future → ready

Statement of Accounts for the year ended 31 March 2021

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Organisational overview and operational environment

Greater Manchester Combined Authority

The Greater Manchester Combined Authority (GMCA) is made up of the ten Greater Manchester Councils and the Mayor who work with other local services, businesses, communities and other partners to improve the city region. The GMCA oversees Transport for Greater Manchester (TfGM), who are in turn responsible for management of the network.

Set out below is an overview of the Highways, Metrolink, Bus and Rail operational environments. Where provided, any travel data relates to volumes prior to the Covid-19 pandemic. Further information is given later in this Narrative Report on the impact of COVID-19 on TfGM's operational environment and the responses to it.

Mayor of Greater Manchester

On the 8 May 2021, Andy Burnham was re-elected as Mayor of Greater Manchester.

The Mayor is the Chair and eleventh member of the GMCA. The leaders of the ten councils form the Mayor's cabinet. The Mayor is supported by a Deputy Mayor for Policing and Crime, and a Deputy Mayor for Economic Growth and Business.

The Mayor is able to make some decisions independently, but others involve consultation with, and approval of, the other 10 members of the GMCA. Some decisions need unanimous support, others need a majority.

Greater Manchester Transport Committee

The Greater Manchester Transport Committee (GMTC) is a joint committee made-up of the principal transport decision-making bodies – the ten GM Councils, GMCA and the Mayor of Greater Manchester.

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

Highways

Across the city-region 90% of all journeys are made by road, with an estimated 2.5 billion trips made on the Greater Manchester (GM) road network (with an origin and/or destination inside GM) each year. They are a critical asset on which public transport, freight, business, visitors and commuters rely including, increasingly, for active travel modes.

Journey numbers on highways have remained relatively steady throughout the COVID-19 pandemic, and have quickly increased as lockdowns have eased. By May the number of road journeys had returned to c. 88% of pre pandemic levels.

TfGM does not manage highways on behalf of Greater Manchester. 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 does, however, have strategic oversight of a Key Route Network, making up over 650km of Greater Manchester's busiest roads. While this is just 7% of the total length of the highways network, it carries two-thirds of all peak-time traffic.

TfGM works closely with local authority partners and Highways England to coordinate day-to-day operations and deal with incidents and events on Greater Manchester's roads and motorways. This includes work aimed at tackling congestion such as managing signals to improve traffic flow, controlling pedestrian crossings, conducting long-term planning and modelling and design, and installing and modifying new signal junctions.

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

Metrolink

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

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

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

Patronage and revenues on Metrolink have been significantly impacted by COVID-19 and the lockdowns throughout the year. Patronage fell to c. 5% of pre pandemic levels in the first lockdown before recovering back to c. 50% and then reducing again in subsequent lockdowns. Funding has been provided during the year by DfT to support the loss in farebox revenues and to enable the continued operation of these essential services which, along with the other modes, have been key to providing transport to key workers. Although patronage and revenues have started to recover, patronage and farebox income are still well below pre pandemic levels and discussions are ongoing with DfT and HMT regarding future financial support. The impact of this on the Accounts is described further in the Basis of Preparation at Note 2 to the Accounts.

Bus

Greater Manchester's bus network plays a key role in keeping the city-region moving by helping to reduce car journeys and easing congestion on our roads.

Bus services were deregulated in 1986 under the Transport Act in 1985. Consequently, there are currently two interacting bus markets in Greater Manchester: a commercial (deregulated) market and a subsidised (contracted) market. Over 80% of services are run commercially by companies who set the routes, timetables, fares, frequencies and quality standards. The remaining services form the subsidised market, where operators compete to win contracts. These contracts are for services, or parts of services (e.g. early morning or evening journeys) that are considered to be socially necessary and are funded by TfGM.

School transport makes up part of the subsidised market. Greater Manchester has a comprehensive network of dedicated school services, funded by TfGM. TfGM also owns a fleet of 78 Yellow School Buses.

In addition to some general bus services and school bus services, TfGM funds a Local Link service in Greater Manchester. Local Link provides demand responsive transport which allows passengers living in areas where the service is active to ring and book a journey within the local area. The vehicles used on this service are minibuses and it is a multi-occupancy service. No age or disability restrictions apply to these services.

Ring and Ride operates across Greater Manchester and provides a door-to-door minibus service for people who find it difficult to use regular public transport. Eligible passengers and an accompanying adult can access free or low-cost journeys of six miles or less in Greater Manchester. The Ring & Ride service is operated by Greater Manchester Accessible Transport Ltd (GMATL) and is mainly funded via a grant from TfGM.

Bus reform

In March 2021, the Mayor of Greater Manchester, Andy Burnham made a decision, to implement bus franchising as part of plans for a joined-up and truly passenger-focused transport network.

Once implemented Greater Manchester will be the first city-region outside London to have buses that are under local control, allowing local leaders to set routes, frequencies, fares and tickets. This will allow GMCA and TfGM to fully integrate buses with the rest of the transport network, as part of a passenger-focused network with easy end-to-end journeys.

Franchising, or local control, will deliver passenger benefits, including simpler fares and ticketing, better joined-up planning between bus and tram journeys so passengers will be able to quickly and easily change between them. It will also mean a 'one-stop shop' for travel information and customer support, as well as consistent standards for a high-quality passenger experience across the network.

Franchising will also support GMCA's objectives as set out in the Greater Manchester Strategy to become the best place in the country to grow up, get on and grow old. With buses under local control, Greater Manchester leaders will be able to connect people by public transport to work, home, education, culture and leisure. Bus franchising also means GMCA can set environmental standards for a cleaner, greener bus fleet, helping to meet the city-region's targets to tackle the climate emergency, reduce harmful emissions and clean up our air.

TfGM will be implementing and managing bus franchising on behalf of GMCA. To ensure a smooth transition franchising will be introduced in phases, with the first franchised buses starting to run in Bolton and Wigan in early 2023.

Rail

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

Rail infrastructure, including Manchester Piccadilly station, is owned and managed by Network Rail. In February 2021, TfGM took over the day-to-day operation of Horwich Parkway Rail Station, which TfGM owns, from Northern Trains Limited. Passenger services, and the rest of the stations in the city-region, are operated by Train Operating Companies (TOCs) on a National Rail Contract basis. As a regional hub for rail travel, services running through, to, and from GM include Avanti West Coast, CrossCountry, East Midlands and Wales and Borders.

Following COVID-19 the Government temporarily transitioned the franchises onto Emergency Recovery Measures Agreements. These agreements suspended the normal financial mechanisms of franchise agreements, transferring all revenue and cost risk to central government. These agreements are now being replaced by National Rail Contracts which will be in place for a number of years depending on the operator. This is inline with the Williams-Shapps Plan which sets out the Government's proposal to reforming the railway. The review is built upon 10 key outcomes and 62 commitments. The review states that, together, these form a common goal: "to secure the future of the network and everyone who uses it or works on it".

Under the new proposals set out in the Williams-Shapps Plan, private operators will continuing to run day-to-day services for a small, pre-determined management fee.

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

Active travel

Walking and, increasingly cycling, form peoples 'first and last step' and are the means by which the other modes can integrate. Combined they form almost a quarter of all trips on the network as modes in their own right, and walking (or cycling) underpin all public transport and private car journeys.

Cycling and walking have a crucial role to play in building a more sustainable, environmentally-friendly and efficient transport network. Both offer convenient, attractive, healthy and safe ways to travel, particularly for short journeys. One third of all journeys under 1km in Greater Manchester– the equivalent of a 5 minute bike ride or a 10 minute walk - are made by car. As such, encouraging more people to be more active, more often is vital to achieving our vision to make Greater Manchester an attractive, healthy and economically thriving region, and also help to reduce air pollution and congestion on our roads

TfGM's responsibilities, vision and mission

TfGM is responsible for carrying out the transport-related functions and policies of the Combined Authority and the Greater Manchester Transport Committee, and those functions of the Mayor which may be delegated to it, including the functions set out below. It is not a statutory highway authority.

TfGM's responsibilities include:

- Investing in improving transport services and facilities, to support the regional economy.
- Working closely with bus, tram (Metrolink) and train operators to help improve the full journey experience.
- Owning Metrolink – the UK's largest light rail network – and planning for its future, including the new Trafford Park line.
- Promoting and investing in walking and cycling as safe, healthy and sustainable ways to travel.
- Paying for bus services at times and in areas where no commercial bus services are provided.
- Keeping traffic flowing on some of Greater Manchester's busiest roads by managing a 360 mile 'Key Route Network'.
- Owning and operating Greater Manchester's bus stations, stops and shelters and investing in new, modern transport interchanges.
- Subsidising more affordable fares to help older people, children and disabled people get around.
- Developing easier, smarter ways to travel and plan journeys by using data and technology.
- Playing a leading role in coordinating Greater Manchester's plans to reduce transport-related air pollution.
- Delivering the Mayor's decision to franchise buses in GM.

TfGM is also acting on behalf of the GMCA to coordinate with the GMCA and the ten Local Authorities and develop a strategy that ensures the legal requirements for clean air are met across the city-region.

TfGM's purpose

As we look ahead to our future, it's clear that TfGM faces a significant challenge in helping Greater Manchester recover from the COVID-19 pandemic.

TfGM has changed over the years. We are doing incredibly different and varied activities; some of these have been in response to the pandemic, but many are attributed to Greater Manchester's ambition to be one of the best places in the world to grow up, get on and grow old.

How does this change our business and its purpose?

From engagement with staff across the organisation, we have developed an organisational statement of purpose that says what we do, how we do it, and most crucially, why.

"We are TfGM. We help people and places to thrive by enabling seamless, safe, and sustainable journeys for all."

Impact of the COVID-19 Pandemic

The period covered by this Statement of Accounts and the period since the year end continue to have been significantly impacted in a number of ways by the COVID-19 pandemic. Where appropriate this Narrative Report refers to the impact of the pandemic on TfGM. However, this is a very fluid and fast-moving situation and the impact on TfGM and its operations are still developing and therefore will be subject to ongoing change.

Operating environment

TfGM's operating environment has a significant impact on the success of delivering the organisation's objectives.

Most of TfGM's operational activities are funded from the Transport Levy and the Mayoral Precept, as far as the latter relates to transport matters. The Transport Levy is provided by the GMCA from funding received from the ten Greater Manchester Local Authorities. The Transport Levy is set annually by the GMCA which approves the transport budget and the amount provided to TfGM. Certain activities which are Mayoral functions are funded from the Mayoral Budget and the Mayoral Precept. This includes the costs associated with developing, updating and delivering the Local Transport Plan, see the following link: Our Five Year Transport Delivery Plan | Transport for Greater Manchester (tfgm.com).

In addition to the policies and activities which are directed by the GMCA transport vision, a number of TfGM activities are determined by government policy or legislation, including the English National Concessionary Travel Scheme.

Greater Manchester's Bee Network

The Mayor of Greater Manchester, Andy Burnham, has committed to creating the 'Bee Network' by 2024. The Bee Network is a vision for a transport system that is easy, affordable, reliable and convenient – giving everyone travelling in GM an attractive alternative to driving. It supports our ambition to make GM one of the best places in the world to grow up, get on and grow old - seamlessly connecting our people, places and communities. It means seamless connections across walking, cycling, buses and trams with clear customer travel information and simple fares and ticketing – with ambitions to include devolved local rail services by 2030.

Greater Manchester's ambitions for an integrated transport network are now at a critical stage following the launch of a £1.5 billion investment into the UK's largest cycling and walking network over the next 10-years and the landmark decision taken by the Mayor of Greater Manchester to bring the city-region's buses under local control in the biggest change to public transport in Greater Manchester in over 30 years.

TfGM will coordinate and lead deliver of this vision over the next three years.

Greater Manchester Transport Strategy 2040

The Greater Manchester Transport Strategy 2040 was published in 2017, and refreshed in 2021, with a five year transport delivery plan published in 2021. (See the following link Greater Manchester Transport Strategy 2040 | Transport for Greater Manchester (tfgm.com)) The Strategy is updated through a series of five-year Delivery Plans, which set out Greater Manchester's shorter-term delivery priorities. The 2021-2026 Transport Delivery Plan 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. That's a million more sustainable journeys every day.

The Greater Manchester Transport Strategy 2040, five-year Delivery Plans and sub-strategies are underpinned by seven key principles that are applied consistently as we plan Greater Manchester's transport network.

The Greater Manchester Transport Strategy 2040 is aligned with multiple strategies and policy documents including:

- The Greater Manchester Transport Strategy 2040: 5-year Delivery Plan (2021-2026)
- Congestion Deal
- Clean Air Plan
- Made to Move
- HS2 and Northern Powerhouse Rail Growth Strategy Our Prospectus for Rail

The 2040 Strategy and the 5-year delivery plans will still provide the appropriate framework for the response, development of options and delivery of appropriate plans through the COVID-19 Recovery phases. A series of more detailed thematic sub-strategies are also due to be published later in 2021, including on the topics of local bus, rapid transit and streets for all.

Governance

Members of TfGM

The Directors of TfGM who held offices of statutory members during the year, in accordance with Section 9 (2) of the Transport Act 1968, are set out below.

EJ Boylan – Chief Executive
RM Morris – Chief Operating Officer
SG Warrener – Finance & Corporate Services Director
J Kaye – Non-Executive Director
T Matthews – Non-Executive Director
L Moscos – Non-Executive Director
S Wilsons – Non-Executive Director
E Pysdens – Non-Executive Director
(Resigned on 30 September 2020)

The Annual Governance Statement included on pages 32 to 51 provides further details regarding the Directors of TfGM; information on TfGM's governance systems and processes; and how TfGM complies with the CIPFA / SOLACE Framework Delivering Good Governance in Local Government. TfGM is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Each year the governance systems and processes are reviewed and in 2020/21 it was concluded that TfGM had in place satisfactory systems of internal control which facilitate the effective exercise of the organisation's functions. The Annual Governance Statement sets out any key changes in TfGM's governance procedures in 2020/21. These include the updates which are as a result of the usual cycle of review and improvement.

Business model

Business Plan overview

Transport plays an important role in creating genuine opportunity: TfGM connect people to jobs, essential services, culture, retail, leisure, and to one another. Supporting the Greater Manchester communities to get around safely, reliably, affordably, and sustainably – on foot, by bike, tram, bus, and train – is at the heart of what they do.

And TfGM make places better; the Metrolink network connects communities, and the interchanges they own are an anchor for many of the Greater Manchester towns and are catalysts for regeneration. TfGM also continue to make great strides in helping to make Greater Manchester cleaner and greener through sustainable public transport, and of course through championing active travel.

With major opportunities ahead, TfGM are entering a new and exciting chapter. It's important that TfGM become more flexible and agile to adapt to what's ahead. It's also important that all TfGM employees understand their role in the future and the challenges they face as an organisation, teams, and individuals, and how TfGM fit with their partners and the Greater Manchester family.

TfGM achievements

Despite the uncertainty caused by the pandemic TfGM staff have continued to deliver significant transport initiatives and support the wellbeing of its staff. The following list, whilst not exhaustive, provides an indication of the successes that have been achieved in the past year.

Flexible working / dynamic working

Spring 2020

TfGM was in a good place to roll out dynamic working when the pandemic started, and all office based staff were able to work from home effectively, with continual improvements following.

Ashton-under-Lyne Interchange opening

Spring 2020

Services started running from the new Interchange from August 2020 after it was opened earlier in the year. The interchange provides passengers with much-improved facilities and a modern, accessible gateway to the town.

Trafford Park Line opening

Spring 2020

Services started running on the brand new £350m Trafford Park Line, 7 months earlier than planned, in a boost for essential workers.

Bee Network: First CYCLOPS junction

Summer 2020

The UK's first CYCLOPS (Cycle Optimised Protected Signals) junction was launched in Hulme, South Manchester. The unique design separates pedestrians and cyclists from traffic, reducing the possibility of collisions or conflict.

e-scooter trial

Autumn 2020

A trial of an e-scooter rental scheme as part of a national government scheme to fast-track their use took the streets. This was a partnership between TfGM, Salford City Council and University of Salford.

Future ready programme launch

Autumn 2020

Future ready launched in Autumn 2020, with a clear vision: to change TfGM's culture so that we become a more effective, efficient and resilient organisation, ready to face the challenges of delivering Greater Manchester's transport priorities and supporting the GMS and 2040 strategy.

future→ready

Stockport Mixed Use: Enabling works

Winter 2020/21

Various packages of enabling works progressed in preparation for Stockport Mixed Use Development, which will transform the town's bus station into a modern, attractive and accessible interchange, with a direct link to the Rail Station.

Delivery of the first of the new trams

Winter 2020/21

The first of 27 new Metrolink trams arrived in Manchester after an epic 1,800km journey across Europe. The new M5000 vehicle is now in service with more on the way.

Taxi licensing minimum standards consultation

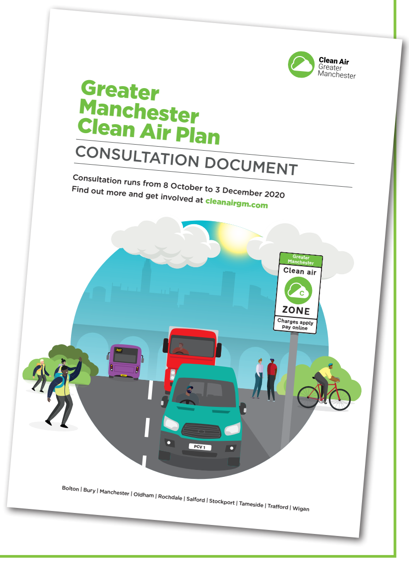
Winter 2020/21

A consultation was carried out in conjunction with the Clean Air Zone proposing Minimum Licensing Standards for taxis and private hire vehicles licensed locally, including a step-by-step pathway to reducing harmful emissions.

Clean Air Zone consultation

Winter 2020/21

During an 8-week-long public consultation between 8 October and 3 December 2020, 4,765 responses were received from businesses, organisations and the general public. Feedback was given on key elements such as the proposed Clean Air Zone boundary, daily charges for affected vehicles, and how COVID-19 has affected businesses in Greater Manchester.



Horwich Parkway Station – local control

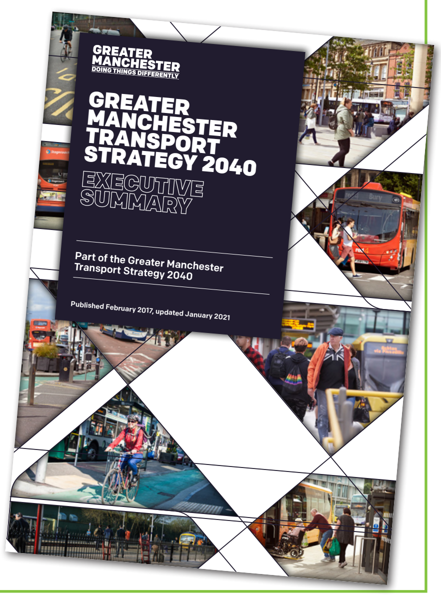
Winter 2020/21

The Mayor of Greater Manchester, Andy Burnham, welcomed a significant moment for the city-region's long-term vision for rail as TfGM took over the operation of Horwich Parkway Station.

2040 Strategy Refresh and 5 Year Delivery Plan Update

Spring 2021

An updated 2040 Strategy and 5 year delivery plan were published to enhance our vision for Greater Manchester to have 'World-class connections that support long-term sustainable economic growth and access to opportunity for all".



Duplicate school bus services

Spring 2021

TfGM secured funding from the Department of Education to run additional school bus services during the last year to enable social distancing measures to be adhered to and keep children and their families safe.

Bus reform decision

Spring 2021

The Mayor of Greater Manchester, Andy Burnham, made a landmark decision to take control of buses in the biggest shake-up to Greater Manchester's transport network in over 30 years, as part of plans for a joined-up and truly passenger-focused transport network.

Staff wellbeing

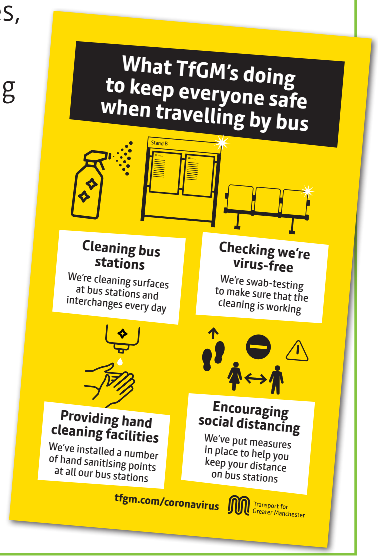
Ongoing

TfGM are focused on creating a culture of openness and positive wellbeing and introduced a number of initiatives this year including Check in sessions, Wellbeing Time, 'Brewlette' and various campaigns to encourage mental health to be discussed without stigma.

GM COVID response (Nightingale hospital, temporary mortuary, face mask campaign, etc)

Ongoing

Publicity campaigns were run by TfGM encouraging residents of Greater Manchester to help keep themselves, transport staff and others safe by wearing a face covering on public transport and only travelling when necessary; cycling, walking or driving as their first choice of travelling; avoiding public transport wherever possible.



TfGM awards and accreditations

And despite the COVID -19 challenges TfGM continues to be recognised for what it does, what it delivers and for the high level of professionalism it provides. Some examples of awards or accreditations gained or maintained in 2020/21 are shown below.

ITS UK October 2020

Smart Junctions – Innovative Use of Technology Award

Brake and Road Safety GB November 2020

CYCLOPS Junction – Local Roads Innovation Award,
2020 Vision Zero Leaders

NQA International Voluntary Standard January 2021

Maintained – Management systems of occupational health and safety (OH&S) of ISO45001:2018

NQA International Voluntary Standard January 2021

Maintained – Environmental standard ISO14001:2015

Investors in People February 2021

Customer Engagement Team had their third year annual surveillance visit for their Investors in People accreditation.

ICE North West awards March 2021

Metrolink's Trafford Park Line – Large Project of Year

CSE March 2021

Customer Service Excellence accreditation

Best Companies May 2021

The North West 100 Best Companies to Work For 2021

Top Ten Not-for-profit body Best Organisations

Risks, issues and opportunities

The COVID-19 crisis has significantly impacted on our operating and financial model, as outlined above.

Through the emergency phase and now through the Recovery Phase the senior leadership teams have been proactively managing risks, issues and opportunities and associated mitigation activities through a series of COVID-19 task groups.

