments

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

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

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

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

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

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

The annual treasury management strategy which incorporates the prudential indicators was approved by the Combined Authority on 12/02/2021 and is available on the GMCA website.

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

Specified Investments

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

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

Non-Specified Investments

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

Investment Limits

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

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

The GMCA will only utilise institutions that have a short term rating of F2 or higher (Fitch or equivalent).

* Debt Management Office £200m
* Manchester City Council £50m
* Other local authorities £20m

Credit Risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch and Moody’s Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. All investments held as at 31 March 2022 were with the HM Treasury Debt Management Office, other local authorities or UK banks and building societies.

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

The following significant inputs, assumptions and estimation techniques have been used in calculating impairment loss allowances:

* The Authority assesses each loan it provides individually in terms of likelihood and quantum of recovery, taking a forward-looking approach to the assessment from two different aspects:
* Performance - reviewing portfolio and management information to assess business risk from a performance perspective.
* Security - reviewing the strength of the Authority’s security in a loan recovery situation to allow this to be factored into the loss allowance assessment.



* The Authority’s debtors relate primarily to claims on central and local government departments. Other non-trade debtors include HMRC and RGF/GPF, HIF, City Deal and Growth Deal loans.

The RGF/GPF, HIF, City Deal, Growth Deal and other stand-alone loans have had individual risk profiles assessed, resulting in a ‘lifetime expected loss allowance’ of £8.590m being included within the accounts, as per the table above.

Of the total debtors past their due date for payment, the estimated exposure to default for trade debtors is £0.1m.

* The Authority’s trade creditors relate primarily to capital and revenue amounts payable in relation to Waste Disposal and Police Fund.

##### Credit Ratings Used:

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

* Long Term - Fitch BBB+
* Short Term - Fitch F2 or higher

##### Monitoring of credit ratings:

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

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

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

Liquidity Risk

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

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

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

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

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

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

The table below shows the liquidity risk to the Authority based on maturity analysis:



Refinancing and maturity risk

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

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority approved treasury and investment strategies address the main risks, these include:

* Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of existing debt;
* Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority’s day to day cash flow needs;
* All trade creditors are due to be paid in less than one year.

Market Risk

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

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

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

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

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

The maximum interest rate increase that could be expected in the current climate is assessed at 2%. This would only apply to our net short term investments. The Authority also has a number of LOBO loans that can be called at periods. There is the risk that these may have to be refinanced at a higher rate. The financial effect of these variable rate changes would be:



31 Related Party Transactions

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

* Central Government
* GM Authorities
* Transport for Greater Manchester
* Greater Manchester Police
* North West Fire Control
* Manchester Investment and Development Agency Service Limited
* Halle Concert Society
* Greater Manchester Fund of Funds Limited Partnership
* NW Evergreen Holdings Limited Partnership
* Greater Manchester Evergreen 2 Limited Partnership

Central Government

Central Government has effective control over the general operations of the Authority. It is responsible for providing the framework within which the Authority operates and provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties.



Borrowings in 21/22 are entirely attributable to Homes England relating to City Deal.

GM Authorities



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:



Members and Chief Officers

Members of the Authority (the Mayor and leaders of the GM Authorities) have direct control over the Authority's financial and operating policies.

No members allowances are payable; the remuneration of the Mayor and Deputy Mayor for Police and Crime are disclosed in Senior Employees Remuneration note.

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

During the year the Authority reported material transactions with Halle Concerts Society, a related party advised by an authority officer**.** See below related parties’ disclosure for more detail.

Greater Manchester Police

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

North West Fire Control Limited

The Authority has the right to appoint two directors, who are councilors appointed to their respective FRAs. It has been determined that the company is governed by joint control as each authority has equal voting rights and unanimous consent exists for key decisions.

In 2014 The Greater Manchester Combined Authority, Cheshire Fire Authority, Cumbria County Council and Lancashire Combined Fire Authority transferred their Control Room functions into the regionalised service provided by NW Fire control Limited. The cost of the service is charged out to the four FRAs on an agreed pro rata basis. Related party expenditure, income and end of year balances are reported as follows:



Manchester Investment and Development Agency Service Limited

The Authority has direct control over the company’s financial and operating policies. The company is a related party by virtue of common directors. Related party expenditure, income and end of year balances are reported as follows:

|  |  |  |
| --- | --- | --- |
| **2020/21** | **MIDAS** | **2021/22** |
| **£000s** |  | **£000s** |
| 1,262 | Expenditure | 1,277 |
| 0 | Income | 0 |
| 0 | Debtors | 0 |
| 0 | Creditors | (4) |
| 0 | Borrowings | 0 |

Halle Concerts Society

The company is a related party by virtue of common directors (Nominated by the GMCA). Related party expenditure, income and end of year balances are reported as follows:

|  |  |  |
| --- | --- | --- |
| **2020/21** | **Halle Concerts Society** | **2021/22** |
| **£000s** |  | **£000s** |
| 749 | Expenditure | 749 |
| 0 | Income | 0 |
| 0 | Debtors | 0 |
| 0 | Creditors | 0 |
| 0 | Borrowings | 0 |

Greater Manchester Fund of Funds Limited Partnership

The Authority granted Greater Manchester Fund of Funds LP £100k in 2021/22 (£164k in 2020/21).

|  |  |  |
| --- | --- | --- |
| **2020/21** | **Greater Manchester Fund of Funds** | **2021/22** |
| **£000s** |  | **£000s** |
| 164 | Expenditure | 100 |
| 0 | Income | 0 |
| 0 | Debtors | 0 |
| 0 | Creditors | 0 |
| 0 | Borrowings | 0 |

NW Evergreen Holdings Limited Partnership

There were no transactions between the Authority and NW Evergreen Holdings Limited Partnership during the 21/22 financial year.

Greater Manchester Evergreen 2 Limited Partnership

There were no transactions between the Authority and Greater Manchester Evergreen 2 Limited Partnership during the 21/22 financial year.

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



The cash flows for operating activities include the following items:



32b Cash Flow Statement - Investing Activities



32c Cash Flow Statement - Financing Activities



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





33 Defined Benefit Pension Schemes

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

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

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

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

The Authority also has responsibility for the Police Pension Scheme for police officers although this scheme is administered by the Chief Constable (Greater Manchester Police) on behalf of the Authority. The entries related to this scheme are disclosed in the group accounts.

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

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



The Local Government Pension Scheme

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

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

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

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

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

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

1. **Current service cost** – the increase in liabilities as a result of years of service earned this year. This is allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
2. **Past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.
3. **Interest cost** – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. This is debited to Financing and Investment Income and Expenditure Line in the Comprehensive Income and Expenditure Statement.
4. **Gains/losses on settlements and curtailments** – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees. This is debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.
5. **Interest on scheme assets** – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return. This is credited to Financing and Investment Line in the Comprehensive Income and Expenditure Statement.
6. **Actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.
7. **Contributions paid to the pension fund** – cash paid as employer’s contributions to the fund.

