1. PURPOSE OF REPORT

To briefly outline progress in relevant areas relating to the transition to the ‘enlarged’ GMCA which culminates on 8th May 2017 with the newly elected Mayor for Greater Manchester taking up post.

2. RECOMMENDATION

The Committee is asked to note the report.

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Background Paper

None

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<thead>
<tr>
<th>TRACKING/PROCESS</th>
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<td>Does this report relate to a Key Decision, as set out in the GMCA Constitution or in the process agreed by the AGMA Executive Board</td>
<td>No</td>
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<th>EXEMPTION FROM CALL IN</th>
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<td>Are there any aspects in this report which means it should be considered to be exempt from call in by the Joint Scrutiny Pool on the grounds of urgency?</td>
<td>No</td>
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3. INTRODUCTION

3.1 Work has been ongoing for the past 12 months to prepare for the transition to the Combined Authority with an elected Mayor who will take up office on 8th May 2017, following the GM-wide elections on Thursday 4th May. The Committee has previously held a workshop session in November 2016 and received a subsequent update briefing at its meeting in January 2017.

3.2 This report identifies a number of areas of interest to the Committee, and reports on progress.

4. PARLIAMENTARY ORDERS

4.1 The various Orders to give effect to the Mayoral GMCA, with its wider functions (including Police, Fire and Waste) have either been approved by Ministers or will be in place prior to 8th May. The only exception to this will be the Order to give effect to the extension of borrowing powers which was announced by the Chancellor in his Autumn Statement but subject to the agreement of a ‘debt ceiling’ with Treasury.

4.2 Currently, borrowing powers exist solely for Transport purposes and Police and Fire powers will ‘transfer’ on 8th May along with Police and Crime Commissioner (PCC) and Fire responsibilities. Discussions regarding Housing and Economic Development powers have been ongoing with Government officials and proposals are ready for consideration by Treasury Ministers. Subject to Ministerial approval, the Parliamentary process can then start and it is envisioned that the necessary Order may come in to effect by the end of June. In the interim, the GMCA is unable to take on the management of the Housing Investment Fund (HIF) which will need to remain with Manchester City Council during that period. Elsewhere on the agenda is a draft Treasury Strategy, which reflects that the HIF funding will only flow through to GMCA at a later stage.

5. GMCA AUDIT COMMITTEE

5.1 There is a report elsewhere on the agenda relating to the future arrangements of the Committee.

6. ACCOUNTS AND EXTERNAL AUDIT

6.1 The PCC and Fire Orders provide that the 2016/17 financial year for both the PCC (and Chief Constable) and Fire Authority will end on 7th May 2017 and that responsibility for the closure and approval of the accounts falls to the GMCA Treasurer. Discussions are ongoing with Grant Thornton, who are responsible for their external audit, as to whether approval of the accounts will fall to the Mayor and/or the GMCA Audit Committee.

6.2 The 2017/18 External Audit of the ‘new’ GMCA will be carried out by Grant Thornton but, as yet, there have been no definitive proposals as to the audit fee. For 2018/19, the GMCA accepted the recommendation of the Audit Committee that it opts to join the Public Sector Audit Appointments Ltd (PSAA) collective procurement. At that time, the scope of the audit will include both the PCC and
Fire functions together with Waste, which will transfer to the GMCA in April 2018. Both the Chief Constable and Transport for Greater Manchester (TfGM) have similarly opted into the PSAA process and both have requested that the same external auditor is appointed as to GMCA.

6.3 Elsewhere on the agenda is a report on the emerging Internal Audit Plan issues.

7. **FINANCIAL SYSTEMS, VAT REGISTRATION AND PENSIONS**

7.1 GMCA has implemented an updated version of the financial system utilised by the Fire Authority (Business World On!) which went live on 1\textsuperscript{st} April and is now processing requisitions, orders and invoices through the system. Initially this is just being utilised by GMCA existing staff until 8\textsuperscript{th} May when Fire and PCC function will go live on the system.

7.2 Greater Manchester Police will continue to use the current PCC Oracle system to manage the monies devolved by the PCC/Mayor to the Chief Constable. The outputs of this in terms of cash flow, accounts, VAT etc will be consolidated with the remainder of the GMCA as the latter is the legal entity which holds all the monies, assets and liabilities.

7.3 The GMCA has secured VAT registration and is dealing with the necessary HMRC requirements for PAYE, Apprentice levy, IR35 and Construction Industry Tax. Payroll arrangements for GMCA staff, including Fire, are being handled through the current Fire Service iTrent system. From April, the GMCA payroll will process circa 100 staff who were either employed directly by GMCA last financial year or have TUPE’d to the GMCA on 1\textsuperscript{st} April. Fire and PCC staff are subject to TUPE on 8\textsuperscript{th} May and 30 May payroll will incorporate the increase in overall staff numbers to some 2000.

7.4 GMCA staff will continue to participate in the Local Government Pension Scheme administered by Tameside Council with the various elements of assets and investments being consolidated as from 8\textsuperscript{th} May. Uniformed Fire staff will continue in the unfunded Firefighters Pension Scheme.

8. **CONSTITUTION, FINANCIAL REGULATIONS AND CONTRACT PROCEDURE RULES**

8.1 Work on this has commenced with a view to being submitted to the GMCA Annual meeting in June 2017. The opportunity will be taken to harmonise some of the previous arrangements but a number of these will need to await the election of the Mayor in so far as Mayoral budgets are concerned.

9. **PROCUREMENT**

9.1 Work is underway, led by TfGM, to identify the scope for joined up procurement across the various elements of the GMCA activities including TfGM and GMP. Recognising the under remits of the CA it should be possible to simplify some of the contractual relationships and lever more advantage from the collective spend with common suppliers.
10.  **TREASURY MANAGEMENT**

10.1 A separate report on the agenda seeking approval of a revised draft Treasury Strategy to apply from 8th May which includes the cash flow requirements of PCC/GMP, Fire Service and, from a date in the future, the GM Housing Investment Fund.

11.  **RECOMMENDATION**

11.1 The recommendation is set out at the front of the report.