

GMCA OVERVIEW & SCRUTINY COMMITTEE

DATE: Wednesday, 8th February, 2023

TIME: 1.00 pm

VENUE: The Tootal Buildings (formerly Churchgate House) -
Broadhurst House, 1st Floor, 56 Oxford Street, M16EU

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2023/24
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Report of Cllr David Molyneux, Portfolio Lead for Resources and Investment.
- 5.C GMCA GENERAL REVENUE BUDGET 2023/24 63 - 86**
Report of Cllr David Molyneux, Portfolio Lead for Resources and Investment.

BOLTON	MANCHESTER	ROCHDALE	STOCKPORT	TRAFFORD
BURY	OLDHAM	SALFORD	TAMESIDE	WIGAN

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GMCA Overview & Scrutiny Committee

Date: 8 February 2023
Subject: GMCA Revenue and Capital Budgets 2023/24 Overview
Report of: Cllr David Molineux, Portfolio Lead for Resources and
Steve Wilson, Treasurer to GMCA

PURPOSE OF REPORT

This report presents an overview of the proposed GMCA budgets for 2023/24. It summarises the position on the Mayoral General Budget and Precept Proposals, The GMCA General Budget, GMCA Transport budgets including Transport Levy and Statutory Charge and the GM Waste Services Levy.

It sets out the implications of the proposed budgets and the resultant charges on districts and the Mayoral Precept.

RECOMMENDATIONS:

Recommendations on the specific budget areas are contained in the accompanying papers. In relation to this paper, members are asked to note the contents of this summary paper.

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Equalities Implications: N/A

Climate Change Impact Assessment and Mitigation Measures:

Risk Management – An assessment of major budget risks faced by the authority are carried out quarterly as part of the reporting process – at the present time a significant proportion of the capital budget is funded through grant. In order to mitigate the risk of monetary claw back the full programme is carefully monitored against the grant conditions and further action would be taken as necessary.

Legal Considerations – There are no specific legal implications contained within the report.

Financial Consequences – Revenue – The report sets out a summary of the proposed revenue budgets for 2023/24 and medium term financial planning for 2023/24 – 2025/26.

Financial Consequences – Capital – The report sets out a summary of the proposed capital programme for 2022/23 – 2025/26.

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

BACKGROUND PAPERS:

Report to Greater Manchester Combined Authority: 'GMCA Budget Reports' 11th February 2022

TRACKING/PROCESS

Does this report relate to a major strategic decision, as set out in the GMCA Constitution?

Yes

EXEMPTION FROM CALL IN

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency? N/A

Overview & Scrutiny Committee - 8th February 2023

1. Introduction and Background

- 1.1 This report presents an overview of the proposed Greater Manchester Combined Authority (GMCA) budgets for 2023/24. It summarises the position on the Mayoral General Budget and Precept, GMCA General Revenue Budget, GMCA Transport Revenue budget including Transport Levy and Statutory Charge, the GM Waste Service Levy and the Capital Programme 2022/23 – 2025/26.
- 1.2 The report and the attached papers set out the implications of the proposed budgets and the resultant charges on districts and the Mayoral Precept.

2. Principles Underlying development of the Mayoral and GMCA budgets

- 2.1 The budgets presented to the Combined Authority for approval focus on the delivery of the priorities set out in the Greater Manchester Strategy (GMS).
- 2.2 Delivery of the GMS priorities will require the GMCA, Districts, businesses and the voluntary and community sector and other stakeholders to work in partnership. The Mayoral precept and GMCA budgets will support key areas of delivery for the strategy and its implementation plan, particularly in areas where the investments made in Districts can be supported by the GMCA.

3. Overview of GMCA Budgets

- 3.1 The overall GMCA budgets are made up of a variety of both historic budgets and new budgets relating to the functions provided by the Mayor and the GMCA as a whole.
- 3.2 The various orders under which these functions are provided, determine how such costs are funded such that:
 - **Mayoral General Budget** – Funded from the Mayoral precept and statutory charge/contributions from the districts (excluding the transport

levy). Fire funding is part of the Mayoral precept but also receives a revenue support grant, business rates income and a top up grant.

- **GMCA Transport Revenue Budget** – This is funded from a contribution from the mayoral budget for statutory mayoral functions including Bus services and from a levy on district budgets for non-mayoral functions in relation to public transport and a contribution to Metrolink financing costs agreed previously as part of the establishment of the Greater Manchester Transport Fund. The budget also includes a number of other grants received in relation to specific activities.
- **GMCA General Revenue Budget** – This includes corporate, devolved and programme funded activities of the Combined Authority. The budget is made up of a number of specific Government grants, including the Adult Education Budget, retained business rates, District contributions, earmarked reserves, internal recharges to other GMCA budgets and external income.
- **Greater Manchester Waste and Resources – Budget and Levy 2023/24 and Medium Term and Financial Plan** – This is funded through a levy to the nine GM districts who participate in the GM waste service (Wigan are not part of the waste contract). The contributions are on the basis of an agreed funding mechanism (LAMA).
- **GMCA Capital Programme 2022/23 – 2025/26** – The required capital programme to support the delivery of Transport, Fire and Rescue, Waste and Resources and Economic Development and Regeneration projects. The report sets out the capital funding statement funded from a variety of sources including grant and external borrowing.

3.3 This paper does not present the budget proposals for GM Police or the Police and Crime function. At the meeting on the 26th January 2023, it was noted by the Police, Fire and Crime Panel that the Mayor had considered his proposed increase

to the police precept in light of the responses by members of the public to the proposals set out in the consultation which concluded on the 25th January 2023. The Panel approved the Mayor's proposal for a precept increase of £15 per year for a band D property. This will take the Band D police precept to £243.30 per year.

3.4 The key elements of each budget area are summarised below:

i) Mayoral General Budget and Precept Proposals

The report sets out the Mayor's proposals for the Mayoral General Budget (including Fire and Rescue) and seeks approval for the Mayoral General Precept for 2023/24. The purpose of this report and recommendation are:

- To approve the Mayor's General budget for 2023/24 together with the calculation of the precepts and Council Tax rates;
- To approve the Mayoral General Precept to £107.95 (Band D) comprising of £76.20 for functions previously covered by the Fire and Rescue Authority precept which is an increase of £5 and £31.75 for other Mayoral General functions which will be frozen;
- To approve the overall budget covered by the Mayoral precept and the medium term financial position for the Fire and Rescue Service;
- To approve the use of reserves and the assessment by the Treasurer that the reserves as at March 2023 are adequate;
- To note that in accordance with legal requirements, the minutes will record the names of those Members voting for or against the Mayor's budget and precept proposals.

ii) GMCA Transport Revenue Budget

This report sets out the proposed GMCA 2023/24 Transport revenue budget for 2023/24 of £304.649m. The proposed Transport Levy to be approved for 2023/24 is included within the report together with the consequential allocations to the District Councils of Greater Manchester. The GMCA is recommended to:

- Note the significant risks and issues which are affecting the 2023/24 transport budgets and the ongoing discussions with the Department for Transport as detailed in the report;
- Approve the GMCA budget relating to transport functions funded through the Levy, as set out in this report for 2023/24;
- Approve a Transport Levy on the District Councils in 2023/24 of £113.472m which, together with the Statutory Charge is an overall increase of 4% (3% of which will be recurrent with a 1% one off increase in 2023/24) apportioned on the basis of mid-year population 2020;
- Approve a Statutory Charge of £86.7m to District Councils in 2023/24 as set out in Part 4 of the Transport Order, apportioned on the basis of mid-year population 2020;
- Approve the proposal to increase fees and charges where applicable, in line with inflation and to approve the increases proposed to Bus stop closure charges;
- Approve the use of Transport reserves in 2022/23 and 2023/24 as detailed in the report.

iii) GMCA Revenue General Budget

This report sets out the proposed GMCA General Revenue Budget for 2023/24 of £245.584m. The proposed District contributions to be approved for 2023/24 of £8.603m are included within the report together with the consequential allocations to the individual Councils which is unchanged from 2022/23. The GMCA is recommended to:

- Approve the budget relating to the GMCA Corporate Services and devolved programme related functions ;
- Approve District contributions of £8.603 million;
- Approve the use of GMCA General reserves in 2022/23 and 2023/24 as detailed in the report.

iv) GM Waste Disposal Budget

The purpose of the report is to seek comment on the Waste and Resources budget and levy for 2023/24 and on the Medium Term Financial Plan (MTFP) 2022/23 to 2025/26. The report sets out:

- A total levy requirement for 2023/24 of £169m, which represents a 2.5% average increase over 2022/23. At a District level the levy changes range from 1.8% to 3.2%;
- The MTFP proposes levy charges of £177.4m in 2024/25 and £185.5m in 2025/26;
- Approval for the proposed 2024/25 Trade Waste rate of £134.14 to allow forward planning by Districts;
- Approval for the budget and levy for 2023/24 of £169m (2.5% increase);
- Approval of a one-off reduction of £27m to the levy in 2023/24 funded from reserves reducing the 2023/24 requirement to £142m and delegate approval to the GMCA Treasurer to agree the basis of distribution with local authority Treasurers and
- Note the risk position set out in the balances and reserves strategy.

v) GM Capital Programme

This report is the GMCA 2022/23 to 2025/26 capital expenditure programme. The GMCA is requested to:

- Note the current 2022/23 forecast of £462.1m compared to the 2022/23 previous forecast of £565.6m and approve changes to the capital programme;
- Approve the capital programme budget for 2023/24 of £591.8m and the forward plan as detailed in the report;
- Approve funding from the City Region Sustainable Transport Scheme (CRSTS) grant in the capital programme.