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

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

The McCloud / Sargeant Judgement

##### Firefighters scheme

Claims of age discrimination were brought in relation to the terms of transitional protection by groups of firefighters and members of the Judiciary in the McCloud / Sargeant legal case (referred to as “McCloud”) and the Court of Appeal handed down its judgement of this claim on 20 December 2018, ruling that the transitional protection arrangements were discriminatory on the basis of age. As a result, the cost control element of the 2016 valuation was paused whilst the Government addressed the need to remedy this discrimination across all public service pension schemes. The cost cap mechanism for the 2016 valuation has since been un-paused and the calculations complete, with the outcome being no changes to benefits or contributions.

Past service costs were included in the 2018/19, 2019/20 and 2020/21 accounts and the 2021/22 service cost allows for the higher expected cost of accrual under McCloud.

##### Local Government Schemes

The previous allowance within the balance sheet has been rolled forward and included in the balance sheet.

No additional adjustment for McCloud has been added to the current service cost for 2021/22.

Comprehensive Income and Expenditure Statement



Movement in Reserves Statement



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:



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



Reconciliation of movements in the fair value of the scheme assets



Local Government Pension Scheme assets comprised:



Basis for Estimating Assets and Liabilities

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

The Local Government Pension Scheme liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2022. The Firefighters’ Pension Scheme liabilities have been assessed by the Government Actuary’s Department (GAD) based on data supplied for the 2022 valuation.

The significant assumptions used by the actuary have been:



\*Life Expectancy is based on the Fund’s VitaCurves.

An allowance is included for future retirements to elect to take 55% of the maximum additional tax-free cash up to the HMRC limits for pre-April 2008 service and 60% of the maximum tax-free cash for post-April 2008 service.

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

Sensitivity Analysis





As at the date of the most recent valuation, the duration of the Employer’s funded liabilities is 22 years.

The weighted average duration of the defined benefit obligation for the firefighters’ scheme members is approximately 19 years.

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

The objectives of the scheme are to keep employer’s contributions at as constant a rate as possible and agree a funding strategy to ensure future employers contributions meet the Administering Authority’s funding objectives. Following the latest triennial valuation completed on 31 March 2019, the LGPS was assessed as being 102% funded. Funding levels are monitored on an annual basis.

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

Authority contribution to pension schemes

The Authority expects to pay £13.361m to the Firefighters’ Pension Scheme and £5.824m to the Local Government Pension Scheme in 2021/22.

34 Mayoral General Fund

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

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

The statements below set out the movements in the Mayoral General Fund and assets deployed for fire and rescue services for 2021/22:

Mayoral General Fund Income and Expenditure:



Movement in Mayoral General Fund Reserves:

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



Assets deployed in provision of Mayoral Fire and Rescue Services:



35 Mayoral Police Fund

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

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

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

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

The Chief Constable of Greater Manchester Police (GMP) Statement of Accounts has been consolidated into GMCA’s group accounts since 8 May 2017. The Mayor is responsible for the formal oversight of GMP, including provision of all funding, budget setting, performance scrutiny and strategic policy development, and for ensuring GMP is run efficiently and effectively. Operational decision-making on day-to-day policing including the employment of police staff remains the responsibility of the Chief Constable.

Under the legislative framework and local arrangements, GMCA, under sole instruction from the Mayor, is responsible for the finances of the Mayoral Police Fund including assets, liabilities and reserves. The GMCA has responsibility for entering into contracts and establishing the contractual framework under which the Chief Constable’s officers and staff operate. The GMCA receives all income and funding and makes all the payments for the policing activity from the Mayoral Police Fund. The movement on the Police Fund is disclosed in note 35.

In compliance with legislation, the Police Fund is accounted for in the group accounts of the GMCA. In the interests of transparency, the statements below set out how the Police Fund was spent and funded, movements in the Mayoral Police Fund reserves and assets deployed for policing in 2021/22.

Police Fund Income and Expenditure:



Movement in Mayoral Police Fund Reserves:

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



Assets deployed in the provision of Policing Services:



Police Fund Intangible Assets:



36 Prior Period Restatements

Prior period values have been restated in the main statements and notes to the accounts so that 2020/21 is presented in a comparable way to 2021/22. The narrative and tables below explain the changes that have been made.

**Government Grants**

£63.378m Light Rail Support grant and £66.486m Covid-19 Bus Services Support grant as both income and expenditure based on further assessment of the grant award guidance. The revised treatment recognises that the GMCA is acting on its own behalf as ‘Principal’ in the receipt and onward award of the grants. Previously the GMCA had been deemed to be acting as an intermediary ‘Agent’ and therefore the transactions were excluded from the accounts.

The amendments in the table below have also been reflected in the Group Accounts.



**Cashflow**

The Cashflow Statement and supporting Notes have been restated following a revised analysis approach adopted in 2021/22.

This has eliminated the £1.010m previously disclosed in Note 32a Cash Flow Statement - Adjustments to Net Cash Flows from Operating Activities and the movement allocated to other operating cashflow activity lines.

An additional disclosure has been added in 2021/22 to separately disclose the values for Interest Received and Interest Paid, which are included within other operating cashflow activity lines.

Other movements are due to restatements to correct the misclassification of movements between operating and investing activities and the result of further analytical review of all cashflow driven activities and transactions.

The amendments in the tables below have also been reflected in the Group Accounts.





The cash flows for operating activities include the following items:





Firefighters’ Pension Fund

There is a requirement in the Code of Practice to produce a Pension Fund Account and Net Assets Statement in respect of the Firefighter’s Pension Scheme. The purpose of the Funds is to provide a basis for demonstrating the balance of cash based transactions taking place over the year and for identifying the arrangements needed to close the balance for the year. The primary objective is to separate the cost of providing pensions from the cost of running services.

This is an unfunded scheme, which is administered in accordance with Home Office regulations. For such schemes as there are no investment assets, IAS19 requires recognition of the liability and pension reserve in the Balance Sheet and transactions in the Income and Expenditure Account for movements in the liability and reserve.

### Firefighters’ Pension Fund Account



### Net asset statement



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

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

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

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

The Fund’s financial statements do not take into account liabilities to pay pensions after 31 March 2022. Liabilities to pay future payments are included in the IAS19 charges and notes to the Financial Statements.

# Greater Manchester Combined Authority - Group Accounts

Introduction

### Background

The Accounting Code of Practice requires that where an authority has material financial interests and a significant level of control over one or more entities, it should prepare Group Accounts. The aim of these statements is to give an overall picture of the Authority’s financial activities and the resources employed in carrying out those activities.

The Group Accounts comprise the following key financial statements (with appropriate disclosures):

* Group Comprehensive Income and Expenditure Statement;
* Group Movement in Reserves Statement;
* Group Balance Sheet;
* Group Cash Flow Statement.

### The Greater Manchester Combined Authority Group:

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

### Bodies Consolidated:

Chief Constable of Greater Manchester Police (GMP)

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

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

Transport for Greater Manchester (TfGM)

TfGM is to continue to be included in the Authority’s group accounts. The Authority and/or the Mayor sets local public transport policy and is responsible for deciding how funds are spent on supporting and improving Greater Manchester’s public transport network. The decisions of the Authority and/or the Mayor are implemented by TfGM and TfGM is responsible for implementing the policies of the Authority.