Work has been undertaken to consider a range of potential future scenarios we may see in the external operating landscape. These scenarios include a range of potential outcomes, reflecting different rates of economic recovery and the speed of change in social and environmental attitudes. The work is allowing us to consider potential impacts on the demand for our services and reflect on existing organisational priorities.

By trying to better understand the future landscape, we can revisit existing plans and Strategies to make any appropriate modifications and ensure our recovery response is effective and efficient. This holistic approach will ensure that we continue to mitigate downside risk and seek to exploit any opportunities that arise. The prioritisation of existing and planned, activities will help to ensure we are best placed to respond to those future scenarios. This will include changes in the focus and timing of some plans, including the acceleration of some projects and activities to support the Greater Manchester recovery.

We will be able to build on the legacy of new ways of working and behavioural changes both within the organisation and the public to achieve long term sustainable improvements. These will continue to support existing priorities to increase flexible working with GM business, promote modal shift to walking and cycling and improve air quality in GM.

Risk strategy

TfGM's risk policy statement is:

"Risk management shall be an integral part of day-to-day management at all levels of the organisation with a robust risk management process which will assist in safeguarding TfGM's reputation and delivering the Strategic Objectives and Business Plan Outcomes."

Risk management in TfGM is about managing threats and opportunities to create an environment of 'no surprises' to ensure there is an effective risk management process. The policy aims are:

- To have a robust understanding of TfGM risk;
- To strengthen and protect TfGM's resilience in dealing with risk issues which would impact the image and reputation of TfGM; and
- To ensure clear responsibility for the management of risks between TfGM and its partners and give clear accountability for the execution of risk management activities.

The strategy sets out best practice drawing principally on guidance and standards in the "International Standard in Risk Management – ISO: 31000", "The Orange Book, Management of Risk" and "Management of Risk: Guidance for Practitioners" issued by HM Treasury.

The strategy is prepared in accordance with the Constitution of TfGM and is approved by the Executive Board. The approach provides assurance that appropriate controls are in place to deliver a securely run organisation in line with recommendations of the updated version of the UK Corporate Governance Code. It is part of the delivery mechanism for TfGM Strategic Objectives and Business Plan Commitments.

The strategy includes the management of strategic, operational, project and programme risks.

All TfGM staff, delivery partners, consultants and contractors must adhere to the requirements around risk management.

This risk management policy and strategy continues to play an important role in making TfGM an even more efficient and effective organisation.

Further details are included in the Annual Governance Statement.

Performance

Financial performance

Accounts

TfGM is required to prepare an annual Statement of Accounts in accordance with the Accounts and Audit Regulations

2015. These Regulations require 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 2020/21,

supported by International Financial Reporting Standards (IFRS).

Primary Statements

The Statement of Accounts includes the following primary statements. A note on the purpose of each of these statements is also shown below:

Comprehensive Income and Expenditure Statement (CIES): This shows the accounting receivable income and the costs incurred in the year of providing services. TfGM's Comprehensive Income and Expenditure Statement for the year shows a net expenditure of £102.0 million (2020: net income of £58.6 million). The net expenditure / income includes capital grants recognised in the year of £44.9 million (2020: £125.2 million), which, under the requirements of the Code, are required to be recognised as income in the year they are received, unless there are conditions attached which TfGM has not met.

A reconciliation from the revenue deficit shown in the CIES, in accordance with the Code, to the surplus is shown below. This information is disclosed in the movement in reserves statement and is included here as an aid in interpreting the information within these financial statements.

2019/20			2020/21	
£000	£000		£000	£000
	58,643	**Total comprehensive income and expenditure shown in the CIES**		(102,017)
		Add back: IAS19 Pension adjustments		
(16,206)		Remeasurement of the net defined benefit liability	60,591	
13,815		Current service cost and losses on curtailments and settlements	13,245	
62		Past service cost	361	
(5,830)		Employer contributions	(8,070)	
1,913		Finance costs of pension scheme	1,661	
	(6,246)			67,788
	52,397			(34,229)
–		Add: Release of unapplied revenue contributions	–	
82		Less: Revaluation reserve adjustment	82	
(125,208)		Less: Capital grants and contributions	(44,930)	
	(125,126)	Add: Amounts released from the Deferred Capital Grants and Contributions Account		(44,848)
72,013		Amount to match depreciation of grant funded assets	80,717	
81		Amount released on disposal of grant funded assets	675	
	72,094			81,392
	(635)			2,315
	(1,395)	Less: Amount transferred to Deregulation Reserve		(1,395)
	(2,030)	**Revenue (deficit) / surplus for the year**		920

TfGM's net expenditure, after taking into account all sources of income and expenditure, is financed primarily by way of a revenue grant from the GMCA. The GMCA makes a levy on the ten local authorities in Greater Manchester to meet its own expenditure which includes the revenue grant to TfGM. GMCA also receives other grants from central government to fund TfGM's activities. Capital grants are also receivable from the GMCA in respect of approved expenditure on capital schemes.

The grants receivable from GMCA were as follows:

	2021 £000	2020 £000
Revenue grants	219,877	164,070
Passenger transport facilities grants	12,243	2,662
Capital grants	45,153	116,664
Total grants receivable	**277,273**	**283,396**

Movement in Reserves Statement (MIRS): This shows the year on year movement on different reserves held by TfGM. These are analysed further in note 18 into 'Usable', being those reserves that TfGM may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use, and 'Unusable'; where reserves are those that TfGM is not able to use to provide services.

As of 31 March 2021, TfGM Usable reserves were £38.2 million (2020: £37.1 million) and the Unusable reserves were £1,824.9 million (2020: £1,927.9 million).

The main Unusable Reserve is the Deferred Capital Receipts Account, which holds the capital grants received by TfGM to fund its capital programme. The Code requires TfGM to recognise capital grants when received in the CIES if these do not have conditions which may give rise to repayment. The majority of grants fall within this category and are held initially within the deferred capital receipts reserve. The reserve is used to fund the future costs of depreciation on the assets delivered by the programme. Each year the depreciation charged for assets that have been funded by the grants held in this reserve are transferred from the deferred capital receipts reserve to the general reserve to allow matching of capital costs and grants. This ensures the capital grants received are ring fenced to cover the future capital depreciation cost.

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. TfGM accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

The Deregulation Reserve represents the costs relating to the transfer of Greater Manchester Passenger Transport Executive's (GMPTE) bus operations to Greater Manchester Buses Limited following the implementation of the Transport Act 1985. As required by the Act, and in accordance with the transfer scheme, which was approved by the Secretary of State for Transport, GMPTE transferred its bus operation activities and certain of its assets and liabilities to this new company. The Deregulation Reserve represents payments and losses incurred by TfGM (then GMPTE) with respect to deregulation on 25 October 1986, which were not charged to profit and loss.

The Revaluation Reserve contains the gains made by TfGM arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;

- used in the provision of services and the gains are consumed through depreciation, or;

- disposed of and the gains are realised.

The Corporate Capital Reserve primarily relates to the reserves of the entities from which TfGM (then GMPTE) was formed.

Balance Sheet: This shows the value as at the balance sheet date of the assets and liabilities recognised by TfGM. The net assets are matched by reserves held, which are analysed into Usable and Unusable Reserves as described above. The net assets at 31 March 2021 were £1,863 million (31 March 2020: £1,965 million).

The key movements in the Balance Sheet are summarised below:

The value of assets held in Property, Plant and Equipment in the year has reduced due to large capital schemes completing in previous years and the annual depreciation charge exceeding the current year capital spend. Capital spend in the year has included the following schemes in the year:

- Metrolink Trams – £19.3 million has been spent on the year in procuring the 27 additional trams.

- Metrolink Trafford Park Line Extension – £13.4 million has been spent in the year on the extension of the Metrolink line to the Trafford Centre. This is mainly in relation to land purchases and the opening of a new Park and Ride Facility;

- Metrolink Programme – £8.5 million of expenditure has been incurred on other Metrolink projects in the year across a number of renewals projects;

- Growth Deal Majors schemes – The Growth Deal Programme consists of a number of major and minor projects that are being delivered by TfGM and the Local Authorities. TfGM have incurred expenditure of £10.4 million in 2020/21 across the projects being promoted by them. These schemes include:

  – Ashton Interchange which opened in 2020/21. The new interchange provides a modern and accessible gateway to the town. Built on the site of the existing bus station on Wellington Road, it allows passengers to interchange between different modes of transport, including bus, Metrolink, rail, walking and cycling;

  – Stockport Interchange park and residential scheme. This will deliver a modern, multi-modal transport interchange in conjunction with significant supporting residential and associated development including a public park above the interchange and a link to the rail station. Planning approval was granted by Stockport Council at the end of 2018/19 and work has been ongoing in the development of the site and the delivery plans in 2020/21; and

  – Metrolink stop improvement works at Cornbrook and Shudehill. The works were to improve safety, security and accessibility for our passengers.

The £4.3 million investment relates to two different partnerships that TfGM has entered into.

- In 2017/18 TfGM entered into a partnership with Manchester City Council and London and Continental Railways Limited, along with the developer, U&I Limited, to form the Mayfield Partnership Limited Partnership. The partnership is seeking to regenerate the former Mayfield Depot site situated near to Piccadilly Station. Each party has pooled their existing land interests with a view to bringing forward significant development, employment and business opportunities;

- In 2019/20 TfGM entered into an arrangement with Peel Group to form two joint venture vehicles;

TfGM Peel Wharfside 1 LLP and TfGM Peel Wharfside 2 LLP. Each of TfGM and Peel Property (Partnerships) Limited (a company within the Peel Group) hold membership interests in each of these limited liability partnerships. TfGM Peel Wharfside 1 LLP has been granted a long lease of the former 'Communisis' site, and TfGM Peel Wharfside 2 LLP has been granted a long lease of the site known as 'Wharfside' (each site is adjacent to the Metrolink Trafford Park Line). The manner in which these sites will be dealt with is being progressed between TfGM and Peel, in accordance with the agreed joint venture arrangements.

The Accounts reflect the outcome of the annual actuarial valuation for accounting purposes based on IAS19 of TfGM's pension fund assets and liabilities. A full actuarial valuation on a 'funding' basis was undertaken at 31 March 2019. A 'desktop' valuation was performed as at 31 March 2021 to roll forward the balances from the full valuation adjusting for changes in financial assumptions. The net pension liability increased in the year by £67.8 million (2020: decreased by £6.2 million). The increase in the liability is mainly as a result of changes in the financial assumptions.

Cash Flow Statement: This shows the change in cash and cash equivalents of TfGM during the year. The statement shows how TfGM has generated and used cash and cash equivalents; and classifies cashflows into operating, investing and financing activities. The net increase in cash and cash equivalents during the year was £52.1 million (2020: net increase of £2.8 million). The year on year change from cash outflow to cash inflow is largely due to the timing of receipts and payments on the capital programme. There have been no changes in the year in TfGM's borrowing facilities and capital borrowing.

The majority of funding received by TfGM is capital and revenue grants from GMCA which significantly reduces any risk over the recoverability of any future cash inflows. Capital and revenue budgets are strictly monitored to ensure spend is within the approved budget. There is on-going monitoring of the cashflow position and security over the majority of income received, however due to the impact of the COVID-19 pandemic on its 'third party' or commercial income streams, TfGM is reviewing its cashflow position closely in conjunction with GMCA and this has been considered in the Going Concern statement made as part of finalising these Accounts.

Expenditure and funding analysis: This note aims to provide a clear link between the in-year monitoring of the revenue budget and the final outturn position in the audited financial statements. The Expenditure and funding analysis shows the net expenditure charged to revenue reserves as reported to management and reconciles this expenditure to the comprehensive income and expenditure statement.

The net expenditure in the year is summarised below:

	2020/21	**2019/20**	**(Increase)/ Decrease**
	£'000	**£'000**	**£'000**
Concessionary fare scheme	53,736	59,477	5,741
Supported bus services	29,387	26,139	(3,248)
Metrolink	2,001	4,935	2,934
Accessible transport	3,569	4,600	1,031
Highways activities	(581)	(670)	(89)
Road safety activities	(857)	(483)	374
Operational and other costs	65,567	67,432	1,865
	152,822	**161,430**	**8,608**

The key movements in the year have been reviewed below:

TfGM operate schemes of reimbursement for the carriage of concessionary passengers. The English National Concessionary Travel Scheme (ENCTS) is mandated by government and provides for free off-peak bus travel for elderly and disabled passengers. In addition, TfGM also fulfils the GMCA provision of extensions to the concessions available in certain areas, for example travel by children and the elderly at a discount. The aim of these schemes is to ensure that the operators carrying concessionary passengers are no better or no worse off from the existence of the schemes. The decrease in concessionary reimbursement expenditure in 2020/21 is primarily due to the new concession introduced in September 2019 which provided free travel for 16-18 year olds throughout Greater Manchester on bus and which has seen a significantly lower usage in the year as a result of COVID-19. All other concessionary payments were made in line with pre COVID-19 patronage data and trends as per guidance from the DfT.

TfGM provides supported bus services, to ensure that areas and services which operators deem commercially unviable receive adequate public transport provision. Costs of Supported Bus Services have increased due to additional cost pressures including where TfGM has been required to support additional services in the year, due to commercial deregistrations, as well as underlying, inflationary cost pressures.

Metrolink net expenditure relates to the net operational cost of running the Metrolink service. The net expenditure reported in the EFA note is after removing internal recharges. There has been a decrease in net expenditure in the year of £2.0 million (2020: net increase of £3.2 million). This is mainly as a result of classification of the DfT Light Rail Revenue Grant in the CIES. In 2019/20 £2.1 million was received and included within the grant funding line in the CIES and excluded from the Metrolink net expenditure line. However, in 2020/21 the grant of £63.3 million has been included within the within the Metrolink net expenditure line. This has not been restated in 2019/20 as it is not material.

TfGM funds Ring and Ride, a door-to-door accessible transport service for people who find it difficult to use ordinary public transport. TfGM also provides travel vouchers for those not able to use ordinary buses, trains or Metrolink and who have serious walking difficulties or are registered blind. The vouchers can be used to pay for taxis, private hire vehicles and for travel on accessible bus services such as Ring and Ride and community transport. The net expenditure is £1.0 million lower than the prior year due to a decrease in the grant to GMATL who operate the Ring and Ride service due to reduced activities due to the pandemic.

Highways activities include the management of traffic signals including the design, installation and on-going maintenance of signals and the monitoring of the Key Route Network. There has been a small decrease in net income in the year of £0.09 million.

The road safety activity net income relates to the Greater Manchester Casualty Reduction Partnership. Income is received for delivering speed awareness and other driver training courses with any surplus income, after the costs of providing the courses, being invested into improving road safety in Greater Manchester. There has been an increase in net income in the year due to lower than budgeted costs due to the courses taking place on-line rather than in classrooms as a result of COVID-19. There was also reduced expenditure on maintenance and marketing as a result of COVID-19 delays. This additional income will be ringfenced for road safety investments in future periods.

As part of its statutory duties TfGM is responsible for meeting the costs of upgrading passenger transport facilities, including railway and highways infrastructure. As these assets are not owned by TfGM the capital expenditure incurred on these assets is recognised in the comprehensive income and expenditure statement alongside any grant funding. The expenditure incurred in the year is offset by equivalent grants.

Operational costs include costs of bus stations operations, Travelshops, safety and security, bus shelters, passenger information, consultation, depreciation and amortisation and support costs. There has been a decrease in expenditure (net of other income) in the year of £1.9 million primarily due to the net impact of an increased depreciation charge and lower spend on projects and programmes. The costs of work on a number of projects are funded from revenue streams outside of Levy and Precept funding and the income is included in the taxation and non-specific grant income line in the CIES. This includes work on developing the next tranche of infrastructure investment schemes; continuing work on Bus Reform, which in the year included carrying out a second consultation and a Mayoral decision to implement franchising; work on developing the GM Clean Air Plan on behalf of GMCA and the ten districts; and a number of other work streams which are funded from specific grants.

Outlook

Budget and reforecasts for 2021/2022

On 12 February 2021 GMCA approved the revenue and capital budgets for TfGM for 2021/22. As in previous years, TfGM will be undertaking regular ongoing updates to reforecast its financial position for the financial year 2021/22 and reports will be submitted to GMCA in July, October and February which will include these reforecasts. As in 2020/21, regular updates will be required in reaction to the COVID-19 pandemic and other factors, which will ensure that its resources remain focused on the key areas in the delivery of its agreed priorities.

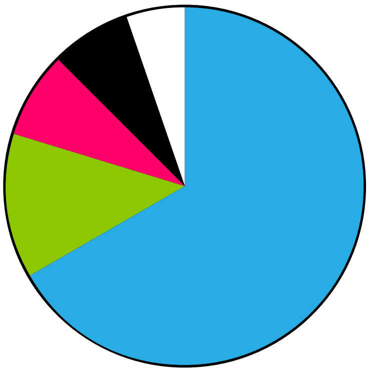
Revenue funding for 2021/22

TfGM's Levy budget for 2021/22, which includes the revenue funding for most of its activities, was approved by GMCA on 12 February 2021.

There have been multiple additional costs and funding pressures on the TfGM budgets in 2020/21, including due to the impact of COVID-19, and many of these are expected to continue through 2021/22. These additional costs are budgeted to be managed through the generation of savings and efficiencies in operating costs and additional commercial income.

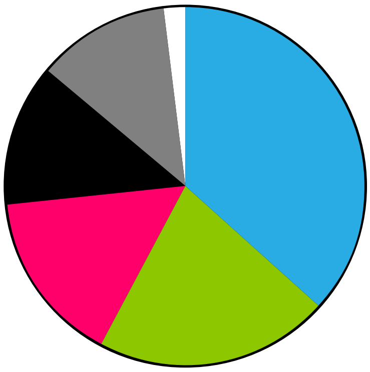
An overview of the key sources of income and expenditure in the Levy Budget are set out below:

TfGM Income Budget 2021/22



- Transport levy/precept – **£133.3m**
- Government grants – **£25.9m**
- Reserves funding – **£15.3m**
- Highways income – **£14.4m**
- Other income – **£10.5m**

TfGM Budgeted Costs 2021/22



- Concessionary travel – **£73.6m**
- Operating costs: staff – **£42.0m**
- Subsidised bus – **£31.1m**
- Operating costs – other – **£25.1m**
- Operating costs: external services – **£23.8m**
- Accessible transport – **£3.8m**

Key points to note from the budget are:

Income

- The transport levy, which provides the vast majority of TfGM's funding for operational costs, will remain at the same level as last year;
- Income from government grants is budgeted to increase due to higher planned spend on delivering the Clean Air Plan and work on developing new transport schemes;
- The reserves funding mainly represents a contribution from Metrolink net revenues;
- Highways income is based on the number and scale of local authority traffic signal installation schemes and maintenance work; and
- Other income includes various other income streams including departure charges; Innovation Grant income; Estates and Advertising income; and several other income streams.

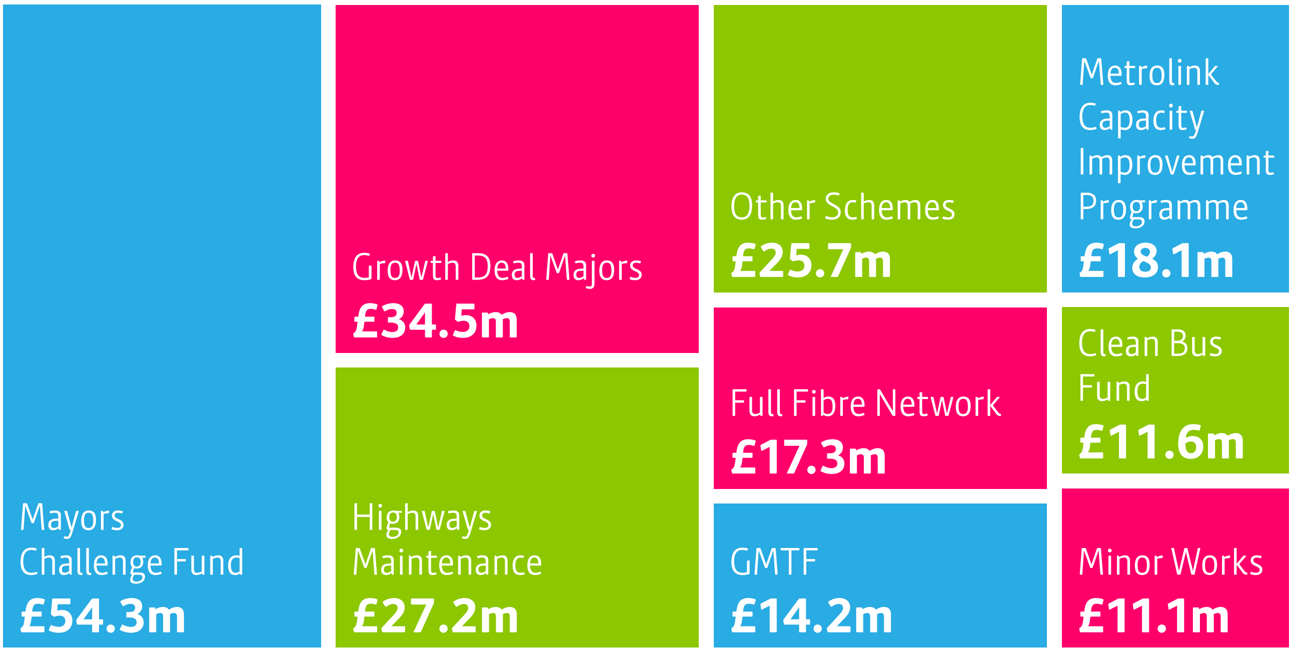
Expenditure

- Concessionary travel includes payments to bus operators for carrying concessionary travellers. TfGM has maintained payments are pre pandemic levels as requested by DfT and this is budgeted to continue in 2021/22;
- The budget for staff costs is lower than for 2020/21 primarily because of the impact of the recent voluntary severance scheme;
- The budget for subsidised bus services has been increased by £3.8 million to allow for various cost pressures including tender price increases and the risk of further commercial service deregistrations;
- Other operational costs include premises, IS and telecommunications and vehicles costs. As for all other cost heading, where there are inflationary and other pressures impacting these costs, these have had to be offset by the delivery of savings, in order that the total budget can be managed within the funding envelope available;
- External services costs are budgeted to increase primarily because of an increase in the costs of Scheme Development, which are funded from non-levy sources, including local (Transforming Cities Fund) and central government (Intra City Transport Fund) income; and
- The Budget for accessible transport relates largely to the grant to GMATL for the operation of the Ring and Ride service.