4. CONCLUSION

- 4.1 The attached reports set out the detailed proposals for each budget area including:

- The Mayor's final proposal for Mayoral General Budget, with the proposed precept and the detailed budget and statutory calculations following receipt of final information from District Councils.
- Contributions from District Councils in relation to the Transport Levy, Waste Levy and GMCA costs
- The planned capital programme for GMCA across both Mayoral and non-Mayoral functions.

5. RECOMMENDATION

5.1 Recommendations are presented at the front of the paper.



GREATER MANCHESTER COMBINED AUTHORITY OVERVIEW & SCRUTINY COMMITTEE

Date: 8 February 2023

Subject: Mayoral General Budget and Precept Proposals 2023/24

Report of: Andy Burnham, Mayor of Greater Manchester

PURPOSE OF REPORT

The report sets out the Mayor's proposals for the Mayoral General Budget (including Fire and Rescue) and seeks approval for the Mayoral General Precept for 2023/24.

The report recommends the setting of the Revenue Budget for 2023/24 as required under Section 42A of the Local Government Finance Act 1992 (updated in the Localism Act 2011) and the precepts and relevant levels of Council Tax required under sections 40, 42B and 47 of the Act.

RECOMMENDATIONS:

The GMCA Overview & Scrutiny Committee is requested to consider the recommendations to be put forward to the GMCA (as below):

1. Approve the Mayor's General budget for 2023/24 set out in this report together with the calculation of the precepts and Council Tax rates set out in Appendix 2.

2. Approve the Mayoral General Precept to £107.95 (Band D) comprising of £76.20 for functions previously covered by the Fire and Rescue Authority precept and £31.75 for other Mayoral General functions.
3. Approve:
 - i. the overall budget for the Fire and Rescue Service for 2023/24 covered by the Mayoral precept
 - iii. the medium term financial position for the Fire and Rescue Service
4. Approve the use of reserves as set out in section 3 of the report and the assessment by the Treasurer that the reserves as at March 2023 are adequate.
5. Note that in accordance with legal requirements, the minutes will record the names of those Members voting for or against the Mayor's budget and precept proposals.

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Equalities Implications: N/A

Climate Change Impact Assessment and Mitigation Measures: N/A

Risk Management – An assessment of the potential budget risks faced by the authority are carried out quarterly as part of the monitoring process. Specific risks and considerations for the budget 2023/24 insofar as they relate to the Fire Service are detailed in Appendix 2.

Legal Considerations – See Appendix 1 of the report.

Financial Consequences – Revenue – The report sets out the planned budget strategy for 2023/24 and future years.

Financial Consequences – Capital – Proposals for Fire and Rescue Services capital spend are set out within Part 2 of the report.

BACKGROUND PAPERS:

GMCA – Mayoral General Budget and Precept Proposals 2022/23 – 11 February 2022

GMCA - Mayoral General Budget and Precept Proposals 2023/24 – 27 January 2023

TRACKING/PROCESS

Does this report relate to a major strategic decision, as set out in the GMCA Constitution? Yes

EXEMPTION FROM CALL IN

Are there any aspects in this report which means it should be considered to be exempt from call in? N/A

Overview & Scrutiny Committee - 8th February 2023

1. INTRODUCTION

1.1 The purpose of this report is to set out for the Greater Manchester Combined Authority (GMCA) the Mayor's budget for 2023/24, to meet the costs of Mayoral general functions. The functions of the GMCA which are currently Mayoral General functions are:

- Fire and Rescue
- Compulsory Purchase of Land
- Mayoral development corporations
- Development of transport policies
- Preparation, alteration and replacement of the Local Transport Plan
- Grants to bus service operators
- Grants to constituent councils
- Decisions to make, vary or revoke bus franchising schemes

1.2 The sources of funding for Mayoral costs, to the extent that they are not funded from other sources, are a precept or statutory contributions (not Fire). A precept can be issued by the Mayor to District Councils as billing authorities. The precept is apportioned between Districts on the basis of Council Tax bases and must be issued before 1st March.

1.3 At the meeting of the Greater Manchester Combined Authority held on 27th January 2023, the Mayor's proposed budget was considered and a number of recommendations were made in respect of the budget strategy. Based upon these recommendations being acceptable, this report sets out the necessary resolutions and statements required to be approved in order to set the budget and precept for 2023/24. The legal process (Appendix 1) specifies that the GMCA should notify the Mayor before 8th February, if they intend to issue a report on this proposal for the budget and precept and/or

propose an alternative. At the time of writing no such report has been received.

1.4 The Mayoral General Precept is part of the overall council tax paid by Greater Manchester residents and used to fund Greater Manchester wide services for which the Mayor is responsible.

1.5 The Mayoral General Precept for the financial year 2023/24 will increase to £71.96 for a Band A property split between £50.80 for the fire service and £21.16 for other Mayoral-funded services (£107.95 for a Band D property, with the fire service accounting for £76.20 and £31.75 for non-fire). The Mayoral General Budget 2023/24 is set out in two parts:

1.5.1 Part 1 - Mayoral General Budget 2023/24 (excluding Fire and Rescue).

There is no increase to the Mayoral General precept for 2023/24, the existing precept of £31.75 will continue to support:

- The 'A Bed Every Night' emergency response scheme to reduce rough sleeping in Greater Manchester and continue to support local schemes and homelessness partnerships to end rough sleeping. This scheme is supplemented by financial support from the Greater Manchester Integrated Health and Care Partnership, Probation Service and other partners across Greater Manchester.
- The 'Our Pass' scheme free bus travel within Greater Manchester for 16-18 year olds.
- Care Leavers concessionary pass providing free bus travel in Greater Manchester for young people 18-21 years old who have been in care.
- Bus Reform implementation as a key step toward development of The Bee Network – an integrated 'London-style' transport system which will join together buses, trams, cycling and walking and other shared mobility services. The Mayoral precept and Earnback funding will fund the

procurement and implementation of local bus service contracts (bus franchising) in three 'Tranches'. Tranche 1 will commence operation in September 2023 covering Wigan, Bolton and parts of Salford and Bury, extending to the whole city region in Tranche 3 by January 2025.

- Good Landlord Scheme to ensure tenants and landlords have access to information and advice, strengthened enforcement to target the poorest quality and worst managed properties in the sector and capacity to enable landlords to better support tenants.
- Equality panels facilitated by appropriate voluntary organisations, enabling investment in organisations which work in partnership with public services and the wider community, contributing to tackling the inequalities agenda.

1.5.2 Part 2 - Greater Manchester Fire and Rescue Service (GMFRS) Medium Term Financial Plan 2023/24 – 2025/26. The precept increase in relation to GMFRS is required to ensure, given the significant increase in inflationary pressures on both pay and non-pay budgets, fire cover is maintained. The Mayor has committed to continuing with at least 50 fire engines throughout 2023/24 with crewing at the current level of five firefighters at one pump stations and four firefighters on each engine at two pump stations.

2. CHANGES SINCE THE LAST REPORT

2.1 At the time of writing the report considered by GMCA on the 27th January, the position on District Council tax bases and the Collection Funds together with the position on the authority's share of business rates was not finalised, as the deadline for providing this information was 31 January. The figures have now been received, with the exception of incomplete information from two Councils, for which, prior year values have been used for business rates income and Section 31 relief grant income in 2023/24. The confirmed figures, together with the estimates stated are showing a change from that previously reported as set out in the following paragraphs.

2.2 The tax base is used in the calculation of how much money will be received from the precept levied. Each Council is required by regulations published under the Local Government Finance Act 1992 to calculate a Council Tax Base. The tax base for each Council is shown in Appendix 2 and no changes have been reported to the point of writing this report. Each Council is required to calculate its estimated position for council tax and business rates in the form of a surplus or a deficit on the collection fund. This is the account that records all council tax and business rates receipts. The share for the Mayoral General budget (including Fire and Rescue) is calculated as part of this process. In addition to this, Fire and Rescue receives 1% of share business rates income.

3. MAYORAL GENERAL BUDGET 2023/24

3.1 The Mayoral General Budget is set out in two parts:

3.2 Part 1 - Mayoral General Budget 2023/24 (excluding Fire and Rescue). Although it is required to set a precept specifying the Band D Charge, by far the majority of properties, 82.1%, in Greater Manchester will be required to pay less than this amount. The following table outlines the amounts to be paid by each band and the proportion of properties which fall into each band.