TfGM’s net expenditure after taking into account all sources of income and expenditure is financed by way of a Revenue Grant from the Authority. TfGM’s corporate objectives are derived from the Authority’s policy priorities, stakeholder consultation and its principal statutory obligations. Strategic objectives and targets are set out in the Authority/TfGM Business and Performance Plan.

Although transport related borrowing sits on the GMCA balance sheet, all the transport assets sit on TFGM's balance sheet. GMCA carries sufficient reserves in respect of each of its functions to provide resilience in the event of volatility in its various funding sources. Details of transactions with TfGM are included in the related parties note.

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

Greater Manchester Evergreen 2 Limited Partnership (GME2LP)

Evergreen 2 was incorporated on 20 February 2017 under England's 2014-20 ERDF Operational Programme and is solely a Greater Manchester fund. The accounts included in the 21/22 group accounts are for the period ending 31 March 2022.

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

NW Evergreen Holdings Limited Partnership (NWEH)

NWEH is to continue to be included in the Authority’s group accounts. In September 2016 the Authority established NWEH to act as a holding fund for earlier tranches of ERDF funding to support investment opportunities in properties in the North West. The Fund has received significant funding from ERDF and will invest in sub funds that provide opportunities to identify, research and negotiate investment opportunities in properties in the North West of England. The accounts included in the 21/22 group accounts are for the period ending 31 March 2022.

Greater Manchester Fund of Funds Limited Partnership (FoFLP)

In November 2016 the Authority established FoFLP to act as a holding fund for ERDF funding. FoFLP will invest in sub funds that seek to support the shift towards a low carbon economy and for research and innovation. The accounts included in the 21/22 group accounts are for the period ending 31 March 2022.

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

### Basis of Preparation of the Group Accounts

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

### Statement of Compliance with IFRS

In accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, TfGM has adopted all aspects of the Code other than as follows:

* Deregulation Reserve. IFRS 5 would treat the deregulation of bus services in 1986 as a discontinued operation, leading to the write off of any costs connected with deregulation. However, the Transport Act of 1985 allowed any costs incurred on deregulation to be transferred to a specific reserve, called the ‘Deregulation Reserve’. TfGM has adopted a policy of amortising the Deregulation Reserve over 30 years.

# Greater Manchester Combined Authority – Group Financial Statements

Group Comprehensive Income and Expenditure Statement

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



\*20/21 restated figures are explained in note 61.



**Steve Wilson**

**Greater Manchester Combined Authority Treasurer**

**Date: 9 November 2023**

Group Movement in Reserves Statement

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

Further details of usable reserves can be found in the relevant associated notes.



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.



\*20/21 restated figures are explained in note 61.



**Steve Wilson**

**Greater Manchester Combined Authority Treasurer**

**Date: 9 November 2023**

Group Cash Flow Statement

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



\*20/21 restated figures are explained in note 61.

# Notes to the Group Financial Statements

37 Group Accounting Policies

37.1 Consolidation Method

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

The accounting policies of the group entities are consistent with the Authority. The following accounting policies are in addition to the single entity policies detailed in note 1 of these statements.

37.2 Investment properties

Investment properties are initially recognised at cost, including direct transaction costs. They are subsequently revalued annually in accordance with the fair value model, reflecting market conditions at the balance sheet date. Where a fair value cannot be obtained the cost model will be used in IAS 16. Any surplus or deficit arising from any change in fair value is recognised in the Comprehensive Income and Expenditure Statement in the period in which it arises.

Investment properties are not depreciated. They are de-recognised when disposed of, or when no future economic use is expected. The difference between net proceeds and carrying value is recognised in the Comprehensive Income and Expenditure Statement in the period of de-recognition.

37.3 Infrastructure Assets

TfGM’s infrastructure assets are stated at cost less accumulated depreciation. TfGM’s policy is to write off the carrying value of all assets, other than freehold land, on a straight-line basis over their estimated remaining useful lives.

The range of estimated useful lives for infrastructure assets is 3 to 50 years and includes a number of categories of assets relating to the Metrolink network, Interchanges and Bus Stations, the Leigh to Ellenbrook Guided busway and cycle hubs.

Further details of the asset lives within this category are:

Civil structures 25 to 50 years

Stations and stop infrastructure 10 to 50 years

Track and track bed 20 to 30 years

Ticket machines, information points and validators 5 to 20 years

Overhead power lines 20 to 30 years

Signalling/telecoms 15 to 20 years

Metrolink trams 30 years

Metrolink Plant and Equipment 3 to 35 years

Guided Busway and infrastructure 5 to 50 years

Park and Ride and infrastructure 5 to 40 years

Bus Station and internal fittings 5 to 40 years

Electric vehicle charging points 10 years

Bike hire assets and cycle hubs 10 years

37.4 Inventories

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

37.5 Passenger Transport Facilities

As part of its statutory duties, the Group is responsible for meeting the costs of upgrading public passenger transport facilities in the Greater Manchester area, including railway and highways infrastructure. The expenditure incurred is offset by equivalent grants received from the Authority and other parties, which for the year ended 31 March 2022 amounted to £5.1m (2020/21: £12.2m).

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

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

37.6 Lease Income

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

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

37.7 Lease Expenditure

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

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

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

37.8 Agency Services

Transactions are excluded from the Group’s financial statements for all agency relationships. As stipulated by the Code, the Group is acting as an agent in situations when the Group does not control the specified goods or services being provided by another party, before they are transferred to the customer.

All services are reviewed to determine who controls the right to the underlying goods or services and when this is not deemed to be the Group, the transactions have been excluded from the financial statements.

37.9 Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Group. Where material, an accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

The group accumulated absences are entirely attributable to Greater Manchester Police. The single entity accounts do not include an adjustment for employee benefits for reasons of materiality. The Greater Manchester Police accrual was material to their accounts and has therefore been included in the group figures.

37.10 Post-Employment Benefits – Pensions

Employees of the Group are members of three separate pension schemes. These are explained in more detail in the single entity accounts. Police Officers are covered by the Police Pension Scheme administered by XPS Administration on behalf of the Chief Constable. This scheme provides defined benefits to members (retirement lump sums and pensions) earned as a police officer.

37.11 The Police Pension Scheme

This scheme is a defined benefit scheme, the rules of which are set out in Police Pension Regulations. The scheme is wholly unfunded. No investment assets have been built up to meet liabilities and cash has to be generated from employee and employer contributions to meet actual pension payments as they fall due.

The Chief Constable as employer, and police officers as members, pay pension contributions based on a percentage of pensionable pay into the Police Pension Fund Account. Pension benefits are paid out of the Pension Fund Accounts.

The amounts payable into and out of the Pension Fund Account are specified by regulations. Any surplus or deficit on the Pension Fund Accounts must be transferred to or from the Combined Authority and ultimately repaid to or received from the Home Office.

Injury awards are not part of the pension scheme and are charged directly to the Comprehensive Income and Expenditure Statement. However, liabilities in respect of injury awards are disclosed as part of the overall pension liability.

Other than references to assets, this scheme is accounted for in the same way as the Local Government Pension Scheme.