Capital budget

The Capital programme approved by GMCA includes £214.1m of expenditure on transport related capital projects, including those being delivered by TfGM and the Districts. The main areas of spend are shown below:

GM Transport Capital Programme 2021-22



A description of the main elements of the Transport Capital Programme is set out below:

- The Mayor's Cycling and Walking Challenge Fund (MCF) includes the delivery of the first phase of the Bee Network, which is the walking and cycling element of the Our Network plan;
- The Transport 1 & 3 Growth Deal Majors Programme consists of 18 major schemes (including Stockport TCAP) which are being delivered by TfGM and the Local Authorities;
- Capital highways maintenance funding is passed through to the 10 Local Authorities for ongoing maintenance of the Highways network;
- The Metrolink additional capacity programme includes the purchase of 27 additional trams and additional supporting infrastructure;
- The installation of a full fibre network within Greater Manchester is supported by the award of funding from Department of Digital, Culture, Media, and Sport. TfGM is taking part in the scheme to deliver full fibre as part of its traffic signal network and to bus stations;
- Expenditure on Greater Manchester Transport Fund (GMTF) schemes in 2021/22 relates to the Metrolink Renewal and Enhancement Capital Programme with the budgeted spend largely on safety critical works; and
- The Clean Bus Fund includes grants to bus operators for the retrofit of older vehicles with Clean Bus technology.

Of the total transport programme of £214 million, TfGM is directly responsible for the delivery of schemes to the value of £75 million, as well as programme management responsibilities for a large part of the rest of the expenditure.

Impact of COVID-19 on our budgets

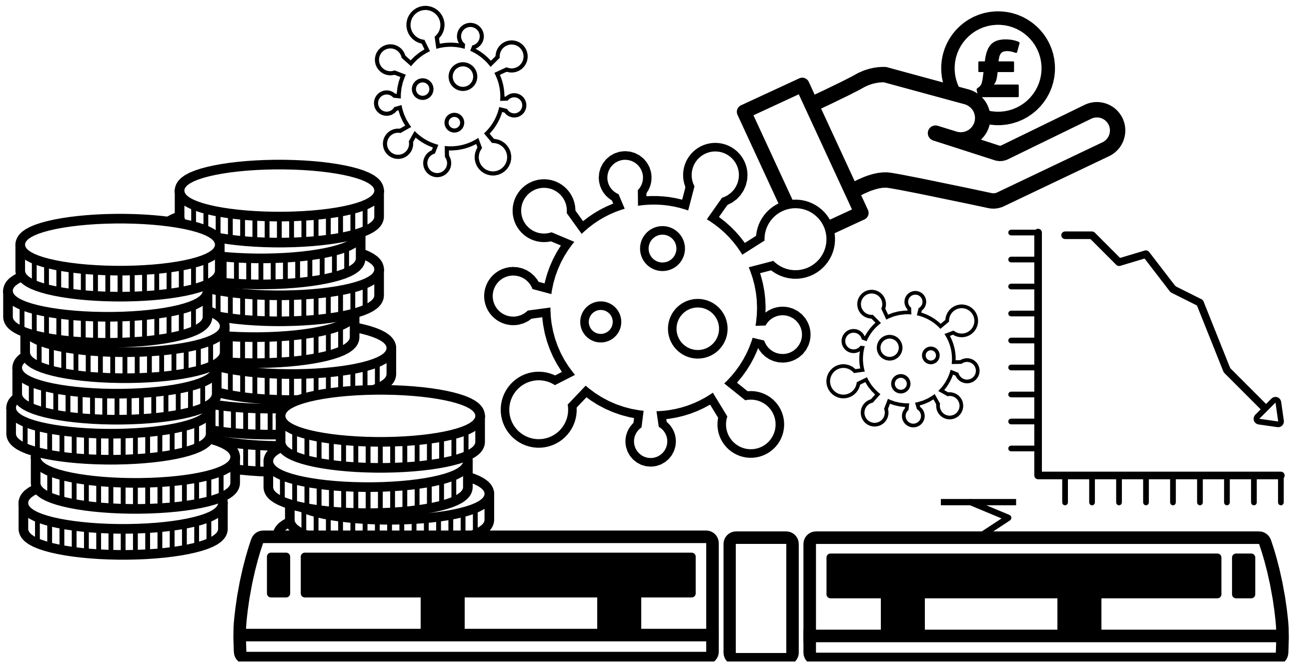
COVID-19 has significantly impacted TfGM's budgets in a number ways, with these impacts expected to continue in 2021/22. The main areas of impact have been:

- Higher costs due to various factors including TfGM's support for GM COVID-19 recovery activities and higher operational costs;
- Lower income due to reductions in various sources including, in particular, significantly lower Metrolink farebox income, lower bus revenues and lower commercial revenues; and
- The impacts of the above have been managed within budgets by maximising income from available grants from government and by making savings in other costs.

The initial 2021/22 budget includes provisions or allowances for the continuation of the issues described above. The most material impact is expected to continue to be from lower Metrolink farebox revenues. This will be mitigated in quarter one by continuing government grant support but the position beyond that is currently uncertain.

Across all cost and income headings it is expected that budgets will continue to need to be managed flexibly with resources being redeployed where required to ensure that our key priorities, including the ongoing provision of key operational services and new priorities, can continue to be delivered. The quarterly reforecast processes will be key to the management of the budget and available resources through the year.

In parallel with this TfGM has been developing a recovery plan for Metrolink, as part of supporting the development of the future funding strategy and to support the discussions with government on ongoing funding for Metrolink.



Basis of preparation of Statement of Accounts

This Statement of Accounts includes the individual financial statements for TfGM only. Due to the size of its subsidiary entities, it is considered that they are not material in the context of TfGM and therefore group accounts have not been presented.

There are no changes in accounting standards which are considered to have a material impact on the financial statements for TfGM.

The Statement of Accounts is prepared under an accounting regime adopting the International Financial Reporting Standards (IFRS). TfGM implements IFRS by adopting the IFRS-based 'Code of Practice on Local Authority Accounting' ('the Code'), which is the 'version' of IFRS adopted by local authorities.

EJ BOYLAN
Director

SG WARRENER
Director

30 September 2021

Statement of responsibilities for the Statement of Accounts

TfGM's responsibilities

TfGM 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. That officer is the Finance and Corporate Services Director;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Finance and Corporate Services Director's responsibilities

The Finance and Corporate Services Director is responsible for the preparation of TfGM's Statement of Accounts, in accordance with proper practices as set out in CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (The Code).

In preparing this Statement of Accounts, the Finance and Corporate Services Director has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with The Code, so far as was appropriate for a Passenger Transport Executive.

The Finance and Corporate Services Director has also:

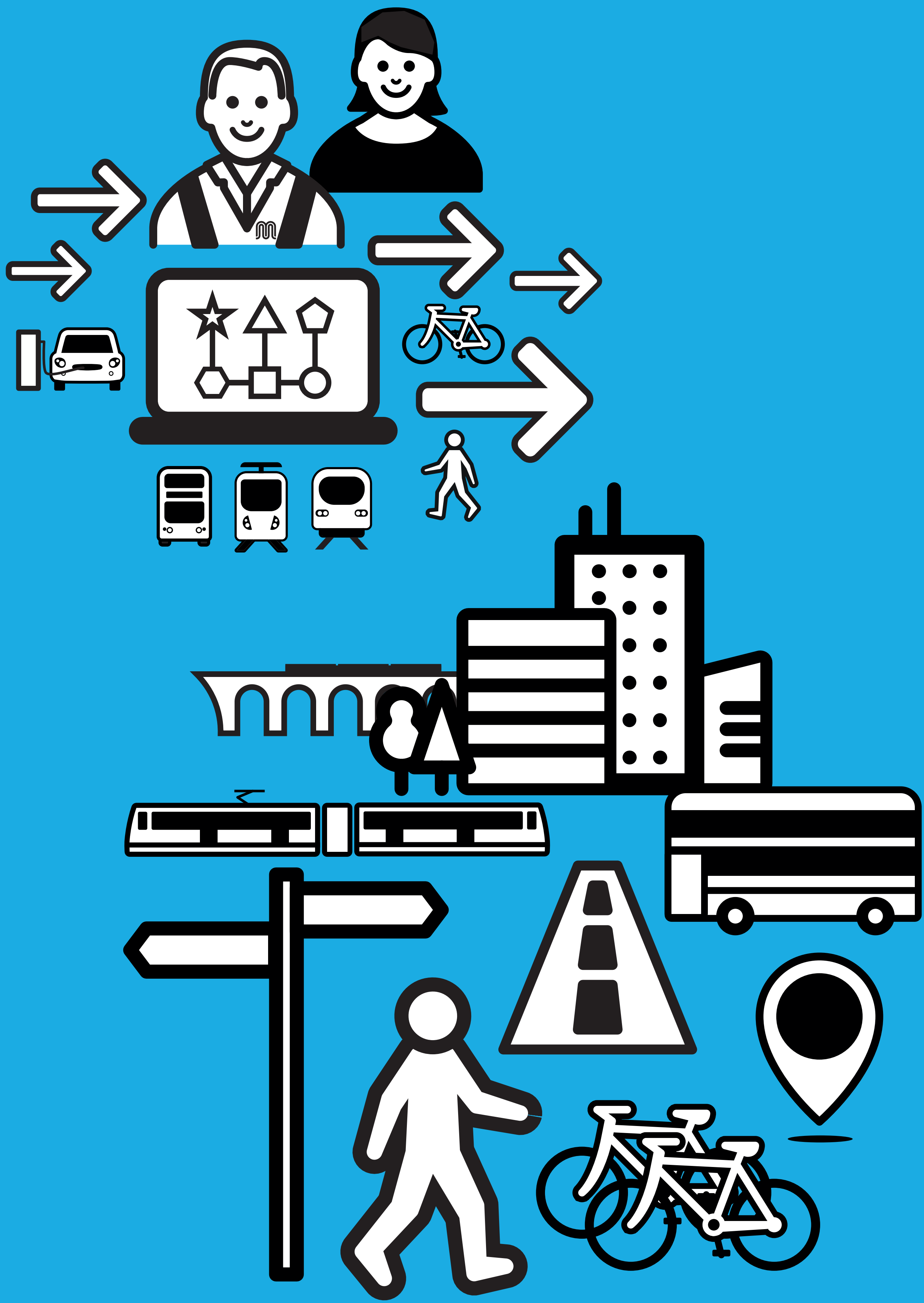
- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Responsible Financial Officer's certificate

I hereby certify that the Statement of Accounts gives a true and fair view of the financial position of TfGM as at 31 March 2021 and of its income and expenditure for the year ended 31 March 2021.

SG WARRENER
Finance and Corporate Services Director

30 September 2021



ANNUAL GOVERNANCE STATEMENT

The Annual Governance Statement forms part of TfGM's Governance Framework and results from the requirement to conduct a review at least once a year of the effectiveness of its system of internal control, and to prepare a statement which forms part of the Annual Accounts. This statement covers the period from 1 April 2020 to the date the accounts are signed.

TfGM follows the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* which defines governance as comprising 'the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.' It further states that 'To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.'

This Annual Governance Statement describes how effective TfGM's governance systems and processes are, and where further improvement activity is planned.

Scope of responsibility

TfGM is a body established by the South East Lancashire and North East Cheshire Passenger Transport Area (Designation) Order 1969 (SELNEC Order) that was made under the Transport Act 1968. It is:

- a Passenger Transport Executive under the Transport Act 1968;
- an executive body of the Greater Manchester Combined Authority (GMCA) for the purposes of the strategic functions referred to in Article 9(2) of the Greater Manchester Combined Authority Order 2011 (the GMCA Order); and
- to be treated as an officer of the GMCA for the discharge of functions delegated to the GMCA by other Local Authorities.

In discharging its functions, TfGM is responsible for putting in place proper arrangements for the governance of its affairs; and facilitating the effective exercise of its functions.

TfGM has followed the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government: Framework (2016) in preparing this statement. This Statement explains how TfGM has complied with the Framework and also meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015, which require TfGM to publish a statement on internal control.

The Combined Authority and the Mayor

Greater Manchester Combined Authority (GMCA) and the Greater Manchester Mayor are the public entities that are responsible for the co-ordination of transport, regeneration and economic development functions for the Greater Manchester region. The creation of the Combined Authority in April 2011 saw a transfer of powers from central government to Greater Manchester. In November 2014 central Government and GMCA agreed plans for the further devolution of specific powers to Greater Manchester, including on a number of transport matters, and work has been carried out since, and will continue through 2020/21 on implementing this Agreement. In May 2017 the Greater Manchester Mayor was elected pursuant to the GMCA (Election of Mayor with Police and Crime Commissioner Functions) Order 2016. In May 2021 Mayoral elections took place again and Andy Burnham was re-elected.

The following GMCA functions are reserved to the Mayor, provided that any exercise of the Mayor of these functions requires a vote in favour by at least eight members of the GMCA:

- developing policies for the promotion and encouragement of safe, integrated, efficient and economic transport to, from and within Greater Manchester under s108(1)(a) of the Transport Act 2000;
- the adoption, approval, amendment, modification, revision, variation, withdrawal or revocation of a local transport plan (LTP) under s108(3) of the Transport Act 2000; and

- the duty to keep the local transport plan under review and alter it if considered appropriate to do so including replacing the plan under s109(1) or (2) of the Transport Act 2000.

GMCA and the constituent councils are party to joint arrangements under Section 101(5) of the Local Government Act 1972, Section 20 of the Local Government Act 2000 and Regulations 4, 11 and 12 of the Local Authorities (Arrangements for Discharge of Functions) (England) Regulations 2000 for the discharge of specified transport functions. This includes through a joint committee, which until 4 April 2019 was the Transport for Greater Manchester Committee (TfGMC).

On 4 April 2019 the GMCA (Functions and Amendment) Order 2019 (Order 3) came into force. It dissolved TfGMC and made provision for the establishment of a joint committee of the GMCA, the constituent councils, and the Mayor. This committee is the Greater Manchester Transport Committee (GMTC). GMTC has had delegated to it the majority of the functions that were delegated to the TfGMC from the GMCA and the Mayor.

Order 3 also provided for the transfer of certain functions from TfGM to the GMCA and the Mayor. These functions are primarily related to TfGM's duties to contract with and reimburse public transport operators to provide subsidised services and concessionary travel; and is intended to align with the Bus Services Act 2017. The GMCA and the Mayor have delegated back to TfGM those functions that TfGM previously exercised.

TfGM's Governance Framework

TfGM's Governance Framework comprises the systems and processes, and the culture and values, by which TfGM is directed and controlled, and the activities through which it is made accountable to, engages with, and supports the community. The Governance Framework enables TfGM to monitor the achievement of its corporate objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of the Governance Framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable assurance and not absolute assurance of effectiveness. Internal control is an ongoing process, designed to identify and prioritise the risks to the achievement of TfGM's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The internal control environment includes TfGM's policies, procedures and operations that are in place to:

- establish and monitor the achievement of TfGM's objectives;
- identify, assess and manage risks to achieving these objectives;
- facilitate policy and decision making;
- ensure value for money;
- ensure compliance with established policies (including ethical expectations), procedures, laws and regulations;
- safeguard its assets and interests from losses such as those arising from fraud, irregularity or corruption; and
- ensure the integrity and reliability of information, accounts and data including internal and external reporting and accountability processes.

The Governance Framework forms part of TfGM's Constitution, which undergoes a comprehensive annual review. The last review was performed in 2019 and a further review is planned for summer 2021.

The leadership and decision-making functions within TfGM are exercised by the Executive Board, which is the ultimate decision-making body within TfGM and is responsible for determining strategic issues and policy on the exercise of its powers and the conduct of its business. The Executive Board consists of seven Directors appointed in accordance with s9(2) Transport Act 1968, including the Chief Executive who is the Director General of the Executive. Four of the Directors are Non-Executive Directors, of which three are independent, including the Senior Non-Executive Director, reflecting best practice guidance for corporate governance, adapted for TfGM's specific circumstances, including the UK Corporate Governance Code published by the Financial Reporting Council (which is intended for limited companies).

The Executive Board as a whole is collectively responsible for the success of TfGM. The Board's role is to:

- contribute to strategic planning and structured decision-making;
- set challenging goals and objectives for the organisation;
- monitor the performance of the Executive in meeting its strategic objectives; and
- offer constructive criticism and challenge to the Executive Directors.

The Executive Board has delegated the day-to-day management of TfGM's operations to the Performance Board and the Investment Board. The responsibilities of these bodies are set out in TfGM's Governance Framework and Constitution. The Constitution specifies the particular functions of the Executive Board which may not be delegated.

A review of the effectiveness of the Executive Board is undertaken annually, with the most recent review having been undertaken internally.

The two Non-Executive Directors (Jo Kaye and Tracy Matthews) appointed in the previous financial year have undertaken and completed a period of induction. This was done through a number of means including meeting members of the Senior Leadership Team individually. On 1 October 2020, Tracey Matthews was appointed Chair of the Audit and Risk Assurance Committee following the retirement of Edward Pysden from his position as a Non-Executive Director and chair of that committee.

The CIPFA/SOLACE Framework

The overall aim of the CIPFA/SOLACE Framework ('the Framework') is to ensure that resources are directed in accordance with agreed policy and according to priorities; that there is sound and inclusive decision making; and that there is clear accountability for the use of resources in order to achieve desired outcomes for service users and communities. The Framework positions the attainment of sustainable economic, societal and environmental outcomes as a key focus of governance processes and structures.

Defining the Core Principles and Sub-Principles of Good Governance

The fundamental function of good governance in the public sector is to ensure that public bodies achieve their intended outcomes while acting in the public interest at all times. The CIPFA/SOLACE Framework defines seven core principles of good governance in the public sector and how they relate to each other.

Acting in the public interest requires a commitment to and effective arrangements for:

A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

B: Ensuring openness and comprehensive stakeholder engagement.

Achieving good governance in the public sector also requires effective arrangements for:

C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.

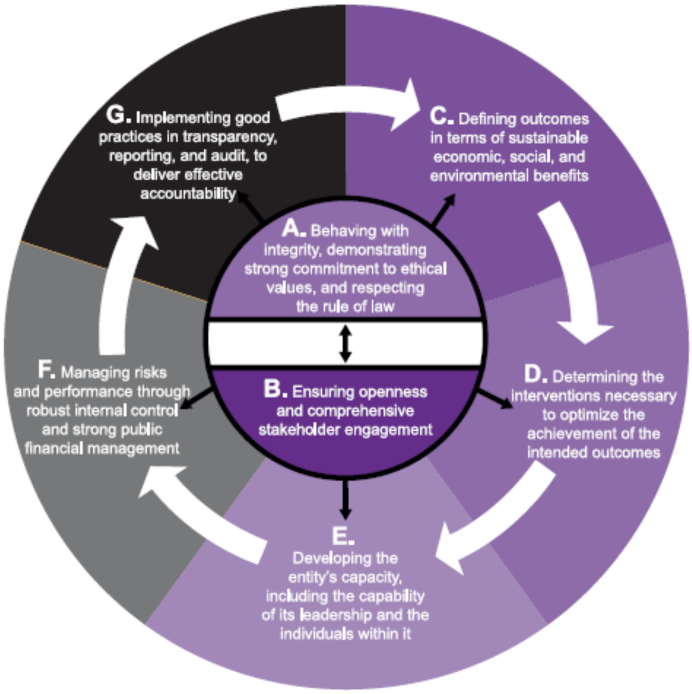
D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

E: Developing the entity's capacity, including the capability of its leadership and the individuals within it.

F: Managing risks and performance through robust internal control and strong public financial management.

G: Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

The Framework illustrates the principles using the diagram below, taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the 'International Framework').



The International Framework notes that 'Principles A and B permeate implementation of principles C to G'. The diagram also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.

TfGM's alignment with the CIPFA/Solace Principles

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

TfGM has the power to implement the decisions of the GMCA and the Transport Committee, and those decisions which may be delegated to it by the Mayor; and is particularly responsible for implementing the transport and traffic functions of the Combined Authority. TfGM's focus is to ensure that it continues to deliver for the benefit of its customers and stakeholder groups and this is encapsulated in its Purpose. TfGM's Purpose is ***'We are TfGM. We help people and places to thrive by enabling seamless, safe, and sustainable journeys for all.'***

In fulfilling this role, TfGM is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

Sub-Principle: Behaving with integrity

The Executive Board is fully committed, through its policies and actions, to maintaining high standards of conduct and behaviour and to promoting a culture in which these can be openly practised, supported by TfGM's Values which are set out below.

- ***RELIABLE*** by doing what we say we will do, for our customers and each other, always working together as a team.
- ***HONEST*** in our communications and our feedback to customers and each other.

- ***RESPECTFUL*** in how we behave towards our customers and each other.

- ***REWARDING*** by working together to make TfGM a happy, high performing and challenging environment in which to work and by recognising colleagues for a job well done.

- ***EMPOWERING*** by allowing people to take responsibility in their areas of expertise and learning from our mistakes.

The Values were adopted following consultation with staff, who played a key role in their development. In order to maintain awareness, the Values are re-iterated in key corporate documents, and they underpin the performance management and business planning processes. The Values are an integral part of the induction process for all new staff. TfGM has implemented a Code of Conduct which consolidates a number of existing policies and procedures into a single Code and which underpins the Values.

TfGM has adopted the Guidance entitled "Openness and transparency on personal interests" as published by DCLG. All staff with responsibility for specification, evaluation or procurement, and those who attend and contribute to decision making at the Executive Board meetings, or any meetings of its delegated Boards or Committees, are required to declare their interests in a centrally held register, which is reviewed annually or updated as required on any notifiable changes in interests.

In addition, attendees at each meeting of a decision making Board or Committee are asked to confirm their registered declarations of interest and declare in addition any interest in any contract or matter to be discussed at the meeting.

TfGM takes fraud, corruption and maladministration very seriously and has an Anti-Bribery and Corruption Policy in place, which includes:

- a Whistleblowing Policy;

- an Anti-Fraud Policy Statement and a Recovery of Assets and Sanctions Policy;

- an Anti-Money Laundering Policy; and

- Theft Response and Fraud Response Procedures.

This is supported by a mandatory e-learning programme for all staff in relation to counter-fraud; anti-money laundering; and anti-bribery. The counter fraud policies are regularly reviewed and a counter fraud action plan is in place and monitored by the Audit and Risk Assurance Committee. TfGM participates in the National Fraud Initiative programme which is carried out by the Cabinet Office.