2023/24	A	B	C	D	E	F	G	H
Costs for Band £	21.16	24.69	28.22	31.75	38.80	45.86	52.91	63.50
Proportion of Properties	44.7%	19.8%	17.6%	9.5%	4.9%	2.1%	1.3%	0.2%

3.3 Part 2 - budget in relation to the revenue budget for the Greater Manchester Fire and Rescue Service and the Medium Term Financial Strategy (MTFP). Appendix 2 sets out the amounts of Council Tax for each band, including the Fire element of the precept.

- 3.4 In addition, income from Business Rates, both a share of the income collected by District Councils and a 'top up' grant, is received. As the GMCA is part of the 100% Business Rates Pilot, the previous receipt of Revenue Support Grant has been replaced by equivalent baseline funding through an increased Business Rates top up.
- 3.5 The council tax and business rates income is based on the information presented by the District Councils as at the statutory deadline of 31st January and the estimate of the Business Rates 'top up' grant will be confirmed in the final settlement.
- 3.6 In relation to non-Fire functions, in addition to precept income, there are funds relating to the Government 'Mayoral Capacity' funding, the position on Council Tax collection identified by District Councils as relating to the Mayoral Precept, Bus Services Operators Grant, Transport Statutory Charges and External Income.
- 3.7 Following the GMCA (Functions and Amendment) order being laid in April 2019, the Mayor was given further powers for transport functions and an £86.7m statutory charge to District Councils (with a corresponding reduction in the Transport Levy). A full breakdown by District Council is shown in paragraph 5.5. The order also states that this amount (£86.7 million) can only be varied with the unanimous agreement of the members of the GMCA.
- 3.8 The table below shows the summary of gross and net budget for Mayoral General Budget including GMFRS budget for 2023/24:

Budget Summary 2023/24	Gross Expenditure £000	Gross Income £000	Net Estimate £000
Fire Service Budget	129,251	3,814	125,437
Other Mayoral General Budget	139,738	15,000	124,738
Capital Financing Charges	2,082	0	2,082
Contribution from balances/reserves	2,637	12,608	-9,971
Budget Requirement	273,708	31,422	242,286

Localised Business Rates	10,650	-10,650	
Business Rate Baseline	43,275	-43,275	
Services Grant	1,244	-1,244	
Section 31 Grant - Business Rates	7,567	-7,567	
Section 31 Grant - pensions	5,605	-5,605	
Transport - Statutory Charge	86,700	-86,700	
Collection Fund surplus/-deficit	0	1,590	-1,590
Precept requirement	273,708	188,053	85,655

3.9 The full calculation of aggregate amounts under Section 42A (2) and (3) of the Local Government Finance Act 1992 as updated in the Localism Act 2011 is shown at Appendix 2.

3.10 Taking account of the budget proposals outlined in this paper, the reserves for both Mayoral and GMFRS for 2023/24 are as follows:

Mayoral and GMFRS Reserves	Closing Balances 31 March 2022 £000	Transfer out/(in) 2022/23 £000	Projected Balance March 2023 £000	Transfer out/(in) 2023/24 £000	Projected Balance March 2024 £000
General Reserve	-12,093		-12,093		-12,093
Bus Services Operators Grant	-2,384	671	-1,713	0	-1,713
Our Pass Reserve	-3,942	1,010	-2,932	741	-2,191
A Bed Every Night	-2,611	2,611	0		0
Capital Reserve	-9,615	-5,245	-14,860	-2,637	-17,497
Capital Grants Unapplied	-299	0	-299		-299
Earmarked Budgets Reserve	-2,636	146	-2,490	122	-2,368
Revenue Grants Unapplied	-6,228	3,257	-2,971	700	-2,271
Insurance Reserve	-2,849		-2,849		-2,849
Business Rates Reserve	-1,414		-1,414		-1,414
Restructuring Reserve	-418		-418		-418
Innovation and Partnership CYP	-127		-127		-127
Transformation Fund	-3,604		-3,604		-3,604
Total Reserves	-48,220	2,450	-45,770	-1,074	-46,844

3.11 The current General Fund Reserve balance stands at £12.093m, this is considered an appropriate level and there is no planned use of this reserve.

4. LEGAL ISSUES

- 4.1 In coming to decisions in relation to the revenue budget, I have various legal and fiduciary duties. The amount of the precept must be sufficient to meet my legal and financial commitments, ensure the proper discharge of my statutory duties and lead to a balanced budget.
- 4.2 In exercising my fiduciary duty, I should be satisfied that the proposals put forward are a prudent use of my resources in both the short and long term and that they are acting in good faith for the benefit of the community whilst complying with all statutory duties.
- 4.3 Given that I intend to make firm proposals relating to the Fire Service budget at the February meeting, there will be a need to reassess the overall prudence of the budget, but at this stage, there are sufficient reserves available to ensure a balanced budget is set.

Duties of the Treasurer (Chief Finance Officer)

- 4.4 The Local Government Finance Act 2003 requires the Chief Finance Officer to report to me on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. I have a statutory duty to have regard to the CFO's report when making decisions about the calculations.
- 4.5 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Mayor to monitor during the financial year the expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, I must take such action as I consider necessary to deal with the situation. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves.

- 4.6 Under Section 114 of the Local Government Finance Act 1988, where it appears to the Chief Finance Officer that the expenditure of the Mayoral General budget incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure, the Chief Finance Officer has a duty to make a report to me.
- 4.7 The report must be sent to the GMCA's External Auditor and I/the GMCA must consider the report within 21 days at a meeting where we must decide whether we agree or disagree with the views contained in the report and what action (if any) we proposes to take in consequence of it. In the intervening period between the sending of the report and the meeting which considers it, the GMCA is prohibited from entering into any new agreement which may involve the incurring of expenditure (at any time) by the GMCA, except in certain limited circumstances where expenditure can be authorised by the Chief Finance Officer. Failure to take appropriate action in response to such a report may lead to the intervention of the External Auditor.

Reasonableness

- 4.8 I have a duty to act reasonably taking into account all relevant considerations and not considering anything which is irrelevant. This Report sets out the proposals from which members can consider the risks and the arrangements for mitigation set out below.

Risks and Mitigation

- 4.9 The Treasurer has examined the major assumptions used within the budget calculations and considers that they are prudent, based on the best information currently available. A risk assessment of the main budget headings has been undertaken and the level of reserves is adequate to cover these.

**5. PART 1 - PROPOSED MAYORAL GENERAL BUDGET 2023/24
(EXCLUDING FIRE & RESCUE)**

5.1 This section provides the proposed Mayoral General Budget (excluding Fire & Rescue) for 2023/24. The Mayoral General Budget funds the Mayor's Office and Mayoral functions including Transport. The budget for 2023/24 is a proposed £139.738m to be funded from Precept income, Transport Statutory Charge, reserves, grants and external income.

5.2 The table below sets out the 2022/23 budget and 2023/24 proposed budget:

Mayoral Budget	2022/23 Budget	2023/24 Budget
	£000	£000
Employee Related	501	496
Supplies and Services	15	15
Travel Related	15	15
Corporate Recharge	794	826
Mayoral Priorities		
A Bed Every Night	2,400	2,400
Care Leavers	550	550
Equality Panels	350	350
Good landlord scheme	300	300
Total Mayoral Priorities	3,600	3,600
Mayoral Transport		
Bus Reform	15,895	15,895
Our Pass	16,200	16,891
Bus Service Operators Grant	11,750	11,750
TfGM Revenue Grant	90,250	90,250
Total Mayoral Transport	134,095	134,786
Gross Expenditure	139,020	139,738
Funded by:		
Mayoral Precept	-24,720	-25,193
Collection Fund Surplus /- Deficit	-1,445	-1,059
Collection Fund Compensation	-107	0
BSOG grant	-13,150	-13,150
Mayoral Capacity grant	-1,000	-1,000
Statutory charge	-86,700	-86,700
Use of Reserves	-11,048	-11,786
External Income	-850	-850
Gross Income	-139,020	-139,738

5.3 In relation to the level of the precept to be levied for Mayoral functions it is proposed that this is frozen at £21.16 for a Band A property and £31.75 for a Band D property which will be used to support Mayoral priorities as set out below.

5.3.1 Continuation of the A Bed Every Night (ABEN) programme, which over the last 5 years has contributed to a reduction in rough sleeping in Greater Manchester. Alongside other funding streams, this contribution will be committed to over a three-year plan to enable greater investment in other areas of homelessness response and prevention and reduce the overall requirement by the end of 2024/25.

5.3.2 The Our Pass scheme which provides free bus travel within Greater Manchester for 16-18 year olds and direct access to other opportunities in the region. The Our Pass scheme is funded from a combination of Precept, reserves and other income. A budget of £16.9m is proposed for 2023/24 with a risk reserve held by TfGM if costs increase during the year, in line with the original funding strategy for the scheme agreed by the GMCA.