38a 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.



38b Note to the Group Expenditure and Funding Analysis



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

39 Group Adjustments between Accounting Basis and Funding Basis under Regulations

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



40 Transfers (to)/from Group Earmarked Reserves

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Earmarked Reserves and Balances** | **31 March 2020** | **Transfers (in)/out** | **31 March 2021** | **Transfers (in)/out** | **31 March 2022** |
|  | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** |
| **Transport, Economic Development and Regeneration & Waste** |  |  |  |  |  |
| Earnback Revenue | **(10,040)** | (12,320) | **(22,359)** | (7,070) | **(29,429)** |
| Life Chances | **(4,715)** | 0 | **(4,715)** | 915 | **(3,800)** |
| Clean Air Plan | **(14,261)** | 11,341 | **(2,920)** | (9,716) | **(12,637)** |
| Capability Fund | **0** | 0 | **0** | (2,610) | **(2,610)** |
| Youth Contract | **(2,245)** | 377 | **(1,868)** | 88 | **(1,781)** |
| Growing Places Fund | **(1,554)** | 0 | **(1,554)** | 0 | **(1,554)** |
| National Waste Strategy | **0** | 0 | **0** | (2,500) | **(2,500)** |
| Business Rates Top Up | **(37,129)** | 1,646 | **(35,483)** | 4,223 | **(31,260)** |
| RGF/GPF Interest and Arrangement Fees | **(10,121)** | 1,229 | **(8,892)** | (598) | **(9,490)** |
| Churchgate House Accommodation | **(700)** | 0 | **(700)** | (2,067) | **(2,767)** |
| Adult Education Budget Devolution | **(3,024)** | (1,421) | **(4,445)** | (10,162) | **(14,607)** |
| Integrated Ticketing Reserve | **(12,500)** | 797 | **(11,703)** | 1,074 | **(10,629)** |
| Capital Programme Reserve | **(91,744)** | 2,853 | **(88,891)** | (11,707) | **(100,598)** |
| Business Rates Growth Pilot & Levy | **(87,978)** | 54,786 | **(33,192)** | (4,449) | **(37,641)** |
| HIF Interest and Arrangement Fees | **(7,921)** | (3,066) | **(10,987)** | (2,080) | **(13,067)** |
| Our Pass Reserve | **0** | (5,688) | **(5,688)** | 5,688 | **0** |
| A Bed Every Night | **0** | (2,000) | **(2,000)** | 0 | **(2,000)** |
| Brownfield Fund | **0** | (1,551) | **(1,551)** | 494 | **(1,057)** |
| Active Travel Fund | **0** | (2,759) | **(2,759)** | 410 | **(2,349)** |
| Other Transport and ED&R Reserves | **(11,498)** | 831 | **(10,668)** | (2,492) | **(13,160)** |
| Waste Disposal Insurance Reserve | **(12,694)** | 0 | **(12,694)** | 0 | **(12,694)** |
| Waste Interest Rate Reserve | **(2,000)** | 0 | **(2,000)** | 0 | **(2,000)** |
| Waste Pension Deficit Funding Reserve | **(812)** | 0 | **(812)** | 0 | **(812)** |
| Waste MTFP Funding Reserve | **(17,550)** | 5,664 | **(11,886)** | (23,112) | **(34,998)** |
| Waste Optimisation and Efficiency | **(5,000)** | 5,000 | **0** | (6,000) | **(6,000)** |
| Waste Composition Analysis | **0** | 0 | **0** | (1,000) | **(1,000)** |
| Waste Lifecycle Reserve | **(3,911)** | 0 | **(3,911)** | (1,811) | **(5,722)** |
| Revenue Grants Unapplied Reserve - TfGM | **(314)** | 0 | **(314)** | 0 | **(314)** |
| Property Reserve - TfGM | **(11,584)** | 321 | **(11,263)** | 364 | **(10,899)** |
| Metrolink Reserve - TfGM | **(2,093)** | (303) | **(2,396)** | 0 | **(2,396)** |
| Joint Road Safety Group Reserve - TfGM | **(4,293)** | (909) | **(5,202)** | (1,405) | **(6,607)** |
| Concessionary Fares Reserve - TfGM | **(7,989)** | 0 | **(7,989)** | (8,314) | **(16,303)** |
| Subsidised Bus - TfGM | **0** | 0 | **0** | (1,750) | **(1,750)** |
| NW Evergreen Holding Fund | **(67,982)** | (1,679) | **(69,661)** | 3,870 | **(65,792)** |
| Greater Manchester Fund of Funds | **(30,152)** | 592 | **(29,560)** | 204 | **(29,356)** |
| **Total Earmarked Reserves** | **(461,804)** | **53,738** | **(408,064)** | **(81,514)** | **(489,579)** |
|  |  |  |  |  |  |
| Transport and ED&R General Fund Balances | **(5,330)** | 0 | **(5,330)** | (28) | **(5,358)** |
| Waste General Fund Balance | **(12,132)** | 0 | **(12,132)** | 0 | **(12,132)** |
| TFGM General Balances | **(10,320)** | (27) | **(10,351)** | (224) | **(10,575)** |
| **Total General Fund Balances** | **(27,782)** | **(27)** | **(27,813)** | **(252)** | **(28,065)** |
|  |  |  |  |  |  |
| Usable Capital Receipts Reserve | **(82,724)** | 28,459 | **(54,265)** | (14,307) | **(68,572)** |
| Capital Grants Unapplied Reserve | **0** | (24,987) | **(24,987)** | (10,367) | **(35,354)** |
| Capital Grants Unapplied Reserve - TfGM | **(538)** | (112) | **(650)** | (237) | **(887)** |
| **Total Transport, ED&R and Waste Reserves** | **(572,849)** | **57,071** | **(515,780)** | **(106,676)** | **(622,457)** |