The financial management arrangements of TfGM conform to the governance requirements of CIPFA's “Statement on the Role of the Chief Financial Officer in Local Government”. A new CIPFA Financial Management Code has been published in 2020/21 with the first full year of compliance in 2021/22. The Financial Management Code provides guidance for good and sustainable financial management and provides assurance that resources are managed effectively. TfGM will review the current governance arrangements in place against the new code and will then work with the Audit and Risk Assurance Committee in 2021/22 to ensure compliance.

Sub-Principle: Demonstrating strong commitment to ethical values

TfGM has robust policies and procedures for ensuring integrity and compliance with ethical standards, both by TfGM staff and external providers of goods and services.

TfGM's Constitution includes the Financial Regulations and Procurement Rules which are binding on all staff.

Major procurements require suppliers to submit information regarding their organisations (or where appropriate, their Directors'):

- confirming non-participation in criminal organisations, corruption, fraud, terrorist or related activities, money laundering, child labour or trafficking in human beings;
- compliance with the Modern Slavery Act 2015;
- the health and safety performance of the organisation and their supply chain;
- compliance with equality legislation;
- compliance with environmental legislation; and
- where applicable, all contracts include a commitment to the economic and social regeneration of Greater Manchester as part of the Public Services (Social Value) Act in a reasonable and proportionate manner.

Work has been undertaken, and will continue, to strengthen TfGM's identification and mitigation of the risks of slavery and human trafficking in the supply chain, including contacting existing suppliers requesting a statement of compliance, and developing strengthened clauses and wording in all relevant documents. An e-learning course on modern slavery and human trafficking has also been launched to improve staff awareness.

Sub-Principle: Respecting the rule of law

TfGM's Constitution documents procedures including financial regulations and procurement rules. This is compliant with the duties and responsibilities of TfGM provided under the Transport Acts 1968, 1983, 1985 and 2000, the Local Government Act 1972, the Transport Works Act 1992 and the Greater Manchester Combined Authority Order 2011.

Officers in exercise of delegated powers under the Scheme of Delegation must ensure decisions are taken in accordance with legal requirements; the provisions of the Constitution; capital and revenue budgets; and established policies, plans and procedures. These have been communicated to all staff.

TfGM is not subject to legislation requiring the discharge of the statutory duties of a Monitoring Officer, however, the Head of Legal Services carries out the equivalent duties, where appropriate, with overall responsibility for legal issues. All reports to the Executive Board, Investment Board and Performance Board include details of any legal considerations or implications.

Principle B: Ensuring openness and comprehensive stakeholder engagement

The Executive Board is the ultimate decision-making body within TfGM and is responsible in particular for determining strategic issues consistent with GMCA policies.

TfGM carries out a range of engagement and consultation activities with residents and other stakeholders, including transport operators, throughout the year, including, for example, regular tracking surveys to identify transport priorities as well as specific consultation on new schemes.

Between 8 October to 3 December 2020 TfGM coordinated an eight-week consultation on behalf of the ten Greater Manchester authorities conducted to seek views from residents, visitors, stakeholders and businesses on the proposals to achieve compliant NO2 levels in Greater Manchester. These responses are now being considered and the GM Clean Air final plan will be brought forward for decision makers as soon as is reasonably practicable and no later than summer 2021.

TfGM's aim is to keep its various stakeholders informed and updated in relation to all aspects of its expansion and improvement projects, helping to maximise support through a structured programme of transparent, 'no surprises', communications activity and community engagement. This involves consulting with key stakeholders in local communities and public bodies including passengers; schools; local and national political groups; emergency services; disability groups; other public transport providers; environmental groups and the media.

TfGM engages with these groups in a variety of ways in order to meet both the circumstances of the projects and the needs of the stakeholders. This includes engagement via meetings; drop in session at local venues; letter drops; newsletters; home/workplace visits; presentations and news releases.

Sub-Principle: Openness

TfGM is committed to open governance and to meeting its legal responsibilities under the Freedom of Information Act 2000.

The Local Government Transparency Code (2015) applies to all Local Authorities, including Integrated Transport Authorities and Combined Authorities, but does not apply to Passenger Transport Executives. However, TfGM is committed to transparency and as such voluntarily complies with the Transparency Code, publishing as much information as possible and practicable.

TfGM publishes a substantial amount of public information through the GMCA and the Transport Committee. This includes regular financial updates, the status of the capital programme delivery and the performance of the modes of transport. All decisions which require the approval of the GMCA or the Transport Committee are put before a public meeting prior to a resolution being reached, with the exception of those decisions that under section 100 (A) (4) of the Local Government Act 1972 would involve the likely disclosure of exempt information.

All decisions that TfGM request of the GMCA, the Transport Committee or the Mayor, which are considered to be a Key Decision under The Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 are published on the GMCA's Key Decision Register a minimum of 30 days in advance of the decision being taken. This gives notice to the public and GMCA's Overview and Scrutiny Committees of forthcoming decisions which are over £500,000 in value, or that are significant in terms of its effects on persons living or working in an area comprising two or more wards or electoral divisions in the area of the combined authority.

Sub-Principle: Engaging comprehensively with institutional stakeholders

Greater Manchester has a long tradition of working in partnership to achieve its objectives. The partners in the 'GM Family' include the GM Mayor, ten Local Authorities and their Leaders, and the Greater Manchester Local Enterprise Partnership (LEP), reflecting the voice of local businesses. The GM Family work closely together to ensure the provision of joined-up, coordinated services that provide value for money for local residents and businesses and realise the shared vision for the area.

The Mayor's Transport Board brings together decision makers from key agencies involved in the operation of, and strategic planning for, GM's transport network. Its objective is to drive continuous customer-focused improvement across the GM transport system; promote integrated and efficient service delivery; and establish a forum for integrated strategic planning for, and investment in, GM's transport network. TfGM continues to participate in the forum, providing regular transport performance reports.

Transport for the North (TfN) was created to bring together local transport authorities to develop and deliver a Northern Transport Strategy. TfGM has played, and will continue to, play, a role in the development of TfN. TfN works on a number of key programmes including Northern Powerhouse Rail, Strategic Rail and Major Roads. TfGM will continue to input to this work through its representation on the TfN Executive Board as well as programme working groups.

The Memorandum of Understanding signed with Highways England continues to facilitate working in partnership towards a long-term vision for motorways and key roads across Greater Manchester.

The process of developing the Transport Delivery Plan (described in detail under Principle D below) involved: district planning and transport officers; Highways England; TfGM and other partners.

Sub-Principle: Engaging with individual citizens and service users effectively

The functions of the Executive Board reflect TfGM's key responsibilities, which includes providing a high quality customer service to people using the Greater Manchester transport networks.

Improving the customer experience is a key priority for TfGM. Over the course of the last 12 months we have put in place a range of interventions to support those who have needed to continue to use public transport throughout the pandemic. This included moving our customer support team to working remotely within 24 hours of the first lockdown to ensure there was no gap in the provision of services. In addition, we have developed and released real-time bus departure information and multi-modal disruption information as open data and this is now being provided to customers via third party journey planners. This has been alongside a consistent communication provision to ensure customers are informed of how to travel and use the network as safely as possible. Using customer insight, we have also developed flexible ticketing products which has included the launch of the 'Clipper' product which allows customers to purchase 10 day Metrolink travelcards that can be used flexibly over a 56 day period. We have committed to undertaking regular customer surveys over the next 12 months to ensure that our 'Build Back Better' plan in response to the pandemic has a customer and place based approach at its heart.

TfGM has a proactive social media presence, in particular on Twitter, and provides customer support seven days a week via the Customer Contact Centre. TfGM's Twitter handle and website provide customers with access to real time, multi-modal information alongside traditional channels of customer travel information provision across the transport network.

TfGM is a member of the Institute of Customer Service. Membership of the Institute provides TfGM with opportunities to benchmark its performance against other high performing organisations and industries as well as giving the team opportunities to share best practice and work towards improving our service to customers. TfGM's Customer Service team holds the Investors in People Gold award, which complements our existing Customer Service Excellence accreditation, this was re-accredited in March 2021.

Principle C: Determining outcomes in terms of sustainable economic, social, and environmental benefits

In 2015, GMCA agreed to review the Local Transport Plan (LTP) to reflect future emerging transport priorities for Greater Manchester and the transport devolution and reform programmes underway.

It was agreed that an approach would be taken to develop a new Greater Manchester transport strategy, comprising two key statutory LTP documents, rather than a single LTP document. These will cover different priorities and time horizons in a more integrated, multi-modal way, enabling a greater degree of flexibility and focus, and allowing documents to be reviewed and updated on a more regular basis in response to significant changes in context.

The main statutory documents comprising Greater Manchester's current LTP are:

- **Greater Manchester Transport Strategy 2040** - a document setting out our strategy giving details of policies, interventions and schemes to support delivery of a vision for transport in 2040. This was published in 2017 and updated in 2021; and

- **A five-year Greater Manchester Transport Delivery Plan** – setting out more detailed delivery proposals, a spending plan and monitoring of the performance of transport delivery programmes for 2021-26.

These documents are supported by an Integrated Assessment (covering environmental, health and equalities issues) and a travel and transport Evidence Digest that is refreshed on a regular basis to provide an up-to-date evidence base and to support the ongoing development and review of the Transport Strategy.

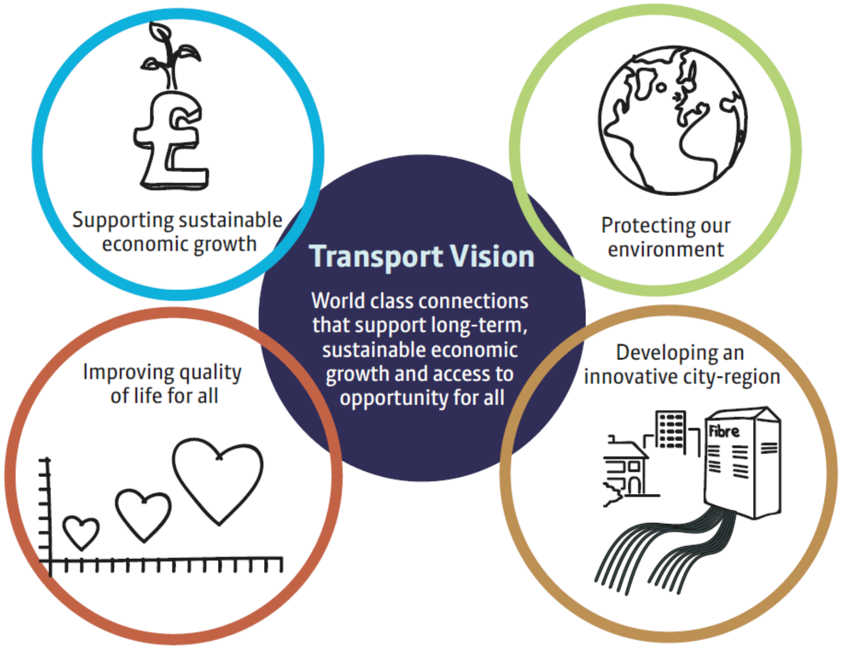
Sub-Principle: Defining Outcomes

The 2021-2026 Transport Delivery Plan was published in January 2021 and forms part of the Greater Manchester Transport Strategy 2040. The plan is structured around five themes:

TfGM's Transport Strategy Vision is for Greater Manchester to have **"World class connections that support long-term, sustainable economic growth and access to opportunity for all"**.

Greater Manchester's transport system needs to help the local economy to prosper. It needs to allow residents to more fully contribute to and benefit from that prosperity. It also needs to play a part in creating better places and a better natural environment, and in improving people's quality of life. The role of technology and innovation will be even more important in the period up to 2040, enabling TfGM to improve transport performance and quality of life, to reduce costs and resource consumption, and to provide tailored information and pricing to transport users, providing a much better customer experience.

The four key elements of TfGM's Transport Strategy Vision are:



Sub-Principle: Sustainable economic, social and environmental benefits

To support sustainable economic growth and tackle congestion we need to: support the Greater Manchester Strategy, the GMSF Plan for Homes, Jobs and the Environment, and the forthcoming Local Industrial Strategy; develop an increasingly successful Northern Powerhouse economy, with Greater Manchester as a major player at its heart; tackle congestion and enable the efficient and effective movement of people and goods; and ensure transport contributes to high-quality, liveable and healthy neighbourhoods, town and city centres.

To improve quality of life we need to: create an inclusive and accessible transport network that enables access to opportunities; improve the connectivity, reliability and affordability of our networks for all; and encourage and support greater levels of walking and cycling.

To protect our environment and improve air quality we need to: reduce the impact of transport on the environment – particularly in terms of clean air and carbon reduction; and increase the use of sustainable transport to reduce the negative impacts of car use.

To capitalise on new technology and innovation we need to: embrace and champion innovation in the transport sector; and pilot new transport and travel technologies that support our 2040 priorities in line with the Local Industrial Strategy.

All appropriate schemes that are proposed, developed and delivered by TfGM are subject to an Equalities Impact Assessment to ensure fair access to services.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

TfGM and Greater Manchester have a strong track record for delivery, built on a clear sense of direction and a strong system of governance that allows for development and refinement of priorities over time in support of the Greater Manchester Strategy. TfGM will ensure that there are robust delivery arrangements for investment schemes and programmes as they are confirmed. This will include collaborative working between TfGM, local authorities, national transport agencies and private sector partners wherever required.

The specific schemes to be delivered will be set out in a series of five-year Delivery Plans. In January 2021 the Joint GMCA/AGMA Executive Board approved the latest Delivery Plan, running from 2021-2026.

The Delivery Plan (2021-2026) was prepared in alignment with the previous Greater Manchester Spatial Framework (GMSF). The previous GMSF is however no longer being progressed following a decision by Stockport Council in December 2020. The remaining 9 Local Authorities agreed in February 2021 to form a joint committee to prepare Places for Everyone

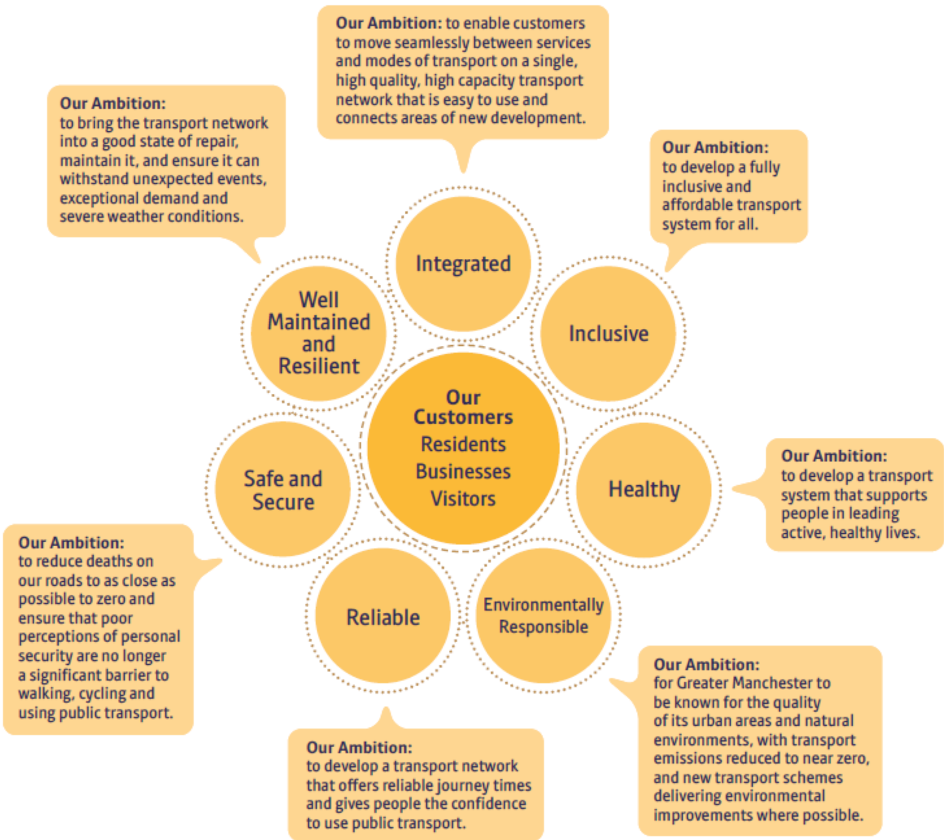
- a joint development plan for jobs, new homes and sustainable growth across their boroughs. The Delivery Plan will be reviewed in conjunction with the new Places for Everyone plan.

It sets out the practical actions planned to deliver the Greater Manchester Transport Strategy 2040 and the Greater Manchester Strategy, and to enable a coordinated approach to transport investment. It contains the schemes and interventions necessary to begin to address the existing reliability and capacity issues on our transport network, to deliver a more sustainable and integrated transport system, and to deliver housing and employment growth.

Sub-Principle: Determining interventions

TfGM's 2040 Transport Strategy focuses on creating an integrated, sustainable, and well co-ordinated transport system which supports a wide range of different travel needs. TfGM has identified some key principles that will be applied consistently across the networks over the period to 2040 to ensure that the entire transport system is more customer-focused and able to respond effectively to the challenges that lie ahead.

Customers are at the heart of the 2040 Transport Strategy, including residents, businesses and visitors to Greater Manchester. GM is also mindful of the different needs of passengers and freight as it plans and delivers the transport system. GM has therefore established seven core principles, set out below, together with the ambition for each, which will be applied across the transport network.



On an on-going basis TfGM assesses many areas and routes across Greater Manchester where improvements to transport provision may be required. This may be for many reasons. Typical examples are:

- an increase in population or growth in local economic activity leading to congestion and overcrowding on existing infrastructure, or a forecast that the capacity of existing infrastructure will soon be overwhelmed by the travel and transport needs of the people and businesses of an area;

- new housing, commercial or industrial developments requiring new infrastructure;

- a change to essential services, such as hospital provision, which can significantly change the direction in which many thousands of people need to travel, and goods and services need to be delivered;

- ageing infrastructure in need of replacement as it reaches the end of its economic life; or

- an increase in the understanding of the negative impacts of transport on local people, such as pollution, or conversely the impacts of isolation, requiring a reconsideration of transport policy nationally and transport provision locally.

When a need is identified, TfGM carries out studies, looking at local and strategic impacts, to investigate which mix of interventions is likely to provide the greatest benefits for customers and return best value for money for taxpayers, considering whole life cost.

TfGM aims to act as quickly as possible to improve services for its customers. Where major expenditure is needed, TfGM seeks to demonstrate a good balance of sustainable economic and social benefits at an appropriate cost. This facilitates the prioritisation of existing resources and bids for funding from government.

Sub-Principle: Planning interventions

The functions of the Executive Board reflect TfGM’s key responsibilities, which include leading the development of transport strategy for Greater Manchester, shaping and influencing policy.

The Executive Board approves detailed revenue and capital budgets each year following determination by the GMCA of the Levy and other funding available to TfGM. TfGM undertakes a detailed ‘bottom up’ annual budget setting process whereby all budget holders are required to provide detailed budgets for all cost and income headings within their control.

TfGM’s budgeting and business planning processes are integrated and aligned with the medium term financial strategy.

The oversight of day-to-day performance against the budget and business plan is delegated to the Performance Board, which receives detailed monthly performance reports.

Following approval of the budget, progress against targets is monitored on a regular basis including the preparation of monthly management accounts which includes a review of key variances to agreed budgets. Budget monitoring reports are presented monthly to the TfGM Executive Board and quarterly to GMCA.

The Executive Board has delegated to the Investment Board the authority to:

- approve funding for capital and revenue schemes not already included within an approved budget, subject to appropriate approvals from GMCA;

- approve the release of funding from budgeted contingency allowances;

- scrutinise investment decisions which are not the responsibility of any other part of the organisation under the terms of the Constitution; and

- review proposals for new programmes and constituent projects where funding is not yet identified and subsequently recommend to the Executive Board / GMCA for approval.

TfGM has a well-developed Procurement Strategy and approach which ensures that it complies with all legal and regulatory requirements as well as achieving best value in procurement processes. A Procurement Policy is in place which is available to all staff via the Intranet.

Sub-Principle: Optimising achievement of intended outcomes

TfGM has a strong history of successfully securing funding and delivering major transport schemes, including the Metrolink expansion and the first guided busway in the North West. TfGM is fully committed to building on its successes to date and ensuring the delivery of the Greater Manchester Transport Strategy.

TfGM has put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources and regularly reviews the adequacy and effectiveness of those arrangements. A medium term financial strategy is in place which ensures that expenditure and investment is directed towards achieving the Greater Manchester Transport Strategy.

The Gateway Review Process continues to provide independent review of all higher risk and major projects, at key stages in the project and programme lifecycle. These processes have operated successfully during the period.

The risk-based assurance approach has continued to be strengthened with the wider roll out of an improved risk complexity tool to assess risk and complexity early in the project lifecycle. The "CIFTER" toolset forms part of the Global Alliance for Project Performance Standards (GAPPS) which enables an organisation to categorise and evaluate projects in terms of risk and complexity against seven key factors and align that complexity to the Project Manager competence level as defined by the International Project Management Association (IPMA). The use of the CIFTER toll is strengthening the assurance approach, to help focus on deployment of the right resources to support successful delivery.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Whilst TfGM does not have a statutory duty under the Local Government Act 1999, it is nevertheless committed to achieving continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness, with particular emphasis placed on achieving value for money. The organisation continues to ensure that its governance and processes are fit for purpose to reflect delivery and service quality priorities and to meet the challenges of the operating environment.

Sub-Principle: Developing the entity's capacity

Effective local government relies on public confidence in organisations and their officers. Good governance strengthens credibility and confidence in public services. Public Bodies need people with the right skills to direct and control them effectively. Governance roles and responsibilities are challenging and demanding and TfGM needs people with the right skills to direct and control them effectively. In addition, governance is strengthened by the participation of people with many different types of knowledge.

TfGM's People Strategy sets out the immediate strategic priorities which are Leadership and Performance, Building Capability, Productivity and Cost-Effectiveness and A Values-Driven Organisational Culture.

Sub-Principle: Developing the capability of the entity's leadership and other individuals

There is a corporate induction programme for all new starters. In conjunction with a face-to-face local induction (during COVID-19 this has been completed remotely for employees working from home) delivered by the individual's line manager or supervisor, the induction process includes an eLearning module which provides an introductory overview of the structure of the transport networks across Greater Manchester and background information explaining TfGM's activities. The eLearning module also introduces new starters to key policies, procedures and processes and additionally incorporates three mandatory online documents: TfGM Confidentiality Agreement; Display Screen Equipment (DSE) Workstation Assessment; Local Induction Checklist.

