



Annual Statement of Accounts

Year ended 31 March 2020

Subject to Audit

# Annual Statement of Accounts 2019/20

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## **Narrative Report by the Authority Treasurer**

Welcome to the Greater Manchester Combined Authority's (the Authority) Annual Statement of Accounts for 2019/20. The statements have been prepared in accordance with the requirements of the Accounting Code of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

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

- A full and understandable explanation of the overarching financial position of the Authority and the financial performance for the year 2019/20;
- Confidence that the public money with which the Authority has been entrusted has been used and accounted for in an appropriate manner;
- Assurance that the financial position of the Authority is sound and secure.

This narrative report provides information about the Authority, including the key issues affecting the Authority and its accounts. It also provides a summary of the financial position at 31 March 2020 and is structured as below:

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

### **How the Authority Performed in 2019/20**

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

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

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

Greater Manchester elected its first Mayor, Andy Burnham, in 2017 and together a blueprint for the future of the city-region was created – Our People Our Place, the

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

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

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

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

### **The Greater Manchester Local Industrial Strategy**

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

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

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

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

## **Growing the Economy**

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

The Greater Manchester Good Employment Charter, developed with employers, trade unions, professional bodies and others, is raising employment standards and tackling economic inequality through spreading more secure work and higher pay. It has now engaged over 200 employers with more than 200,000 employees in the city region.

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

The GM Investment Funds are used as a lever to deliver the Investment Strategy and focus on our strategic priorities in business, housing and commercial property. At the end of 2019/20, the GM Investment Funds included over £635m of funds under direct and indirect management. Projects to the value of £862m have been approved to date across the funds. The main elements of the Funds are:

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

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

HIF represents a cornerstone of GM's strategy to increase housing supply, and maintaining support for developers is considered strategically important to GM's recovery from the impact of the COVID-19 Pandemic. Alongside requests to government regarding the provision of further HIF, GMCA have approved a strategy to use other funding available to it in order to maintain and increase the Fund's investment capacity. All HIF investments are based on an

assessment of risk and are structured to mitigate GMCA's exposure to loss and supported with appropriate security. Where it is proposed to refinance existing commitments, this will be considered in light of an up to date risk assessment.

2. City Deal Receipts: In 2015 it was agreed that receipts realised by Homes England from the disposal of its land and property within Greater Manchester would be provided to GMCA to invest in support of the housing and regeneration objectives set out in the 2012 Greater Manchester City Deal. To date Homes England, which has to approve the investments made using City Deal Receipts, has provided £29m to the GMCA for investment, of which £2.9m has been used.
3. The Core Recycled Funds: The Core Recycled Funds originated from Regional Growth Fund (RGF) and Growing Places Fund (GPF) monies which have been recycled and are now reinvested into businesses and commercial property. As part of this overarching programme, the funds offered investments at commercial rates to businesses and organisations to fund schemes that boost local employment, improve people's skills and contribute to the region's economic growth. These funds have invested over £167m into more than 170 companies across Greater Manchester who are contracted to create and safeguard over 7,790 jobs.

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

4. Commercial property funds: the dedicated commercial property funds are managed by CBRE Ltd on behalf of the Authority and have supported the development of 700,000m<sup>2</sup> of commercial floor space and the redevelopment of over 50 hectares of Brownfield land. Developments in the year are expected to unlock over 20,000m<sup>2</sup> of industrial space.
5. Local Growth Fund (LGF): LGF monies are provided to Local Enterprise Partnerships for projects that benefit the local area and economy. Greater Manchester's LGF allocation is £493m and is administered jointly between the LEP and GMCA. The 2015-2020 programme has been allocated to approximately 60 projects including a mixture of Transport, Economic Development and Skills Capital (FE providers) projects. The fund is now fully committed and expected to leverage £210m match funding and create 6,250 jobs. To date £315m of LGF has been leveraged into projects, 908 jobs created and £184m of match spend secured.
6. Life Sciences Fund: The £30m Life Sciences Fund was established in 2016 in partnership with Cheshire East Council and Bruntwood to further develop the Alderley Park site and support life sciences businesses across the city region. As at 31 March 2020, the Fund had committed £18.4m into 29 businesses and has created 193.5 jobs from those investments. The overall target for the Fund is to create/safeguard 370 jobs over 15 years and the investments to date show good progress against this target.

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

## **Business Support and Innovation**

Greater Manchester has an economy worth over £64bn and around 125,000 businesses, with a diverse business base and a number of world leading industries from health innovation to digital industries, to engineering and financial services along with the large cultural and creative cluster outside London.

### *Business Growth Hub*

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

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

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

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

- Growth Company Business Finance are administering financial support provided by the LEP/GMCA to businesses and have been on the forefront as an accredited Coronavirus Business Interruption Scheme (CBILS) provider with additional local funding made available.
- COVID-19 website - a dedicated COVID-19 landing page launched in early March to provide information to businesses on the support available and how to access. There have been more than 154,000 unique visitors to the Growth Hub website and the Coronavirus pages have seen over 70,000 unique visits to date.
- #HereForBusiness Campaign launched on 30th March, as an extension/revamp of the COVID-19 specific business support already being delivered. Just under 27,000 individuals have been reached with content being displayed almost 533,238 times since the launch of the campaign.
- Webinars, the first of which was held on 1 April and was attended by 1000 participants. Its objective was to raise the profile of the financial/practical

support available and to hear directly from businesses on the issues being faced.

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

### *Digital City Region*

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

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

Greater Manchester is implementing the largest Local Full Fibre Networks programme in the UK connecting over 1,300 public sector premises with 450km of full fibre which is expected to lead to 25% of the city region's premises having full fibre connections within three years. In addition, work is in progress with all 5G mobile operators to accelerate roll out of next generation 5G mobile technologies.

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

### *Green City Region*

At the Green Summit, held in March 2019, the city region launched a five year Environment Plan and confirmed its target to become carbon neutral by 2038. The aim is for Greater Manchester to be a clean, carbon neutral, climate resilient city-region with a thriving natural environment and circular, zero-waste economy. Over the course of the year GMCA and all 10 Local Authority Districts have declared a Climate Emergency.

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

The existing Warm Homes Fund concluded this year after accessing £2.6m of investment in 2018/19, to provide first time central heating systems to 500 fuel poor



homes. This delivery has secured a successor scheme, delivered by a partner, which could bring in the same level of investment between now and the end of 2021.

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

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

## **Skills and Employment**

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

### *Adult Education*

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

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

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

*Small and Medium Enterprise*

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

*Public Sector Apprenticeships*

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

*Removing Barriers*

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

*ESF Skills for Growth*

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

*Employment Support*

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

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

As part of GM's wider transformation programme linked to employment and health, the Authority and the GM Health and Social Care Partnership developed and commissioned a new Working Well Early Help programme. This went live in March 2019, will run for 36 months and support a total of 11,000 GM residents. This programme will design and test an early intervention system available for GM residents in work who become ill and risk falling out of the labour market, or are newly unemployed due to health issues or disability, in order to enable a more rapid and sustainable return to the labour market.

### *COVID-19 Pandemic*

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

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

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

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

## GMCA Work and Skills – Action Taken so far during COVID-19

### Young People – The Youth Guarantee

- ✓ Began work on a Youth Guarantee
- ✓ GM Technology Fund set up investing £150,000 in 500 kit bundles for disadvantaged and digitally excluded learners
- ✓ Created 'Go Digital at Home' website for digital learning at home
- ✓ Launched Oldham Tech Ed website and maps
- ✓ Routes Ready T level Curriculum Groups continued to meet to share best practice and ensure GM is ready for T Levels
- ✓ Agreed Advanced Skills Capital grants to support Colleges and Universities to continue to build
- ✓ Announced Skills Capital R3 projects, totalling £1.78m
- ✓ Secured additional funding for Bridge GM ensuring a legacy beyond 2021
- ✓ Organised over 10 virtual CPD sessions with over 50 participants in one session attending
- ✓ 120 schools and colleges onboarded on to GMACS
- ✓ Developed GMCAS chat function to further support young people
- ✓ 6000 young people accessing GMACS



### Apprentices - Apprenticeship Ready Programme



- ✓ £300k funding agreed for at least 70 new apprenticeship opportunities for people from under-represented groups through the Removing Barriers to Apprenticeships Programme
- ✓ 75 bikes given to key worker apprentices to support journeys to work
- ✓ Testing began on a directory to support apprentices that have been made redundant in to new roles
- ✓ Extended SEDA project to support a further 200 businesses with their skills and recovery plans, with 177 workforce development plans created with SME's since lockdown leading to 56 apprenticeship starts
- ✓ Facilitated 52 more apprenticeship starts since the beginning of April through extending the Levy Matchmaking Service
- ✓ Delivered on line sessions to young people and created content and case studies for websites through Apprentice Ambassadors
- ✓ Agreed plans to bring #SeeDifferent and GMACS closer together
- ✓ Began planning for a Virtual Apprenticeship Week around Results Days with GMACS and #SeeDifferent teams
- ✓ Development started for an online induction for all public sector apprentices



### Furloughed - Furloughed to Employment

- ✓ Developed EmployGM to support individuals to find employment & training
- ✓ Targeted Working Well Early Help at furloughed SME employees
- ✓ Launched Enterprising You to support at-risk self-employed/gig workers
- ✓ Developed short retraining programmes for those at risk of redundancy as a result of Covid19 in to more secure jobs using AEB funding
- ✓ Amended AEB funding rules so furloughed workers in receipt of low wage can access fully funded adult skills provision



## GMCA Work and Skills – Action Taken so far during COVID-19

### Newly Unemployed - Rapid Returns to Employment



- ✓ Skills Pathway programmes set up giving opportunities for up to 1000 unemployed residents to gain employment in key worker roles through AEB
- ✓ Significantly increased volumes of newly unemployed able to be supported through Working Well Early Help

### Longer-Term Unemployed – Tackling inequalities



- ✓ Flexed Working Well Work & Health Programme to deliver:
  - 85,000 point of contacts during COVID-19, supporting over 5000 people
  - iWorks digital portal to promote progression in to work
  - Laptops/IT kit to participants for home-working
  - self-referral pathway after seeing drop in traditional JCP referrals
  - Increased specialised mental health support during lockdown
- ✓ Developed a £13m Working Well 'Lite' service with DWP to support around 13,000 unemployed residents, running from October 2020 to March 2022
- ✓ £2.5 million Local Authority Grant Scheme launched to support removing barriers for residents to access adult education; increase digital inclusion including digital kit; and access to ESOL
- ✓ Extended AEB Funding Rules to fully fund adult skills provision for unemployed and economically inactive residents
- ✓ Amended over 100 Contracts to give additional financial security to providers
- ✓ Launched a pilot to support Over-50s into Employment with Centre for Ageing Better, DWP and LAs
- ✓ Developed the Flexible Procurement Framework to launch in August to enable more agile and efficient commissioning

### Retraining and Reskilling – to Progress



- ✓ Safe Returns to Work Programme set up through AEB funding to equip up to 1600 residents to get back to work safely
- ✓ Launched Fast Track Digital Workforce Fund with 14 projects currently live supporting 600 residents from underrepresented groups and local businesses to address skills gaps and enter well-paid creative, digital & tech roles
- ✓ Growth funding approved for AEB providers to support residents to upskill in LIS sectors such as Advanced Manufacturing, Digital, and Health and Social Care
- ✓ Flexed AEB funding to support residents to access digital kit or other tools to improve accessibility to learning eg. sewing machines
- ✓ Developed and launched the new GMCA Labour Market Intelligence Team
- ✓ Launched a £7m tendering process for Skills for Growth that will support 3000 SME's and 15,000 individuals



## Housing

Following consultation in early 2019, during 2019/20 the Greater Manchester Plan for Homes, Jobs and the Environment (GM Spatial Framework) has been produced which sets up how GM should develop up until 2037. The GM Spatial Framework focuses on Greater Manchester's ambition to bring forward Brownfield Land, reduce the net loss of Green Belt and provide stronger protection for our important environmental assets. It enables Greater Manchester to meet its Local Housing Need with a target of 50,000 additional affordable homes, promotes a new approach to town centres, supports wider strategies around clean air, walking and cycling and underpins the ambition to be a carbon neutral city-region by 2038.

### *Tackling homelessness*

Tackling homelessness and rough sleeping have continued to be key priorities and policy objectives in 2019/20. During the year, the GM Strategy endorsed the goal to end the need for rough sleeping in Greater Manchester by 2020 and a considerable range of activity has been undertaken to take decisive steps towards this.

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

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

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

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

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

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

### **Public Service Reform**

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

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

### **Troubled Families**

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

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

### **Reform Investment**

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

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

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

Following the receipt of £7m funding from Department for Education, each of the ten GM districts have been given £0.5m to deliver a range of outcomes and a proportion of funding has been used to establish a programme office that will support the delivery of the GM Children's Plan which was launched during 2019/20 is being overseen by the GM Children's Board.