40 Transfers (to)/from Group Earmarked Reserves (Continued)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Earmarked Reserves and Balances** | **31 March 2020** | **Transfers (in)/out** | **31 March 2021** | **Transfers (in)/out** | **31 March 2022** |
|  | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** |
| **Mayoral General Fund** |  |  |  |  |  |
| Capital Reserve | **(4,676)** | (5,924) | **(10,600)** | 1,026 | **(9,575)** |
| Earmarked Budgets Reserve | **(2,460)** | (726) | **(3,186)** | (3,392) | **(6,578)** |
| Revenue Grants Unapplied | **(4,775)** | (7,688) | **(12,463)** | 3,850 | **(8,612)** |
| Insurance Reserve | **(2,849)** | 0 | **(2,849)** | (0) | **(2,849)** |
| Business Rates Reserve | **(2,093)** | 488 | **(1,605)** | 191 | **(1,414)** |
| Restructuring Reserve | **(418)** | 0 | **(418)** | (0) | **(418)** |
| Innovation and Partnership CYP | **(127)** | 0 | **(127)** | (0) | **(127)** |
| Transformation Fund | **(3,604)** | 0 | **(3,604)** | 0 | **(3,604)** |
| **Total Earmarked Reserves** | **(21,002)** | **(13,850)** | **(34,852)** | **1,675** | **(33,177)** |
|  |  |  |  |  |  |
| Mayoral General Fund Balances | **(11,615)** | (477) | **(12,092)** | 0 | **(12,092)** |
| Capital Grants Unapplied Reserve | **0** | (2,050) | **(2,050)** | 1,751 | **(299)** |
| **Total Mayoral General Fund Reserves** | **(32,617)** | **(16,377)** | **(48,994)** | **3,426** | **(45,569)** |
|  |  |  |  |  |  |
| **Earmarked Reserves and Balances** | **31 March 2020** | **Transfers (in)/out** | **31 March 2021** | **Transfers (in)/out** | **31 March 2022** |
|  | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** |
| **Mayoral Police Fund** |  |  |  |  |  |
| Revenue Expenditure Reserve | **(15,170)** | 3,848 | **(11,322)** | (11,759) | **(23,081)** |
| Insurance Reserve | **(15,881)** | 648 | **(15,232)** | 2,684 | **(12,548)** |
| PCC Earmarked Reserves | **(27,693)** | (20,299) | **(47,992)** | 3,033 | **(44,959)** |
| PFI Reserve | **(11,227)** | 621 | **(10,606)** | 726 | **(9,880)** |
| **Total Earmarked Reserves** | **(69,971)** | **(15,182)** | **(85,152)** | **(5,315)** | **(90,468)** |
|  |  |  |  |  |  |
| Mayoral Police Fund Balances | **(15,375)** | (23) | **(15,398)** | 2 | **(15,395)** |
| **Total Mayoral Police Fund** | **(85,346)** | **(15,204)** | **(100,550)** | **(5,313)** | **(105,863)** |
|  |  |  |  |  |  |
| **Earmarked Reserves and Balances** | **31 March 2020** | **Transfers (in)/out** | **31 March 2021** | **Transfers (in)/out** | **31 March 2022** |
|  | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** |
| **Combined** |  |  |  |  |  |
| Earmarked Reserves | **(552,775)** | 24,706 | **(528,068)** | (85,156) | **(613,224)** |
| General Fund Balances | **(54,777)** | (527) | **(55,303)** | (250) | **(55,554)** |
| Usable Capital Receipts Reserve | **(82,724)** | 28,459 | **(54,265)** | (14,308) | **(68,573)** |
| Capital Grants Unapplied Reserve | **(538)** | (27,149) | **(27,687)** | (8,853) | **(36,540)** |
| **Total Usable Reserves** | **(690,814)** | **25,490** | **(665,323)** | **(108,568)** | **(773,893)** |

41 Purpose of Group Earmarked Reserves

The purpose of the Authority’s earmarked reserves is set out in the notes to the single entity accounts. The purpose of other group reserves is set out below:

Transport for Greater Manchester Reserves

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

NW Evergreen Holdings Reserve

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

Fund of Funds Reserve

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

42 Group Nature of Income and Expenditure

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



43 Group Financing and Investment Expenditure and Income





44 Group Taxation and Non-Specific Grant Income



45 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.



46 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:



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.





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:



47 Group Capital and Lease Commitments



The key commitments for 2021/22 are in relation to the Transport for Greater Manchester and the following projects:

* Stockport Interchange / Mixed Use Scheme £87.1m (2020/21: £1.2m). This is in respect of the construction of a new interchange inclusive of a park podium, link bridge and residential apartments; and
* Metrolink Capacity Improvement Programme (MCIP) £18.9m (2020/21: £16.8m). This project relates to the purchase of 27 additional trams and associated infrastructure.



48 Group Property, Plant and Equipment

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





**Movements on balances**

In accordance with the temporary relief offered by the Update to the Code of Practice on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information in the Single Entity accounts as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

TfGM did not adopt the temporary relief in their accounts and show the gross cost and accumulated depreciation for infrastructure assets in full within the Property, Plant and Equipment note. Therefore consolidation adjustments have been made in the Group Accounts to adopt a consistent approach and the infrastructure column has been removed from the TfGM Property, Plant and Equipment note as if they had adopted the temporary relief. The net book value and in-year movements for infrastructure at group level are disclosed in the table below.



Balance Sheet Reconciling note:



The authority has determined in accordance with the England amendment of the Local Authorities Capital Finance and Accounting Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

48 Group Property, Plant and Equipment Valuations

Details relating to GMCA property, plant and equipment are provided in note 20 to the single entity financial statements.

Within the Group, TfGM carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The current values for these properties have been based on existing use values and these were re-valued as at 31 March 2022.

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

In estimating the fair value of TfGM’s surplus properties, the highest and best use of the properties is their current use. These were revalued in 2021/22, however due to the value of the properties and the minimal movements the changes in valuations have not been updated in the financial statements.

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

COVID-19 has impacted global financial markets and has led to an unprecedented set of circumstances on which the valuations have been based due to the restrictions imposed. Due to the unknown future impact that COVID-19 will have on the real estate market, the valuations will be kept under regular review. The latest valuation was undertaken 31 March 2022 and there was no material impact on the accounts.



49 Group Intangible Assets

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

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

|  |  |
| --- | --- |
| Assets attributable to the Fire and Rescue Service | 3 to 10 years |
| Assets attributable to the Policing Service | 5 years |
| Assets attributable to the Waste Disposal Service | 5 years |
| Assets attributable to TfGM | 3 to 5 years |

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

|  |  |
| --- | --- |
| **Amortisation** | **£000s** |
| Fire and Rescue Service | (56) |
| Policing Service | (4,485) |
| Waste Disposal Service | 0 |
| TfGM | (3,255) |
| **Total** | **(7,796)** |

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



There is one capitalised software suite that is individually material to the financial statements: The Information Services Transformation Programme had a gross carrying amount of £25.306m at 31 March 2022 and remaining amortisation period of 2.5 years.

Internally generated assets relate to TFGM and for 2021/22 relate to the Clean Air Plan and Bus Franchising Programmes.

50 Group Short and Long Term Debtors and Payments in Advance





Ageing Analysis of Trade Debtors



51 Group Cash and Cash Equivalents

|  |  |  |
| --- | --- | --- |
| **Restated 2020/21** | **Cash and Cash Equivalents** | **2021/22** |
| **£000s** |  | **£000s** |
| 35,738 | Bank current accounts | 11,821 |
| 89,377 | Bank call accounts | 13,361 |
| 565 | Cash held by the Authority | 562 |
| 50,012 | Cash - deposits for up to 3 months | 228,356 |
| **175,692** | **Total Cash and Cash Equivalents** | **254,101** |

52 Group Short Term Creditors



53 Group Short and Long Term Provisions

Provisions are established to meet liabilities or losses which are likely or certain to be incurred, but the amounts or timings are uncertain. Provisions provided as at 31 March 2022 relate to (a) capital works, (b) insurance excesses, (c) an onerous lease and (d) landcare provision.