In addition to this there is a number of further eLearning elements: Information Management (GDPR and data management etc); Introduction to Health and Safety; Fraud, Bribery and Whistleblowing; PCIDSS End User eLearning Version 3.2; and Equality Act 2010. The requirement is that these mandatory modules are completed within the first 2 weeks of joining TfGM as they relate to areas of statutory compliance and risk.

Other essential eLearning courses for new and existing staff include a Carbon Literacy course and a Risk Management module.

During 2020-21 TfGM continued to ensure employees were set objectives, with regular 1-2-1s taking place with their line managers, along with regular health and wellbeing check-ins. A new PDR system is under development to align to the new ways of working which will also align with the business plan and to strategic and functional objectives.

In addition, the Learning and Development team at TfGM has established Learning Champions across the organisation to facilitate the collation, consolidation and prioritisation of training requirements across departments. Training solutions are provided by a combination of in-house, online and external resources.

All staff have role profiles which clearly set out their roles and responsibilities. Role profiles are prepared in advance of the recruitment and selection process and assist TfGM in ensuring that all staff possess the necessary skills to undertake their roles.

TfGM has a Scheme of Delegation, as part of its Constitution, which is reviewed regularly. TfGM's Scheme of Delegation sets out details on levels of authority to approve expenditure. These have been communicated to all staff. In determining a Scheme of Delegation, TfGM has reserved powers within its Constitution in respect of those matters reserved for collective decision making. The Scheme of Delegation sets out the authorities of individuals and the authorities delegated to the committees of the Board.

These governance processes give focus to decision making and make a clear distinction between the duties delegated for the day to day management of TfGM and those with respect to decisions on future activities or new ways of delivering its activities.

During the year TfGM again took part in the Best Companies survey, an independent research organisation that compiles and publishes the Sunday Times' 'Top Employers to Work For' staff survey. The PBCI (predicted Best Companies index) score achieved put us in the 2* organisation category. A full survey was also completed in February 2021 and this has put us in the 1* organisation category. TfGM made the Best Companies lists for Top 100 Companies to work for in the North West and the Top 10 Large Not for Profit companies nationally. A 'Pulse Survey' was also undertaken in May 2020 which was an abbreviated version of the full survey and included bespoke questions to understand the impact of Covid-19 on staff.

In 2020/21 TfGM launched a future-ready programme to ensure their purpose, practice and people are ready for the future. This programme has a clear vision: to change TfGM's culture so that they become a more effective, efficient and resilient organisation, ready to face the challenges of delivering Greater Manchester's transport priorities and supporting the GMS and 2040 strategy. This will ensure TfGM have implemented the required changes to ensure are ready to meet the changing political context in Greater Manchester, changing national context and the changing economic context.

A Remuneration Committee of the Executive Board, composed of Non-Executive Directors has delegated responsibility from the Board to oversee the remuneration of senior managers.

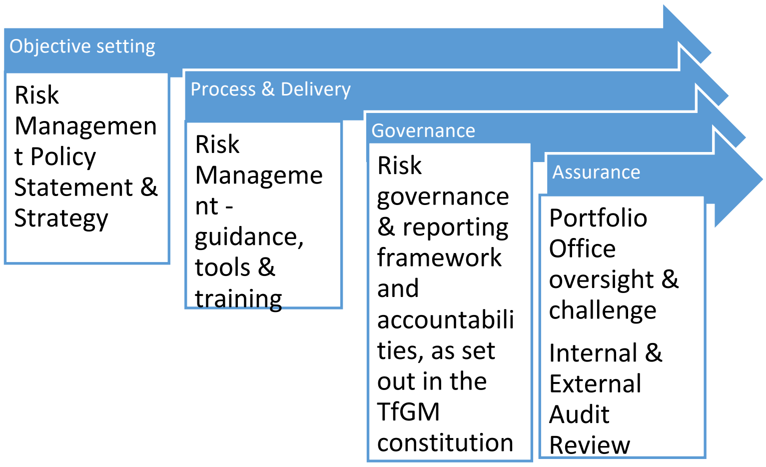
Principle F: Managing risks and performance through robust internal control and strong public financial management

Sub-Principle: Managing risk

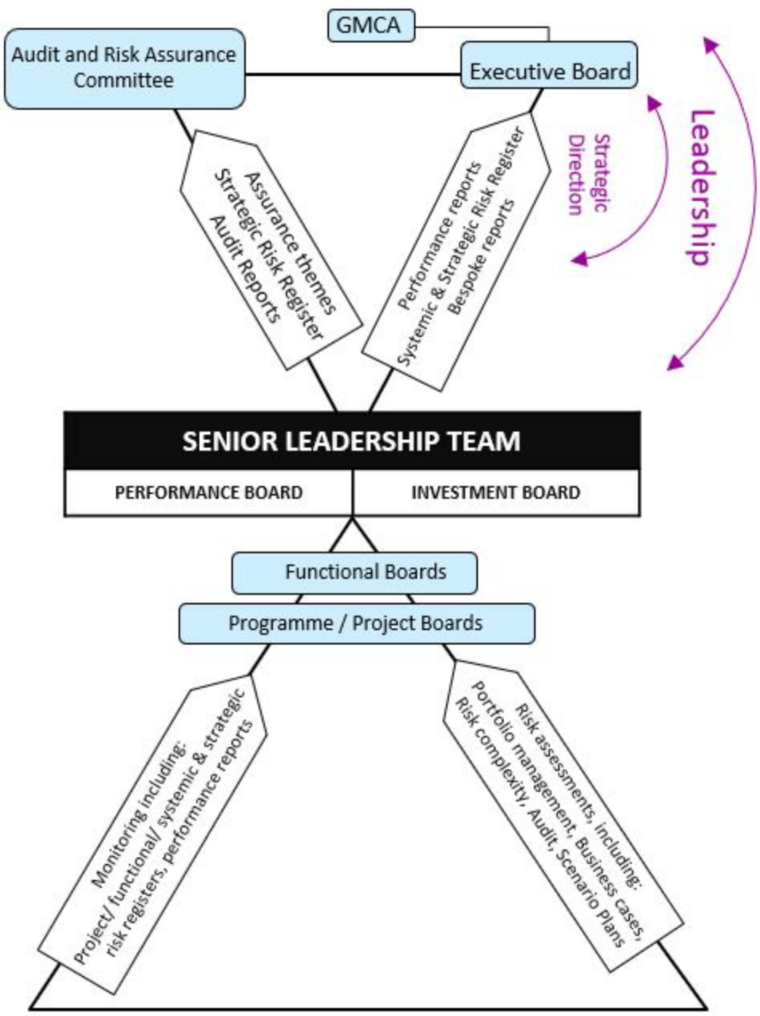
TfGM's Risk Management Strategy sets out best practice drawing principally on guidance and standards in the International Standard in Risk Management – ISO 31000: 2018, The Orange Book, Management of Risk, and Management of Risk: Guidance for Practitioners issued by HM Treasury. TfGM's risk management arrangements are compliant with the UK Corporate Governance Code (2018), as applicable for a non-listed organisation.

As part of TfGM's corporate governance framework, the Executive Board has overall responsibility for the risk management framework and the Audit and Risk Assurance Committee has the responsibility for providing the Board with assurance that the risk management process in place is effective. The Audit and Risk Assurance Committee ensures quarterly oversight and review of the framework. Progress updates on risk management activities and any changes to the strategic risk profile are presented to each meeting of the Audit and Risk Assurance Committee.

Continued overview and oversight of the risk management framework is also provided across the organisation by the Portfolio Office, working with Functional Risk Champions and senior management, as shown in the diagram below. The framework ensures that risk at all levels of the organisation are appropriately and effectively managed.



TfGM's risk management framework incorporates both a 'bottom up' and 'top down' approach, as set out in the diagram below.



The Functional Boards and Performance Board are actively involved in the management and ownership of risk, in accordance with TfGM's Risk Management Strategy, in line with their terms of reference.

TfGM has a project risk management system and a corporate SharePoint site where all risk information is held and maintained centrally. The risks management system also provides the functionality to run quantitative risk analysis.

Robust and established risk processes are in place to ensure that risks at all levels (Strategic, Functional, Project and Programme) are well managed. Each risk is assigned an owner and actions designed to mitigate each risk are also assigned owners. Risks are regularly reviewed and reported in line with the TfGM Risk Management Strategy. This includes monthly reporting to Functional Boards and the Performance and Executive Boards, and quarterly reporting to Audit and Risk Assurance Committee. In addition, risk is considered in all reports presented to the Executive Board, Performance Board, Investment Board and Functional Boards. Arrangements for the management of project and programme risks are also embedded in project and programme procedures.

The Audit and Risk Assurance Committee, the Executive Board and the GMCA provide strategic direction and leadership, including determining TfGM's risk appetite.

During 2020/21, as part of regular updates, a further thorough review of the strategic risk register was undertaken, with Senior Leadership Team workshops held throughout the year. This included the addition of further guidance on risk control effectiveness and a clearer summary of risk governance. Regular reporting on key risks have taken place. The continuous improvement work during 2020/21 year focussed on both Functional and Strategic risk, including a comprehensive review of the Risk Management Strategy.

During 2020 Internal Audit undertook a review of Risk Management and provided independent assurance on the positive progress that has been achieved in embedding risk management across the organisation. Following work with Risk Champions, Risk Owners and Functional Boards improvement actions have been completed focusing attention on risk control effectiveness.

TfGM will continue to review and improve its risk management arrangements.

Business Continuity

TfGM's business continuity and resilience plans are regularly tested, including those where TfGM plays a role in Greater Manchester incident management and recovery. Formal lessons learnt exercises are undertaken internally and with Greater Manchester partners. Plans have continued to be reviewed and updated over the period to reflect outputs from exercises and specific reviews. The impact of COVID-19, which necessitated working from home for a significant number of TfGM's workforce, was a test of the Business Continuity arrangements in place and TfGM successfully migrated to this working model very quickly and continued to deliver its key services during the Pandemic.

Sub-Principle: Managing performance

Co-ordination of TfGM's business planning and performance management processes are delegated to the Performance Board, including:

- monitoring key performance indicators and the priority tasks being undertaken and reporting key performance indicators and the priority tasks to the Executive Board;

- monitoring the performance of transport networks and transport providers and ensuring the integration of activities, including events planning and incident management, across the modal networks;

- monitoring the progress of capital programmes and associated projects with respect to funding and schedule parameters and reviewing performance indicator data; and

- ensuring that projects and programmes are managed to budget, time and quality and are focused on the successful delivery of identified benefits;

Effective scrutiny of decisions and business performance is provided in a number of ways. Minutes of the business of the Performance Board and Investment Board are considered by the Executive Board. The Board membership includes Non-Executive Directors to provide independent challenge and scrutinise both proposed decisions and the performance of TfGM Directorates and functions.

In support of the activities of the Performance Board and Investment Board, a number of Functional Boards meet at least monthly to review the Functional performance and progress in relation to implementation of all programmes and projects. The number and terms of reference of such Boards are determined by the Performance Board.

Performance updates are reported to the Executive Board monthly. Regular performance updates are also presented to the GMCA, the Transport Committee and the Mayor's Transport Board.

Sub-Principle: Robust internal control

TfGM is responsible for conducting, on a regular basis, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is a responsibility administered by the Audit and Risk Assurance Committee and informed by the work of the Interim Head of Audit and Assurance's annual report, and also by comments made by the external auditors and other assurance providers.

TfGM is compliant with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

Sub-Principle: Managing data

TfGM is committed to safeguarding of all data including any personal data it holds and complies with current Data Protection legislation. The Head of Legal Services holds the role of the Senior Information Risk Owner (SIRO), and quarterly SIRO reports are submitted to the Audit and Risk Assurance Committee.

The General Data Protection Regulation (GDPR) came into effect on 25 May 2018. This, along with the Data Protection Act 2018 which gives effect to the EU Law Enforcement Directive and derogations to the GDPR, changed the UK data protection legislation.

TfGM has been focusing on GDPR compliance since the Regulation came into effect. An implementation plan for TfGM was developed and continues to be implemented. In particular, significant work has been undertaken to ensure that working practices meet the requirements regarding transparency and accountability under the Data Protection Act 2018.

Systems (internal or external) that are used to process card payments for TfGM operate to the Payment Card Industry Data Security Standard (PCI DSS). TfGM's PCI Accreditation is audited annually. All staff must complete a PCI DSS online training course as part of their induction process.

Sub-Principle: Strong public financial management

The functions of the Executive Board reflect TfGM's key responsibilities, which includes:

- stewardship of Greater Manchester's transport assets, including the maintenance and renewal of assets, and identifying and delivering enhancements; and
- ensuring effectiveness and efficiency in the discharge of TfGM business, securing value for money for the Greater Manchester public purse.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. In particular, the system includes:

- comprehensive budgeting and forecasting systems;
- regular reviews of periodic and annual financial reports which compare financial performance against the budget and forecasts;
- setting targets to measure financial and other performance;
- clearly-defined capital expenditure guidelines; and
- formal programme and project management disciplines.

The proceedings of the Executive Board, Investment Board and Performance Board and the decisions taken are formally minuted. The minutes of the Executive Board are signed by the Chief Executive Officer and approved by the Executive Board. Mechanisms are in place to ensure that any conflicts of interest are declared and recorded.

Principle G: Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

TfGM has a requirement under the Transport Act 1968 to seek the authorisation of the GMCA, or the Transport Committee where delegated, of specified decisions that TfGM may take in the course of discharging its duties or exercising its powers. Where TfGM is acting on behalf of the GM Mayor or the GMCA, decisions to be taken are made by the Mayor or the GMCA, as appropriate.

Pursuant to the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017, TfGM provides the GMCA with timely and suitable information regarding the decisions that TfGM will ask the Mayor, the GMCA or the Transport Committee to authorise or take. The information is provided at least 30 days in advance and published on the GMCA's website within its 'Key Decisions Register'.

Sub-Principle: Implementing good practice in transparency

TfGM published the Greater Manchester Transport Vision and Strategy, and each year publishes its Annual Accounts on its website. In addition, TfGM produces status reports, reports consulting on decisions, and performance reports to the GMCA and the LEP and also provides reports to meetings of the Transport Committee, which is a public committee focused on providing political oversight of TfGM's activities.

TfGM also provides reports and information to the GMCA's Overview and Scrutiny Committees to support understanding of GMCA's policy development, decisions, and activities in relation to transport.

Sub-Principle: Implementing good practices in reporting

TfGM is committed to reporting on its activities in a manner which is accessible to the intended audience. Reports are prepared such that they are easily understood and provide appropriate and timely information. TfGM's Annual Accounts are reported in compliance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. Reporting to TfGM's Executive Board complies with the UK Corporate Governance Code.

Sub-Principle: Assurance and effective accountability

TfGM has an Audit and Risk Assurance Committee, which meets quarterly, chaired by an independent Non-Executive Director of the Executive Board, to support the Board in discharging its responsibilities with regard to risk, control and governance and associated assurance. In particular, the Audit and Risk Assurance Committee advises the TfGM Board on:

- the overall adequacy and effectiveness of the strategic processes for risk management, internal control and the Annual Governance Statement;
- the robustness of financial controls, including the financial reporting process, accounting policies, and the Annual Report and Accounts of TfGM, to ensure that published financial information has integrity, is well balanced, and transparent; and also, the extent to which assets are safeguarded against fraud and irregularity;
- the adequacy of management responses to recommendations made by the internal and external auditors in their reports;
- progress against planned activity and results of both internal and external audit work; and
- the assurances obtained regarding the adequacy and effectiveness of TfGM's arrangements to satisfy the requirements of the CIPFA/SOLACE framework of corporate governance.

The governance arrangements for TfGM's Audit and Risk Assurance Committee reflect best practice guidance for corporate governance, adapted for TfGM's specific circumstances, including the CIPFA's Audit Committees: Practical Guidance for Local Authorities and Police (2013) and the Financial Reporting Council's Guidance on Audit Committees (which is intended for limited companies).

The Audit and Risk Assurance Committee's membership comprises three Members, who are independent Non-Executive Directors of TfGM's Board, and a fourth Member who is the Treasurer of the GMCA, bringing significant experience from both the public and private sector. The Executive Directors, Head of Audit and Assurance and other managers also attend, as required, at the invitation of the Chair.

The Audit and Risk Assurance Committee is responsible for reviewing the activity of internal and external audit in providing assurance over the effectiveness of internal controls. The Committee also meets at least annually in private with both the external auditors and the Head of Internal Audit, without the presence of executive management.

In line with best practice, a review of its effectiveness was undertaken during 2018. The review found that the Committee was functioning effectively and had fulfilled its role during the year. It further found that the improvements identified by the review undertaken in the previous year had been successfully implemented and had resulted in improvements in the qualitative measures of effectiveness.

Portfolio Office Assurance

The Portfolio Office provides an assurance service to SROs and the Executive across projects and programmes. This includes undertaking Gateway Reviews and 'Health Checks' at key stages in the project and programme lifecycles and the subsequent reporting of recommendations to the relevant Boards.

The Portfolio Office also provides oversight and insights to the Executive through monthly updates to the Performance Board on progress across all organisational Portfolios.

The Portfolio Office leads on the development of the Business Plan and monitoring of progress against Business Plan commitments; and are responsible for leading on the implementation of the Risk Management framework, including providing challenge on the effectiveness of risk management controls across the organisation. Quarterly updates are provided to the Executive Board on Business Plan progress.

The Head of Portfolio Office and Head of Risk and Assurance report quarterly to the Audit and Risk Assurance Committee, providing updates on assurance activities and risk management.

The Portfolio Office are subject to regular Audits by Internal Audit, to ensure the effectiveness and robustness of the Portfolio processes and arrangements.

Assurance and internal audit

The Audit and Assurance Department delivers an internal audit service that objectively examines, evaluates, and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

The function operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The work of internal audit is primarily informed by the Internal Audit Strategy which is a three-year strategy based on the assessment of risk faced by TfGM. The risk assessment is kept under regular review and is refreshed in line with changes in the internal or external risk landscape. An annual internal audit plan is then developed based on the three-year strategy. Both the Strategy and the Internal Audit Plan are approved by the Audit and Risk Assurance Committee. Regular progress updates are provided to management and the Audit and Risk Assurance Committee.

The Head of Audit and Assurance and has access to all Executive Officers, Non-Executive Directors and Members. The Head of Audit and Assurance also meets privately with the Audit and Risk Assurance Committee at least annually.

The Head of Audit and Assurance is required to provide an annual opinion on the effectiveness of the arrangements in place for governance, risk management and internal control. The opinion is based upon and limited to the work performed during the financial year, as well as consideration of other sources of assurance.

On the basis of the audits undertaken and reported on by Audit and Assurance during this reporting period, and other sources of information available to Audit and Assurance, it is considered that in general the financial, operational, and strategic control environment within TfGM provides a moderate level of assurance. The audit work identified areas where further control improvements can be made. Action plans to address all audit findings are in place and are regularly monitored.

In 2019/20 and in line with Public Sector Internal Audit Standards, an external quality assessment of the effectiveness of the Internal Audit function was performed. The key conclusion from this review was that the function was compliant with standards, but some improvements were identified to further improve its effectiveness. The resulting action plan from that assessment was completed in 2020/21 with no outstanding actions remaining. In line with good practice, a self-assessment of the effectiveness of the internal audit function has been undertaken by the Head of Audit and Assurance in 2020/21 and has concluded that the function has operated in conformance with PSIAS.

External audit

The external auditors will issue the following reports in respect of the 2020/21 financial year:

- Audit Strategy Memorandum;
- Audit Completion Report; and
- Auditor’s Annual report including a commentary on the Value for Money arrangements.

Review of Effectiveness

TfGM is committed to a culture of continuous improvement and ensuring value for money. The Annual Governance Statement identifies areas where improvements have been and are continuing to be made. As part of the drive for continuous improvement and value for money TfGM will continue to focus its efforts on these and other areas during 2020/21. The Audit and Risk Assurance Committee and TfGM Executive Board will closely monitor these improvements.

Conclusion

On the basis of the review of the sources of assurance set out in this statement, the Directors are satisfied that, throughout the year and up to the date of the approval of the accounts, TfGM had in place satisfactory systems of internal control which facilitate the effective exercise of the organisation’s functions.

EJ BOYLAN	SG WARRENER
Director	*Director*

30 September 2021

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF TRANSPORT FOR GREATER MANCHESTER

Opinion on the financial statements

We have audited the financial statements of Transport for Greater Manchester for the year ended 31 March 2021, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of Transport for Greater Manchester as at 31st March 2021 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of Transport for Greater Manchester in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates the impact of the COVID-19 pandemic upon Transport for Greater Manchester's finances and particularly, on its Metrolink passenger revenue. As stated in Note 2, these events or conditions, along with the other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on Transport for Greater Manchester's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Finance and Corporate Service Director is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Finance and Corporate Service Director for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Finance and Corporate Service Director is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view. The Finance and Corporate Service Director is also responsible for such internal control as the Finance and Corporate Service Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF TRANSPORT FOR GREATER MANCHESTER

The Finance and Corporate Service Director is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and prepare the financial statements on a going concern basis on the assumption that the functions of Transport for Greater Manchester will continue in operational existence for the foreseeable future. The Finance and Corporate Service Director is responsible for assessing each year whether or not it is appropriate for Transport for Greater Manchester to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of Transport for Greater Manchester we identified that the principal risks of non-compliance with laws and regulations related to risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015 and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Finance and Corporate Service Director's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit and Risk Assurance Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by Transport for Greater Manchester which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit and Risk Assurance Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit and Risk Assurance Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF TRANSPORT FOR GREATER MANCHESTER

We are also required to conclude on whether the Finance and Corporate Service Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on Transport for Greater Manchester's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that Transport for Greater Manchester has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have not completed our work on Transport for Greater Manchester 's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in April 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2021.