5.3.3 Bringing bus services under local control through a franchising scheme to deliver passenger benefits including simpler fare and ticketing and joined up planning between bus and tram journeys. The Mayoral precept and Earnback funding will fund the procurement and implementation of local service contracts in three 'Tranches' with Tranche 1 to commence operation in September 2023.

5.3.4 Other Mayoral priorities:

- Care Leavers concessionary pass providing free bus travel in Greater Manchester for young people 18-21 years old that have been in care.
- Equality panels facilitated by appropriate voluntary organisations, enabling investment in organisations which work in partnership with public services and the wider community, contributing to tackling the inequalities agenda.
- Good Landlord Scheme to ensure tenants and landlords have access to information and advice, strengthened enforcement to target the

poorest quality and worst managed properties in the sector and capacity to enable landlords to better support tenants.

Statutory Transport Charge

5.4 The Mayoral Transport includes TfGM Revenue Grant budget met from the statutory transport charge of £86.7m and the Bus Service Operators Grant. Following the GMCA (Functions and Amendment) order being laid in April 2019, the Mayor was given further powers for transport functions and a £86.7 million statutory charge to District Councils (with a corresponding reduction in the Transport Levy). The order also states that this amount (£86.7 million) can only be varied with the unanimous agreement of the members of the GMCA.

5.5 The full breakdown by District Council is shown below:

Local Authority	Population Mid 2020		2023/24 Statutory Charge £000
Bolton	288,248	10.1%	8,774
Bury	190,708	6.7%	5,805
Manchester	555,741	19.5%	16,916
Oldham	237,628	8.3%	7,233
Rochdale	223,659	7.9%	6,808
Salford	262,697	9.2%	7,996
Stockport	294,197	10.3%	8,955
Tameside	227,117	8.0%	6,913
Trafford	237,579	8.3%	7,232
Wigan	330,712	11.6%	10,067
Total	2,848,286	100.0%	86,700

Use of Reserves

- 5.5.1 The 2023/24 mayoral budget requires the use of £11.786m of reserves, this is predominantly (£11.045m) the use of Earnback revenue reserve to fund the work on Bus Reform as part of the agreed business case.

6. PART 2 - PROPOSED GREATER MANCHESTER FIRE AND RESCUE REVENUE AND CAPITAL BUDGET 2023/24

- 6.1 The following information provides details supporting the Greater Manchester Fire and Rescue Service Revenue and Capital Budgets.
- 6.2 The Medium-Term Financial Plan (MTFP) to 2025/26 has been updated, based on the 2022/23 baseline updated for pay and price inflation, known cost pressures and agreed savings.
- 6.3 The Chancellor announced the Spending Review in December 2022 which presented a one-year settlement as part of the three-year government Spending Review. In relation to Fire and Rescue Services, the announcements covered the following:
- Fire & Rescue services receiving a 7.4% increase in core spending power
 - Flexibility on council tax precept for stand-alone Fire Services of £5 for a one-year period.
- 6.4 The Provisional Local Government Settlement was published in December 2022 and the MTFP has been updated based on this. Final confirmation of the funding position is to be confirmed in the Local Government Final Settlement expected in February.
- 6.5 The table below presents the budget requirements incorporating pressures and savings from 2022/23 to 2025/26:

<u>Medium Term Financial Plan</u>	Original 2022/23	Revised 2022/23	Proposed 2023/24	Planned 2024/25	Planned 2025/26
	£000	£000	£000	£000	£000
Fire Service	107,956	107,956	115,365	125,437	129,382
Pay and price inflation	2,625	5,385	5,955	4,080	2,031
Savings	-788	-788	-712	0	0
Cost pressures and variations	2,812	2,812	4,828	-135	-426
Cost of service	112,605	115,365	125,437	129,382	130,987
Capital Financing Charges	1,692	1,692	2,082	3,096	3,755
Transfer to Earmarked Reserves	5,245	5,245	2,637	0	0
Net Service Budget	119,542	122,302	130,156	132,478	134,742
Funded by:					
Localised Business Rates	9,368	9,521	10,649	10,649	10,649
Baseline funding	40,922	40,922	43,275	43,275	43,275
SFA - Services Grant	2,209	2,209	1,244	1,244	0
Section 31 - Business rates related	5,452	5,300	7,567	7,567	7,567
Section 31 - Pension related	5,605	5,605	5,605	5,605	5,605
Precept income (at £76.20 Band D)	55,429	55,429	60,463	60,463	60,463
Collection Fund surplus/deficit	-2,637	-2,637	531	0	0
	116,348	116,349	129,334	128,803	127,559
Shortfall	3,194	5,953	822	3,676	7,183
Shortfall Funded by:					
Earmarked Reserves	3,194	3,194	822	426	0
General Reserves/Precept Increase	0	2,759	0	3,250	7,183
Use of Earmarked & General Reserves/Precept	3,194	5,953	822	3,676	7,183

REVENUE BUDGET ASSUMPTIONS

Funding

- 6.6 Funding is based on the details from the Provisional Settlement, released in December. The baseline funding from Revenue Support grant and Top-up grant has increased by £2.353m from the 2022/23 position with a reduction in Services Grant of £0.964m. This represents an increase in total Government funding for the service of just over 3%. Whilst this is higher than in previous years, it falls some way short of the pay and non-pay inflation pressures faced by the service. Localised business rates have been confirmed by the majority of the Districts, for those whereby this is not yet available, prior year income has been assumed.
- 6.7 From 2019/20 the Home Office confirmed a Section 31 pension grant of £5.605m million towards estimated costs for GMFRS of £6.1m. Payment of this grant up to 2022/23 was made on a flat cash basis, and in 2023/24 indications suggest that the grant will again be paid on a flat cash basis.
- 6.8 Precept income has been included at the increased rate of £50.80 per Band A property, equivalent to 98 pence per week (£76.20 per household at Band D equivalent, or £1.47 per week) which ensures frontline fire cover is maintained. The estimated taxbase for 2023/24, i.e. the number of households paying council tax, has seen an increase when compared to levels assumed in 2022/23.
- 6.9 Collection Fund surplus/deficits have also been confirmed by the majority of the Districts, for those not yet confirmed, the latest estimates reported have been assumed. Information received shows a surplus following recovery from the pandemic. The values currently provided in the Medium-Term Financial Plan are the deficits from 2020/21 which have been spread over three financial years from 2021/22 and the recoverable amounts from the Tax Income Guarantee funding from Government.

Pay and Pensions

- 6.10 The original pay inflation in respect of 2022/23 included 2% for both uniformed and non-uniformed staff. An employers offer of 5% was put forward in respect of uniformed staff which was rejected, therefore, additional provision has been made in the budget for an increase, however, at this stage it is not clear what the final outcome of the ongoing negotiations will be. In relation to non-uniformed staff, pay award was agreed at £1,925.
- 6.11 Changes by the Treasury in 2019/20 concerning the discount rate for unfunded public sector pension schemes, have had the effect of increasing employers' contributions, equating to £115 million for English Fire and Rescue Authorities (FRAs). For 2019/20 the Home Office confirmed a Section 31 grant of £5.605m, towards estimated costs for GMFRS of £6.1m. Payment of this grant up to 2022/23 was made on a flat cash basis, which is expected again in 2023/24.

Savings

- 6.12 The GMFRS Programme for Change has undertaken a whole service review and developed and implemented a new operating model which affected the revenue budget from 2019/20 to 2021/22. The programme has been completed, however, the service continually ensures that it is delivered efficiently and effectively. As such, a savings target of £1.5m has been put forward across two financial years. £0.788m of the target has been identified as deliverable in 2022/23 following a line-by-line review and Business Rates payable review, with a further £0.712m to be delivered in 2023/24.

Pressures

- 6.13 Budget pressures have been identified as set out below:
- Pay Award – As noted at paragraph 6.10, budget pressures have arisen due to pay awards for 2022/23 and 2023/24. Uniformed staff 2022/23 pay award is under negotiation, an employers offer of 5% has been rejected, therefore,

additional provision has been made in the budget for a further increase for both 2022/23 and 2023/24. Non-uniformed pay award for 2022/23 of £1,925 per full-time equivalent (FTE) has been agreed equating to a budget pressure of £0.442m with a further increase in 2023/24 based on up to 4%.

- National Insurance – Government announced an increase of National Insurance contributions which increased employers' contribution rate from 13.8% to 15.05%. This decision has been reversed and the benefit of this has formed part of the employee budget requirement calculations. Conversely, the Services Grant that was used to fund the NI increase in 2022/23 has been reduced to reflect the benefit. The allocation of Services Grant for GMFRS, as per the provisional settlement is £1.244m, a reduction from the previous year of £0.964m. The net value is a pressure of £0.320m.
- Price Inflation - energy costs inflation has been identified with an estimated budget increase requirement of £1.542m. Fuel costs have increased by 40% equating to an estimated £0.266m pressure. General inflation has been factored in at 2% which equates to an estimated £0.426m pressure.
- Corporate Services support from the wider GMCA will see an cost increase, mainly in relation to pay award. This has been estimated at £0.806m.