1. Capital Works - Costs for works arising for land acquired in the ordinary course of delivering TfGM’s capital programme, where the amount of payment is uncertain.
2. Insurance Excess - Excesses on Public Liability claims, arising from minor accidents to the public, and Employers Liability claims for work related illnesses that were potentially incurred prior to the transfer of TfGM’s bus operations following the implementation of the Transport Act 1985.
3. Onerous lease - Future lease costs of a property held on a long-term lease by TfGM.
4. Landcare Provision - The GMWDA sold 18 sites to the private sector (Landcare (Manchester) Limited) in December 2012 in return for agreeing a fixed ten year contribution less potential income from part of any enhanced value (overage) from future development of the sites. The Landcare provision represents the maximum amounts that GMCA would have to pay each year, however as there is an overage clause if Landcare were to make money from one of the sites transferred to them, there is a mechanism to reduce the annual payment.

54 Group Unusable Reserves



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.



Pensions Reserve

This relates to the net pension asset as at 31 March 2022 in accordance with the actuary's report. Further details are shown in note 59.



Revaluation Reserve



Accumulated Absences Reserve



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.



55 Group Contingent Liabilities

Contingent Liabilities relating to GMP:

McCloud / Sargeant Compensation Claims

Claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons.

**Aarons and Ors**

Government Legal Department settled the injury to feelings claims for Aaron on behalf of Chief Officers without seeking any financial contributions. Pecuniary loss claims are due to be heard by the Employment Tribunal in December 2022. The settlement of the injury to feelings for Aarons sets a helpful precedent, and therefore no liability in respect of compensation claims is recognised in these accounts.

**Penningtons**

As at 31 March 2022, it is not possible to reliably estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

Contingent Liabilities relating to TfGM

A contingent liability exists in relation to a claim received from a third party for damages. There are ongoing court proceedings and liability is denied. Due to this, the final amount payable, if any, in relation to this claim is uncertain. The Directors of TfGM consider that the provision of additional information could be prejudicial to its position in resolving this matter.

56 Group Financial Instruments

Categories of Financial Instruments

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









Income, Expenses, Gains and Losses

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



Fair Value of Assets and Liabilities

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



The Authority holds £45.222m in equity investments:

£40.766m within the single entity accounts relates to a number of businesses that either previously held loans with the Authority and which have converted to equity investments or are a direct equity investment. These shares are not traded in active markets. The shares are valued based on level 2 - observable input data from the companies, such as latest filed accounts and management accounting reports. There have been no transfers between input levels or changes in valuation techniques during 2021/22 for this class of asset.

£4.449m of TfGM long-term investments evaluated based on level 3 – unobservable inputs for the asset or liability and included using a discounted cash flow value, based on analysis of the Gross Development Value, cost inputs and timing assumptions. This is a change from the previous input level 2 valuation technique in the prior year for this class of asset.

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

* The fair value of cash and cash equivalents (which includes other investments), short-term debtors and short-term creditors is taken to be their carrying amount as this is deemed to provide a reasonable approximation in accordance with the CIPFA Code of Practice.
* The fair value of long-term debtors within the single entity accounts has been evaluated and where these relate to loan advances greater than £3m, prevailing benchmark market rates have been applied to provide the fair value. All other long-term debtors are included at their carrying value.
* Fair value for deferred liabilities in the single entity accounts in relation to the historical Greater Manchester Loan Fund is held at cost as this debt is not tradeable in any principal or alternative market.
* Fair value for PFI schemes cannot be obtained as there is no comparable information available, and these have therefore been shown at cost.
* For loans from the PWLB, premature repayment rates from the PWLB have been applied to provide the fair value; by applying new loan rates their fair value would be £700.910m.
* For non-PWLB loans payable, premature repayment rates have been applied to provide the fair value; by applying new loan rates their fair value would be £1,052.066m.
* The valuation techniques used for PWLB and non-PWLB debt are level 2 –observable inputs. There have been no changes in valuation technique during the financial year.

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

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

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

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



57 Group Nature and Extent of Risks arising from Financial Instruments

The Authority’s risks are explained in note 30, this narrative covers the risk associated with TfGM, NWEH, FoFLP and GME2LP financial instruments.

Risk Factors

TfGM

TfGM has a credit risk management policy that establishes guidelines and processes for credit risk assessments conducted on customer accounts, via a licence to Companywatch. Assessments consider historic financial information and an overall financial health score based on cashflow, balance sheet liquidity, and income and expenditure analysis.

As at 31 March 2022, a substantial proportion of the total debtors relate to central government and local authority bodies which are deemed to be low credit risk.

The remaining £25.6m of debtors relate to other entities and individuals, including £8.5m trade debtors, of which 56% are past due, with 17% of these being in the more than 30 days past due category.

A prudent view is taken in respect of impairment of trade debtors.

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

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

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

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

NWEH, FoFLP and GME2LP (LPs)

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

Liquidity risk

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

Credit risk

Credit risk arises for the funds from both deposits with banks and credit exposures to borrowers.

The LPs’ credit risk in relation to bank deposits is minimised by following the GMCA’s Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch and Moody’s Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined in Note 30. All investments held as at 31 March 2022 were with the HM Treasury Debt Management Office, other local authorities or UK banks and building societies.

The Authority has not used any non-credit rated institutions (for instance smaller building societies or bank subsidiaries where the parent has a satisfactory rating).

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

Each investment is subject to approval by the investment funds’ board, in addition to CBRE’s investment board as Investment Adviser to the funds. These are predominantly senior loans and as such carry prudent loan to values secured on tangible real estate assets. CBRE, in its capacity as Investment Adviser and Operator, monitor the projects throughout the loan term, reporting progress to the board and providing recommendations as appropriate. No defaults have been suffered by the funds to date, and none of the loans as at 31 March 2022 were in default.

Capital management

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

Hedging Instruments

Neither TfGM, NWEH, FoFLP nor GME2LP hold any financial instruments that could be classified as hedging instruments.

58 Group Related Party Transactions

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

Transactions and balances between the Authority and its related parties are disclosed in note 31. Transactions between the Authority and those included within the group have been removed on consolidation.

TFGM

The following entities are consolidated within the GMCA group accounts; the Chief Constable of Greater Manchester, NW Evergreen Holdings Limited Partnership, Greater Manchester Evergreen 2 Limited Partnership and Greater Manchester Fund of Funds Limited Partnership. No transactions took place between TfGM and any of these entities.

Greater Manchester Accessible Transport Limited and Piccadilly Triangle Developments are subsidiaries of TFGM, see below for related party transactions.

Greater Manchester Accessible Transport Limited (GMATL)

Subsidiary of TFGM, related party by virtue of shared group



Piccadilly Triangle Developments LLP

Subsidiary of TFGM, related party by virtue of shared group. TfGM and Manchester City Council are partners in Piccadilly Triangle Developments LLP (PTD LLP). TfGM has a 50% share of PTD LLP. This partnership is for the development of an area of land in Manchester, which commenced in May 2005

|  |  |  |
| --- | --- | --- |
| **2020/21** | **Piccadilly Triangle Developments** | **2021/22** |
| **£000s** |  | **£000s** |
| 0 | Expenditure | 0 |
| 380 | Income | 298 |
| 97 | Debtors | 204 |
| 0 | Creditors | 0 |
| 0 | Borrowings | 0 |
| 477 | **Total** | 502 |

GMP

The following entities are consolidated within the GMCA group accounts; the Chief Constable of Greater Manchester, NW Evergreen Holdings Limited Partnership, Greater Manchester Evergreen 2 Limited Partnership and Greater Manchester Fund of Funds Limited Partnership. No transactions took place between GMP and any of these entities.