We will report the outcome of our work on the Transport for Greater Manchester 's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Responsibilities of Transport for Greater Manchester

Transport for Greater Manchester is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that Transport for Greater Manchester has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of Transport for Greater Manchester's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF TRANSPORT FOR GREATER MANCHESTER

Use of the audit report

This report is made solely to the members of Transport for Greater Manchester, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of Transport for Greater Manchester those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of Transport for Greater Manchester, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have:

- received confirmation that Transport for Greater Manchester is not required to complete a Whole of Government Accounts consolidation pack;
- completed the work necessary to satisfy ourselves that Transport for Greater Manchester has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Mark Dalton

Mark Dalton – Key Audit Partner
For and on behalf of Mazars LLP

One St Peter's Square
Manchester
M2 3DE

30 September 2021

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT for the year ended 31 March 2021

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 revenue grants (or other income). TfGM receives funding from the ten local authorities in Greater Manchester and the Mayoral Budget to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The cost of providing these services is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2019/20					2020/21		
Gross Expend-iture £000	Gross Income £000	Net Expend-iture £000		Notes	Gross Expend-iture £000	Gross Income £000	Net Expend-iture £000
(59,477)	-	(59,477)	Concessionary fare schemes		(53,736)	-	(53,736)
(35,407)	9,268	(26,139)	Supported bus services		(36,841)	7,454	(29,387)
(78,415)	73,253	(5,162)	Metrolink		(82,321)	80,124	(2,197)
(4,600)	-	(4,600)	Accessible transport		(3,569)	-	(3,569)
(6,555)	7,225	670	Management of traffic signals		(7,904)	8,485	581
(6,710)	7,077	367	Road safety activities		(6,060)	6,817	757
(2,662)	2,662	-	Provision of third party passenger transport facilities	6	(12,243)	12,243	-
(167,809)	20,660	(147,149)	Operational and other costs	7	(169,524)	18,000	(151,524)
(361,635)	120,145	(241,490)	**Cost of services**		(372,198)	133,123	(239,075)
(81)	-	(81)	Other operating expenditure	10e	(635)	-	(635)
(5,587)	306	(5,281)	Financing and investment income and expenditure	8	(5,313)	405	(4,908)
-	289,289	289,289	Taxation and non-specific grant income and expenditure	9	-	203,192	203,192
(367,303)	409,740	42,437	**Surplus on provision of services**	5	(378,146)	336,720	(41,426)
		16,206	Remeasurement of the net defined benefit liability	17			(60,591)
		16,206	**Other comprehensive income and expenditure**				(60,591)
		58,643	**Total comprehensive income and expenditure**				(102,017)

All amounts relate to continuing operations. The notes from page 60 onwards form part of these accounts.

A statement is provided in the Directors' Report on page 19 by way of explanation of the total comprehensive income and expenditure reported under the Code of Practice on Local Authority Accounts and the actual revenue surplus retained / deficit incurred by the organisation.

MOVEMENT IN RESERVES STATEMENT for the year ended 31 March 2021

The Movement in Reserves Statements show the movement in the year on the different reserves held by TfGM, analysed into 'usable reserves' (i.e. those reserves that TfGM may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use) and 'unusable reserves', which include reserves that hold unrealised gains and losses; and reserves that hold timing differences (for example the Capital Adjustment Account).

	Revenue Reserves £000	Unapplied Capital Grants and Contributions Account £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
At 31 March 2019	**38,626**	**569**	**39,195**	**1,867,208**	**1,906,403**
Total comprehensive income and expenditure	42,437	-	42,437	16,206	58,643
Adjustments between accounting basis and funding basis under regulations	(43,154)	(31)	(43,185)	43,185	-
Transfer between reserves	(1,313)	-	(1,313)	1,313	-
Increase / (decrease) in 2019/20	(2,030)	(31)	(2,061)	60,704	58,643
At 31 March 2020	**36,596**	**538**	**37,134**	**1,927,912**	**1,965,046**
Total comprehensive income and expenditure	(41,426)	-	(41,426)	(60,591)	(102,017)
Adjustments between accounting basis and funding basis under regulations	43,660	112	43,772	(43,772)	-
Transfer between reserves	(1,314)	-	(1,314)	1,314	-
Increase / (decrease) in 2020/21	920	112	1,032	(103,049)	(102,017)
At 31 March 2021	**37,516**	**650**	**38,166**	**1,824,863**	**1,863,029**

See note 18 for further analysis of the movement in reserves statement.

The notes from page 60 onwards form part of these accounts.

BALANCE SHEET at 31 March 2021

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by TfGM. The net assets of TfGM (assets less liabilities) are matched by the reserves held by TfGM. Reserves are reported in two categories – usable and unusable. Usable are those reserves that TfGM may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable reserves are those that TfGM is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses, where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

	Notes	31 March 2021 £000	31 March 2020 £000
ASSETS			
Long term assets			
Property, plant & equipment	10	2,022,509	2,058,549
Investment property		1,470	1,470
Intangible assets	11	9,112	11,690
Long term investments		4,416	4,325
		2,037,507	2,076,034
Current Assets			
Short term debtors	12	61,440	85,826
Inventories		130	163
Cash and cash equivalents	13	61,645	9,515
		123,215	95,504
TOTAL ASSETS		**2,160,722**	**2,171,538**
LIABILITIES			
Current Liabilities			
Short term creditors	14	(78,884)	(62,908)
Provisions	14, 15	(10,641)	(4,907)
Short term borrowing	16	(8,741)	(1,244)
		(98,266)	(69,059)
Long term liabilities			
Provisions	15	(3,784)	(2,049)
Net pension liabilities	17	(137,255)	(69,467)
Long term borrowings	16	(58,388)	(65,917)
		(199,427)	(137,433)
TOTAL LIABILITIES		**(297,693)**	**(206,492)**
NET ASSETS		**1,863,029**	**1,965,046**
FINANCED AS FOLLOWS:			
Reserves as follows:			
Usable reserves	18	38,166	37,134
Unusable reserves	18	1,824,863	1,927,912
		1,863,029	**1,965,046**

The notes from page 60 onwards form part of these accounts.

E BOYLAN
Director
30 September 2021

SG WARRENER
Director

CASH FLOW STATEMENT for the year ended 31 March 2021

The Cash Flow Statement shows the changes in cash and cash equivalents during the reporting period. The statement shows how TfGM generates and uses cash and cash equivalents and classifies cash flows into 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 are funded by way of grant income or from the recipients of services provided by TfGM. 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 a useful indicator in predicting claims on future cash flows by providers of capital (i.e. borrowing) to TfGM.

	Note	2021 £000	2020 £000
Net (deficit)/surplus on provision of services		(41,426)	42,437
Adjustments to reconcile income to net cash flows:			
Adjustments for items included in the net surplus on the provision of services that are investing and financing activities			
Grants received for capital works		(44,930)	(125,208)
Finance cost	8	3,652	3,674
Interest paid		(3,655)	(3,669)
IAS19 pension finance interest	17	1,661	1,913
Adjustments for other non- cash movements			
Depreciation and amortisation	10, 11	83,025	74,383
Loss / (gain) on disposal of non-current assets	10	635	81
IAS19 pension service costs	17	13,606	13,877
IAS19 employer contributions	17	(8,070)	(5,830)
(Increase)/decrease in debtors		(1,668)	(3,131)
Decrease/ (increase) in inventories		34	58
(Decrease) / increase in creditors and provisions		14,568	(3,688)
Net cash flows from operating activities		**17,432**	**(5,103)**
Investing Activities			
Purchase of property, plant and equipment and intangible assets		(36,226)	(101,960)
Grants received for capital works		70,989	112,241
Proceeds from sale of property, land and equipment		55	-
Purchase of long-term and short-term investments		(91)	(2,325)
Net cash flows from investing activities		**34,727**	**7,956**
Financing Activities			
Repayment of short and long term borrowings	16	(29)	(28)
Net cash flows from financing activities		**(29)**	**(28)**
Net increase/(decrease) in cash and cash equivalents		52,130	2,825
Cash and cash equivalents as at 1 April	13	9,515	6,690
Cash and cash equivalents as at 31 March	13	**61,645**	**9,515**

The notes from page 60 onwards form part of these accounts.

NOTES TO THE ACCOUNTS

1 Introduction

TfGM is required to prepare an annual Statement of Accounts in accordance with the Accounts and Audit Regulations 2015. These Regulations require 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 2020/21, supported by International Financial Reporting Standards (IFRS).

2 Basis of Preparation

The 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 financial statements have been prepared on a going concern basis as it is considered by the Board that TfGM will continue to operate for the foreseeable future and will be able to continue to meet its liabilities as they fall due for payment.

As set out in the Narrative Report, the coronavirus pandemic has had a significant impact on the finances of TfGM. This includes, in particular, on passenger revenue from Metrolink, which was significantly adversely impacted during the national lockdowns and which continues to be materially below budgeted levels during the ongoing restrictions, including due to the impact of social distancing measures. In the year to 31 March 2021 revenue from Metrolink farebox was £65 million below the original budget, which has been offset by grant received from DfT as set out below.

TfGM has received support from the DfT through its 'COVID-19 Light Rail Revenue Grant' which, to date, is providing funding for the period to 5 April 2022.

Alongside exploiting all opportunities to minimise its expenditure, TfGM is continuing to work closely with the Government to secure ongoing financial support to alleviate the financial impact of Covid 19 on TfGM.

TfGM has also suffered reduced levels of income and additional costs in other areas of activity, including loss of bus service related incomes and loss of commercial revenues. Government support has been received which partly alleviated the loss of bus revenues for the period to 31 March 2021. Funding will be available beyond that date and discussions are ongoing with respect to the amount and the period for which it will be received. In addition, TfGM has received funding support from Ministry of Housing and Local Government (MHCLG) for other lost income and additional costs.

In the case of Metrolink, despite the funding received to date and agreed through to 5 April 2022, the uncertainties over funding for future periods cast significant doubt over TfGM's ability both to continue operating the level of services currently provided, to continue to contribute to GMCA's financing costs and meet the requirements for funding renewals in line with the overall required funding profile.

Based on the position set out above, the Directors have performed a review of the cashflow projections for a period of 12 months after the date of the signing of these financial statements, to support the preparation of the Accounts on the 'Going Concern' basis. The conclusion of this review is that there is a material uncertainty regarding the ongoing level of Metrolink revenues and the level of funding that will be received. Notwithstanding this, on the basis of the cashflow forecasts prepared and the current levels of available cash and reserves, the TfGM Executive Board considers that it remains appropriate to prepare the Accounts on the 'Going Concern' basis.

Statement of Compliance with IFRS

The following accounting standards have been issued but not yet adopted by the Code:

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

None of the amendments above are expected to have a material impact to TfGM.

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. Refer to note 18 for further details.

3 Summary of Significant Accounting Policies

3.1 Property, Plant and Equipment and Assets Under Construction

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

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

Freehold and long leasehold buildings	30 to 50 years
Short leasehold buildings	over the lease term
Infrastructure assets (see note * below)	15 to 50 years
Plant and equipment (including software)	10 to 15 years
Vehicles: Motor vehicles	3 to 5 years
Vehicles: Buses	Up to 15 years

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

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

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

The de minimis level for capitalising assets is £25,000 unless these form part of a larger asset when there is no de minimis level.

The cost of Metrolink includes £151.657 million (2020: £142.142 million) representing the costs of acquiring the land required for the system to be constructed. In accordance with standard accounting practice this land is not being depreciated.

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

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

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

For the ongoing measurement of property, plant and equipment, TfGM adopts the Code, which requires the fair value method to be applied to non-infrastructure operational assets and surplus assets. Where a fair value cannot be obtained the cost model will be used in IAS 16. Assets classified as infrastructure include all Metrolink assets, bus stations, interchanges, turning points, bus shelters and other route equipment and works.

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

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

3.2 Fair Value measurement

TfGM measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

TfGM measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, TfGM 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.

TfGM uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in TfGM's financial statements 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.

3.3 Non-current assets held for sale

Non-current assets classified as held for sale are classified as such and measured at the lower of carrying amount and fair value less costs to sell, if their value will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to complete within one year.

Property, plant and equipment classified as held for sale are not depreciated.

No assets were classified as held for sale as at 31 March 2021 and 31 March 2020.

3.4 Investment properties

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

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

3.5 Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by TfGM 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 TfGM.

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 TfGM 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 TfGM's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by TfGM can be determined by reference to an active market. In practice, no intangible asset held by TfGM 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.

3.6 Capital and revenue grants and contributions

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

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

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

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

3.7 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.

3.8 Financial Assets

Financial assets have the following categories: financial assets measured at fair value through profit or loss, financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income, in accordance with IFRS 9. Assets held at amortised cost are initially recognised at cost and remain at cost whereas assets held at fair value are revalued in accordance with fair value measurement set out in paragraph 3.2. TfGM's financial assets include the long term investments, cash, short-term deposits, trade and other receivables.

Subsequent measurement depends on their classification as follows:

Long term investments: investments are reviewed to determine which category they should be classified as. The current investments have been deemed to fall within the fair value through other comprehensive income category.

Fair value through other comprehensive income assets are initially measured and carried at fair value in line with fair value measurement set out in note 3.2. Assets are held in this category when the amounts received relating to them are solely principal and interest but they are held to collect case and sell the assets. There are two key criteria for election as a fair value through other comprehensive income asset, these are the asset must be an equity instrument and the asset must not be held for trading.

Comprehensive Income and Expenditure Statement treatment: movements in amortised cost debited/credited to the Surplus or Deficit on the Provision of Services, but movements in fair value debited/credited to Other Comprehensive Income and Expenditure:

- Interest credited to Surplus or Deficit on the Provision of Services using the effective interest rate method.
- Movements in impairment loss allowances debited/ credited to Surplus or Deficit on the Provision of Services (with a compensating credit/debit not against the carrying amount of the asset but to Other Comprehensive Income and Expenditure to offset movements against gains/losses on fair value).
- Changes in fair value posted to Other Comprehensive Income and Expenditure.
- Cumulative gains/losses on fair value are posted to the Surplus or Deficit on the Provision of Services on derecognition.

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

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

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

Finance leases: refer to notes 3.15 and 3.16.

3.9 Financial Liabilities

Financial liabilities are classified at recognition as financial liabilities measured at fair value through profit or loss or financial liabilities at amortised costs in accordance with IFRS 9. TfGM has not designated any financial liabilities or assets as at fair value through the Comprehensive Income and Expenditure Statement. TfGM's financial liabilities include bank overdraft, trade creditors, loans and other payables.

Subsequent measurement depends on their classification as follows:

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

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

Finance leases: refer to notes 3.15 and 3.16.

3.10 Offsetting of Financial Instruments

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

3.11 Impairment of non-financial assets

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

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

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

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

3.12 Provisions, Contingent liabilities and Contingent assets

Provisions

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

Provisions are charged either as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement or within project costs included within property, plant and equipment in the year that TfGM 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 be required (or a lower settlement than anticipated is made), the amount of the provision no longer required is reversed and credited back to the relevant service or project cost.

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

Contingent liabilities

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

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

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

Contingent assets

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

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

3.13 Passenger Transport Facilities

As part of its statutory duties, TfGM 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 GMCA and other parties, which for the year ended 31 March 2021 amounted to £12.2 million (2020: £2.7 million).

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

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

3.14 Turnover

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

3.15 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 TfGM 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.

3.16 Lease expenditure

Assets held under finance leases where TfGM 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.

3.17 Pensions

Employees of TfGM are members of the Local Government Pension Scheme administered by Greater Manchester Pension Fund (GMPF).

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

The Scheme is accounted for as a defined benefits scheme:

- The liabilities of the GMPF attributable to TfGM are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.0% (2020: 2.3%).

- The assets of GMPF attributable to TfGM are included in the Balance Sheet at their fair value based on the bid values of the assets.
- The change in the net pensions liability is analysed into seven components:
    - Current service cost – the increase in liabilities as a result of years of service earned this year are allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
    - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – is debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
    - Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
    - Expected return on assets – the annual investment return on the fund assets attributable to TfGM, based on an average of the expected long-term return - is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
    - Gains or losses on settlements and curtailments – the result of actions to relieve TfGM of liabilities or events that reduce the expected future service or accrual of benefits of employees – are debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
    - Remeasurement of the net defined benefit liability – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – are credited or debited to the Pensions Reserve; and
    - Contributions paid to the GMPF – cash paid as employer's contributions to the pension fund in settlement of liabilities; are not accounted for as an expense.

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

3.18 Accrual of income and expenditure

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

- Revenue from 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.
- 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 in relation 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 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. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.

3.19 Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, capital grants, retirement and employee benefits and do not represent usable resources for TfGM. These reserves are explained in note 18.

3.20 Events after the balance sheet date

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

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

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

3.21 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.

3.22 Agency Services

Transactions are excluded from TfGM's financial statements for all agency relationships. As stipulated by the Code TfGM is acting as an agent in situations when TfGM do not have exposure to the significant risks and rewards in providing the goods or services. TfGM review all services provided to determine who has exposure to the significant risks and rewards and when this is not deemed to be TfGM the transactions have been excluded from the financial statements. There are three significant agency relationship; they are in relation to the payments of the Bus Services Operator Grant to bus operators on behalf of GMCA, the Coronavirus Bus Service Support Grant and the Home to school transport grant. See note 19.

4 Significant accounting judgements, estimates and assumptions

The preparation of TfGM's accounts requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods.

The items in TfGM's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- Pension benefits: the cost of defined benefit pension plans is determined using an independent actuarial valuation, involving the use of assumptions about discount rates, returns on assets, future salary increases, mortality rates and future pension increases. Such assumptions are reviewed at each period end, and determined jointly between the pension fund management and the actuaries.
- Carrying value of property, plant and equipment: for assets held at historical cost the carrying value is the initial cost of the asset less accumulated depreciation. Depreciation is calculated using the expected useful life for each

component of an asset. The useful life is a best estimate of the life of the asset and is provided by an expert in the relevant area. Each year end an annual review is performed to ensure the remaining useful life and carrying value of the asset are appropriate. For assets held at valuation, a full valuation is performed as a minimum every 5 years by an independent external valuer; an impairment review is undertaken by management for all other years. If the useful life is incorrect by one year, this would result in an estimated impact of £6.8 million (2019/20 £6.6 million).

- COVID-19 has impacted global financial and property markets and has led to an unprecedented set of circumstances on which the valuations of property assets have been based due to the restrictions imposed. Due to the unknown future impact that COVID-19 will have on the real estate market, the valuations will be kept under regular review. The latest valuation was undertaken 31st March 2021 and there was no material impact on the accounts.

5 Expenditure and Funding Analysis statement

2019/20				2020/21		
Net expenditure chargeable to the revenue reserve	**Adjustments between the Funding and Accounting Basis**	**Net expenditure in the Comprehensive Income and Expenditure Statement**		**Net expenditure chargeable to the revenue reserve**	**Adjustments between the Funding and Accounting Basis**	**Net expenditure in the Comprehensive Income and Expenditure Statement**
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
(59,477)	-	(59,477)	Concessionary fare scheme	(53,736)	-	(53,736)
(26,139)	-	(26,139)	Supported bus services	(29,387)	-	(29,387)
(4,935)	(227)	(5,162)	Metrolink	(2,001)	(196)	(2,197)
(4,600)	-	(4,600)	Accessible transport	(3,569)	-	(3,569)
670	-	670	Management of traffic signals	581	-	581
483	(116)	367	Road safety activities	857	(100)	757
(67,432)	(79,717)	(147,149)	Operational and other costs	(65,567)	(85,957)	(151,524)
(161,430)	**(80,060)**	**(241,490)**	**Net cost of Services**	**(152,822)**	**(86,253)**	**(239,075)**
160,713	123,214	283,927	Other income and expenditure	155,055	42,594	197,649
(717)	**43,154**	**42,437**	Surplus or Deficit	**2,233**	**(43,659)**	**(41,426)**
38,626			Opening revenue reserves balance	36,596		
(717)			Less / Plus surplus or (deficit) on revenue balance in Year	2,233		
(1,313)			Transfer between reserves	(1,313)		
36,596			Closing revenue reserve at 31 March	**37,516**		

(a) Note to the expenditure and funding analysis

	Adjustments between Funding and Accounting Basis 2019/20		
Adjustments between the Funding and Accounting Basis	**Adjustments for capital purposes (Note 1)**	**Net change for the Pensions adjustment (Note 2)**	**Total Adjustments**
	£'000	£'000	£'000
Metrolink	-	(227)	(227)
Road safety activities	-	(116)	(116)
Operational and other costs	(72,013)	(7,704)	(79,717)
Net cost of Services	**(72,013)**	**(8,047)**	**(80,060)**
Other income and expenditure	125,127	(1,913)	123,214
Difference between revenue reserve surplus and Comprehensive Income and Expenditure Statement surplus on the Provision of Services	53,114	(9,960)	43,154

	Adjustments between Funding and Accounting Basis 2020/21		
Adjustments between the Funding and Accounting Basis	**Adjustments for capital purposes (Note 1)**	**Net change for the Pensions adjustment (Note 2)**	**Total Adjustments**
	£'000	£'000	£'000
Metrolink	-	(196)	(196)
Road safety activities	-	(100)	(100)
Operational and other costs	(80,717)	(5,240)	(85,957)
Net cost of Services	**(80,717)**	**(5,536)**	**(86,253)**
Other income and expenditure	44,255	(1,661)	42,594
Difference between revenue reserve surplus and Comprehensive Income and Expenditure Statement surplus on the Provision of Services	(36,462)	(7,197)	(43,659)

Adjustments for capital purposes

1) Adjustments for capital purposes – this column adds in Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. 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. For internal reporting purposes the capital grants received are recognised in line with the expenditure i.e. depreciation charge. This also includes the adjustment for any capital grants remaining on disposal of assets.

Net Change for the Pensions Adjustments

2) 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.

(b) Note to the expenditure and funding analysis

Expenditure/Income	2020/21 £'000	2019/20 £'000
Expenditure		
Employee benefits expenses*	52,177	44,970
Transport expenditure		
Concessionary fare scheme	53,736	59,477
Supported bus services	36,841	35,407
Metrolink	80,382	76,394
Accessible transport	3,569	4,600
Management of traffic signals	7,904	6,555
Road safety activities	5,179	5,899
Provision of passenger transport facilities	12,243	2,662
Other Transport Expenditure	37,141	51,288
Depreciation, amortisation, impairment	83,026	74,383
Financing costs:		
Interest payable and similar charges	3,681	3,702
Adjustment for the equalisation of interest on a loan	(29)	(28)
Pensions interest cost and expected return on pensions assets	1,661	1,913
Loss on the disposal of assets	635	81
Total expenditure	**378,146**	**367,303**

	2020/21 £'000	2019/20 £'000
Income		
Fees, charges and other service income		
Transport income		
Supported bus services	7,454	9,268
Metrolink	80,124	73,253
Management of traffic signals	8,485	7,225
Road safety activities	6,817	7,077
Provision of passenger transport facilities	12,243	2,662
Interest and investment income	405	306
Local government revenue grants and contributions	158,261	164,081
Local government capital grants and contributions	44,930	125,208
Bus station facility charges	2,490	3,061
Rail franchise	1,900	1,863
Rents and service charges	462	947
Advertising revenue	41	429
Other highways income	4,320	4,480
Passenger information services, Travelshop, bus station ancillary charges, rail franchise, operators and local authorities' recoveries.	8,787	9,880
Total income	**336,720**	**409,740**
Surplus on the Provision of Services	**(41,426)**	**42,437**

*Note this includes the IAS19 employer cost adjustments and removes staff time capitalised.