Transfer to Earmarked Reserves

- 6.14 The transfer to Earmarked Reserves represents the planned use of revenue funding to be transferred to the Capital Fund reserve. This is to support the cost of future capital investment and reduce reliance on borrowing.

CAPITAL PROGRAMME

- 6.15 GMFRS have reviewed capital investment requirements for the Fire estates, Fire ICT schemes and operational vehicles and equipment, and the proposed capital programme requirements are set out below.

Revised Capital Programme	2022/23	2023/24	2024/25	Future Years to 2027/28	Total
	£000	£000	£000	£000	£000
Estates	5,661	12,186	24,644	15,576	58,066
Transport	1,662	7,720	1,585	7,273	18,240
ICT	2,617	400	150	450	3,617
Equipment	2,140	274	305	2,078	4,798
Sustainability	484	75	75	225	859
Health & Safety	83	522	0	0	605
Waking Watch	728	2,000	0	0	2,728
Total	13,375	23,177	26,759	25,602	88,913

6.16 A long-term estates strategy has been formulated, the approved phase 1 of the scheme with plans for new builds, extensions, refurbishments, and carbon reduction schemes is underway with expected completion by 2027/28. Alongside this is the Bury Training and Safety Centre which is also underway and due to complete within 2022/23.

6.17 Alongside the estates strategy is a programme of work to replace and update fitness equipment on fire stations. A review of requirements has been completed under the Health, Safety & Fitness team which has been incorporated into the capital programme.

6.18 Transport and Equipment replacement programme budgets are profiled in accordance with expected need and delivery profiles allowing for lead times where supply chains require orders to be placed up to 18 months prior to goods being delivered.

6.19 Following the successful roll out of the Waking Watch Relief Fund, the Department for Levelling Up, Housing and Communities (DLUHC) has requested further support from GMFRS to assist with the delivery of the Waking

Watch Replacement Fund. The project is due to start in quarter 4 of 2022/23 and will continue into 2023/24. The funding for the replacement fund equates to £2.429m

BUDGET RISKS

6.20 Future budget risks are set out below:

- Future government funding within the current Spending Review period beyond 2023/24 has not been confirmed.
- Pay claims for firefighters and local government employees in excess of the assumptions set out in the report.
- McCloud/Sargeant Remedy – the judgement refers to the Court of Appeal’s ruling that Government’s 2015 public sector pension reforms unlawfully treated existing public sectors differently based upon members’ age. The implications of the remedy are being determined but are likely to be significant in future years.
- Delivery of sufficient savings to meet the requirements of the medium term financial strategy, and dependent on availability resources to deliver a change programme.
- Emergency Services Mobile Communications Project (ESMCP) – a national project to procure and replace the emergency services network.
- Any changes required following the Manchester Arena Public Inquiry, Grenfell Inquiry and , Fire Safety Act 2021, and the Building Safety bill not already factored into the budget.
- Any business continuity arrangements that require funding which are not part of the base budget.

- As no capital grants are available to FRSs, future schemes in the capital programme will be funded by a combination of revenue underspends and borrowing. The costs associated with additional borrowing will have to be met from the revenue budget.

7. RECOMMENDATIONS

- 7.1 Detailed recommendations appear at the front of this report.

LEGAL REQUIREMENTS, MAYORAL PRECEPT – GENERAL COMPONENT

- 1.1 The Finance Order sets out the process and the timetable for determining the general component of the precept.

Stage 1

- 1.2 The Mayor must before 1st February notify the GMCA of the Mayor's draft budget in relation to the following financial year.
- 1.3 The draft budget must set out the Mayor's spending and how the Mayor intends to meet the costs of the Mayor's general functions, and must include "the relevant amounts and calculations".
- 1.4 "The relevant amounts and calculations" mean:
- (a) estimates of the amounts to be aggregated in making a calculation under sections 42A, 42B, 47 and 48;
 - (b) estimates of other amounts to be used for the purposes of such a calculations;
 - (c) estimates of such a calculation; or
 - (d) amounts required to be stated in a precept.

Stage 2

- 1.5 The GMCA must review the draft budget and may make a report to the Mayor on the draft.
- 1.6 Any report:
- (a) must set out whether or not the GMCA would approve the draft budget in its current form; and

- (b) may include recommendations, including recommendations as to the relevant amounts and calculations that should be used for the financial year

1.7 The Mayor's draft budget shall be deemed to be approved by the GMCA unless the

Combined Authority makes a report to the Mayor before 8th February.

Stage 3

1.8 Where the GMCA makes a report under 1.5, it must specify a period of at least 5 working days within which the Mayor may:

- (a) decide whether or not to make any revisions to the draft budget; and
- (b) notify the GMCA of the reasons for that decision and, where revisions are made, the revised draft budget

Stage 4

1.9 When any period specified by GMCA under 1.8 has expired, the GMCA must determine whether to:

- (a) approve the Mayor's draft budget (or revised draft budget, as the case may be), including the statutory calculations; or
- (b) veto the draft budget (or revised draft budget) and approve the Mayor's draft Budget incorporating GMCA's recommendations contained in the report to the Mayor in 1.5 (including recommendations as to the statutory calculations).

1.10 The Mayor's draft budget (or revised draft budget) shall be deemed to be approved unless vetoed within 5 working days beginning with the day after the date on which the period specified in 1.8 expires.

- 1.11 Any decision to veto the Mayor's budget and approve the draft budget incorporating the GMCA's recommendations contained in the report to the Mayor in 1.5 must be decided by a two-thirds majority of the members (or substitute members acting in their place) of the GMCA present and voting on the question at a meeting of the authority (excluding the Mayor).
- 1.12 Immediately after any vote is taken at a meeting to consider a question under 1.9, there must be recorded in the minutes the names of the persons who cast a vote for the decision or against the decision or who abstained from voting.

Appendix 2

CALCULATION OF AGGREGATE AMOUNTS UNDER SECTION 42A (2) AND (3) OF THE LOCAL GOVERNMENT FINANCE ACT 1992 UPDATED IN THE LOCALISM ACT 2011)

BUDGET SUMMARY 2023/24

Budget Summary 2023/24	Gross Expenditure £000	Gross Income £000	Net Estimate £000
Fire Service Budget	129,251	3,814	125,437
Other Mayoral General Budget	139,738	15,000	124,738
Capital Financing Charges	2,082	0	2,082
Contribution from balances/reserves	2,637	12,608	-9,971
Budget Requirement	273,708	31,422	242,286
Localised Business Rates		10,650	-10,650
Business Rate Baseline		43,275	-43,275
Services Grant		1,244	-1,244
Section 31 Grant - Business Rates		7,567	-7,567
Section 31 Grant - pensions		5,605	-5,605
Transport - Statutory Charge		86,700	-86,700
Collection Fund surplus/-deficit	0	1,590	-1,590
Precept requirement	273,708	188,053	85,655

CALCULATION OF TAX BASE

The Tax Base is the aggregate of the Tax Bases calculated by the District Councils in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992. These are currently estimated as:

<u>District</u>	Council Tax Base
Bolton	78,820.0
Bury	57,096.0
Manchester	131,615.1
Oldham	58,500.0
Rochdale	57,552.0
Salford	73,859.0
Stockport	97,533.3
Tameside	63,532.5
Trafford	78,464.0
Wigan	96,500.0
Total	793,471.9

AMOUNTS OF COUNCIL TAX FOR EACH BAND

2023/24	A	B	C	D	E	F	G	H
Costs for Band £	71.96	83.96	95.95	107.95	131.93	155.92	179.91	215.90

CALCULATION OF BAND D EQUIVALENT TAX RATE

	£
NET EXPENDITURE UNDER SN 42A (4)	273,708,126
LESS:- Funding (Including S31 grant)	186,462,244
	<hr/> 87,245,882

ADJUSTED FOR SURPLUS (-) / DEFICIT ON DISTRICT COLLECTION FUNDS

BOLTON	-389,056
BURY	-93,920
MANCHESTER	-478,950
OLDHAM	-43,627
ROCHDALE	-74,374
SALFORD	-92,194
STOCKPORT	-95,670
TAMESIDE	-55,305
TRAFFORD	-366,473
WIGAN	98,978
Total	-1,590,591

NET BUDGETARY REQUIREMENT TO BE MET BY COUNCIL TAX	85,655,291
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<u>NET BUDGETARY REQUIREMENT</u>	85,655,291
AGGREGATE TAX BASE	793,471.9

BASIC TAX AMOUNT AT BAND 'D'	107.95
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GREATER MANCHESTER COMBINED AUTHORITY OVERVIEW & SCRUTINY COMMITTEE

Date: 8 February 2023

Subject: GMCA Transport Revenue Budget 2023/24

Report of: Cllr David Molyneux, Portfolio Lead for Resources and
Steve Wilson, Treasurer to GMCA

PURPOSE OF REPORT

The report sets out the transport related Greater Manchester Combined Authority (GMCA) budget for 2023/24. The proposed Transport Levy to be approved for 2023/24 is included within the report together with the consequential allocations to the District Councils of Greater Manchester.