Senior Police officers and Senior Employees

Senior officers and staff were asked to declare any material, financial transactions with the Chief Constable by themselves, by their close family, or by any organisation in which they or their close family have a controlling interest.

During 2021/22 Odd Arts, a registered charity of which an Assistant Chief Constable is a Trustee, was awarded funding for £1,500 (3 were awarded in 2020/21 totalling £5,000). The charity works with young people in Greater Manchester who are at risk of getting involved in criminality. The Assistant Chief Constable did not take part in any discussion, decision or administration relating to the funding award.

A payment for 9 annual insurance levies totalling £23,850 was made to the Chief Police Officers Staff Association during 2021/22, of which an Assistant Chief Officer is a Director and Secretary. The organisation arranges the legal expenses insurance for Chief Police Officers and staff. The Assistant Chief Officer did not take part in any discussion, decision or administration relating to the payments. This was not a related party in 2020/21 because the Assistant Chief Officer was appointed in 2022.

59a Group Cash Flow Statement - Adjustments to Net Cash Flows from Operating Activities

The cash flows for operating activities include the following items:



59b Group Cash Flow Statement - Investing Activities



59c Group Cash Flow Statement - Financing Activities



59d Group Cash Flow Statement – Reconciliation of Liabilities Arising from Financing Activities





60 Group Defined Benefit Pension Schemes

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

**The Fire Service Pension Scheme and the Police Service Pension Scheme** for its uniformed firefighters and police officers – these are separate but similar unfunded schemes, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

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

McCloud / Sargeant Judgement

##### Firefighters and Police Officers schemes

Claims of age discrimination were brought in relation to the terms of transitional protection by groups of firefighters and members of the Judiciary in the McCloud/Sargeant legal case (referred to as "McCloud") and the Court of Appeal handed down its judgement on this claim on 20 December 2018, ruling that the transitional protection arrangements were discriminatory on the basis of age. As a result, the cost control element of the 2016 valuation was paused whilst the Government addressed the need to remedy this discrimination across all public service pension schemes. The cost cap mechanism for the 2016 valuation has since been un-paused and the calculations complete, with the outcome being no changes to benefits or contributions

Past service costs were included in the 2018/19 and 2019/20 accounts and the 2020/21 service cost allows for the higher expected cost of accrual under McCloud.

##### Local Government Scheme

As the Authority made an allowance for McCloud in 2019/20, no further adjustments have been made in 2020/21 or 2021/22. The previous allowance within the balance sheet has been rolled forward and included in the balance sheet. No additional adjustment for McCloud has been added to the current service cost for 2021/22.

Group Comprehensive Income and Expenditure Statement



Group Movement in Reserves Statement



Group Pensions Assets and Liabilities Recognised in the Balance Sheet



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



Reconciliation of movements in the fair value of the scheme assets



Local Government Pension Scheme assets comprised:



Assumptions



Sensitivity Analysis



61 Group Prior Period Restatements

Prior period values have been restated in the main statements and notes to the accounts so that 2020/21 is presented in a comparable way to 2021/22. The narrative and tables below explain the changes that have been made.

Transport for Greater Manchester

Restatements have been made due to a change in classification of TFGM consolidation adjustments relating to grant expenditure, revenue expenditure funded from capital under statute and capital financing applied in year.



Greater Manchester Evergreen 2 Limited Partnership

A new entity has been consolidated into the 2021/22 accounts that was excluded in 2020/21, on the basis that it was a sub-fund of NWEH which is already included in the consolidated accounts. However, limited company accounts legislation does not require the sub-fund to be consolidated into the holding company and NWEH prepare separate accounts for the GME2LP. The table below shows the impact to the 2020/21 accounts after a full sub-fund company consolidation exercise has been completed and restatements included for the prior year.



Cashflow

The Group Cashflow Statement and supporting Notes have been restated following a revised analysis approach adopted in 2021/22. The tables below include the restatements as a result of the Single Entity movements disclosed in Note 36 Prior Period Adjustments and the additional Group movements identified.

On consolidation of the new Group company, Greater Manchester Evergreen 2 Limited Partnership, £15.383m has been introduced within operating activities.

Other restatements are due to consolidation adjustments for TfGM intercompany debtor, creditor and provision movements, grants and contributions receivable and IAS19 pension adjustments.







62 Events After the Reporting Period

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

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

The Statement of Accounts was authorised for issue by the Treasurer on 9 November 2023. Events taking place after this date are not reflected in the financial statements or notes.

Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information as detailed below.

A full valuation of the Local Government Pension Scheme liabilities is carried out every three years. The latest full valuation of the scheme is at 31 March 2022, using membership data up to that date and was published in March 2023. Actuarial estimates have been revised based on the latest full valuation which has:

* reduced the 2021/22 Group Accounts pension liability and pension reserve by £75.372m.

Police Pension Fund

The Police Pension Scheme is unfunded. Both employer and employee pension contributions are based on a percentage of pay, which is paid into the Pension Fund. The amounts that must be paid into and out of the Pension Fund are specified by the Police Pension Fund Regulations 2007 and do not include injury awards.

### Police Pension Fund Account



### Net asset statement



### Contribution rates



### Notes to the Police Pension Fund Account and Net Assets Statement

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

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

Employer and employee contributions are paid into the Fund based on a percentage of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary Department. (See the contribution rates table above).

Benefits payable to scheme members are made from the Fund with the exception of injury awards, which are payable from revenue funds, as are administrative costs. Inward transfer values are paid into the Fund and outward transfer values are paid from the Fund.

The fund is balanced to zero each year. If income to the fund exceeds expenditure then the excess is paid to Greater Manchester Combined Authority. If expenditure exceeds income then Greater Manchester Combined Authority must fund the deficit. Greater Manchester Combined Authority pays any excess income to the Home Office and receives Police Pension Fund top up grant from the Home Office to fund any deficit.

The contributions receivable from the employer shown in the account are debited to the Chief Constable’s Comprehensive Income and Expenditure Statement. The additional contribution from Greater Manchester Combined Authority is debited in its accounts together with a matching grant from the Home Office.

The amount of Home Office grant outstanding at 31 March 2022 has been accrued and is shown in Greater Manchester Combined Authority’s Consolidated Balance Sheet.

The Fund’s financial statements do not take into account liabilities to pay pensions after 31 March 2022. Liabilities to pay future payments are included in the IAS19 charges and notes to the Financial Statements.

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

Glossary of Financial Terms

### Accounting Policies

Within the range of possible methods of accounting, a policy is a statement of the actual methods chosen locally and used to prepare these accounts.

### Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

### Actuarial Gains and Losses

This Re-measurement of the net defined benefit liability comprises actuarial gains and losses, the return on plan assets and any change in the effect of the asset ceiling. Actuarial gains and losses are changes in the present value of the defined benefit obligation arising from the effects of differences between the previous actuarial assumptions and what has occurred and the effects of changes in the actuarial assumptions

### Agency Services

Services that are performed by or for another authority or public body, where the authority responsible for the service reimburses the authority carrying out the work for the cost of that work.