## **Age Friendly Greater Manchester**

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

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

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

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

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

## **Police and Crime - Safer and Stronger Communities**

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

Greater Manchester is committed to building safer and stronger communities where every community and person in Greater Manchester feels safe and secure in their daily lives. The Greater Manchester Mayor fulfils the role of Police and Crime Commissioner. Launched in March 2018, this ambition is echoed in 'Standing Together', the Greater Manchester Police and Crime plan. The plan sets out our vision for a strong, safe, resilient Greater Manchester standing together and working as one to keep people safe and protect and support the most vulnerable in our society. The three-year strategy focuses on three main priorities of keeping people safe; reducing harm and offending; and strengthening communities and places. More than 3,500

people responded during the consultation process, with 80% saying the priorities set the right tone for the coming years.

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

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

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

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

The Deputy Mayor works closely with district Community Safety Partnerships. In 2019/20, over £4m was delegated to Community Safety Partnerships to support delivery of 'Standing Together' collectively making our communities safer and more resilient. Part of this funding was ring fenced for supporting communities to contribute to reducing crime and anti-social behaviour in the areas where they live. This meant that more than 70 community groups across Greater Manchester have received funding through their local community safety partnerships and their work has been invaluable to tackling local priorities.

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

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



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

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

## **Greater Manchester Fire and Rescue Service**

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

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

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

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

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

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

*Operational Performance in 2019/20*

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

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

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

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

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

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

*COVID-19*

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

The table below summarises the GMFRS position:

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

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

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

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

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

## **Highways and Transport Services**

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

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

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

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

### *Contactless launch*

In July 2019 TfGM launched contactless payment on Metrolink. Contactless removes the need to buy a paper ticket or download an app, with passengers simply required

to use their contactless enabled devices, such as bank cards, phones and watches, to 'touch-in' and 'touch-out' at tram stops at the start and end of their journey, with the system working out their fare, up to a daily cap.

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

#### *Wayfinding pilot*

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

#### *Our Pass*

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

#### *Improved Customer Digital Services*

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

#### *GM Clean Air Plan conversation*

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

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

### *Flexible working campaign*

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

### *The Bee Network*

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

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

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

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

### *Integrating the Operations*

#### Prospectus for Rail:

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

#### Consultation on a proposed bus franchising scheme:

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

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

#### Trafford Park Line Opening:

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

#### Expanding Park and Ride:

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

#### *Asset Management Information System*

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

#### *COVID-19 Pandemic*

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

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

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

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

To date the costs of this work have been funded from a combination of Transport Reserves and Earnback funding. The Budget report presented to GMCA in February 2020 noted a potential investment of £10m in 2020/21 to support the development

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

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

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

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

### Greater Manchester Local Enterprise Partnership (LEP)

The Authority acts as the accountable body for the Greater Manchester LEP, with funds such as, Growth Deal, LEP Capacity and Business Growth Hub being awarded to it. The tables below show Income and Expenditure activity within 2019/20, along with funds held in reserves on behalf of the LEP.

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

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

## **Devolution and the impact on the Authority in 2019/20**

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

### *Waste Disposal*

The functions of the Greater Manchester Waste Disposal Authority (GMWDA) that are exercisable in relation to the area of the Authority excluding the Borough of Wigan were transferred by Parliamentary Order to the Authority with effect from 1 April 2018. Under the Order, all functions and decisions relating to such properties, rights and liabilities are now exercised and made by the Authority and are reflected in the General Fund.

The closing balance sheet of GMWDA was brought into the Authority's 2018/19 balance sheet as an in year transfer using the absorption accounting policy. The Authority's prior year comparative values will not be restated to include the GMWDA 2017/18 values. For 2019/20 the Waste Income and Expenditure and Balance Sheet forms part of the Single Entity accounts.

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

### *Adult Education*

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

### *Housing Investment Fund*

The Greater Manchester Housing Investment Fund (HIF) has been designed to accelerate and unlock housing schemes and support the growth ambitions for new homes across GM. The HIF novated from Manchester City Council during 2018/19.

### *Mayoral Development Corporations*

The Mayor's power to establish Mayoral Development Corporations (MDC) were conferred in April 2017. In September 2018 the GMCA agreed in principle to support the creation of a MDC in Stockport to support regeneration in the area. During 2019/20 the Stockport Town Centre West Mayoral Development Corporation Strategic Business Plan 2020-25 was developed and approved by the GMCA in June 2020.

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

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

With the Parliamentary order, which transferred the Police and Crime Commissioner's powers to the Mayor, the Mayor is required under S21 of the Police Reform and Social Responsibility Act 2011 to keep a fund known as the Police Fund. The Authority is the



legal entity, which is responsible for administering the Police Fund and executing the Mayor's decisions in his role as Police and Crime Commissioner. To fulfil these statutory requirements the Chief Constable's Accounts are consolidated into the Group Accounts of the Authority and a memorandum account is included for the Mayoral Police Fund in the Authority's Single Entity Statements.

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

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

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

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

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

### Revenue Outturn 2019/20

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

The table below details the outturn against budget for the 2019/20 financial year:

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

## **Capital Programme and Financing 2019/20**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Treasury Management Performance in 2019/20**

### **Borrowing and Borrowing Limits**

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

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

Total borrowings show a net decrease during the year of £13.7m. Borrowings increased due to the transfer of Homes England debt from Manchester City Council

and increases in temporary borrowings were offset by scheduled repayments to PWLB and EIB and other accounting adjustments.

### Short Term Investments for Treasury Management Purposes

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

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

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

### Outlook for the future – financial landscape.

#### *Mayor's General Services*

The latest Local Government Settlement represents the last year of the four-year funding agreed with MHCLG; no further details were provided beyond 2020/21 and consultation is due to commence for future funding arrangements. HMG is carrying out the Fair Funding Review consultation on local authorities' relative needs and resources, seeking to address concerns that the current formula is unfair, out of date and overly complex. Fire is one of seven service-specific funding formulas subject to review.

For 2020/21 the Mayor proposed a precept of £90.95 (Band D) which included the previous level of precept which was £76.95. The increase of £14 was to provide budget support to the Fire and Rescue Service which would receive £66.20 of the precept and other Mayoral General Functions which would receive £24.75. In addition the Mayor receives income from Business Rates, both a share of the income collected by District Councils and a 'top up' grant, is received. As the Authority is part of the 100% Business Rates Pilot, the previous receipt of Revenue Support Grant was replaced by equivalent baseline funding through an increased Business Rates top up.

#### *GMCA Services*

Highways and Transport, Economic Development and Regeneration and Waste Disposal Services are all funded through a mixture of Levies and Contributions from the GM Districts alongside specific grant funding from Government Departments. The ten District Councils of Greater Manchester continue to face uncertain financial prospects due to the COVID-19 Pandemic and Fair Funding Review and this will continue to impact on and influence the levels of the Contributions and Waste and Transport Levies which are funded from the District's General Fund Budgets.

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

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

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

#### *Mayor's Police and Crime Services*

In recent years, the settlement for the police grant has been made on an annual basis, which makes planning in the medium term challenging. There have been numerous attempts to review the police funding formula however; this is now not expected until at least 2021/22. The main reason why a review is significant to Greater Manchester is the gearing ratio, which is the proportion of total funding received via grant funding. For Greater Manchester the police grant makes up 76% of the total funding available for policing, this compares to a national average of 62%, with individual forces ranging from 40% to 78%. In practical terms, this means that reductions in central funding have hit Greater Manchester Police harder than the majority of other police forces. Conversely, if a future funding formula recognises the complexity of policing in Greater Manchester, funding could increase.

### **What is in the Statements of Accounts?**

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

### **Statement of Responsibilities for the Statement of Accounts**

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

### **Movement in Reserves Statement (MIRS)**

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

### **Comprehensive Income and Expenditure Statement (CIES)**

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



## **Balance Sheet (BS)**

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

## **Cash Flow Statement**

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

## **Expenditure and Funding Analysis**

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

## **Accounting Policies and Concepts**

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

## **Notes to the Financial Statements**

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

## **Events after the reporting period and authorised for issue date**

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

## **Supplementary Statements:**

### *Police Pension Fund Account*

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

### *Firefighters Pension Fund Account*

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

### *The Police Fund Statement*

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

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

### *The Mayoral General Fund Statement*

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

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

Other Mayoral functions include transport strategy and spatial development strategy.

## **Group Accounts**

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

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

## **Glossary of financial terms**

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



**Steve Wilson**

**Greater Manchester Combined Authority Treasurer**

## **Statement of Responsibilities for the Statement of Accounts**

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

### **Further Information**

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

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

This and previous year's Annual Statement of Accounts can be viewed on the Greater Manchester Combined Authority's website: [www.greatermanchester-ca.gov.uk](http://www.greatermanchester-ca.gov.uk)

### **The Authority's Responsibilities**

The Authority is required to:

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

### **The Treasurer's Responsibilities**

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

In preparing this Statement of Accounts, the Treasurer has:

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

**The Treasurer has also:**

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

I certify that these unaudited Statement of Accounts give a true and fair view of the financial position of the Authority as at 31 March 2020 and of its income and expenditure for the year ended 31 March 2020.

A handwritten signature in black ink, appearing to read 'Steve Wilson', with a large initial 'S' and 'W'.

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

# **Greater Manchester Combined Authority**

## **Single Entity Accounts**

## **Core Financial Statements**

**Comprehensive Income and Expenditure Statement**

**Movement in Reserves Statement**

**Balance Sheet**

**Cash Flow Statement**

**Notes to the Core Statements including Accounting Concepts  
and Policies**

## Comprehensive Income and Expenditure Statement

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

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



**Steve Wilson**  
Greater Manchester Combined Authority Treasurer

**Date: 28 August 2020**

## Movement in Reserves Statement

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

	General Fund Balances	Capital Grants Unapplied Reserve	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Balance as at 31 March 2018</b>	<b>(272,290)</b>	<b>(1,209)</b>	<b>(25,507)</b>	<b>(299,006)</b>	<b>2,664,160</b>	<b>2,365,154</b>
<b>Transferred Services Balances as at 1 April 2018</b>						
Balances transferred from GM Waste Disposal Authority	(149,610)	0	0	(149,610)	516,867	367,257
<b>Balance as at 1 April 2018</b>	<b>(421,900)</b>	<b>(1,209)</b>	<b>(25,507)</b>	<b>(448,616)</b>	<b>3,181,027</b>	<b>2,732,411</b>
<b>Movement in Reserves during 2018/19</b>						
(Surplus) or deficit on the provision of services	80,170	0	0	80,170	0	80,170
Total Comprehensive Income and Expenditure	0	0	0	0	18,908	18,908
Total Adjustments between accounting basis & funding basis under regulations	(117,343)	1,209	(15,661)	(131,796)	131,796	0
Transfers to or from Earmarked Reserves	0	0	0	0	0	0
<b>(Increase) / decrease in year</b>	<b>(37,174)</b>	<b>1,209</b>	<b>(15,661)</b>	<b>(51,626)</b>	<b>150,704</b>	<b>99,078</b>
<b>Balance as at 31 March 2019</b>	<b>(459,073)</b>	<b>0</b>	<b>(41,169)</b>	<b>(500,242)</b>	<b>3,331,731</b>	<b>2,831,489</b>
<b>Movement in Reserves during 2019/20</b>						
(Surplus) or deficit on the provision of services	18,523	0	0	18,523	0	18,523
Total Comprehensive Income and Expenditure	0	0	0	0	(158,739)	(158,739)
Total Adjustments between accounting basis & funding basis under regulations	(32,270)	0	(41,555)	(73,825)	73,825	0
Transfers to or from Earmarked Reserves	0	0	0	0	0	0
<b>(Increase) / decrease in year</b>	<b>(13,747)</b>	<b>0</b>	<b>(41,555)</b>	<b>(55,302)</b>	<b>(84,914)</b>	<b>(140,216)</b>
<b>Balance as at 31 March 2020</b>	<b>(472,820)</b>	<b>0</b>	<b>(82,724)</b>	<b>(555,545)</b>	<b>3,246,818</b>	<b>2,691,273</b>

## Balance Sheet

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

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



**Steve Wilson**

**Greater Manchester Combined Authority Treasurer**

**Date: 28 August 2020**



## Cash Flow Statement

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

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

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

# **Greater Manchester Combined Authority**

## **Single Entity Accounts**

## **Notes to the Core Financial Statements**

## Notes to the Core Financial Statements

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## **1 Accounting Concepts and Policies**

### **General Principles**

The Statement of Accounts summarises the Authority's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. These regulations require the Accounts to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Local Government Act 2003.