RECOMMENDATIONS:

The GMCA Overview & Scrutiny Committee is requested to consider the recommendations to be put forward to the GMCA (as below):

1. Note the risks and issues which are affecting the 2023/24 transport budgets as detailed in the report.
2. Approve the GMCA budget relating to transport functions funded through the Levy, as set out in this report for 2023/24.

3. Approve a Transport Levy on the District Councils in 2023/24 of £113.472m, apportioned on the basis of mid-year population 2020.
4. Approve a Statutory Charge of £86.7m to District Councils in 2023/24 as set out in Part 4 of the Transport Order, apportioned on the basis of mid-year population 2020.
5. Approve the proposal to increase fees and charges where applicable, in line with inflation and to approve the increases proposed to Bus stop closure charges. as set out in paragraphs 4.32 and 4.33.
6. Approve the use of Transport reserves in 2022/23 and 2023/24 as detailed in section 5.

CONTACT OFFICERS:

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Equalities Implications: N/A

Climate Change Impact Assessment and Mitigation Measures: N/A

Risk Management – The risks and issues which are affecting the 2023/24 transport budgets are detailed in the report.

Legal Considerations – There are no specific legal implications with regards to the 2023/24 budget update, however, please refer to section 6 of the report for budget setting considerations.

Financial Consequences – Revenue – The report sets out the proposed budget for 2023/24.

Financial Consequences – Capital – There are no specific capital considerations contained within the report, however the revenue budget contains resources to meet the capital costs of the authority. Changes in the capital programme can affect the budget to meet these costs.

BACKGROUND PAPERS:

Report to Greater Manchester Combined Authority: GMCA Transport Revenue Budget 2022/23 – 11 February 2022

Report to Greater Manchester Combined Authority: Revenue Update 2022/23 – 28th October 2022

TRACKING/PROCESS

Does this report relate to a major strategic decision, as set out in the GMCA Constitution?

Yes

EXEMPTION FROM CALL IN

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency? N/A

Overview & Scrutiny Committee - 8th February 2023

1. INTRODUCTION

- 1.1 The report provides details of the proposed budget, including Mayoral funded functions as they relate to Transport for 2023/24.
- 1.2 The allocation to District Councils in relation to the Transport Levy and Transport Statutory Charge is set out in Section 3 of the report. Part 4 of the Transport Order laid before Parliament in April 2019 provides that some £86.7m of funding will be provided to the Mayor by way of a Statutory Charge, in respect of costs that were previously met from the levy.
- 1.3 The Authority's legal obligations and the responsibility of the Treasurer to the Combined Authority are also set out in more detail later in the report.

2. TRANSPORT REVENUE BUDGET 2023/24

- 2.1 The proposed Transport budget for 2023/24 is £304.649m, this is an increase of £35.296m compared to 2022/23. The proposed funding to TfGM is £225.428m, an increase of £36.373m compared to 2022/23, with £79.221m to be retained by GMCA predominantly to meet capital financing costs.
- 2.2 The major changes to the proposed 2023/24 Transport Revenue Budget are as follows:
 - Bus Service Improvement Programme (BSIP) grant of £13m to fund the cap on bus fares introduced in September 2022 (singles and dailies) and January 2023 (weeklies) for the period to August 2023. These proposals were introduced on an initial one year basis, from September 2022 to August 2023, with a commitment to review the delivery by summer 2023;
 - Bus support grants of £6m to support the continuation of bus services which have been deregistered by bus operators;

- District Transport Levy increase of £7.7m which, together with the Statutory Charge is an overall increase of 4% (3% of which will be recurrent with a 1% one off increase in 2023/24);
- Scheme Development cost increase of £6.2m funded from the Business Rates Top-Up reserve which provides flexibility on use of revenue funding to support capital schemes.

2.3 The table below summarises the proposed 2023/24 Transport Revenue Budget compared to original budget for 2022/23. Section 4 below provides detail on the TfGM budget strategy for 2023/24 and the proposed TfGM revenue budget.

Transport Revenue Budget	Approved Budget 2022/23	Proposed Budget 2023/24	Change
	£000	£000	£000
Mayoral Transport Budget	134,095	134,786	691
Mayoral Priorities - Care Leavers	550	550	0
District Levy	105,773	113,472	7,699
Earnback Revenue Grant	12,475	12,592	117
Bus Services Improvement Grant	0	13,000	13,000
Use of Reserves	16,460	22,149	5,689
Other Grants	0	8,100	8,100
Total Resources	269,353	304,649	35,296
Resources Available:			
Calls on Resources:			
<u>Funding to TfGM</u>			
Gross Grant to TfGM	138,322	146,021	7,699
TfGM Funded Finance Costs	(13,419)	(12,836)	583
Revenue grant to TfGM	124,903	133,185	8,282
Other Grants	11,785	19,985	8,200
Bus Services Improvement Grant for capped fares	0	13,000	13,000
Scheme Development Costs	15,900	22,100	6,200
Our Pass Concession	16,200	16,891	691
Care Leavers Concession	550	550	0
Bus Reform	15,895	15,895	0
GMCA Traffic Signals	3,822	3,822	0
Total TfGM	189,055	225,428	36,373
<u>Funding retained by GMCA</u>			
GMCA Corporate	1,024	1,024	0
Capital Financing Costs			

- Levy Funded	52,904	52,904	0
- GMCA Funded	12,951	12,457	(494)
- Metrolink related financing costs	13,419	12,836	(583)
	80,298	79,221	(1,077)
Total Call on Resources	269,353	304,649	35,296

3. PROPOSED GMCA TRANSPORT LEVY AND MAYORAL STATUTORY CHARGE 2023/24

Proposed GMCA Transport Levy and Statutory Charge 2023/24 per District

3.1 The table below details both the Transport Levy and the Statutory Charge per district.

District	Population Mid 2020		2022/23 Total Charge £000	2023/24 Transport Levy £000	2023/24 Statutory Charge £000	2023/24 Total Charge £000	Change	
							£000	%
Bolton	288,248	10.12%	19,478	11,483	8,774	20,258	779	4.00%
Bury	190,708	6.70%	12,887	7,598	5,805	13,403	515	4.00%
Manchester	555,741	19.51%	37,554	22,140	16,916	39,056	1,502	4.00%
Oldham	237,628	8.34%	16,058	9,467	7,233	16,700	642	4.00%
Rochdale	223,659	7.85%	15,114	8,910	6,808	15,718	605	4.00%
Salford	262,697	9.22%	17,752	10,466	7,996	18,462	710	4.00%
Stockport	294,197	10.33%	19,880	11,720	8,955	20,676	795	4.00%
Tameside	227,117	7.97%	15,347	9,048	6,913	15,961	614	4.00%
Trafford	237,579	8.34%	16,054	9,465	7,232	16,697	642	4.00%
Wigan	330,712	11.61%	22,348	13,175	10,067	23,242	894	4.00%
Total	2,848,286	100.00%	192,473	113,472	86,700	200,172	7,699	4.00%

4. TfGM BUDGET STRATEGY 2023/24

The Bee Network

4.1 Over the next four years, significant investment in Greater Manchester will dramatically improve the public transport offer. GM's move to bus franchising is a key enabler for delivering this transformational change. This all builds towards delivering the Bee

Network, an integrated 'London-style' transport system, which will transform the way people travel across the city region.

- 4.2 By designing and delivering public transport, active travel and shared mobility services as one system with local accountability and aligned to national and local priorities, the Bee Network will transform the travelling experience and make sustainable, low carbon transport an attractive option for all. The ability to better plan the network will drive revenue by encouraging more people to switch from car journeys to public transport (and active travel) and is therefore key to getting to the 'right mix' of 50% (car):50% (sustainable travel) from the current 60:40 mix.
- 4.3 Accessible, affordable, integrated, inclusive and easy to use, with a daily fare cap and Greater Manchester-wide multi-modal fares, the Bee Network will support seamless end-to-end journeys within Greater Manchester.
- 4.4 On 30 March 2021, the Mayor made the Greater Manchester Franchising Scheme for Buses 2021 ("the Franchising Scheme") and the GMCA published its response to the consultation together with the Mayor's decision, as required by section 123G of the Transport Act 2000 and (on behalf of the Mayor) the Franchising Scheme itself.
- 4.5 Greater Manchester is the first place in the UK outside of London to introduce bus franchising, bringing bus services under local control in the biggest change to public transport in the city region in over 30 years.
- 4.6 As previously reported to GMCA, implementation of the Bus Franchising Programme is now well under way, with Tranche 1, covering Wigan and Bolton, due to become operational on 24th September 2023. Contract awards for Tranche 1 took place on 23 December 2023 with Go Ahead and Diamond Bus North West notified as being the successful bidders.