### Amortisation

A charge to the comprehensive income and expenditure statement spread over a number of years.

### Assets

Items of worth that are measurable in terms of value. Current assets are ones that may change in value on a day-to-day basis (i.e. inventory). Non-current assets are assets that yield benefit to the Authority and Group for a period of more than one year (i.e. Metrolink trams).

### Assets Held for Sale

Assets which are being actively marketed and expected to sell within the next 12 months.

### Bad (and doubtful) debts

Debts/income which may be uneconomic to collect or un-enforceable.

### Balances

The reserves of the Authority and Group, which include the accumulated surplus of income over expenditure.

### Balance sheet

A statement of the recorded assets, liabilities and other balances at the end of an accounting period.

### Budget

A statement defining in financial terms the Authority's plans over a specified period. The budget is prepared as part of the process of setting the precept.

### Capital Adjustment Account

This provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital control system.

### Capital Expenditure

Expenditure on the acquisition or enhancement of property, plant and equipment that have a long-term value to the Authority and Group. This includes grants or advances paid to third parties to assist them in acquiring or enhancing their own property, plant and equipment.

### Capital Financing Costs

Each service is charged with an annual capital charge to reflect the cost of non-current assets used in the provision of services.

### Capital Financing Requirements

This measures the underlying need to borrow to finance capital expenditure.

### Capital Grants

Grants received towards capital expenditure either generally or for a particular project.

### Capital Grants Unapplied

Proceeds received from Government Grants, Other Grants and Contributions, which have not yet been used to finance capital expenditure.

### Capital Receipts

Money received from the sale of property, plant and equipment or repayment of a capital advance.

### Carrying Amount

The balance sheet value recorded of an asset or a liability.

### Cash and Cash Equivalents

This comprises cash in hand, cash overdrawn and short-term investments, which are readily convertible into known amounts of cash.

### CIPFA (The Chartered Institute of Public Finance and Accountancy)

CIPFA is the leading professional accountancy body for public services.

### Consolidated

Added together with adjustments to avoid double counting of income, expenditure or to avoid exaggeration.

### Contingent Assets

Sums due from individuals or organisations that may arise in the future but which cannot be determined in advance.

### Contingent Liabilities

Sums due to individuals or organisations that may arise in the future but which cannot be determined in advance.

### Creditors

Amounts owed by the Authority and Group for goods and services provided by the balance sheet date, where payment has not been made at that date.

### Current Assets

An asset where the value changes because the volume held varies from day to day, for example, stock. It is reasonable to expect that these assets will either be consumed or realised during the next accounting period.

### Current Liabilities

An amount which will become payable or could be called in within the next accounting period.

### Current Service Cost

The increase in present value of a defined benefit pension scheme’s liabilities expected to arise from employee service in the current financial year.

### Curtailments

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces the accrual of defined benefits for a number of employees for some or all of their future service.

### Debtors

Sums of money owed to the Authority and Group at the balance sheet date but not received at that date.

### Deferred Capital Receipts

Amounts derived from asset sales, which will be received in instalments over a period of years.

### Defined Benefit Pension Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

### Defined Benefit Contribution Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

### Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of property, plant and equipment.

### Remeasurement of the Net Defined Benefit Liability

Remeasurement of the Net Defined Benefit Liability (asset) comprises:

a) actuarial gains and losses

b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and

c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

### Expenditure

Amounts paid by the Authority and Group for goods received or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment - expenditure is deemed to have been incurred once the goods or services have been received even if they have not been paid for.

### External Audit

The independent examination of the activities and accounts of local authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Authority has made proper arrangements to secure value for money in its use of resources.

### Fair Value

The fair value of an asset is the price at which it could be exchanged in an arm’s length transaction.

### Fees and Charges

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

### Finance Lease

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

### Financial Instruments

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

### Historical Cost

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

### Impairment

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

### Income

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

### Infrastructure Assets

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

### Intangible Assets

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

### Interest Cost (Pensions)

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

### International Financial Reporting Standards (IFRS)

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

### Inventory

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

### Investment Properties

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

### Investments

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

### Liabilities

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

### Long-term Contracts

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

### Material

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

### Minimum Revenue Provision (MRP)

This is the amount that is charged to the Authority's Movement in Reserves Statement each year and set aside as a provision for credit liabilities.

### Net Book Value

The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current cost less the cumulative depreciation.

### Net Realisable Value

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

### Non-Current Assets

Assets which have value to the Authority for more than one year. These can be tangible (e.g. land, buildings, equipment) or intangible (e.g. Software or licences) assets.

### Non-Operational Assets

Non-current assets held by the Authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements pending sale or redevelopment.

### Business Rates

These are a levy on business properties based on a national rate in the pound applied to the ‘rateable value’ of the property. The Government determines that national rate poundage, local authorities collect the sums due, with distribution made in accordance with rules governing the business rates retention scheme.

### Operating Lease

A lease other than a finance lease.

### Past Service Cost

For a defined benefit pension scheme, the increase in present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

### Payments in Advance

Amounts actually paid in an accounting period prior to the period in which they are due

### Pension Funds

The Authority is required to set up a separate fund from the rest of its operation for transactions relating to firefighters’ and police pension arrangements. The funds are balanced to nil each year by the receipt of a pensions top-up grant from the Department for Communities and Local Government.

### Precept

An amount of money levied by one authority (the precepting authority) which is collected by another authority (the collecting authority) as part of the council tax. The Authority is the precepting authority and the GM Authorities are the collecting authorities.

### Prior Year Adjustments

Material adjustments to the accounts of earlier years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

### Private Finance Initiative (PFI)

A partnership between the private and public sectors that uses private sector financing to provide public sector assets. The partnership has to meet certain criteria to qualify for Central Government subsidy.

### Provisions

These are sums set aside to meet liabilities or losses that have been incurred but where the amount and/or timing of such costs are uncertain.

### Public Works Loan Board (PWLB)

A Government agency that lends money to local authorities. Local authorities are able to borrow some or all of their requirements to finance capital expenditure from this source.

### Receipts in Advance

Amounts actually received in an accounting period prior to the period in which they are due.

### Residual Value

The net realisable value of property, plant or equipment at the end of its useful life.

### Reserves

These are sums set aside to meet possible future costs where there is no certainty about whether or not these costs will be incurred.

### Revenue Contributions

The method of financing capital expenditure directly from revenue.

### Revenue Expenditure

Expenditure incurred on the day-to-day running of the Authority and Group. This mainly includes staff recharge costs, general running expenses and capital financing costs.

### Revenue Expenditure Funded from Capital Under Statute (REFCUS)

These are items of capital expenditure that do not result in, or remain matched by, the Authority’s property, plant and equipment.

### Settlement

An irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligations and the assets used to effect the settlement

### Unfunded Pension Scheme

This is one in which liabilities for pension benefits are charged to the employer's revenue account in the year in which they arise and are not financed from investments held. The Authority operates such a scheme for its firefighters.