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

### **Accounting Concepts**

#### **Going concern**

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

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

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

### **Accounting Policies**

#### **Accruals of Income and Expenditure**

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

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

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

### **Cash and Cash Equivalents**

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

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

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

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

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

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

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

### **Charges to Revenue for Non-Current Assets**

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

- Depreciation attributable to the assets used by the relevant service;

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

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

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

### **Termination Benefits**

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

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

### **Post-Employment Benefits – Pensions**

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

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

### **The Fire Service Pension Scheme**

This is an unfunded scheme, which is administered by the Authority in accordance with Government Regulations. For such schemes as there are no investment assets,

IAS19 requires recognition of the liability and pension reserve in the Balance Sheet and transactions in the Comprehensive Income and Expenditure Account for movements in the liability and reserve. The primary objective is to allow the separation of the cost of providing pensions from the cost of running a fire and rescue service.

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

### **The Police Pension Scheme**

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

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

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

### **Local Government Pension Scheme**

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

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

### **Property, Plant and Equipment and Assets under Construction**

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

### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Exceptions to this are Traffic Signals and Vehicles, which are fully capitalised with no minimum level.

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

### Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

- Assets under construction – depreciated historical cost;
- Surplus Assets – fair value;
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).



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

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

#### Capitalisation of Interest/Borrowing costs

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

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

#### Impairment

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

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

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

#### Depreciation of Property, Plant and Equipment

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

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

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

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

#### Derecognition of Property, Plant and Equipment

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

#### Disposals

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

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

The written-off value of disposals is not a charge against statutory funding, as the cost of non current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the relevant General Fund balance in the Movement in Reserves Statement.

### Componentisation Policy

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

### **Intangible Assets**

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

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

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

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

### **Fair Value**

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

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

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

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

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

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

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

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

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

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

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

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

### **Revenue Expenditure Funded by Capital Under Statute**

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

### **Minimum Revenue Provision**

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

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

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

## **Capital and Revenue Grants and Contributions**

### Revenue Grants and Contributions

Revenue grants and contributions received by the Authority can either be classified as non-specific for general purposes or specific for use in relation to a service and/or function. Where conditions have been met revenue grants and contributions are credited to the relevant service line within Cost of Services. When the expenditure relating to specific grants has not been incurred, the Authority has elected to make a contribution equivalent to the unspent amount of grant to an earmarked reserve. This reserve will be released in future financial years when the expenditure to which the grant relates is incurred.

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

### Capital Grants and Contributions

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

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

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

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

## **Local Taxation**

### **Council Tax**

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

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

### **NNDR**

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

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

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

For both council tax and NNDR, the income reflected in the CIES in 2019/20 is the GMCA's share of the income relating to that year. However, the amount of council tax / NNDR income that can be credited to the General Fund for the year is determined by statute and may be different from the accrued income position shown in the CIES. An adjustment is made via the Movement in Reserves Statement for the difference between the income due under proper accounting practice and the income per statute.

## **Financial Assets**

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

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

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

### **Amortised Cost**

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

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

### **Fair Value through Other Comprehensive Income (FVOCI)**

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

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

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

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

### **Fair Value through Profit and Loss (FVPL)**

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

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

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

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



### **Credit loss**

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

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

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

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

### **Financial Liabilities**

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

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

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

### **Impairment of non-financial assets**

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

this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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

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

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

### **Value Added Tax (VAT)**

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

### **Reserves and Balances**

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

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

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

### **Revenue**

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

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

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for

the relevant financial instrument rather than the cash flows fixed or determined by the contract.

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

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

### **Contingent assets**

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

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

### **Contingent liabilities**

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

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

### **Provisions**

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

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now

be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

### **Events after the Reporting Period**

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

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

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

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

### **Interests in Companies and Other Entities - Group Accounts**

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

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

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

### **Discretionary Benefits**

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make

the award and accounted for using the same policies that are applied to the Local Government Pension Scheme.

### **Benefits Payable During Employment**

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

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

For the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end, which employees could carry forward into the next financial year:

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

### **Private Finance Initiative (PFI)**

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

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

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

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

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

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

## 2 Critical Accounting Judgements

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

### Government Funding

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

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

### **Private Finance Initiative (PFI)**

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

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

### **Former GMWDA Landfill Tax Claim**

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

Given that clarification of this complex area of law is awaited by way of a legally binding decision, which may be some distance in the future, it is considered that at this stage in the legal proceedings and given the uncertainty of the outcome of the claim, the claim does not meet the recognition criteria as an asset or a contingent asset for inclusion in the accounts at 31 March 2019.

### **Group Accounts Considerations**

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

#### **Chief Constable of Greater Manchester Police (GMP)**

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

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

### **Transport for Greater Manchester (TfGM)**

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

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

### **Greater Manchester Fund of Funds Limited Partnership (FoFLP)**

In November 2016 the authority established FoFLP to act as a holding fund for ERDF funding. In May 2017, the fund received £15m funding from ERDF and £0.5m from the Authority. FoFLP will invest in sub funds that seek to support the shift towards a low carbon economy and for research and innovation. The fund has secured an additional £45m ERDF funding, £15m of which was drawn down in March 2020. On the grounds of materiality, it has been decided that **FoFLP will be included** in the group accounts.

### **NW Evergreen Holdings Limited Partnership (NWEH)**

**NWEH will continue to be included** in the Authority's group accounts. In September 2016 the Authority established NWEH to act as a holding fund for earlier tranches of ERDF funding. The Fund has received over £60m of funding from ERDF and will invest in sub funds that provide opportunities to identify, research and negotiate investment opportunities in properties in the North West of England.

### **NW Fire Control Company**

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

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



### **Greater Manchester Accessible Transport Limited (GMATL)**

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

### **Manchester Investment and Development Agency Service (MIDAS)**

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

### **HIVE Homes**

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

## **3 Key Sources of Estimation and Uncertainty**

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

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

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

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

current response to COVID-19 means that they are faced with an unprecedented set of circumstances on which to base a judgement.

- Their valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to their valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, they recommend that the Authority keeps the valuation of its property under frequent review.
- It is understood that this statement is more particularly designed to urge caution regarding valuations for lending purposes. However, it serves as a general warning as to likely forthcoming market instability and re-adjustment. The restructuring of markets and the time frame for such adjustment is presently an unknown quantity.

#### **4 Impact of Accounting Standards issued but not yet Adopted**

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

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long Term interests in Associates and joint ventures
- Annual Improvements to IFRS Standards 2015-2017 Cycle;
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

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

#### **5 Events After the Reporting Period**

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

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

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

## 6 Authorisation for the Issue of the Statement of Accounts

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

## 7a Expenditure and Funding Analysis

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

2018/19			2019/20		
Net expenditure chargeable to the General Fund Balance	Adjustments between Funding and Accounting Basis	Net expenditure in the Comprehensive Income and Expenditure Statement	Net expenditure chargeable to the General Fund Balance	Adjustments between Funding and Accounting Basis	Net expenditure in the Comprehensive Income and Expenditure Statement
£000s	£000s	£000s	£000s	£000s	£000s
278,475	58,036	336,511	303,049	34,109	337,159
43,361	5,380	48,741	23,780	(25,847)	(2,067)
161,280	(23,652)	137,628	156,781	(25,209)	131,572
108,447	46,066	154,513	111,180	(8,574)	102,606
551,609	(9,211)	542,399	576,225	8,409	584,634
<b>1,143,172</b>	<b>76,620</b>	<b>1,219,792</b>	<b>1,171,015</b>	<b>(17,112)</b>	<b>1,153,903</b>
(1,180,346)	40,723	(1,139,622)	(1,184,762)	49,382	(1,135,380)
<b>(37,174)</b>	<b>117,343</b>	<b>80,170</b>	<b>(13,747)</b>	<b>32,270</b>	<b>18,523</b>
<b>272,290</b>			<b>459,073</b>		
149,610			0		
<b>421,899</b>			<b>459,073</b>		
37,174			13,747		
0					
<b>459,073</b>			<b>472,820</b>		

**7b Note to the Expenditure and Funding Analysis**

2018/19					2019/20			
Adjustments for Capital Purposes (a) £000s	Pension Adjustments (b) £000s	Other Adjustments (c) £000s	Total Adjustments £000s		Adjustments for Capital Purposes (a) £000s	Pension Adjustments (b) £000s	Other Adjustments (c) £000s	Total Adjustments £000s
58,036	0	0	58,036	<b>Continuing Services</b>	34,109	0	0	34,109
4,691	689	0	5,380	Highways and Transport Services	(28,109)	2,262	0	(25,847)
(23,735)	83	0	(23,652)	Economic Development and Regeneration	(25,407)	198	0	(25,209)
152	45,915	0	46,067	Waste Disposal Services	(221)	(8,354)	0	(8,574)
(9,262)	51	0	(9,211)	Mayoral General Fund Services	8,246	163	0	8,409
				Mayoral Police Fund Services				
<b>29,882</b>	<b>46,738</b>	<b>0</b>	<b>76,620</b>	<b>Net Cost of Services</b>	<b>(11,381)</b>	<b>(5,731)</b>	<b>0</b>	<b>(17,112)</b>
(2,369)	43,929	(837)	40,723	<b>Other Income and Expenditure</b>	(2,625)	45,774	6,232	49,382
<b>27,513</b>	<b>90,667</b>	<b>(837)</b>	<b>117,343</b>	<b>Difference between General Fund Surplus and CIES Deficit on the Provision of Services</b>	<b>(14,005)</b>	<b>40,043</b>	<b>6,232</b>	<b>32,270</b>

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

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

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

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

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

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

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

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

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

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

d) Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

- For financing and investment income and expenditure the other non-statutory adjustments column recognises adjustments to service segments e.g. for interest income and expenditure and changes in the fair values of investment properties.

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

## **8 Adjustments between Accounting Basis and Funding Basis under Regulations**

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

### **General Fund Balance**

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

### **Capital Receipts Reserve**

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

### **Capital Grants Unapplied**

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

Greater Manchester Combined Authority Statement of Accounts 2019/20

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

## 9 Transfers to/from Reserves

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

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



Greater Manchester Combined Authority Statement of Accounts 2019/20

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

## 10 Purpose of Earmarked Reserves

The purpose and operation of the reserves are as follows.

<b>Transport, Economic Development &amp; Regeneration</b>	
Earnback Revenue Reserve	Funding from the devolution deal to be used for infrastructure investment.
Life Chances Reserve	Funding to help people in society who face the most significant barriers to leading happy and productive lives. It will provide top-up contributions to outcomes-based contracts involving social investment e.g. SIB's.
GM Clean Air Plan Reserve	Funding to support the work to improve air quality across GM and to develop a local plan to ensure the UK achieves compliance with legal limits for nitrogen dioxide in the shortest possible time.
Reform and Investment Fund Reserve	Funding to help thousands of families across England to get the help they need to address multiple, complex problems.
Youth Contract Reserve	Funding to be used on initiatives to tackle youth unemployment for 18-24 year olds.
City Deal Reserve	Funding to support high-quality careers, education, information, advice and guidance to stimulate demand for apprenticeships and pre-apprenticeship programmes.
GM Trailblazer Reserve	3-year project funding for homelessness prevention schemes, working closely with the MHCLG to improve homelessness data and evidence base.
Growing Places Fund Reserve	Funding to establish revolving investment funds, promoting a long term locally led solution to local infrastructure constraints.
Housing First Pilot Reserve	Funding to deliver a Housing First service, supporting single homeless people with complex needs, including rough sleepers and those with a history of rough sleeping.
One Public Estate Reserve	Funding to facilitate and enable local authority partnerships to work successfully with central government and local agencies on public property and land issues through sharing and collaboration.
Creative Scale Up Project Reserve	Funding to support local creative industries by working with potential investors to increase investor interest and capacity.
Manchester Western Loop T2 Reserve	Funding to link the Metrolink tramline between Manchester Airport and Wythenshawe Hospital.
Strategic Plans Funding Reserve	Funding to Local Enterprise Partnerships to support delivery of the Strategic Economic Plan for 2014-2020.
Working Well Care and Support	Now called Working 'Well Specialist Employment Service'. Supported employment for people with a learning disability and autistic people (or people with both). Supports Individual Placement and Support (IPS) for people with a severe mental illness.