- 4.7 The Expression of Interest for Tranche 2 was issued in September and the second tranche will be operational at the end of March 2024. The third tranche will be contracted by the end of March 2024 and be operational by January 2025.

Financial Context

- 4.8 The Bee Network is being delivered against an exceptional set of financial challenges driven by patronage and revenue remaining below pre-pandemic levels combined with exceptional inflationary pressures on the cost base of the transport network (e.g. increasing electricity, fuel and labour costs). These challenges have impacted both the Metrolink and Bus networks, alongside other risks as described below.

Metrolink

- 4.9 Metrolink has suffered a significant reduction in patronage and farebox revenues since the start of the COVID-19 pandemic in March 2020. After falling to as low as 5% of pre-COVID-19 levels during the first lockdown, patronage has gradually recovered, but farebox revenues remain at c.85% of pre-pandemic levels. The operating costs of the system have also increased significantly due to the unprecedented increases in energy prices and the impact of increase in general inflation. To help address these financial challenges, a package of light rail recovery funding support was provided by central Government throughout the pandemic. That light rail recovery funding subsequently expired in October 2022.

Bus

- 4.10 Bus patronage and revenue also fell significantly at the start of the pandemic but has recovered to approximately 90% of pre-pandemic levels. Notwithstanding this strong recovery, bus operators are still facing a challenging trading environment, with lower farebox revenues combining with the negative impact of high levels of cost inflation (e.g., higher fuel, labour costs etc). This has resulted in some operators making commercial service changes across Greater Manchester, including service withdrawals and reductions in frequency. To ensure the stability of the network, TfGM has replaced

most of these withdrawn services at current frequencies to ensure there has been no material impact on network coverage. These interventions will also protect revenue and enable the network to be optimised through better planning, post franchising. The cost of restoring these services has, to-date, been mitigated by Government bus recovery funding and by maintaining local funding of concession payments to bus operators at pre Covid-19 levels. These same funding sources have also, to date, helped to prevent wider-reaching service withdrawals. That bus recovery funding is currently due to expire at the end of March 2023.

- 4.11 Whilst patronage is now recovering strongly, reflecting the region's population growth and our marketing campaigns to offer affordable alternatives to car travel, the lasting impacts of the pandemic and the subsequent exceptional inflationary pressures means that the public transport network will continue to face financial challenges in 2023/24 and beyond.
- 4.12 As previously reported, TfGM have been in discussions with DfT officials with a view to securing a continuation of financial support for the Metrolink and Bus networks for the next two financial years (2023/24 and 2024/25).
- 4.13 TfGM has put forward a clear rationale for the level of requested financial support setting out the unique circumstances faced by Greater Manchester and a constructive initial meeting has taken place with the Secretary of State for Transport (SoS). Following that meeting, the SoS was content for TfGM to continue to work through the detail with DfT officials with a view to bringing the discussions to a successful conclusion as soon as possible.
- 4.14 In addition, TfGM will continue to consider options, for subsequent consideration by GMCA, for longer term financial sustainability beyond the next two financial years

Additional Risks

- 4.15 In addition to the risks relating to public transport patronage and revenues; and cost inflation, several other budget pressures and risks exist, including:

- Inflation is also impacting TfGM's core operating costs (e.g. energy costs, salary costs and other support costs)
- Long term revenue and capital funding will be required to support the work to consider the options and potential for future Rail Reform, including service delivery and the development of major infrastructure schemes, including High Speed 2.
- Costs of operating and maintaining an expanding network of traffic signals, largely with no additional funding for operational costs. The increasing cost of energy has impacted the cost of operation; and the network which needs to be supported continues to expand due to the delivery of new highways schemes, in particular with respect to Active Travel interventions.;
- Continuing costs to support the ongoing development of modal and integrated ticketing initiatives.

2023/24 Budget Strategy

4.16 As set out above TfGM have been in discussions with DfT officials with a view to securing a continuation of financial support for the Metrolink and Bus networks for the next two financial years (2023/24 and 2024/25).

4.17 In parallel to, and as part of the discussions with DfT, TfGM has committed to a Financial Sustainability Plan (FSP) which sets out a set of initiatives that, alongside continuing central government financial support, will ensure the long-term financial sustainability of the transport network and provide the foundation for the continued delivery of the Bee Network. The various initiatives underpinning the FSP are summarised below:

- **Market renewal:** A set of initiatives to increase patronage and revenues across all modes, including continued innovation around the marketing of transport services, proposals to reduce fare evasion and to increase commercial and other income.

- **Network review:** Continuous network review to scope potential efficiencies on the transport network, including initiatives to reduce energy costs and to further optimise service delivery.
- **Internal efficiencies:** A programme to reduce the core operating costs of TfGM, including by reducing staff costs (TfGM has already initiated a voluntary severance process), reductions in external expenditure, optimising the use of TfGM's office space and increasing commercial income from the existing TfGM asset base.
- **Additional local funding:** The proposed 4% (£7.7m) increase in the Transport Levy in 2023/24 will be ringfenced in full to contribute towards funding the budgeted Metrolink net deficit and the budgeted costs of stabilising the Bus network as it transitions to franchising.
- TfGM will continue to consider options, for subsequent consideration by GMCA, for longer term financial sustainability beyond the next two financial years, as part of the longer-term shared funding model envisaged in the Greater Manchester 'trailblazer' proposition.

4.18 The 2023/24 budget proposal is therefore that:

- The Transport levy is increased from £105.773m in 2022/23 to £113.472m in 2023/24, an increase of 7.7m, together with a flat Statutory Charge of £86.7m. This is an overall increase of 4% (3% of which will be recurrent with a 1% one off increase in 2023/24).
- A further drawdown of £1.8 million is made from the Integrated Ticketing Reserve to continue the development of modal and integrated ticketing initiatives as part of the work to transition to Greater Manchester-wide multi-modal fares and ticketing.
- TfGM fares and departure charges increase in line with rates up to inflation at varying points in 2023/24 as set out in sections 4.31 of the report.
- Bus Stop Closure Charges increase as set out in section 4.32 of the report.

TfGM Proposed Budget 2023/24

4.19 Based on the proposals above the TfGM budget for 2023/24 would be as follows:

	2022/23	2023/24	
	Budget £000	Budget £000	Change £000
Resources			
Funding from GMCA (incl Levy increase of £7.7m)	189,055	225,428	36,373
Metrolink related financing costs	13,419	12,836	(583)
DfT Rail grant	1,900	1,900	-
Other grants	2,700	-	(2,700)
	207,074	240,164	33,090
Expenditure			
Concessionary Reimbursement	75,600	76,254	(654)
Bus Network Support Costs	36,000	63,000	(27,000)
Capped Fares Scheme	-	13,000	(13,000)
Payment of Devolved BSOG	11,750	11,750	-
Accessible Transport	3,700	3,700	-
Operational Costs	37,697	45,697	(8,000)
Traffic Signals Costs	3,822	3,822	-
Clean Air Plan Costs	400	2,100	(1,700)
Scheme Pipeline development Costs	15,900	19,800	(3,900)
Bus Franchising costs	15,895	15,895	-
Metrolink net loss	-	38,836	(38,836)
Financing costs	6,310	6,310	-
Total Expenditure	207,074	300,164	(93,090)
Surplus/(Deficit) <u>before financial mitigations</u>	-	(60,000)	(60,000)

4.21 The net deficit before financial mitigations (but including the 4% / £7.7 million Levy increase) of £60 million in the table above is proposed to be offset by the various initiatives underpinning the FSP, including securing a continuation of financial support for the Metrolink and Bus networks for the next two financial years (2023/24 and 2024/25) which, as described above, is subject to ongoing work and discussions.

£'000		
Net deficit requiring funding after additional Levy funding of £7.7m		(60,000)
Additional Local Financial Mitigations		
Internal Efficiencies	8,000	
Network Efficiencies	7,500	
Market Renewal	5,500	
		21,000
Continuing financial support from central Government (<i>subject to ongoing work and discussions</i>)		39,000
Surplus/(Deficit) after financial mitigations		0

Expenditure

- 4.22 The Concessionary Reimbursement budget includes the cost of the English National Concessionary Travel Scheme (ENCTS) and the local Concessionary scheme, including the 16-18 (Our Pass) concessionary travel scheme.
- 4.23 Since the first lockdown TfGM has, as encouraged by DfT, continued to reimburse operators for concessionary reimbursement based on pre-pandemic levels of patronage. DfT has issued guidance for reimbursement beyond March 2023 which allows for this basis of reimbursement to continue, in particular in the context of continuing to support the recovery of the bus network.