(c) Revenue from contracts with service recipients

Revenue generated from contracts with service recipients is £22.493million for 2020/21 (2019/20 £24.427 million). The main source of revenue generated from service with recipients relates to Greater Manchester Urban Traffic Controls works undertaken during the year.

6 Passenger Transport Facilities

As part of its statutory duties, TfGM is responsible for meeting the costs of upgrading public passenger transport facilities in the Greater Manchester area, including certain railway and highways infrastructure. The expenditure incurred is offset by equivalent grants or funding, which for the year ended 31 March 2021 amounted to £12.2 million (2020: £2.7 million). The ownership of these assets normally vests in either Network Rail; rail operating companies; GMCA; or the appropriate Local Authority. In certain circumstances, title in these assets may ultimately revert to TfGM. Costs and grants are written off as incurred / received. The spend in the year has included works on the Salford Central additional platform, the Stockport Interchange mixed use scheme and the retrofit of buses using the Clean Bus and Technology Fund.

7 Surplus on provision of services for the year

(a) The operating surplus for the year has been stated after the following payments made to the external auditors:

	2021 £000	2020 £000
Fees payable to external auditors for:		
- audit services*	39	42
- other services	-	-

* Note the audit services fee for 31 March 2020 has been increased by £8k following approval of additional fees after the financial statements were signed.

(b) Statutory Directors' remuneration

The Executive Board is composed of the Chief Executive Officer and the other Executive Directors' and Non Executive Directors' who have been appointed by GMCA as members of the executive under s9(2) of the Transport Act 1968. The remuneration of the Executive Directors' has been disclosed as follows:

		Salary £	Employer pension contributions £	Total £
Chief Operating Officer	2020/21	185,959	37,929	223,888
RM Morris	2019/20	180,999	34,018	215,017
Finance & Corporate Services Director	2020/21	184,084	37,553	221,637
SG Warrener	2019/20	179,164	33,681	212,845
Contribution to the salary of the Chief Executive				
Chief Executive Officer*	2020/21	113,025	-	113,025
EJ Boylan	2019/20	109,251	-	109,251

* The costs for EJ Boylan relate to a recharge of 50% of the salary costs. The full salary costs are paid by GMCA and are disclosed in their financial statements.

(c) Staff costs (before IAS19 pension adjustments) and average number of employees

	2021 £000	2020 £000
Wages and salaries*	39,652	34,800
Social security costs	4,187	3,689
Pension costs	7,675	6,402
	51,514	**44,891**
The average number of employees during the year	**959**	**924**

* This does not include staff time that has been subsequently capitalised or recharged to specific projects.

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

Remuneration range	2021 Number	2020 Number
£50,000 to £54,999	55	53
£55,000 to £59,999	53	31
£60,000 to £64,999	24	21
£65,000 to £69,999	26	25
£70,000 to £74,999	14	5
£75,000 to £79,999	8	8
£80,000 to £84,999	16	17
£85,000 to £89,999	18	7
£90,000 to £94,999	2	3
£95,000 to £99,999	7	1
£100,000 to £104,999	3	1
£105,000 to £109,999	1	1
£110,000 to £114,999	2	2
£115,000 to £119,999	2	-
£120,000 to £124,999	2	1
£125,000 to £129,999	-	1
£135,000 to £139,999	1	-
£150,000 to £154,999	2	-

Movements between the bands are primarily as a result of redundancy payments and grade increments.

Note that the numbers above do not include the Directors salaries. See note 7b) above for the Directors remuneration.

(d) Staff exit packages

Details of the numbers of exit packages, with total cost per band and total cost of redundancies and other departures, are set out in the table below.

Exit package cost band	Number of voluntary redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2021	2020	2021	2020	2021	2020	2021 £000	2020 £000
£0 - £20,000	16	-	4	3	20	3	235	5
£20,001 - £40,000	14	-	-	1	14	1	405	36
£40,001 - £60,000	15	-	-	-	15	-	758	-
£60,001 - £80,000	8	1	-	-	8	1	556	69
£80,001 - £100,000	4	-	-	-	4	-	363	-
£100,001 - £150,000	5	-	-	-	5	-	614	-
£150,001 - £200,000	1	-	-	-	1	-	177	-
	63	**1**	**4**	**4**	**67**	**5**	**3,108**	**110**

The increase in exit packages is as a result of a voluntary severance scheme that was launched in 2020/21, as a result of the requirement to make on-going budgetary savings.

8 Financing and Investment Income and Expenditure

	2021 £000	2020 £000
Financing Costs		
Interest payable and similar charges	3,681	3,702
Adjustment on the equalisation of interest on a loan	(29)	(28)
Pensions interest cost and expected return on pensions assets	1,661	1,913
	5,313	**5,587**

	2021 £000	2020 £000
Investment Income		
Received from Piccadilly Triangle Developments LLP – distribution of part of partnership profits	405	306
	405	**306**

9 Taxation and non-specific grant income

	2021 £000	2020 £000
Revenue Grant income		
GMCA – Levy	124,903	126,095
GMCA – Light Rail Revenue Grant*	-	2,071
GMCA – Other	31,667	35,904
Other	1,691	11
Total Revenue Grants	**158,261**	**164,081**
Capital grant income		
GMCA capital grants**	45,153	116,664
Trafford MBC	-	8,000
Income in advance	112	-
Other	(334)	544
Total Capital Grants	**44,931**	**125,208**
Total grant income	**203,192**	**289,289**

* The Light Rail grant of £63.307 million has been included in the Metrolink line in the cost of services section in the Comprehensive Income and Expenditure Statement in 2020/21. This has not been restated in 2019/20 as it is not material.

**Note the capital grants received from GMCA fund a number of capital schemes. In 2021 these included the additional 27 light rail vehicles (LRV), Tameside Interchange, Stockport Mixed Used and the Trafford Park Line Park and Ride facility.

10 Property, Plant and Equipment

a) Capitalised assets available for use and assets under construction

Property, plant and equipment is reported as either capitalised assets available for use or as assets under construction. An analysis of the movements within the gross and depreciated or impaired book value of property, plant and equipment by key category is contained in the tables below:

	Total £000	Infra-structure £000	Land & Building £000	Plant & Equipment £000	Vehicles £000	Surplus assets £000	Assets Under Construction £000
Cost or valuation:							
At 31 March 2019	**2,523,130**	**2,189,674**	**13,699**	**34,323**	**24,493**	**755**	**260,186**
Expenditure during the year	121,959	-	-	-	-	-	121,959
Transfers from assets under construction	-	298,819	-	1,191		-	(300,010)
Disposals	(172)	-	-	-	(172)	-	-
At 31 March 2020	2,644,917	2,488,493	13,699	35,514	24,321	755	82,135
Expenditure during the year	43,832	-	-	-	-	-	43,832
Transfers from assets under construction	-	52,646	-	333	-	-	(52,979)
Disposals	(3,871)	(27)	(799)	(1,957)	(1,088)	-	-
At 31 March 2021	**2,684,878**	**2,541,112**	**12,900**	**33,890**	**23,233**	**755**	**72,988**
Depreciation and impairment:							
At 31 March 2019	**515,398**	**480,079**	**1,276**	**22,414**	**11,629**	**-**	**-**
Depreciation provided during the period	71,061	66,166	449	2,858	1,588	-	-
Disposals	(91)	-	-	-	(91)	-	-
At 31 March 2020	**586,368**	**546,245**	**1,725**	**25,272**	**13,126**	**-**	**-**
Depreciation provided during the period	79,197	75,094	449	2,203	1,451	-	-
Reclassifications during the period	-	(147)	147	-	-	-	-
Disposals	(3,196)	(23)	(563)	(1,957)	(653)	-	-
At 31 March 2021	**662,369**	**621,169**	**1,758**	**25,518**	**13,924**		
Net Book Value:							
At 31 March 2021	**2,022,509**	**1,919,943**	**11,142**	**8,372**	**9,309**	**755**	**72,988**
At 31 March 2020	2,058,549	1,942,248	11,974	10,242	11,195	755	82,135

The net book value of land and buildings, within infrastructure and non-infrastructure categories comprised of the following:

	31 March 2021 £000	31 March 2020 £000
Freehold	238,123	229,537
Long Leasehold	94,032	76,553
Short Leasehold	1,613	1,538
	333,768	**307,628**

The transfer from assets under construction to infrastructure assets relates to a number of capital schemes or transactions that have been completed in the year. These include the new Trafford Park Metrolink Line Park and Ride facility opening, Ashton Interchange becoming operational on 31 August 2020 along with the first of the 27 new trams coming in to service.

b) Assets held under finance leases

TfGM do not have any assets held under a finance lease.

c) Revaluation of property, plant and equipment

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 market conditions these have not been re-valued in 2020/21.

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

COVID-19 has impacted global financial markets and has led to an unprecedented set of circumstances on which the valuations have been based due to the restrictions imposed. Due to the unknown future impact that COVID-19 will have on the real estate market, the valuations will be kept under regular review. The latest valuation was undertaken on 31st March 2021 and there was no material impact on the accounts.

d) Assets under Construction

The value of assets under construction and the financial movements within this area are provided in Note 10a.

The main items of capital expenditure in the year related to amounts invested in the Metrolink Trafford Park line land, a Park and Ride facility on the Trafford Park Line, the Stockport Interchange / Mixed Used Scheme and the additional 27 light rail vehicles (LRV) and associated infrastructure. Other items of capital expenditure related to upgrading the existing Metrolink network; and a number of other schemes including rail station improvements.

Financing of the expenditure comes by way of capital grants. Capital grants receivable in the year were receivable from the GMCA. None of the expenditure in the year was financed by finance leases.

At 31 March 2021 the amount of grants received in advance of payments made in respect of expenditure on capital projects and held within the Unapplied Grants Account was £0.65 million (£0.54 million at 31 March 2020).

The value of grants held against assets under construction and as deferred grants held against fixed assets are reported within the Capital Adjustment Account. The Capital Adjustment Account is included with the Unusable reserves within the balance sheet.

e) Net gain / (loss) on disposal of property, plant and equipment

The reported gain or loss on disposal of fixed assets is calculated with reference to both the carrying value of the assets themselves, and also the write-back of any unamortised grant outstanding. In relation to the gain / (loss) made during the year, this can be analysed as follows:

	2021 £000	2020 £000
Net proceeds from sale of assets	59	-
De-recognition of carrying values of assets	(694)	(81)
Gain / (loss) on disposal of property, plant and equipment per Comprehensive Income and Expenditure Statement	**(635)**	**(81)**
De-recognition of carrying values of associated grants	675	81
	40	**-**

11 Intangible Assets

TfGM accounts for certain items of software as intangible assets, to the extent that the software is not an integral part of a particular IT system and is therefore accounted for as part of the hardware item of property, plant and equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the authority. The useful lives assigned to the major software suites used by the authority range between 4 and 5 years.

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

	Total £000	Internally Generated Assets £000	Other Assets £000
Balance as at 31 March 2019	**11,711**	**11,212**	**499**
Additions:			
Internal development	3,301	3,301	-
Amortisation for the period	(3,322)	(3,158)	(164)
Net carrying amount as at 31 March 2020	**11,690**	**11,355**	**335**
Comprising:			
Gross carrying amounts	17,972	17,140	832
Accumulated amortisation	(6,282)	(5,785)	(497)
At 31 March 2020	**11,690**	**11,355**	**335**

	Total £000	Internally Generated Assets £000	Other Assets £000
Balance as at 31 March 2020	**11,690**	**11,355**	**335**
Additions:			
Internal development	1,676	1,676	-
Impairment losses recognised in the surplus/deficit on the provision of services	(426)	(426)	
Amortisation for the period	(3,828)	(3,662)	(166)
Net carrying amount as at 31 March 2021	**9,112**	**8,943**	**169**
Comprising:			
Gross carrying amounts	19,222	18,390	832
Accumulated amortisation	(10,110)	(9,447)	(663)
At 31 March 2021	**9,112**	**8,943**	**169**

The internally generated assets for 2020/21 include a new Asset Management System (AMIS) and further development of Smart Contactless Self-Serve System

12 Debtors

Short term debtors: amounts falling due within one year:

	31 March 2021 £000	31 March 2020 £000
Trade debtors	3,833	3,771
Amounts receivable from GMCA	48,548	66,689
Amounts due from group undertakings	97	74
Other debtors	1,897	7,566
Prepayments and accrued income	7,065	7,726
	61,440	**85,826**

Analysed between the following classes of debtors:

Central government bodies	1,451	5,395
Other local authorities	49,392	68,453
Other entities and individuals	10,597	11,978
	61,440	**85,826**

Trade debtors are non-interest bearing; are generally on terms of 30 days or less; and are shown net of any provision for impairment.

At 31 March 2021, trade debtors at a nominal value of £718,000 (*2020: £876,000*) were impaired. Movements in the provision for impairment of receivables were as follows:

	31 March 2021 £000	31 March 2020 £000
Opening provision	876	2,060
Charge for the year	-	606
Amounts written off	(107)	(1,674)
Unused amounts reversed	(50)	(116)
Closing provision	**719**	**876**

As at 31 March 2021, the ageing analysis of trade debtors net of the provision was as follows:

			Past due but not impaired				
	Total £000	Neither overdue nor impaired £000	1-30 days £000	31-60 days £000	61-90 days £000	91-120 days £000	over 120 days £000
31 March 2021	3,832	3,047	355	98	23	80	229
31 March 2020	3,772	2,591	584	217	191	40	149

13 Cash and cash equivalents

	31 March 2021 £000	31 March 2020 £000
Cash at bank and in hand	(134)	(1,175)
Short term deposits with GMCA	61,779	10,690
	61,645	**9,515**

Surplus cash funds available to TfGM were deposited with the GMCA depending on the immediate cash requirements of TfGM and GMCA. GMCA earns variable period rates of interest, none of which is receivable by TfGM. Such amounts are shown as 'Short term deposits with GMCA' above.

14 Current Liabilities

	31 March 2021 £000	31 March 2020 £000
Short term creditors		
Trade creditors	9,295	1,585
Taxation and social security	1,207	992
Accruals for expenditure recognised	51,039	47,240
Deferred income	3,447	5,658
Amounts due to GMCA	1,116	1,930
Other creditors	12,780	5,503
	78,884	62,908
Provisions (note 15)	10,641	4,907
Short term borrowings (note 16)	8,741	1,244
	98,266	**69,059**

Analysed between the following classes of creditors:

Central government bodies	1,570	1,358
Other local authorities	1,200	1,937
Other entities and individuals	95,496	65,764
	98,266	**69,059**

Trade creditors are non-interest bearing and are generally on terms of 30 days or less.

For terms and conditions pertaining to related parties, refer to note 20.

15 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 during the year may be analysed as follows:

	Total	**Insurance Excess**	**Capital Works**	**Onerous Leases**	**Other**
	£000	**£000**	**£000**	**£000**	**£000**
At 1 April 2020	6,956	539	6,219	198	-
Arising during the year	8,032	-	7,811	-	252
Utilised during the year	(563)	(14)	(548)	(1)	-
Unused amounts reversed	-	(31)	-	-	-
At 31 March 2021	**14,425**	**494**	**13,482**	**197**	**252**

Below is the aged expectation of the utilisation of the provisions.

	Total	**Less than 12 months**	**Greater than 12 months**
	£000	**£000**	**£000**
At 31 March 2020			
Insurance Excess	539	100	439
Capital Works	6,219	4,806	1,413
Onerous Lease	198	1	197
Other	-	-	-
	6,956	**4,907**	**2,049**
At 31 March 2021			
Insurance Excess	494	346	148
Capital Works	13,482	10,042	3,440
Onerous Lease	197	1	196
Other	252	252	-
	14,425	**10,641**	**3,784**

The amounts provided above at 31 March 2021 are described below:

- Insurance excesses: Excesses on Public Liability claims, arising from minor accidents to the public, and Employers Liability claims for work related illnesses that were potentially incurred prior to the transfer of TfGM’s bus operations following the implementation of the Transport Act 1985.
- Capital Works: Costs for works arising for land acquired in the ordinary course of delivering TfGM’s capital programme, where the amount of payment is uncertain.

- Onerous lease: Future lease costs of a property held on a long term lease by TfGM.
- Other provisions for contractual matters.

16 Financial Instruments

Set out below is a comparison by class of the carrying amounts of TfGM's financial assets and financial liabilities that are carried in the financial statements in line with the IFRS 9 accounting standard:

	Carrying Amount		Fair Value	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Financial Assets:				
Held at fair value through Other Comprehensive Income				
Long term investments	4,416	4,325	4,416	4,325
Held at amortised cost				
Trade receivables	3,833	4,758	3,833	4,758
Amounts receivable from GMCA	48,548	66,689	48,548	66,689
Amounts due from group Undertakings	99	74	99	74
Other debtors	3,768	5,581	3,768	5,581
Cash and cash equivalents	61,645	9,515	61,645	9,515
Financial Liabilities:				
Held at amortised cost				
Trade creditors	(74,230)	(56,258)	(74,230)	(56,258)
Loans and receivables: Interest bearing loans and borrowings:				
Fixed rate borrowings - due within one year				
Accrued Interest	(8,741)	(1,244)	(8,741)	(1,244)
Fixed rate borrowings - due after one year				
PWLB debt	(17,322)	(17,322)	(19,919)	(20,878)
Market debt	(41,065)	(48,595)	(63,466)	(68,222)

Fair Values

Fair value in IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value evaluations in respect of loans and borrowings are explained below.

The fair values of the following classes of financial instruments approximate their carrying amounts due to the short term maturities of these instruments:

- Trade receivables;
- Trade payables and accruals for expenditure recognised;
- Cash and short term deposits;
- Receivables from, and deposits with, GMCA; and
- Amounts due from group undertakings

The valuation technique for long term investments is level 2 – significant observable inputs. There have been no changes in valuation technique during the financial year.

Long term receivables have been evaluated based on collectability risk.

Loans and Borrowings

- For non-PWLB loans payable, the fair value of the current and long term debt has been measured at £63.466 million (2019/20: £68.222 million) using premature repayment rates. These are the rates that would apply if the loan was to be repaid early and is deemed to be the principle market for the current debt. A supplementary measure of the fair value using current market rates is £59.538 million (2019/20: £59.348 million).
- The fair value of Public Works Loan Board (PWLB) loans of £19.919 million (2019/20: £20.878 million) measures the economic effect of the terms agreed with the PWLB based on premature repayment rates. This is deemed to be the principle market for the PWLB loan debt. The difference between the carrying amount and the fair value measures the reduced interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at premature repayment rates.
- However, TfGM has a continuing ability to borrow at concessionary rates from the PWLB via the GMCA rather than from the markets. A supplementary measure of the additional interest that TfGM will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £17.322 million would be valued at £19.415 million (2019/20: £19.522 million). But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans would be £1.637 million (2019/20: £2.603 million).
- The valuation techniques used for PWLB and non PWLB debt are at level 2 – significant observable inputs. There have been no changes in valuation technique during the financial year.
- The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value, which includes accrued interest as at the balance sheet date. TfGM has therefore included accrued interest in the fair value calculation.
- The discount rates used for the evaluation were obtained by GMCA from Link Asset Services (formally Capita). Link Asset Group is a leading and independent provider of capital financing, treasury advisory and strategic advisory consulting services to the public sector.
- Assumptions used, which do not have a material effect on the fair value evaluation are: interest is calculated using a 365 day basis; interest is paid on the maturity date; no adjustment is made to the interest value and date where a relevant date occurs on a non-working day.
- The repayment profile of loans and borrowings is taken into account during the TfGM's preparation and review of cash flow forecasts which are carried out on a regular basis.
- Public Works Loan Board loans were taken out to assist with the completion of Metrolink phase 2. The loans were taken out from 1997 to 2000 for a period of approximately 25 years and are repayable in full during 2023 and 2024. They are secured by Statute on all revenues.
- DePfa ACS bank loans were taken out in 2002 for 15 and 20 years. The loans taken out for 15 years have been fully repaid, whilst the loans taken out for 20 years are repayable in full by 2022. They are secured by Statute on all revenues. In December 2011 DePfa transferred the loans to FMS Wertmanagement AöR. However, DePfa ACS Bank will continue to be the contact in relation to matters arising out of or in connection with the loans.
- Dexia Credit loans were taken out in 2004 for 28-31 years and are repayable in full by 2032-2035 and are secured by Statute on all revenues

	Effective Interest Rate %	Maturity	2021 £000	2020 £000
Current:				
Accrued interest on all loans			1,241	1,244
DePfa ACS Bank - b	5.92%	Mar 2022	7,500	-
			8,741	1,244

	Effective Interest Rate %	Maturity	2021 £000	2020 £000
Non-current:				
Public Works Loan Board re Metrolink phase 2 - a	6.63%	May 2023	6,997	6,997
Public Works Loan Board re Metrolink phase 2 - b	4.75%	May 2024	1,208	1,208
Public Works Loan Board re Metrolink phase 2 - c	4.75%	May 2024	6,237	6,237
Public Works Loan Board re Metrolink phase 2 - d	5.00%	Nov 2024	2,880	2,880
DePfa ACS Bank - b	5.92%	Mar 2022	-	7,500
DePfa ACS Bank - c	6.42%	Apr 2022	12,000	12,000
Dexia Credit Local - London Branch - a	4.75%	May 2032	7,000	7,000
Dexia Credit Local - London Branch - b	4.80%	May 2033	6,500	6,500
Dexia Credit Local - London Branch - c	4.80%	May 2034	7,000	7,000
Dexia Credit Local - London Branch - d	5.95%	May 2035	8,000	8,000
Accrued interest for stepped LOBO loan - Dexia d	5.95%	2013-35	566	595
			58,388	65,917
Total Loans and borrowings			**67,129**	**67,161**
Instalments are payable as follows:				
Within 1 year or repayable on demand			8,741	1,244
Within 1 to 2 years			12,000	-
Within 2 to 5 years			17,322	36,822
Within 5 to 10 years			-	-
Longer than 10 years			29,066	29,095
			67,129	**67,161**

Risk Factors

TfGM carries out credit assessments of all new customers before contracting with them.