Planning Delivery Fund Reserve	Funding to establish a GM-wide whole-place approach to the development of new homes in key locations.
Business Rates Top-Up Reserve	Funding Received as part of the single pot allocations to support delivery.
GPF-RGF Interest and Arrangement Fees Reserve	Interest earned on income received in advance will be re-invested within the fund as per grant conditions and arrangement fees may be off-set against specific costs associated with the making of the loans.
GM Connect Reserve	Earmarked funding to support the GM Connect Digital Strategy.
Churchgate Accommodation Reserve	Earmarked funding for accommodation fit-out costs at Churchgate House and Lee House.
Adult Education Budget Devolution	Funds adult further education (all 19yrs+ provision with the exception of apprenticeships/traineeships), community learning and discretionary learner support. Supports the local labour market and economic development, in particular, it focuses on ensuring that adults have the core skills that they need for progression in learning and work, including guaranteeing a number of statutory entitlements relating to English, Maths and (from 2020/21 academic year onwards) digital skills, as well as first level 2 and 3 qualifications and English for Speakers of Other Languages (ESOL).
Integrated Ticketing Reserve	Funding to support the integrated ticketing scheme.
Capital Programme Reserve	Surpluses of capital financing costs which have been set aside to fund future capital programme related expenditure.
Business rates Growth Pilot & Levy	Funding to support Greater Manchester Strategic Priorities.
HIF Interest and Arrangement Fees	Interest, arrangement fees and other income earned from loans funded by the funding agreement with Ministry for Homes, Communities and Local Government. With the surplus to be used to support the GM housing strategy.
Waste Engagement Activity Reserve	Reserve funding to allow the completion of the Communications Action Plan that runs over a 2-year period.
Insurance Reserve	This reserve has been established as a result of reducing the insurance provision in compliance with IAS37. The reserve provides a prudent contingency against unforeseen future claims, including the MMI Scheme of Arrangement. The reserve also provides a prudent hedge against changes in the insurance market which may require premium increases. The Reserve is now also enhanced as a buffer to satisfy any future insurance claims that may arise from an unforeseen event due to failure to secure selected insurance from the market.

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

Transformation Reserve	New reserve set up as part of the Budget Strategy to be used by the Mayor to promote collaboration and transformation in blue light services.
<b>Mayoral Police Fund</b>	
Revenue Expenditure Reserve	Funding to be utilised to meet costs of existing projects which span years.
Insurance Reserve	Insurance Reserve - this reserve has been established as a result of reducing the insurance provision in compliance with IAS37. The reserve provides a prudent contingency against unforeseen future claims, including the MMI Scheme of Arrangement. The reserve also provides a prudent hedge against changes in the insurance market which may require premium increases.
PCC Earmarked Reserves	Funding to be utilised to meet costs of future projects which support the delivery of the Police and Crime Plan.
Capital Expenditure Reserve	Capital Programme Reserve - surpluses of capital financing costs which have been set aside to fund future capital programme related expenditure.
PFI Reserve	This reserve holds that balance of the PFI grant paid by the Home Office. It is used to support the future costs arising from the PFI Scheme.

## 11 Expenditure and Income Analysed by Nature

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

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

## 12 Revenue Expenditure Funded from Capital under Statute

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

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

### 13 Income including Grants and Contributions

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

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

## 14 Grants and Contributions Received in Advance

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

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



**15 Financing and Investment Expenditure and Income Analysis**

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

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

**16 Taxation and Non Specific Grant Income**

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

## 17 External Audit Fees

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

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

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

## 18 Officer Remuneration

### Officers with Remuneration above £50,000

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

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

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

### Senior Employees Remuneration

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

Note	Post Title	2018/19				2019/20			
		Salary (including fees and allowances)	Expenses	Employer's Pensions Contribution	Total Remuneration	Salary (including fees and allowances)	Expenses	Employer's Pensions Contribution	Total Remuneration
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
A	Chief Executive - GMCA and TfGM (Eamonn	196	0	0	<b>196</b>	219	0	0	<b>219</b>
B	Interim Chief Fire Officer (Dawn Docx)	64	0	14	<b>78</b>	0	0	0	<b>0</b>
C	Chief Fire Officer (James Wallace)	90	1	16	<b>107</b>	166	1	0	<b>167</b>
D	Treasurer (Richard Paver)	161	1	0	<b>162</b>	123	1	0	<b>124</b>
E	Treasurer	0	0	0	<b>0</b>	45	0	0	<b>45</b>
F	Chief Investment Officer (William Enevoldson)	77	0	0	<b>77</b>	73	1	0	<b>74</b>
	Deputy Chief Executive	134	0	28	<b>162</b>	137	0	29	<b>166</b>
G	Solicitor and Monitoring Officer	107	0	23	<b>130</b>	110	0	23	<b>133</b>
	Executive Director - Waste and Resources	102	0	22	<b>124</b>	104	0	22	<b>126</b>

A The GMCA received a contribution of £109,251 (2018: £30,600) for the Chief Executive also performing the duties of Chief Executive at Transport for Greater Manchester during 2018/19. With effect from 26 November 2018 the annual salary was increased to £220,000 for this dual role.

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

C Post Holder commenced 1 September 2018

D Post Holder left 31 December 2019

E Post Holder commenced 2 December 2019

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

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

## Exit Costs

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

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

## 19 Capital Expenditure and Capital Financing

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

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

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

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

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

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

## **20 Property, Plant and Equipment Including Disposals**

Assets are initially measured at cost, comprising:

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

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

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

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

- Assets under construction – historical cost
- All property assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value)
- Surplus assets – fair value

- Infrastructure assets, vehicles, plant and equipment are measured at depreciated historical cost

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

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

## **Revaluations**

The authority carries out a rolling programme that ensures that all property, plant and equipment required to be measured at current value are revalued at least every five years. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment, assets under construction and infrastructure are based on historic costs.

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

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

The Authority used the following valuers in 2019/20:

### 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 (Formerly Urban Vision Ltd) carried out valuations of the Authority's remaining assets.

Greater Manchester Combined Authority Statement of Accounts 2019/20

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



Greater Manchester Combined Authority Statement of Accounts 2019/20

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

Greater Manchester Combined Authority Statement of Accounts 2019/20

<b>Property, Plant and Equipment 2018/19</b>	<b>Infrastructure assets</b>	<b>Restated Land and Buildings</b>	<b>Restated Vehicles, Plant, Furniture and Equipment</b>	<b>Long Term Surplus Assets</b>	<b>Assets under Construction</b>	<b>Total Property Plant and Equipment</b>	<b>PFI in PPE</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Cost or Valuation</b>							
Asset values brought forward at 1 April 2018	73,895	340,427	181,101	1,526	59,017	655,966	78,295
Value of Waste assets transferred in at 1 April 2018	0	170,366	40,674	0	0	211,040	0
Additions	3,726	897	15,935	0	15,808	36,366	564
Accumulated depreciation and impairment written off to cost or valuation	0	(8,506)	(303)	(11)	0	(8,820)	(2,055)
Revaluation increases/decreases recognised in the Revaluation Reserve	0	30,360	659	28	0	31,047	4,792
Revaluation increases/decreases recognised in the surplus or deficit on the provision of services	0	2,147	0	(169)	0	1,978	24
Derecognition - disposals	(437)	0	(6,218)	0	0	(6,655)	0
Derecognition - other	0	(1,850)	0	0	0	(1,850)	(564)
Assets reclassified to/from held for sale	0	0	0	(73)	0	(73)	0
Assets reclassified to/from assets under construction	7	1,315	8,339	0	(9,661)	0	0
Other movements in cost or valuation	0	(810)	0	810	0	0	0
<b>Cost or Valuation at 31 March 2019</b>	<b>77,191</b>	<b>534,346</b>	<b>240,187</b>	<b>2,111</b>	<b>65,164</b>	<b>918,999</b>	<b>81,056</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
Depreciations set values brought forward at 1 April 2018	(54,355)	(21,302)	(138,739)	(10)	0	(214,406)	(9,304)
Waste accumulated depreciation values transferred in at 1 April 2018	0	(38,806)	(17,443)	0	0	(56,249)	0
Accumulated depreciation and impairment written off to cost or valuation	0	8,506	303	11	0	8,820	2,055
Depreciation Charge	(5,237)	(13,966)	(13,721)	(14)	0	(32,938)	(2,033)
Depreciation written out on Revaluation Reserve	0	2,393	(150)	0	0	2,243	862
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	536	0	0	0	536	19
Derecognition - disposals	236	0	5,785	0	0	6,021	0
Impairment losses / (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	0	(50)	(8,670)	0	0	(8,720)	0
Assets reclassified to/from held for sale	0	0	0	0	0	0	0
<b>General Fund closing value - depreciation at 31 March 2019</b>	<b>(59,356)</b>	<b>(62,689)</b>	<b>(172,635)</b>	<b>(13)</b>	<b>0</b>	<b>(294,693)</b>	<b>(8,401)</b>
<b>Net Book Value summary:</b>							
<b>At 1 April 2018</b>	<b>19,540</b>	<b>319,125</b>	<b>42,362</b>	<b>1,516</b>	<b>59,017</b>	<b>441,560</b>	<b>68,991</b>
<b>At 31 March 2019</b>	<b>17,835</b>	<b>471,657</b>	<b>67,552</b>	<b>2,098</b>	<b>65,164</b>	<b>624,306</b>	<b>72,655</b>
<b>Net Book Value at 31 March 2019</b>							
Assets deployed for GMCA activity	17,835	0	0	0	50	17,885	0
Assets deployed for Mayoral General activity	0	88,231	13,818	0	0	102,049	3,263
Assets deployed for Mayoral Police activity	0	246,726	34,508	2,098	61,857	345,189	69,392
Assets deployed for Waste activity	0	136,700	19,226	0	3,257	159,183	0
<b>At 31 March 2019</b>	<b>17,835</b>	<b>471,657</b>	<b>67,552</b>	<b>2,098</b>	<b>65,164</b>	<b>624,306</b>	<b>72,655</b>

## 21 Intangible Assets

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

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

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

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

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

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

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

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

## 22 Short and Long Term Debtors

### Short Term Debtors

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

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

### Long Term Debtors

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

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

## 23 Cash and Cash Equivalents

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

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

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

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

## 24 Short and Long Term Creditors

### Short Term Creditors

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

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

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

## 25 Short and Long Term Provisions

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

Provisions	Insurance £000s	NNDR Appeals £000s	Police Pension £000s	Landcare £000s	Other £000s	Total £000s
<b>Balances brought forward 1 April 2019</b>						
<b>Continuing Operations</b>						
GMCA	0	0	0	1,743	6,543	8,286
Mayoral General Fund	1,008	1,968	0	0	1,341	4,318
Mayoral Police Fund	9,442	0	224	0	7	9,674
<b>Provisions brought forward - all operations</b>	<b>10,450</b>	<b>1,968</b>	<b>224</b>	<b>1,743</b>	<b>7,891</b>	<b>22,278</b>
<b>Use of Provision</b>						
GMCA	0	0	0	(498)	(247)	(745)
Mayoral General Fund	(344)	0	0	0	0	(344)
Mayoral Police Fund	(2,198)	0	0	0	(7)	(2,205)
<b>Unused amounts moved to an earmarked reserve</b>						
GMCA	0	0	0	0	(1,511)	(1,511)
Mayoral General Fund	0	0	0	0	(241)	(241)
Mayoral Police Fund	0	0	0	0	0	0
<b>Top Up of Provision</b>						
GMCA	0	0	0	0	591	591
Mayoral General Fund	0	240	0	0	0	240
Mayoral Police Fund	664	0	0	0	77	741
	0	0	0	0	0	
<b>Balance carried forward 31 March 2020</b>						
GMCA	0	0	0	1,245	5,376	6,621
Mayoral General Fund	664	2,208	0	0	1,100	3,972
Mayoral Police Fund	7,908	0	224	0	77	8,209
<b>Total Provisions carried forward</b>	<b>8,572</b>	<b>2,208</b>	<b>224</b>	<b>1,245</b>	<b>6,553</b>	<b>18,802</b>
Short Term	980	2,208	224	476	5,776	9,664
Long Term	7,592	0	0	769	777	9,138
<b>Total Provisions carried forward</b>	<b>8,572</b>	<b>2,208</b>	<b>224</b>	<b>1,245</b>	<b>6,553</b>	<b>18,802</b>

The provisions held by the authority are described below:

### **GMCA**

- Trafford Park Metrolink Line Land Provision - TfGM had to occupy the land to build the Metrolink and did so by a legal 'Group Vesting Declaration'. Although the land is now occupied there still needs to be a transfer of consideration in payment for the land but there is currently no agreed land value sum, which could take a number of years to negotiate and resolve. The provision set aside is therefore based on estimates by Expert Valuers.
- Metrolink Compensation Provision - TfGM are liable for providing compensation from claims arising from 'Noise Pollution and Devalued House Prices' as a result of installing Metrolink lines. The Phase 3 claim submission period has a fixed start and end date which has now ended but there are a significant number of claims that now need to be assessed for eligibility.
- Quay West Parking Provision - Peel Holdings should have entered into a lease with TfGM re: parking at Quay West. However, Peel Holdings will be in derogation of the leases with the current tenants on the land. Due to this, TfGM

have provided for this liability through the provision until the point that an agreement is made with Peel Holdings.

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

### **Mayoral General Fund**

- e) Insurance Provision - This provision represents the value of an actuarial assessment of the remaining liability for all self-insured claims occurring in 2018/19, all prior policy years and a prudent margin added for emerging claim types.
- f) NNDR Appeals Provision - This is the estimated amount required to cover the cost of successful appeals against local non-domestic rateable values, where the cost of these appeals is required to be met locally.
- g) Bear Scotland v Fulton - The Employment Appeals Tribunal has ruled in this case that non-contractual overtime needs to be included when calculating holiday pay paid to firefighter employees. This provision is the estimated amount required to pay backdated claims.
- h) Fire Roster Provision- This was a provision for the payment of additional firefighter hours worked during 2018/19 following the move to a new working pattern and the impact on some individuals who would work more than their annual contractual hours due to the mid-year transition. Payments were made during 2019/20 and the provision was used in full.

### **Mayoral Police Fund**

- i) Insurance Provision - This provision represents the value of an actuarial assessment of the remaining liability for all self-insured claims occurring in 2018/19, all prior policy years and a prudent margin added for emerging claim types.
- j) Police Pension Lump Sum Provision - The Pensions Ombudsman determined there was an underpayment of lump sums, to pension scheme members who retired between December 2001 and August 2006. The Ombudsman concluded that commutation formulas to convert annual pensions payments to lump sums should have been updated between 2001 and 2006 and as a result additional payments are due to those members who chose to commute pension for lump sum at retirement during these years.
- k) Capital Project Retentions Provision - This is a provision to hold a percentage of a projects total funding, which is retained during the contractual defects period.

## 26 Short and Long Term Leases including PFI

### Fire Station

2019/20 was the twenty first year of a 25 year PFI contract (ending October 2024) for the construction, maintenance and provision of a Fire Station at Stretford, along with associated equipment.

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

Over the remaining term of the contract, the Authority is committed to making gross payments of £3.314m (average payment per year is £0.723m). However, the net cost to the Authority after income from specific government grant is estimated at £1.166m (average payment per year is £0.254m).

### Police Stations

2019/20 was the seventeenth year of a Private Finance Initiative (PFI) contract (ending in 2028) for the construction and maintenance of seventeen Police stations across the Greater Manchester area. The contractor will operate and service the stations for twenty-five years after which ownership will revert to the Authority, to be held on behalf of the Mayor, for nil consideration.

Over the remaining term of the contract, the Authority is committed to making gross payments of £190.282m (average payment per year is £19.028m). However, the net cost to the Authority after income from specific government grant is estimated at £137.133m (average payment per year is £13.713m).

### Property Plant and Equipment

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

### Outstanding Liability

The PFI liability represents the current outstanding long term liability to the contractor for capital expenditure. The current value of the liability held under each PFI arrangement is as follows:

#### 2019/20

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

#### 2018/19

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



### 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 contract only if the contractor is compensated in full for costs incurred and lost future profits.

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

#### Reimbursement of Capital Expenditure

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

#### Interest

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

#### Payment for Services

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

## 27 Short and Long Term Deferred Liabilities

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

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

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

## 28 Unusable Reserves

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

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

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

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

**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.

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

The movement in year is due to the Authority being in receipt of two loans from central government that are interest free for the purposes of HIF and City Deal. In accordance with statutory accounting requirements an effective interest rate has been

calculated to enable the value of the financial assistance being provided to the GMCA on a net present value basis to be separated from the financing costs of the loan.

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

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

<b>2018/19 £000s</b>	<b>Pension Reserve</b>	<b>2019/20 £000s</b>
1,726,309	Balance brought forward for continuing operations	1,872,065
6,785	Balance transferred in from GMWDA	0
<b>1,733,094</b>	<b>Balance brought forward for all operations 1 April</b>	<b>1,872,065</b>
48,305	Remeasurements of the net defined benefit liability / (asset)	(144,721)
(57,881)	Employer's pension contributions and direct payments to pensioners payable in the year	(60,917)
148,547	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.	100,960
<b>1,872,065</b>	<b>Balance carried forward 31 March</b>	<b>1,767,387</b>

**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.

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

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

The balance is reduced when investments with accumulated gains are:

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

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

**The Collection Fund Adjustment Account** manages the differences arising from the recognition of the Authority's portion of council tax income and national non domestic rates income in the CIES as it falls due from payers compared with statutory arrangements for paying across amounts due to the Authority from billing authorities.

2018/19 £000s	Collection Fund Adjustment Account	2019/20 £000s
<b>(7,418)</b>	<b>Balance brought forward 1 April</b>	<b>(7,428)</b>
(10)	Amount by which precept income and non-domestic rates income credited to the CIES is different from council tax income and non-domestic rates income calculated for the year in accordance with statutory requirements	3,722
<b>(7,428)</b>	<b>Balance carried forward 31 March</b>	<b>(3,705)</b>

**The Deferred Capital Receipts Reserve** holds the gains recognised on the disposal of non-current assets but for which the cash settlement has yet to take place.

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

## 29 Financial Instruments

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

### Categories of Financial Instruments

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

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

- Fair Value through Other Comprehensive Income (FVOCI). Amounts received relate to principal and interest but the business model for holding the asset includes the possibility of sale. These assets are measured and carried at fair value. All gains and losses due to changes in fair value are accounted for through a reserve account (the Financial Instruments Revaluation Reserve), with the balance debited or credited to CIES when the asset is disposed of.
- Fair Value Through Profit and Loss (FVPL) – all other instruments where the amounts received relating to them are not principal and interest, for example dividends as part of equity instruments. These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

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

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

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

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

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

## Income, Expenses, gains and Losses

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

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

## Fair Value of Assets & Liabilities

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

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

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

## Fair Value Hierarchy

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

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

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

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

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

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

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

- The fair value of cash and cash equivalents, short-term debtors and short-term creditors is taken to be their carrying amount as this is deemed to provide a reasonable approximation in accordance with the Cipfa Code of Practice.
- The fair value of long-term debtors has been evaluated and where these relate to loan advances greater than £3m, prevailing benchmark market rates have been applied to provide the fair value. All other long-term debtors are included at their carrying value.
- Fair value for deferred liabilities in relation to the historical Greater Manchester Loan Fund is held at cost as this debt is not tradeable in any principal or alternative market.
- Fair value for PFI schemes cannot be obtained as there is no comparable information available and these have therefore been shown at cost.
- PWLB loans – premature repayment loan rates from the PWLB have been applied to provide the fair value. In comparison, by applying PWLB new loan rates their fair value would be £748.508m.



- Non-PWLB loans – premature repayment loan rates from the PWLB have been applied to provide the fair value. In comparison, by applying PWLB new loan rates their fair value would be £1,150.392m.
- The valuation techniques used for PWLB and non-PWLB debt are level 2 – observable inputs. There have been no changes in valuation technique during the financial year.

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

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

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

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

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

### 30 Nature and Extent of Risks Arising from Financial Instruments

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

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

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

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

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

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

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

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

### **Specified Investments**

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

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

### **Non-Specified Investments**

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

### **Investment Limits**

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

- Banks and Building Societies
  - Fitch AA+ and above £25m
  - Fitch AA+/AA- £15m
  - Fitch A+/A £15m
  - Fitch A- £10m
  - Fitch BBB+ £10m
- Debt Management Office £200m
- Manchester City Council £50m
- Other Local Authorities £20m

## Credit Risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch and Moody's Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. All investments held as at 31 March 2020 were with the HM Treasury Debt Management Office, other local authorities or UK banks and building societies.

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

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

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

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

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

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

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

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

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

### **Credit Ratings Used:**

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

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

### **Monitoring of credit ratings:**

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

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

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

## Liquidity Risk

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

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

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

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

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

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

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

## **Refinancing and maturity risk**

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

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

## **Market Risk**

### **Interest Rate Risk**

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

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

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

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

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

The maximum interest rate increase that could be expected in the current climate is assessed at 0.5%. This would only apply to our net short term investments. The Authority also has a number of LOBO loans that can be called at periods. There is the risk that these may have to be refinanced at a higher rate. The financial effect of these variable rate changes would be:

<b>Market Risk - Interest Rate Risk - 0.5% movement</b>	<b>31/03/2020 £000s</b>
Increase in interest payable on variable rate borrowings	1,466
Increase in interest receivable on variable rate investments	(50)
Increase in LOBO risk (loans with call options within 12 months)	125
<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>1,541</b>



### 31 Related Party Transactions

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

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

#### Central Government

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

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

## Greater Manchester Authorities

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

## Transport for Greater Manchester

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

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

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

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

## **Members and Chief Officers**

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

No members allowances are payable; the remuneration of the Mayor and Deputy Mayor for Police and Crime are disclosed in note 18.

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

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

## **Chief Constable for Greater Manchester**

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

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

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

**32b Cash Flow Statement - Investing Activities**

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

**32c Cash Flow Statement - Financing Activities**

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

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

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

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

### 33 Defined Benefit Pension Schemes

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

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

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

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

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

In accordance with proper practices, the Authority has fully complied with the International Financial Reporting Standard IAS19 (Employee Benefits). Both Pension

schemes are classified as 'defined benefit' schemes under IAS19 and the accounting principles and their effect on the Financial Statements are explained below.

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

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

### **The Local Government Pension Scheme**

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

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

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

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

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

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

1. **Current service cost** – the increase in liabilities as a result of years of service earned this year. This is allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
2. **Past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
3. **Interest cost** – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. This is debited to Financing

and Investment Income and Expenditure Line in the Comprehensive Income and Expenditure Statement.

4. **Gains/losses on settlements and curtailments** – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees. This is debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.
5. **Interest on scheme assets** – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return. This is credited to Financing and Investment Line in the Comprehensive Income and Expenditure Statement.
6. **Actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.
7. **Contributions paid to the pension fund** – cash paid as employer's contributions to the fund.

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

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

## **The McCloud / Sargeant Judgement**

### **2018/19 calculation approach**

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

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

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

### **2019/20 calculation approach**

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



## Comprehensive Income and Expenditure Statement

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

## Movement in Reserves Statement

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

## Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

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

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

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

## Reconciliation of movements in the fair value of the scheme assets

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

**Local Government Pension Scheme assets comprised:**

2018/19					2019/20			
Quoted prices in active markets £000s	Quoted prices not in active markets £000s	Total £000s	Percentage of Total Assets %		Quoted prices in active markets £000s	Quoted prices not in active markets £000s	Total £000s	Percentage of Total Assets %
9,838.20		9,838.20	6%	<b>Equity Securities</b>				
10,293.30		10,293.30	6%	Consumer	15,174	0	15,174	9%
10,009.60		10,009.60	6%	Manufacturing	12,838	0	12,838	8%
14,096.40		14,096.40	8%	Energy and Utilities	9,611	0	9,611	6%
5,259.70		5,259.70	3%	Financial Institutions	18,576	0	18,576	11%
3,180.00		3,180.00	2%	Health and Care	7,536	0	7,536	5%
1,951.60		1,951.60	1%	Information Technology	6,704	0	6,704	4%
				Other	3,487	0	3,487	2%
				<b>Debt Securities</b>				
6,662.40		6,662.40	4%	Corporate Bonds (investment grade)	6,321	0	6,321	4%
1,172.90		1,172.90	1%	UK Government	0	0	0	0%
4,517.70		4,517.70	3%	Other	5,391	0	5,391	3%
				<b>Private Equity</b>				
	8,341.80	8,341.80	5%	All	0	8,629	8,629	5%
				<b>Real Estate</b>				
	8,460.10	8,460.10	5%	UK Property	0	7,043	7,043	4%
				<b>Investment Funds and Unit Trusts</b>				
40,265.40		40,265.40	23%	Equities	16,771	0	16,771	10%
22,156.40		22,156.40	12%	Bonds	19,298	0	19,298	12%
	8,539.40	8,539.40	5%	Infrastructure	0	8,109	8,109	5%
3,471.00	15,363.80	18,834.80	11%	Other	4,191	14,810	19,002	11%
				<b>Derivatives</b>				
90.30		90.30	0%	Other	0	0	0	0%
				<b>Cash and Cash Equivalents</b>				
4,449.00		4,449.00	2%	All	2,651	0	2,651	2%
<b>137,414</b>	<b>40,705</b>	<b>178,119</b>	<b>100%</b>	<b>Totals</b>	<b>128,548</b>	<b>38,591</b>	<b>167,139</b>	<b>100%</b>

### Basis for Estimating Assets and Liabilities

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

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

The significant assumptions used by the actuary have been:

2018/19 LGPS	2018/19 Fire		2019/20 LGPS	2019/20 Fire
21.5 years 24.1 years	22.0 years 22.0 years	<b>Longevity at 65 for current pensioners:*</b> Male Female	20.5 years 23.1 years	21.3 years 21.3 years
23.7 years 26.2 years	23.9 years 23.9 years	<b>Longevity at 65 for future pensioners:*</b> Male Female	22.0 years 25.0 years	23.0 years 23.0 years
3.3% 2.5% 2.4%	4.35% 2.35% 2.45%	<b>Rate of Inflation (Price Increases)</b> Rate of increase in salaries (Salary Increases) Rate of increase in pensions (Pension Increases) Rate of discounting scheme liabilities (Discount Rate)	2.7% 1.9% 2.3%	4.0% 2.0% 2.3%

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

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

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

### Sensitivity Analysis

Local Government Pension Scheme	Approximate % increase to Employer Liability	Approximate monetary amount £000s
<b>Change in Assumption at 31 March 2020</b>		
0.5% decrease in Real Discount Rate	10%	22,063
0.5% increase in the Salary Increase Rate	1%	2,126
0.5% increase in the Pension Increase Rate	9%	19,749

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

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

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

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

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

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

## **34 Contingent Liabilities**

### Deferred and Pensioners - LGPS

Arrangements have been made by Tameside MBC, on behalf of GMPF, to meet estimated unfunded costs over an extended period by the provision of an annual lump sum payment of £0.639m. The 2017 Actuarial Review confirmed the suitability of that sum which will ensure that liabilities are met over the period.