A prudent view is taken in respect of impairment of trade debtors as referred to in note 12.

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.

There is an element of inherent credit risk in respect of short-term deposits placed by TfGM on behalf of GMCA. This risk is managed in accordance with the policies and procedures set out in the accounts of GMCA.

Hedging Instruments

TfGM holds no financial instruments that could be classified as hedging instruments.

17 Employee Benefits - Pension Costs

The substantial majority of the employees of TfGM participate in the Greater Manchester Pension Fund ('the Fund') administered by Tameside Metropolitan Borough Council. The scheme is a defined benefit scheme. The fund was valued using the projected unit method. The purpose of the valuation was to determine the financial position of the fund and to recommend the contribution rate to be paid by TfGM and the other participating employers.

The market value of the Fund's assets at 31 March 2019 amounted to £23,844 million. The funding level of the Fund as measured using the actuarial method of valuation was 102% as at 31 March 2019.

A full actuarial valuation was carried out at 31 March 2019 by a qualified independent actuary. The principal long term assumptions used by the actuary at that date were:

Rate of increase in salaries	3.1% per annum
Discount rate	3.6% per annum
Inflation assumption	2.3% per annum

TfGM's share of pension fund assets is rolled forward, by the actuary, from the latest formal valuation date. The roll forward amount is then adjusted for investment returns, the effective contributions paid into and estimated benefits paid from the fund by TfGM and its employees. As such this estimate may differ significantly from the actual assets held by the Pension Fund at 31 March.

The valuation has projected the valuation results of the full valuation undertaken as at 31 March 2019 forward to 31 March 2023 using approximate methods. The roll-forward allows for changes in financial assumptions, additional benefit accrual and estimated cash flows over the period.

TfGM recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge TfGM are required to make against Usable Reserves is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the Revenue Reserve via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Usable Reserves balance via the Movement in Reserves Statement during the year:

The pension costs of TfGM, representing the contributions payable to the Fund in respect of current employees, are charged to the revenue account in the year in which they are incurred.

In June 2011 the International Accounting Standards Board (IASB) issued a new version of IAS19. The key change is that the interest cost and expected return on assets components of profit are now combined into a net figure. In effect this means that the expected return has been replaced by a figure that would be applicable if the expected return on assets was equal to the discount rate.

This has involved removing some disclosure requirements but new requirements have been added. The information below complies with the new disclosure requirements.

	Local Government Pension Scheme	
	2021	**2020**
	£000	**£000**
Comprehensive Income and Expenditure statement		
Cost of Services:		
Service cost comprising:		
Current service cost	(13,245)	(13,815)
Past service costs	(361)	(62)
Financing and Investment Income and Expenditure		
Net interest (expense) / income	(1,661)	(1,913)
Total Post-employment Benefits charged to the Surplus on the provision of services	**(15,267)**	**(15,790)**
Remeasurement of the net defined (liability) / benefit comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	37,801	(31,617)
Actuarial gains and losses arising on changes in demographic assumptions	(2,466)	16,893
Actuarial gains and losses arising on changes in financial assumptions	(101,174)	32,820
Other experience	5,248	(1,890)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure statement	**(60,591)**	**16,206**
Movement in reserves statement		
Reversal of net charges made to the Surplus on the provision of services for post-employment benefits in accordance with the Code	67,788	(6,246)
Actual amount charged against the Usable Reserves Balance for pensions in the year:		
Employer's contributions payable to scheme	8,070	5,830
Retirement benefits payable to pensioners	(18,296)	(19,214)

Pension assets and liabilities recognised in the Balance Sheet

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

	Local Government Pension Scheme	
	2021	**2020**
	£000	**£000**
Present value of the defined benefit obligation	(511,311)	(405,418)
Fair value of plan assets	374,056	335,951
Net liability arising from the defined benefit obligation	**(137,255)**	**(69,467)**

Reconciliation of the Movements in the Fair Value of the Scheme

	Local Government Pension Scheme 2021 £000	2020 £000
Opening value of the scheme assets	335,951	369,666
Effect of settlements		-
Interest income	7,643	8,743
Remeasurement loss:		
The return on plan assets, excluding the amount included in the net interest expense	37,801	(31,617)
Contributions from employer	8,620	6,335
Contributions from employees into the scheme	2,887	2,543
Contributions in respect of unfunded benefits	(550)	(505)
Benefits paid	(18,296)	(19,214)
Closing value of scheme assets	**374,056**	**335,951**

Reconciliation of Present Value of the Scheme Liabilities

	Funded liabilities: Local Government Pension Scheme 2021 £000	2020 £000
Opening balance at 1 April	405,418	445,379
Effect of settlements	-	-
Current service cost*	13,245	13,815
Interest cost	9,304	10,656
Contributions from scheme participants	2,887	2,543
Remeasurement gains / (losses)		
Actuarial gains/losses arising from changes in financial assumptions	101,174	(32,820)
Actuarial gains/losses arising from changes in demographic assumptions	2,466	(16,893)
Other experience	(5,248)	1,890
Past service cost	361	62
Benefits paid	(18,296)	(19,214)
Closing balance at 31 March**	**511,311**	**405,418**

*The current service cost includes an allowance for administration expenses of 0.3% (2020: 0.3%) of payroll.

** The closing liability includes £4.9 million of unfunded liabilities (2020: £4.2 million).

Local Government Pension Scheme assets comprised:

	Local Government Pension Scheme			
	Quoted prices in active markets 2021 £000	Quoted prices not in active markets 2021 £000	Quoted prices in active markets 2020 £000	Quoted prices not in active markets 2020 £000
Cash and cash equivalents	2,513	-	(3,255)	-
Equity instruments				
Consumer	13,227	-	10,639	-
Manufacturing	11,780	-	9,001	-
Energy and utilities	7,310	-	6,738	-
Financial institutions	15,835	-	13,024	-
Health and care	7,534	-	5,284	-
Information technology	7,962	-	4,700	-
Other	2,435	-	2,445	-
Sub-total equity	68,596	-	51,831	-
Bonds:				
By sector				
Corporate	199,838	-	201,737	-
Government	-	-	-	-
Other	1,958	-	3,779	-
Sub-total bonds	201,796	-	205,516	-
Property:				
UK property	-	5,632	-	4,938
Private equity	-	8,972	-	6,050
Investment funds and unit trusts				
Equities	13,544		11,758	-
Bonds	19,103		13,530	-
Infrastructure	-	7,684	-	5,685
Other	34,517	14,333	29,515	10,384
Sub-total other investment funds	67,164	36,621	54,803	27,057
Derivatives:				
Other	(121)	-	-	-
Total assets	**337,435**	**36,621**	**308,895**	**27,057**

Basis for Estimating Assets and Liabilities

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

The Local Government Pension Scheme liability has been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Greater Manchester Pension Fund being based on the latest full valuation of the scheme as at 1 April 2021. The significant assumptions used by the actuary have been:

	Local Government Pension Scheme 2021	2020
Mortality assumptions		
Longevity at 65 for current pensioners		
Men	20.5 years	20.5 years
Women	23.3 years	23.1 years
Longevity at 65 for future pensioners		
Men	21.9 years	22.0 years
Women	25.3 years	25.0 years
Rate of inflation		
Rate of increase in salaries	3.60%	2.65%
Rate of increase in pensions	2.85%	1.90%
Rate for discounting scheme liabilities	2.0%	2.3%

The return on the Employers' portion of the main fund assets for the year to 31 March 2021 is 21.4% (2020:(8.9%)).

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 of the 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.

	Impact on the Defined Benefit Obligation in the scheme 2020/21		2019/20	
	Approximate % increase to Employer	Approximate monetary amount £000	Approximate % increase to Employer	Approximate monetary amount £000
Rate of increase in salaries (increase or decrease by 0.5%)	1%	5,225	1%	3,877
Rate of increase in pensions (increase or decrease by 0.5%)	9%	43,466	8%	30,825
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	10%	49,780	9%	35,042

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, it is estimated that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5% (2020: 3-5%). In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply to younger or older ages).

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. TfGM has agreed a strategy with the scheme's actuary to achieve a funding level of 100%. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed as at 31 March 2022.

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 previous Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

TfGM anticipates paying £7,676,000 (2020/21: £6,874,000) in expected contributions to the scheme in 2021/22

The following table shows the weighted average duration of the key assumptions for Greater Manchester Pension Fund liabilities:

Weighted Average Duration

	Short 31 March 2021 % p.a.	**Medium 31 March 2021 % p.a.**	**Long 31 March 2021 % p.a.**
Pension increase rate	2.85%	2.85%	2.80%
Retail Price Inflation (RPI)	3.35%	3.30%	3.20%
Discount rate	1.95%	2.00%	2.05%
	Short 31 March 2020 % p.a.	**Medium 31 March 2020 % p.a.**	**Long 31 March 2020 % p.a.**
Pension increase rate	2.0%	1.9%	1.8%
Retail Price Inflation (RPI)	2.9%	2.8%	2.7%
Discount rate	2.3%	2.3%	2.3%

18 Reserves

Usable Reserves

The usable reserves relate to Revenue Reserves and the Unapplied Capital and Revenue Grants and Contributions Accounts.

Unusable Reserves

Unusable reserves comprise Corporate Capital Reserve, Revaluation Reserve, Pension Reserve, Deregulation Reserve and Deferred Capital Receipts Account.

Corporate Capital Reserve

This primarily relates to the reserves of the entities from which the Greater Manchester Passenger Transport Executive (GMPTE) was formed. On 1 April 2011 GMPTE was renamed Transport for Greater Manchester (TfGM).

Revaluation Reserve

The Revaluation Reserve contains the gains made by TfGM arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;

- used in the provision of services and the gains are consumed through depreciation, or;
- disposed of and the gains are realised.

Pension Reserve

This relates to the net pension liability at 31 March 2021 in accordance with the actuary's report. Further details are shown in Note 17.

Deregulation Reserve

The reserve represents the costs relating to the transfer of Greater Manchester Passenger Transport Executive's bus operations to Greater Manchester Buses Limited following the implementation of the Transport Act 1985. As required by the Act, and in accordance with the transfer scheme, which was approved by the Secretary of State for Transport, GMPTE transferred its bus operation activities and certain of its assets and liabilities to this new company. The Deregulation Reserve represents payments and losses incurred by GMPTE with respect to deregulation on 25 October 1986, which were not charged to profit and loss. On 1 April 2011, under a parliamentary order, Statutory Instrument 2011 number 908 The Greater Manchester Combined Authority Order 2011 article 9(2), GMPTE changed its name to TfGM.

Although there is no legal requirement to amortise this reserve, TfGM acknowledges the prudence of taking steps to reduce the levels of ongoing borrowing by which the deregulation was originally funded. To this end, TfGM commenced transferring the Deregulation Reserve to the Revenue Reserve from 2006 over a period of 30 years. The amount of capital being amortised will increase in future years as interest on the loans supporting the reserve reduces.

Capital Adjustment Account

The Capital Adjustment Account represents the value of capital grants received, which are not subject to conditions which may give rise to repayment thereof, less the amortisation of grants in line with the write off of equivalent depreciation on the value of assets that were supported by the grants.

Analysis of Movement in reserves:

2019/20	**Usable Reserves**				**Unusable Reserves**						**Total Reserves**
	Revenue Reserves £000	**Unapplied Revenue Grants and Contributions Account £000**	**Unapplied Capital Grants and Contributions Account £000**	**Total Usable Reserves £000**	**Corporate Capital £000**	**Revalua-tion Reserve £000**	**Pension Reserve £000**	**De-regulation Reserve £000**	**Capital Adjustment Account £000**	**Total Unusable Reserves £000**	**£000**
At 31 March 2019	**38,312**	**314**	**569**	**39,195**	**2,461**	**3,454**	**(75,713)**	**(44,051)**	**1,981,057**	**1,867,208**	**1,906,403**
Surplus on provision of services	42,437	-	-	42,437	-	-		-	-	-	42,437
Other comprehensive income and expenditure	-	-	-	-	-	-	16,206	-	-	16,206	16,206
Comprehensive income and expenditure	42,437	-	-	42,437	-	-	16,206	-	-	16,206	58,643
Adjustments between accounting basis and funding basis under regulations											
Capital grants released (amortisation)	72,013	-	-	72,013	-	-	-	-	(72,013)	(72,013)	-
Capital grants released (disposals)	81	-	-	81	-	-	-	-	(81)	(81)	-
Capital grants applied	(125,208)	-	(31)	(125,239)	-	-	-	-	125,239	125,239	-
Pension contributions by employer	(5,830)	-	-	(5,830)	-	-	5,830	-	-	5,830	-
Pension cost of service	13,877	-	-	13,877	-	-	(13,877)	-	-	(13,877)	-
Pension finance costs	1,913	-	-	1,913	-	-	(1,913)	-	-	(1,913)	-
	(43,154)	-	(31)	(43,185)	-	-	(9,960)	-	53,145	43,185	-
Net increase / (decrease) before transfers to earmarked reserves	(717)	-	(31)	(748)	-	-	6,246	-	53,145	59,391	58,643
Transfer from Revaluation Reserve	82	-	-	82	-	(82)	-	-	-	(82)	-
Transfer to Deregulation Reserve	(1,395)	-	-	(1,395)	-	-	-	1,395	-	1,395	-
Increase / (decrease) in 2019/20	(2,030)	-	(31)	(2,061)	-	(82)	6,246	1,395	53,145	60,704	58,643
At 31 March 2020	**36,282**	**314**	**538**	**37,134**	**2,461**	**3,372**	**(69,467)**	**(42,656)**	**2,034,202**	**1,927,912**	**1,965,046**

2020/21	**Usable Reserves**				**Unusable Reserves**						**Total Reserves**
	Revenue Reserves £000	**Unapplied Revenue Grants and Contributions Account £000**	**Unapplied Capital Grants and Contributions Account £000**	**Total Usable Reserves £000**	**Corporate Capital £000**	**Revalua-tion Reserve £000**	**Pension Reserve £000**	**De-regulatio n Reserve £000**	**Capital Adjustment Account £000**	**Total Unusable Reserves £000**	**£000**
At 31 March 2020	**36,282**	**314**	**538**	**37,134**	**2,461**	**3,372**	**(69,467)**	**(42,656)**	**2,034,202**	**1,927,912**	**1,965,046**
Surplus on provision of services	(41,426)	-	-	(41,426)	-	-	-	-	-	-	(41,426)
Other comprehensive income and expenditure	-	-	-	-	-	-	(60,591)	-	-	(60,591)	(60,591)
Comprehensive income and expenditure	(41,426)	-	-	(41,426)	-	-	(60,591)	-	-	(60,591)	(102,017)
Adjustments between accounting basis and funding basis under regulations											
Capital grants released (amortisation)	80,717	-	-	80,717	-	-	-	-	(80,717)	(80,717)	-
Capital grants released (disposals)	675	-	-	675	-	-	-	-	(675)	(675)	-
Capital grants applied	(44,930)	-	112	(44,818)	-	-	-	-	44,818	44,818	-
Revenue grants unapplied	-	-	-	-	-	-	-	-	-	-	-
Revenue grants (previously unapplied) released	-	-	-	-	-	-	-	-	-	-	-
Pension contributions by employer	(8,070)	-	-	(8,070)	-	-	8,070	-	-	8,070	-
Pension cost of service	13,606	-	-	13,606	-	-	(13,606)	-	-	(13,606)	-
Pension finance costs	1,661	-	-	1,661	-	-	(1,661)	-	-	(1,661)	-
	43,659	-	112	43,771	-	-	(7,197)	-	(36,574)	(43,771)	-
Net increase / (decrease) before transfers to earmarked reserves	2,233	-	112	2,345	-	-	(67,788)	-	(36,574)	(104,362)	(102,017)
Transfer from Revaluation Reserve	82	-	-	82	-	(82)	-	-	-	(82)	-
Transfer to Deregulation Reserve	(1,395)	-	-	(1,395)	-	-	-	1,395	-	1,395	-
Increase / (decrease) in 2020/21	920	-	112	1,032	-	(82)	(67,788)	1,395	(36,574)	(103,049)	(102,017)
At 31 March 2021	**37,202**	**314**	**650**	**38,166**	**2,461**	**3,290**	**(137,255)**	**(41,261)**	**1,997,628**	**1,824,863**	**1,863,029**

19 Agency Services

Bus Services Operator Grant

The Bus Services Operator Grant (BSOG) is a grant paid to operators of eligible bus services and community transport organisations to help them recover some fuel costs. The amount each bus operator receives is based on their annual fuel consumption. In 2017/18 the funding was devolved to TfGM via GMCA to reimburse Greater Manchester bus operators in line with the national scheme.

During 2020/21 TfGM received additional funding from Government Departments to assist in the response to COVID impacts in the bus market.

Coronavirus Bus Service Support Grant

One of the additional funding streams provided by was the CBSSG (Coronavirus Bus Service Support Grant) – designed to replace lost revenue from lower patronage experienced during the pandemic. The CBSSG is designed to provide additional funding, to supplement continued payments from the public sector to bus operators (such as BSOG, concessionary travel reimbursement, home to school transport and tendered service contract payments) at pre-pandemic levels, as requested by Government. The grant was paid by Government to TfGM and then to operators by TfGM in line with the grant terms and conditions. TfGM also received £993,000 as an operator of subsidised services withing Greater Manchester, for contracts where TfGM held the revenue risk.

Home to school transport

The Department for Education also provided funding to ease overcrowding on buses, enabling the scheduling of duplicate services to serve schools and colleges, where social distancing requirements on buses was creating capacity issues. The grant was paid by Government to TfGM and then to operators by TfGM in line with the grant terms and conditions

20 Related party disclosures

a) Group companies

These financial statements include the financial statements of TfGM only. TfGM has the following interests in other companies but these have not been consolidated on the basis of materiality:

Name of Company	Equity Interest	Nature of business
Transport for Greater Manchester Limited	100%	Non-trading dormant company

TfGM and Manchester City Council are partners in Piccadilly Triangle Developments LLP (PTD LLP). TfGM has a 50% share of PTD LLP. This partnership is for the development of an area of land in Manchester, which commenced in May 2005. PTD LLP made a profit during the year of £828,000 (*2020 654,000*).

TfGM, Manchester City Council and London and Continental Railways Limited have formed the Mayfield Partnership Limited Partnership. The partnership is seeking to regenerate the former Mayfield Depot site situated opposite Piccadilly Station. Each party has pooled their existing land interests with a view to bringing forward significant development, employment and business opportunities. Each party has contributed their existing land interests as set out in a Land Pooling Agreement dated 22 January 2015 which also sets out the equity participation, this is currently 10% for TfGM. This Partnership has then entered into a Limited Partnership, the Mayfield Development Partnership LP with the private sector development partner U And I Group Plc. TfGM's interest is represented by a £2.0 million investment which relates to TfGM's land contribution.

In 2019/20 TfGM entered into an arrangement with Peel Group to form two joint venture vehicles; TfGM Peel Wharfside 1 LLP and TfGM Peel Wharfside 2 LLP. Each of TfGM and Peel Property (Partnerships) Limited (a company within the Peel group) hold membership interests in each of these limited liability partnerships. TfGM Peel Wharfside 1 LLP has been granted a long lease of the former 'Communisis' site, and TfGM Peel Wharfside 2 LLP has been granted a long lease of the site known as 'Wharfside' (each site is adjacent to the Metrolink Trafford Park Line). The manner in which these sites will be dealt with is being progressed between TfGM and Peel, in accordance with the agreed joint venture arrangements.

In addition to the entities named above and PTD LLP, the directors regard GMCA as a related party.

b) Greater Manchester Combined Authority

Greater Manchester Combined Authority (GMCA) is the ultimate controlling party, by virtue of its ability to direct the financial and operating policies of TfGM. Additionally, the Chief Executive of GMCA is also the Chief Executive of TfGM and the Treasurer of GMCA is a Non Executive Director of TfGM. A summary of the transactions with GMCA has been provided below.

c) Greater Manchester Pension Fund

In line with the definition of a related party in the code of practice, any entity that is a post-employment benefit plan for the benefit of employees of the reporting entity is to be disclosed. Under this basis, Greater Manchester Pension Fund are a related party. For more details of associated transactions please see note 17

d) General

A summary of the transactions in the year, and the balances outstanding at the end of the year, in respect of non-TfGM related parties, is contained within the following table:

	Transactions during year		Balances at 31 March	
	Income from £000	**Expenditure with £000**	**Receivable from £000**	**Payable to £000**
GMCA – grant / sales related 2021 (notes 12 and 14)	289,308	651	48,548	1,116
GMCA – grant / sales related 2020 (notes 12 and 14)	294,160	607	66,689	1,930
GMCA - short term deposits 2021	-	-	61,779	-
GMCA - short term deposits 2020	-	-	10,689	-
Piccadilly Triangle Developments 2021	380	-	97	-
Piccadilly Triangle Developments 2020	324	-	74	-

Further details of TfGM's relationship with, and the grants received from GMCA are contained within the Directors' report. Outstanding balances as at 31 March are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received. No impairment of receivables has occurred during the year.

21 Commitments

	2021 £000	2020 £000
Capital commitments at balance sheet date	33,798	46,862

The key commitments for 2020/21 are in relation to the following projects:

- Metrolink Capacity Improvement Programme (MCIP) £16.8 million (2019/20: £33.25 million). This project is for the purchase of 27 additional trams and associated infrastructure; and
- Metrolink Communications Network £6.3 million (2019/20 £0.08m). This project is to enhance network resilience

Lease commitments

There were no amounts due under external finance leases and hire purchase contracts for TfGM. There are no annual commitments under non-cancellable operating leases other than for land and buildings, details of which are noted below.

	2021 £000	2020 £000
Land and buildings		
Payments due within 1 year	415	576
Payments due between 2 and 5 years	648	931
Total payments due thereafter	6,883	6,929
	7,946	**8,436**

22 Contingent assets and liabilities

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

23 Post balance sheet events

As at 30 September 2021, there are no Post Balance Sheet Events which require disclosure.