# **Greater Manchester Combined Authority**

## **Supplementary Financial Statements**

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

## Pension Funds

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

### Police Pension Fund

The Police Pension Scheme is unfunded. Both employer and employee pension contributions are based on a percentage of pay, which is paid into the Pension Fund. The amounts that must be paid into and out of the Pension Fund are specified by the Police Pension Fund Regulations 2007 and do not include injury awards.

#### Police Pension Fund Account

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

#### Net asset statement

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

## Contribution rates

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

## Notes to the Police Pension Fund Account and Net Assets Statement

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

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

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

Benefits payable to scheme members are made from the Fund with the exception of injury awards, which are payable from revenue funds, as are administrative costs. Inward transfer values are paid into the Fund and outward transfer values are paid from the Fund.

The fund is balanced to zero each year. If income to the fund exceeds expenditure then the excess is paid to Greater Manchester Combined Authority. If expenditure exceeds income then Greater Manchester Combined Authority must fund the deficit. Greater Manchester Combined Authority pays any excess income to the Home Office and receives Police Pension Fund top up grant from the Home Office to fund any deficit.

The contributions receivable from the employer shown in the account are debited to the Chief Constables Comprehensive Income and Expenditure Statement. The additional contribution from Greater Manchester Combined Authority is debited in its accounts together with a matching grant from the Home Office.

The amount of Home Office grant outstanding at 31 March 2020 has been accrued and is shown in Greater Manchester Combined Authority's Consolidated Balance Sheet.

The Fund's financial statements do not take into account liabilities to pay pensions after 31 March 2020. Liabilities to pay future payments are included in the IAS19 charges and notes to the Financial Statements.



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

### Fire Pension Fund

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

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

### Net asset statement

2018/19 £000s	Net Assets Statement	2019/20 £000s
7,030	Pension Top-Up Grant receivable from the Home Office	5,008
0	Payments in Advance	0
0	Creditor	0
0	Debtor	0
(7,030)	Amount due from the Mayoral General Fund	(5,008)
<b>0</b>	<b>Net Assets</b>	<b>0</b>

### Notes to the Firefighters Pension Fund Account and Net Assets Statement

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

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

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

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

The Fund's financial statements do not take into account liabilities to pay pensions after 31 March 2020. Liabilities to pay future payments are included in the IAS19 charges and notes to the Financial Statements.

## Mayoral Police Fund

### **Mayoral Police Fund**

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

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

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

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

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

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

makes all the payments for the policing activity from the Mayoral Police Fund. The movement on the Police Fund is disclosed in these supplementary notes to the main Authority accounting statements.

In compliance with legislation, the Police Fund is accounted for in the group accounts of the GMCA. In the interests of transparency the statements below set out how the Police Fund was spent and funded, movements in the Mayoral Police Fund reserves and assets deployed for policing in 2019/20.

### Police Fund Comprehensive Income and Expenditure Statement:

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

**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.

<b>Earmarked Reserves and Balances</b>	<b>Opening Balances £000s</b>	<b>Transfers in/out £000s</b>	<b>31 March 2020 £000s</b>
<b>Mayoral Police Fund</b>			
Revenue Expenditure Reserve	(7,833)	(7,337)	(15,170)
Insurance Reserve	(14,169)	(1,712)	(15,881)
PCC Earmarked Reserves	(29,194)	1,501	(27,693)
Capital Expenditure	0	0	0
PFI Reserve	(11,826)	599	(11,227)
Mayoral Police Fund Balances	(13,061)	(2,314)	(15,375)
<b>Total Mayoral Police Fund</b>	<b>(76,083)</b>	<b>(9,263)</b>	<b>(85,346)</b>

**Assets deployed in the provision of Policing Services:**

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

## Mayoral General Fund

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

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

The statements below set out the movements in the Mayoral General Fund and assets deployed for fire and rescue services for 2019/20:

### Mayoral General Fund Comprehensive Income and Expenditure Statement:

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

**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.

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

**Assets deployed in provision of Mayoral Fire and Rescue Services:**

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



# Greater Manchester Combined Authority

## Group Accounts

## Introduction

<b>Group Accounts</b>
<b>Introduction</b>

**Background**

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

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

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

**The Greater Manchester Combined Authority Group:**

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

**Bodies Consolidated:****Chief Constable of Greater Manchester Police (GMP)**

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

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

**Transport for Greater Manchester (TfGM)**

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

principal statutory obligations. Strategic objectives and targets are set out in the Authority/TfGM Business and Performance Plan.

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

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

#### **NW Evergreen Holdings Limited Partnership (NWEH)**

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

#### **Greater Manchester Fund of Funds Limited Partnership (FoFLP)**

In November 2016 the Authority established FoFLP to act as a holding fund for ERDF funding. In May 2017, the fund received £15m funding from ERDF and £0.5m from the Authority. FoFLP will invest in sub funds that seek to support the shift towards a low carbon economy and for research and innovation. The fund has secured an additional £45m ERDF funding, £15m of which was drawn-down in March 2020. 2019/20 is the first year that FoFLP has been consolidated into the group accounts; the prior year has been restated to include FoFLP.

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

#### **Bodies Not Consolidated:**

##### **NW Fire Control Company**

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

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

##### **Greater Manchester Accessible Transport Limited (GMATL)**

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

##### **Manchester Investment and Development Agency Service (MIDAS)**

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

## **HIVE Homes**

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

## **Basis of Preparation of the Group Accounts**

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

The group includes:

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

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

## **Statement of Compliance with IFRS**

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

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

# **Greater Manchester Combined Authority**

## **Group Accounts**

### **Group Core Financial Statements**

#### **Comprehensive Income and Expenditure Statement**

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

#### **Movement in Reserves Statement**

#### **Balance Sheet**

#### **Cash Flow Statement**

## Group Comprehensive Income and Expenditure Statement

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

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

## 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.

<b>Movement in Reserves</b>	<b>Authority General Fund Balances</b>	<b>Authority Capital Grants Unapplied Reserve</b>	<b>Authority Capital Receipts Reserve</b>	<b>Total Authority Usable Reserves</b>	<b>Restated Authority Share of Group Usable Reserves</b>	<b>Restated Total Usable Group Reserves</b>	<b>Authority Unusable Reserves</b>	<b>Authority Share of Group Unusable Reserves</b>	<b>Total Unusable Group Reserves</b>	<b>Restated Total Group Reserves</b>
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Balance as at 31 March 2018</b>	<b>(272,290)</b>	<b>(1,209)</b>	<b>(25,508)</b>	<b>(299,008)</b>	<b>(118,809)</b>	<b>(417,817)</b>	<b>2,664,163</b>	<b>5,905,965</b>	<b>8,570,127</b>	<b>8,152,310</b>
<b>Transferred Services Balances as at 1 April 2018</b>	<b>(149,610)</b>	<b>0</b>	<b>0</b>	<b>(149,610)</b>	<b>0</b>	<b>(149,610)</b>	<b>516,867</b>	<b>0</b>	<b>516,867</b>	<b>367,257</b>
<b>Restated Balances brought forward at 1 April 2018</b>	<b>(421,900)</b>	<b>(1,209)</b>	<b>(25,508)</b>	<b>(448,617)</b>	<b>(118,809)</b>	<b>(567,426)</b>	<b>3,181,030</b>	<b>5,905,965</b>	<b>9,086,994</b>	<b>8,519,567</b>
(Surplus) or Deficit on the provision of services	80,170	0	0	80,170	446,633	526,803	0	0	0	526,803
Total Comprehensive Income and Expenditure	0	0	0	0	0	0	18,908	270,326	289,234	289,234
Total Adjustments between accounting basis & funding basis under regulations	(117,343)	1,209	(15,661)	(131,796)	(449,415)	(581,211)	131,796	449,415	581,211	0
Transfers to or from Earmarked Reserves	0	0	0	0	1,311	1,311	0	(1,311)	(1,311)	0
<b>(Increase) / Decrease in year</b>	<b>(37,174)</b>	<b>1,209</b>	<b>(15,661)</b>	<b>(51,626)</b>	<b>(1,471)</b>	<b>(53,097)</b>	<b>150,704</b>	<b>718,430</b>	<b>869,134</b>	<b>816,037</b>
<b>Balance as at 31 March 2019</b>	<b>(459,073)</b>	<b>0</b>	<b>(41,169)</b>	<b>(500,242)</b>	<b>(120,280)</b>	<b>(620,523)</b>	<b>3,331,732</b>	<b>6,624,395</b>	<b>9,956,126</b>	<b>9,335,603</b>
(Surplus) or Deficit on the provision of services	18,523	0	0	18,523	211,469	229,992	0	0	0	229,992
Total Comprehensive Income and Expenditure	0	0	0	0	0	0	(158,739)	(882,497)	(1,041,236)	(1,041,236)
Total Adjustments between accounting basis & funding basis under regulations	(32,270)	0	(41,555)	(73,825)	(227,769)	(301,594)	73,825	227,769	301,594	0
Transfers to or from Earmarked Reserves	0	0	0	0	1,313	1,313	0	(1,313)	(1,313)	0
<b>(Increase) / Decrease in year</b>	<b>(13,747)</b>	<b>0</b>	<b>(41,555)</b>	<b>(55,302)</b>	<b>(14,987)</b>	<b>(70,289)</b>	<b>(84,914)</b>	<b>(656,041)</b>	<b>(740,955)</b>	<b>(811,244)</b>
<b>Balance as at 31 March 2020</b>	<b>(472,820)</b>	<b>0</b>	<b>(82,724)</b>	<b>(555,545)</b>	<b>(135,267)</b>	<b>(690,814)</b>	<b>3,246,818</b>	<b>5,968,354</b>	<b>9,215,173</b>	<b>8,524,359</b>

## Group Balance Sheet

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

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



## Group Cash Flow Statement

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

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

# **Greater Manchester Combined Authority**

## **Group Accounts**

## **Notes to the Group Core Financial Statements**

## Notes to the Group Financial Statements

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## Summary of Significant Accounting Policies

### Consolidation Method

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

The accounting policies are consistent with those applied to the GMCA Single Entity Statements with the following additions in relation to significant accounting policies of TfGM which have been applied to the information included in these Group accounts. The policies of the Chief Constable for Greater Manchester are in line with those of the Authority.

### Intangible assets

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

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

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

### Inventories

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

## **Passenger Transport Facilities**

As part of its statutory duties, the Group is responsible for meeting the costs of upgrading public passenger transport facilities in the Greater Manchester area, including railway and highways infrastructure. The expenditure incurred is offset by equivalent grants received from the Authority and other parties, which for the year ended 31 March 2020 amounted to £2.7m (2018/19: £1.9m).

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

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

## **Lease Income**

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

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

## **Lease Expenditure**

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

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

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

## **Agency Services**

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

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

2018/19					2019/20			
Adjustments for Capital Purposes (a) £000s	Pension Adjustments (b) £000s	Other Adjustments (c) £000s	Total Adjustments £000s		Adjustments for Capital Purposes (a) £000s	Pension Adjustments (b) £000s	Other Adjustments (c) £000s	Total Adjustments £000s
127,501	8,402	0	135,903	<b>Continuing Services</b>				
4,691	689	0	5,380	Highways and Transport Services	106,122	8,047	0	114,169
(23,735)	83	0	(23,652)	Economic Development and Regeneration	(28,109)	2,262	0	(25,847)
152	45,915	0	46,067	Waste Disposal Services	(25,407)	198	0	(25,209)
(9,262)	303,279	112	294,129	Mayoral General Fund Services	(221)	(8,354)	0	(8,574)
				Mayoral Police Fund Services	8,246	60,546	2,060	70,852
<b>99,347</b>	<b>358,368</b>	<b>112</b>	<b>457,827</b>	<b>Net Cost of Services</b>	<b>60,632</b>	<b>62,699</b>	<b>2,060</b>	<b>125,391</b>
(132,373)	242,338	(837)	109,128	<b>Other Income and Expenditure</b>	(127,752)	256,198	6,232	134,679
<b>(33,026)</b>	<b>600,706</b>	<b>(725)</b>	<b>566,955</b>	<b>Difference between General Fund Surplus and CIES Deficit on the Provision of Services</b>	<b>(67,119)</b>	<b>318,897</b>	<b>8,292</b>	<b>260,070</b>

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### 36 Adjustments between Accounting Basis and Funding Basis under Regulations

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

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

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

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

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



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

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

**37b Purpose of Earmarked Reserves**

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

**Transport for Greater Manchester Reserves**

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

**NW Evergreen Holdings Reserve**

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

**Fund of Funds Reserve**

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

### 38 Group Nature of Income and Expenditure

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

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

**39 Group Income Including Grants and Contributions**

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

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

**40 Financing and Investment Expenditure and Income**

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

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

**41 Group Taxation and Non Specific Grant Income**

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

**42 Group External Audit Fees**

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

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

### 43 Group Officer Remuneration

#### Officers Remuneration above £50,000

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

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

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

#### Senior Officers Remuneration

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

Greater Manchester Combined Authority Statement of Accounts 2019/20

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

- A The GMCA received a contribution of £109,251 (2018: £30,600) for the Chief Executive also performing the duties of Chief Executive at Transport for Greater Manchester during 2018/19. With effect from 26 November 2018 the annual salary was increased to £220,000 for this dual role.
- B Interim Post Holder from 23 January 2018 until 31 August 2018
- C Post Holder commenced 1 September 2018
- D Post Holder left 31 December 2019
- E Post Holder commenced 2 December 2019
- F Post in 2018/19 is 0.5 FTE, Annual salary for 1.0 FTE would be £154,530. From 1 November 2019, the Post is 0.41 FTE, Annual salary for 1.0 FTE would be £157,621
- G Post in 2018/19 is 0.8 FTE, Annual salary for 1.0 FTE would be £134,357
- H Post holder left 25 November 2018. Post now performed by Chief Executive of the Authority
- I Assistant Chief Constable retired October 2018
- J Assistant Chief Constable left November 2018
- K Assistant Chief Constable left December 2018
- L Assistant Chief Constable to July 2018 (Chief Superintendent from August 2018)
- M Assistant Chief Constable from July 2018 until leaving in June 2019 (Chief Superintendent until June 2018)
- N Chief Superintendent until December 2018. Assistant Chief Constable from January 2019. Chief Superintendent from April 2019.
- O Assistant Chief Constable appointed in October 2018
- P Assistant Chief Constable appointed in July 2019
- Q Chief Superintendent Posts have not been individually included due to numbers. Total costs are included in the table with salaries ranging in 2018/19 from £29,000 to £92,000 for 16 posts and in 2019/20 from £29,000 to £95,000 for 19 posts
- R Head of Corporate Communications left in March 2020
- S Interim Head of Corporate Communications seconded from Metropolitan Police in August 2019

**Exit Costs**

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

Exit package cost band	Number of compulsory		Number of other departures		Total number of exit package by cost band		Total cost of exits	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19 £000s	2019/20 £000s
£0 - £20,000	4	3	5	25	9	28	94	303
£20,001 - £40,000	2	1	3	11	5	12	133	324
£40,001 - £60,000	3	2	4	5	7	7	336	346
£60,001 - £80,000	1	1	1	2	2	3	127	214
£80,001 - £100,000	0	0	0	5	0	5	0	446
£100,001 - £150,000	0	0	0	3	0	3	0	370
£150,001 - £200,000	1	0	0	0	1	0	194	0
<b>Total</b>	<b>11</b>	<b>7</b>	<b>13</b>	<b>51</b>	<b>24</b>	<b>58</b>	<b>884</b>	<b>2,003</b>

**44 Group Capital and Lease Commitments**

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

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

- Metrolink Trafford Extension £5.6m (2018/19 £82.9m) - the majority of this commitment relates to the Park and Ride works on the newly opened Trafford Park line and delivery partner fees. Construction of the Metrolink Trafford Extension Park and Ride works started January 2020 and are due to complete during the 20/21 financial year.
- Metrolink Capacity Improvement Programme (MCIP) £33.254m (2018/19 £49.6m) - this project is for the purchase of 27 additional trams and associated infrastructure.

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



## 45 Group Property, Plant and Equipment Including Disposals

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

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

Property, Plant and Equipment	Infrastructure Assets	Restated Land and Building	Restated Vehicles, Plant Furniture & Equipment	Long Term Surplus Assets	Assets under Construction	Total Property Plant and Equipment (PPE)	PFI in PPE
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Cost or Valuation</b>							
Asset values brought forward at 1 April 2018	2,246,974	354,126	238,803	2,281	213,239	3,055,423	78,295
- Value of Waste assets transferred in at 1 April 2018	0	170,366	40,674	0	0	211,040	0
Additions	3,726	897	15,935	0	143,424	163,982	564
Accumulated depreciation and impairment written off to cost or valuation	0	(8,506)	(303)	(11)	0	(8,820)	(2,055)
Revaluation increases/decreases recognised in the Revaluation Reserve	0	30,360	659	28	0	31,047	4,792
Revaluation increases/decreases recognised in the surplus or deficit on the provision of services	0	2,147	0	(169)	0	1,978	24
Derecognition - disposals	(4,380)	0	(6,218)	0	0	(10,598)	0
Derecognition - other	0	(1,850)	0	0	0	(1,850)	(564)
Assets reclassified to/from held for sale	0	0	0	(73)	0	(73)	0
Assets reclassified to/from assets under construction	20,545	1,315	9,453	0	(31,313)	0	0
Other movements in cost or valuation	0	(810)	0	810	0	0	0
<b>Cost or valuation as at 31 March 2019</b>	<b>2,266,865</b>	<b>548,045</b>	<b>299,003</b>	<b>2,866</b>	<b>325,350</b>	<b>3,442,129</b>	<b>81,056</b>
<b>Accumulated Deprecation and Impairment</b>							
Accumulated depreciation values brought forward at 1 April 2018	(472,899)	(22,129)	(168,305)	(10)	0	(663,343)	(9,304)
- Waste accumulated depreciation values transferred in at 1 April 2018	0	(38,806)	(17,443)	0	0	(56,249)	0
Accumulated depreciation and impairment written off to cost or valuation	0	8,506	303	11	0	8,820	2,055
Depreciation Charge	(70,191)	(14,415)	(18,198)	(14)	0	(102,818)	(2,033)
Depreciation written out on Revaluation Reserve	0	2,393	(150)	0	0	2,243	862
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	536	0	0	0	536	19
Derecognition - disposals	3,655	0	5,785	0	0	9,440	0
Impairment losses / (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	0	(50)	(8,670)	0	0	(8,720)	0
Assets reclassified to/from held for sale	0	0	0	0	0	0	0
<b>GF Closing value - depreciation</b>	<b>(539,435)</b>	<b>(63,965)</b>	<b>(206,678)</b>	<b>(13)</b>	<b>0</b>	<b>(810,091)</b>	<b>(8,401)</b>
<b>Net Book Value at 31 March 2018</b>	<b>1,774,075</b>	<b>331,997</b>	<b>70,498</b>	<b>2,271</b>	<b>213,239</b>	<b>2,392,080</b>	<b>68,991</b>
<b>Net Book Value at 31 March 2019</b>	<b>1,727,430</b>	<b>484,080</b>	<b>92,325</b>	<b>2,853</b>	<b>325,350</b>	<b>2,632,038</b>	<b>72,655</b>
<b>Net Book Value Split at 31 March 2019</b>							
Assets deployed for GMCA activity	1,727,430	12,423	24,773	755	260,236	2,025,617	0
Assets deployed for Mayoral General activity	0	88,231	13,818	0	0	102,049	3,263
Assets deployed for Mayoral Police activity	0	246,726	34,508	2,098	61,857	345,189	69,392
Assets deployed for Waste activity	0	136,700	19,226	0	3,257	159,183	0
	<b>1,727,430</b>	<b>484,080</b>	<b>92,325</b>	<b>2,853</b>	<b>325,350</b>	<b>2,632,038</b>	<b>72,655</b>

## Group Property, Plant and Equipment Valuations

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

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

In estimating the fair value of TfGM's surplus properties, the highest and best use of the properties is their current use. Due to the value of the properties and the changes in mark conditions these have not been re-valued in 2019/20.

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

## 46 Group Intangible Assets

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

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

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

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

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

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

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

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

Internally generated assets relate to TFGM and include the development of the TFGM website, the cost of the Journey Planner and the further roll-out of Smart Ticketing as well as the development of a new Customer Experience Platform (CxP).

#### 47 Group Short and Long Term Debtors

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

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

**48 Group Cash and Cash Equivalents**

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

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

**49 Group Short Term Creditors**

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

## 50 Group Short and Long Term Provisions

Provisions are established to meet liabilities or losses which are likely or certain to be incurred, but the amounts or timings are uncertain. Provisions provided as at 31 March 2020 relate to (a) capital works, and (b) others, including insurance excesses, contractual obligations, contracted maintenance and an onerous lease.

Provisions	Insurance £000s	NNDR Appeals £000s	Police Pension Lump Sums £000s	Landcare £000s	Capital Works £000s	Other £000s	Total £000s
<b>Balances brought forward 1 April 2019</b>							
- GMCA	446	0	0	1,743	7,392	356	9,937
- Mayoral General Fund	1,008	1,968	0	0	0	1,341	4,318
- Mayoral Police Fund	9,442	0	224	0	0	7	9,674
<b>Provisions brought forward - all operations</b>	<b>10,896</b>	<b>1,968</b>	<b>224</b>	<b>1,743</b>	<b>7,392</b>	<b>1,704</b>	<b>23,929</b>
<b>Use of Provision</b>							
GMCA	(152)	0	0	(498)	(247)	0	(897)
Mayoral General Fund	(344)	0	0	0	0	0	(344)
Mayoral Police Fund	(2,198)	0	0	0	0	(7)	(2,205)
<b>Unused amounts reversed</b>							
GMCA	0	0	0	0	(926)	(157)	(1,083)
Mayoral General Fund	0	0	0	0	0	(242)	(242)
Mayoral Police Fund	0	0	0	0	0	0	0
<b>Top up of Provision</b>							
GMCA	245	0	0	0	0	0	245
Mayoral General Fund	0	240	0	0	0	0	240
Mayoral Police Fund	664	0	0	0	0	77	741
<b>Balance carried forward</b>							
GMCA	539	0	0	1,245	6,219	198	8,201
Mayoral General Fund	664	2,208	0	0	0	1,100	3,972
Mayoral Police Fund	7,908	0	224	0	0	77	8,209
<b>Total Provisions carried forward 31 March 2020</b>	<b>9,111</b>	<b>2,208</b>	<b>224</b>	<b>1,245</b>	<b>6,219</b>	<b>1,375</b>	<b>20,381</b>
Short Term	1,080	2,208	224	476	4,806	1,181	9,975
Long Term	8,031	0	0	769	1,413	194	10,407
<b>Total Provisions carried forward 31 March 2020</b>	<b>9,111</b>	<b>2,208</b>	<b>224</b>	<b>1,245</b>	<b>6,219</b>	<b>1,375</b>	<b>20,381</b>

## 51 Group Unusable Reserves

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

## Capital Adjustment Account

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

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

## Pensions Reserve

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

2018/19 £000s	Pension Reserve	2019/20 £000s
9,508,411	Balance brought forward for continuing operations	10,434,531
6,785	Balance transferred in from GMWDA	0
<b>9,515,196</b>	<b>Balance brought forward for all operations</b>	<b>10,434,531</b>
318,631	Remeasurements of the net defined benefit liability / (asset)	(1,027,218)
(296,922)	Employer's pension contributions and direct payments to pensioners payable in the year	(307,453)
897,626	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.	626,350
<b>10,434,531</b>	<b>Balance carried forward</b>	<b>9,726,210</b>

## Revaluation Reserve

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

## Accumulated Absences Reserve

2018/19 £000s	Accumulated Absence Account	2019/20 £000s
4,886	Balance brought forward	4,850
(4,886)	Settlement or cancellation of accrual made at the end of the preceding year	(4,850)
4,850	Amounts accrued at the end of the current year	6,911
<b>(36)</b>	<b>Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements</b>	<b>2,061</b>
<b>4,850</b>	<b>Balance carried forward</b>	<b>6,911</b>

## Deregulation Reserve

The Deregulation Reserve represents payments and losses incurred by TfGM with respect to deregulation on 25 October 1986, which were not charged to profit and loss.

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



## 52 Group Collaborations

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

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

Joint Operation	Lead force	Contribution 2019/20 £000s
TITAN - Partners are Greater Manchester, Cheshire, Merseyside, Lancashire, Cumbria and North Wales. Staff are drawn from these forces with net costs apportioned between partners based on government grant allocations.	Merseyside	6,643
UNDERWATER SEARCH - Partners are Greater Manchester, Cheshire, Merseyside, Lancashire, Cumbria and North Wales. Net costs are apportioned between partners based on government grant allocations.	Cheshire	342
NORTH WEST MOTORWAY POLICE GROUP - Partners are Greater Manchester, Cheshire, Merseyside and Lancashire. Costs are apportioned based on a Service Level Agreement.	Cheshire	382

## 53 Group Contingent Liabilities

Following successful claims in Allard v Devon and Cornwall Police for unpaid overtime following recalls to duty, in excess of 1500 claims have been made nationally. Further unpaid overtime claims from police officers in specific roles are still being investigated at a national level. Any claims relevant to GMP are paid when the Chief Constable is notified that a settlement has been agreed.

## 54 Group Financial Instruments

### Categories of Financial Instruments

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

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

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

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

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

## Income, Expenses, gains and Losses

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

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

## Fair Value of Assets & Liabilities

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

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

The Authority holds £6.744m in equity investments:

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

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

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

- The fair value of cash and cash equivalents (which includes other investments), short-term debtors and short-term creditors is taken to be their carrying amount as this is deemed to provide a reasonable approximation in accordance with the Cipfa Code of Practice.
- The fair value of long-term debtors within the single entity accounts has been evaluated and where these relate to loan advances greater than £3m, prevailing benchmark market rates have been applied to provide the fair value. All other long-term debtors are included at their carrying value.
- Fair value for deferred liabilities in the single entity accounts in relation to the historical Greater Manchester Loan Fund is held at cost as this debt is not tradeable in any principal or alternative market.
- Fair value for PFI schemes cannot be obtained as there is no comparable information available and these have therefore been shown at cost.
- For loans from the PWLB, premature repayment rates from the PWLB have been applied to provide the fair value; by applying new loan rates their fair value would be £768.030m;
- For non PWLB loans payable, premature repayment rates have been applied to provide the fair value; by applying new loan rates their fair value would be £1,209.740m;
- The valuation techniques used for PWLB and non-PWLB debt are level 2 – observable inputs. There have been no changes in valuation technique during the financial year.

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

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

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

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

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

## 55 Nature and Extent of Risks arising from Financial Instruments

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

### Risk Factors

#### TfGM

TfGM carries out credit assessments of all new customers before contracting with them.

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

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

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

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

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

#### NWEH and FoFLP (LPs)

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

##### *Liquidity risk*

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

##### *Credit risk*

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

The purpose of the LPs is to provide short term funding into urban development projects in the North-West via their sub-funds. This provides credit risk in relation to each borrower and project. The LPs manage this risk by setting agreed investment

parameters under the Contingent Loan Agreements and the Investment Adviser and Operator Agreements in place, with detailed due diligence undertaken for all borrowers and projects.

#### *Capital management*

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

#### **Hedging Instruments**

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

### **56 Group Related Party Transactions**

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

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

All intercompany balances have been removed for TfGM, which leaves none for disclosure in this note. All GMP related party balances have been removed on consolidation, the only remaining related party balance is with the Home Office, as disclosed on the CIES.

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

The cash flows for operating activities include the following items:

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

**57b Group Cash Flow Statement - Investing Activities**

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

**57c Group Cash Flow Statement - Financing Activities**

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

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

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

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

## **58 Group Defined Benefit Pension Schemes**

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

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

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

### **McCloud / Sargeant Judgement**

#### **2018/19 calculation approach**

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

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

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

#### **2019/20 calculation approach**

##### **Fire scheme**

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



## Police scheme

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

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

## Comprehensive Income and Expenditure Statement

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

## Movement in Reserves Statement

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

## Pensions Assets and Liabilities Recognised in the Balance Sheet

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

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

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

## Reconciliation of movements in the fair value of the scheme assets

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

## Local Government Pension Scheme Assets Comprised:

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

## Assumptions

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

## Sensitivity Analysis

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

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

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

## **Glossary of Financial Terms**

### **Accounting Policies**

Within the range of possible methods of accounting, a policy is a statement of the actual methods chosen locally and used to prepare these accounts.

### **Accruals**

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

### **Actuarial Gains and Losses**

This Re-measurement of the net defined benefit liability comprises actuarial gains and losses, the return on plan assets and any change in the effect of the asset ceiling. Actuarial gains and losses are changes in the present value of the defined benefit obligation arising from the effects of differences between the previous actuarial assumptions and what has occurred and the effects of changes in the actuarial assumptions

### **Agency Services**

Services that are performed by or for another authority or public body, where the authority responsible for the service reimburses the authority carrying out the work for the cost of that work.

### **Amortisation**

A charge to the comprehensive income and expenditure statement spread over a number of years.

### **Assets**

Items of worth that are measurable in terms of value. Current assets are ones that may change in value on a day-to-day basis (i.e. inventory). Non-current assets are assets that yield benefit to the Authority and Group for a period of more than one year (i.e. Metrolink trams).

### **Assets Held for Sale**

Assets which are being actively marketed and expected to sell within the next 12 months.

### **Bad (and doubtful) debts**

Debts/income which may be uneconomic to collect or un-enforceable.

### **Balances**

The reserves of the Authority and Group, which include the accumulated surplus of income over expenditure.

## **Balance sheet**

A statement of the recorded assets, liabilities and other balances at the end of an accounting period.

## **Budget**

A statement defining in financial terms the Authority's plans over a specified period. The budget is prepared as part of the process of setting the precept.

## **Capital Adjustment Account**

This provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital control system.

## **Capital Expenditure**

Expenditure on the acquisition or enhancement of property, plant and equipment that have a long-term value to the Authority and Group. This includes grants or advances paid to third parties to assist them in acquiring or enhancing their own property, plant and equipment.

## **Capital Financing Costs**

Each service is charged with an annual capital charge to reflect the cost of non current assets used in the provision of services.

## **Capital Financing Requirements**

This measures the underlying need to borrow to finance capital expenditure.

## **Capital Grants**

Grants received towards capital expenditure either generally or for a particular project.

## **Capital Grants Unapplied**

Proceeds received from Government Grants, Other Grants and Contributions, which have not yet been used to finance capital expenditure.

## **Capital Receipts**

Money received from the sale of property, plant and equipment or repayment of a capital advance.

## **Carrying Amount**

The balance sheet value recorded of an asset or a liability.

## **Cash and Cash Equivalents**

This comprises cash in hand, cash overdrawn and short-term investments, which are readily convertible into known amounts of cash.

## **CIPFA (The Chartered Institute of Public Finance and Accountancy)**

CIPFA is the leading professional accountancy body for public services.

### **Consolidated**

Added together with adjustments to avoid double counting of income, expenditure or to avoid exaggeration.

### **Contingent Assets**

Sums due from individuals or organisations that may arise in the future but which cannot be determined in advance.

### **Contingent Liabilities**

Sums due to individuals or organisations that may arise in the future but which cannot be determined in advance.

### **Corporate and Democratic Core**

This comprises the activities that all local authorities engage in because they are elected multi-purpose authorities. The cost of these activities is over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services.

### **Corporate Governance**

This is concerned with the Authority's accountability for the stewardship of resources, risk management, and relationship with the community. It also encompasses policies on whistle blowing, fraud and corruption.

### **Creditors**

Amounts owed by the Authority and Group for goods and services provided by the balance sheet date, where payment has not been made at that date.

### **Current Assets**

An asset where the value changes because the volume held varies from day to day, for example, stock. It is reasonable to expect that these assets will either be consumed or realised during the next accounting period.

### **Current Liabilities**

An amount which will become payable or could be called in within the next accounting period.



## **Current Service Cost**

The increase in present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current financial year.

## **Curtailments**

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces the accrual of defined benefits for a number of employees for some or all of their future service.

## **Debtors**

Sums of money owed to the Authority and Group at the balance sheet date but not received at that date.

## **Deferred Capital Receipts**

Amounts derived from asset sales, which will be received in instalments over a period of years.

## **Defined Benefit Pension Scheme**

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

## **Defined Benefit Contribution Scheme**

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

## **Depreciation**

The measure of the wearing out, consumption or other reduction in the useful economic life of property, plant and equipment.

## **Exceptional Items**

Material items which derive from effects or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

## **Expected Return on Pension Assets**

For a funded defined benefit pension scheme, the average return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

## **Expenditure**

Amounts paid by the Authority and Group for goods received or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment - expenditure is deemed to have been incurred once the goods or services have been received even if they have not been paid for.

## **External Audit**

The independent examination of the activities and accounts of local authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Authority has made proper arrangements to secure value for money in its use of resources.

## **Fair Value**

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

## **Fees and Charges**

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

## **Finance Lease**

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

## **Financial Instruments**

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

## **Historical Cost**

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

## **Impairment**

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

## **Income**

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

### **Infrastructure Assets**

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

### **Intangible Assets**

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

### **Interest Cost (Pensions)**

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

### **International Financial Reporting Standards (IFRS)**

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

### **Inventory**

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

### **Investment Properties**

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

### **Investments**

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

### **Liabilities**

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

### **Long-term Contracts**

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

## **Material**

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

## **Minimum Revenue Provision (MRP)**

This is the amount that is charged to an Authority's Movement in Reserves Statement each year and set aside as a provision for credit liabilities.

## **Net Book Value**

The amount at which non current assets are included in the balance sheet, i.e. their historical cost or current cost less the cumulative depreciation.

## **Net Debt**

The Police and Crime Commissioner's borrowing less cash and liquid resources.

## **Net Realisable Value**

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

## **Non-Current Assets**

Assets which have value to the Authority for more than one year. These can be tangible (e.g. land, buildings, equipment) or intangible (e.g. Software or licences) assets.

## **Non-Operational Assets**

Non-current assets held by the Authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements pending sale or redevelopment.

## **Non Domestic Rate (NDR)**

These are often referred to as Business Rates, and are a levy on business properties based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines that national rate poundage, Local Authorities collect the sums due, with distribution made in accordance with rules governing the Business Rates retention scheme.

## **Operating Lease**

A lease other than a finance lease.

### **Past Service Cost**

For a defined benefit pension scheme, the increase in present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

### **Past Service Credit**

For a defined benefit pension scheme, the decrease in present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or reductions, in retirement benefits.

### **Payments in Advance**

Amounts actually paid in an accounting period prior to the period in which they are due

### **Pension Account**

The Authority is required to set up a separate fund from the rest of its operation for transactions relating to firefighters and police pension arrangements. The funds are balanced to nil each year by the receipt of a pensions top-up grant from the Department for Communities and Local Government.

### **Precept**

An amount of money levied by one Authority (the precepting Authority) which is collected by another Authority (the collecting Authority) as part of the council tax. The Authority is the precepting Authority and the Metropolitan District Authorities of Greater Manchester are the collecting authorities.

### **Prior Year Adjustments**

Material adjustments to the accounts of earlier years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

### **Private Finance Initiative (PFI)**

A partnership between the private and public sectors that uses private sector financing to provide public sector assets. The partnership has to meet certain criteria to qualify for Central Government subsidy.

### **Provisions**

These are sums set aside to meet liabilities or losses that have been incurred but where the amount and/or timing of such costs are uncertain.

### **Public Works Loan Board (PWLb)**

A Government agency that lends money to local authorities. Local authorities are able to borrow some or all of their requirements to finance capital expenditure from this source.

### **Receipts in Advance**

Amounts actually received in an accounting period prior to the period in which they are due.

### **Residual Value**

The net realisable value of property, plant or equipment at the end of its useful life.

### **Reserves**

These are sums set aside to meet possible future costs where there is no certainty about whether or not these costs will be incurred.

### **Revenue Contributions**

The method of financing capital expenditure directly from revenue.

### **Revenue Expenditure**

Expenditure incurred on the day-to-day running of the Authority and Group. This mainly includes staff recharge costs, general running expenses and capital financing costs.

### **Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

These are items of capital expenditure that do not result in, or remain matched by, the Authority's property, plant and equipment.

### **Settlement**

An irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligations and the assets used to effect the settlement

### **Unfunded Pension Scheme**

This is one in which liabilities for pension benefits are charged to the employer's revenue account in the year in which they arise and are not financed from investments held. The Authority operates such a scheme for its firefighters.

### **Voluntary Revenue Provision (VRP)**

The VRP is a voluntary revenue contribution for the repayment of debt. It recognises the shorter life span of a number of assets i.e. vehicles, that would become obsolete before the original debt has been repaid.