- 4.24 The 2023/24 Concessionary Reimbursement budget has been prepared based on the continuation of the current basis of reimbursement, which is at pre COVID-19 levels of patronage, with an adjustment where mileage operated has been reduced.
- 4.25 The Our Pass scheme provides free bus travel within Greater Manchester for 16-18 year olds and direct access to other opportunities in the region. The scheme was proposed to run for a pilot period of two years from August 2019, which subsequently became impacted by the Covid pandemic. The scheme was extended in September 2021 and again for the period to August 2023 in order for it to be evaluated. The Combined Authority agreed, at its meeting on 27 January 2023, to fund Our Pass on a continuing basis and that the scheme should be subject to an annual review of its performance, to be completed at the end of each academic year. The Our Pass scheme is funded from a combination of Mayoral precept, reserves and other income. A budget of £16.9m is proposed for 2023/24 with a risk reserve held by TfGM if costs exceed this level, in line with the original funding for the scheme agreed by GMCA.
- 4.26 The supported bus network budget has come under further pressure in the current financial year as operators have withdrawn services. TfGM has replaced the majority of these services from autumn 2022, with funding from a combination of in year government funding and reserves. The budgeted cost of the additional pressures on the supported services budget in 2023/24 is £27 million which is partly mitigated by government bus support funding of £6 million.
- 4.27 Capped bus fares were introduced in September 2022 (singles and daily fares) and January 2023 (weekly fares). The budgeted costs are an estimate of the costs to the end of 'year one' of the scheme which runs to 31 August 2023. In the report to GMCA in June 2022 on the implementation of the singles and daily fares scheme, it was proposed that these proposals were introduced on an initial one year basis, from September 2022 to August 2023, with a commitment to review the delivery by summer 2023. The costs will be refined and updated during the quarterly reforecasts as more data becomes available. The single and daily fares caps are being funded from BSIP grant income (of £68m in total, in the period to March 2025) from DfT. To the extent the

£68 million of BSIP funding cannot also accommodate the costs of the capped weekly fares, in the period to March 2025, the extension could, subject to the agreed annual review, and the agreement of GMCA, be funded from a combination of Reserves that are specifically allocated for Bus, including the Concessionary Fares Reserve.

- 4.28 The budgeted grant payable to GMATL, for the provision of Ring and Ride services, of up to £3.7 million is in line with the 2022/23 outturn.
- 4.29 Net operational costs include the costs of operating and maintaining the TfGM owned bus stations, travel shops and other infrastructure, and the costs of support functions. These costs are forecast to increase by c£8 million from the budgeted costs in 2022/23, largely due to inflationary pressures. That will, as described above, require a saving of c. £8 million in core costs to be delivered. The savings of £8 million will be delivered in a number of areas including by reducing staff costs (TfGM has already initiated a voluntary severance process), reductions in external expenditure, optimising the use of TfGM's office space and increasing commercial income from the existing TfGM asset base.
- 4.30 Expenditure on scheme development costs is budgeted to increase in 2023/24, due to higher levels of activity on the development of Business Cases and schemes which are part of the programme of works funded through City Region Sustainable Transport Scheme (CRSTS). As reported in the GMCA Capital Programme 2022/23 – 2025/26 report on the agenda for this meeting, the progression of a number of schemes and their associated expenditure profiles has been impacted by global pressures on construction materials availability, associated pricing and inflationary pressures. TfGM and Local Authority Delivery Partners are continuing to work with their respective supply chains to mitigate the impacts of the above matters; albeit due to more recent ongoing global events and trends this continues to be an increasing challenge across the capital programme. It is anticipated that these impacts will continue in respect of expenditure within 2022/23, 2023/24 and beyond. Officers are progressing work to formulate a strategy to address these and related issues. A report detailing the outcome of this work and associated recommendations will be submitted to the GMCA in May 2023.

4.31 Expenditure on Bus Franchising is budgeted to be at a similar level to 2022/23 of c.£15.9m. The key activities in the year are set out below. The outputs of this planned expenditure for 2023/24 include, in particular:

- Continuation of the procurement of local service contracts required for the implementation and operation of the franchising scheme;
- Procurement of on-bus equipment, other equipment, and systems and associated services which are necessary for the implementation and operation of the franchising scheme;
- Depot and land acquisition financing costs aligned to the depot strategy, as set out in the Assessment;
- Work to establish, operate and manage the Residual Value mechanism, as set out in the Assessment; and
- A quantified risk allowance, in line with the allowance in the Assessment, and as considered appropriate for this stage of development and implementation.

4.32 In line with recent years, it is proposed that the fares and charges on certain products or services that TfGM provide, including certain bus fares (on schools, DRT and Ring Ride services) and Departure Charges, will be subject to increases in line with inflation, at various dates between April 2023 and September 2023. The additional income will be used to partly offset the increasing bus network support costs.

4.33 The budget includes an assumption that Bus Station Departure Charges will also increase in line with inflation, from April 2023. The additional income will be used to partly offset the increasing costs of operating bus stations.

4.34 The budget also assumes that the fees applied to utility companies, commercial contractors and developers when temporarily opening and closing bus stops / shelters are increased from £290 to £320 for the first four stops and that the costs thereafter are increased from £100 to £110 per stop. The costs for 'revisiting' a stop are also proposed to increase from £130 to £140.

4.35 TfGM is forecasting an unmitigated, net revenue loss from Metrolink operations for 2023/24 of c£26m, which, in addition to the budgeted financing costs that were previously assumed to be funded from Metrolink net revenues, of £12.836m, results in an overall net deficit of c£39m. The mitigation strategy to fund this net deficit is summarised earlier in this report.

Income

4.36 An analysis of the funding from GMCA is set out in section 2 above in this report.

4.37 The main elements of the GMCA funding are the Transport Levy, the Statutory Charge and funding from the Mayoral General Budget including from the precept as it relates to Transport.

4.38 Following Transport Orders being laid in April 2019, the Mayor was given further powers for transport functions, which in relation to TfGM's activities supports activities associated with delivery of Bus related activities. An amount of £86.7 million was agreed as the cost of delivering these functions and this funding is raised via a statutory charge to District Councils. This was offset by a corresponding reduction in the Transport Levy, so overall funding was unchanged.

4.39 The Transport levy is proposed to increase from £105.773m in 2022/23 to £113.472m in 2023/24, an increase of £7.7m, which together with a flat Statutory Charge of £86.7m is an overall increase of 4% (3% of which will be recurrent with a 1% one off increase in 2023/24). The Levy allocated to TfGM is budgeted to increase in 2023/24 to partly fund the net operating loss from Metrolink as set out above.

4.40 The Mayoral General budget continues to fund other costs in 2023/24 which relate to Mayoral functions and priorities, including the costs associated with updating and delivering the Local Transport Plan (LTP) and the costs of Our Pass (the 16-18 Concessionary Travel Scheme). The LTP costs are budgeted to be £3.55 million, which

is unchanged from 2022/23, and the contribution from the Mayoral budget to the costs of Our Pass are budgeted to be £16.9m.

- 4.41 The funding from the DfT Rail grant in 2023/24 is budgeted to remain at the same level, although this has not yet been formally confirmed by DfT so is a risk in the budget.

5 RESERVES

- 5.1 An analysis of the forecast and budgeted movements in transport related reserves for 2022/23 and 2023/24 is set out below:

Transport Reserves and Balances	Final Closing Balances 31st March 2022	2022/23 Planned Use	Projected Closing Balance 31st March 2023	2023/24 Planned Use	Projected Closing Balance 31st March 2024
	£000	£000	£000	£000	£000
Capital Programme Reserve	-100,800	4,850	-95,950	0	-95,950
Business Rates Top-Up - Highways	-31,260	-1,137	-32,397	-5,457	-37,854
Integrated Ticketing Reserve	-10,629	1,800	-8,829	1,800	-7,029
Earnback Reserve	-29,430	3,620	-25,810	8,585	-17,225
Revenue Grants Unapplied Reserve	-18,310	400	-17,910	2,300	-15,610
Concessionary Fares Reserve - TfGM	-16,303	0	-16,303	0	-16,303
Property Reserve TfGM	-10,900	400	-10,500	400	-10,100
Metrolink Reserve TfGM	-2,100	0	-2,100	0	-2,100
Joint Road Safety Group Reserve TfGM	-6,607	0	-6,607	0	-6,607
<u>General Revenue Reserves</u>					
General Reserve - TfGM	-5,829	0	-5,829	0	-5,829
General Reserve - General	-1,085	0	-1,085	0	-1,085
Total	-233,252	9,933	-223,319	7,628	-215,691

General Reserves

- 5.1 Current good practice states that reserves should be maintained at an appropriate level as determined by a detailed business risk review. The forecast balance on the

General Reserve at 31 March 2023 is £1.085 million for GMCA and £5.829 million for TfGM and there is no planned use of General Reserves in 2023/24.

Capital Programme Reserve

- 5.2 GMCA and TfGM hold certain reserves which are primarily ring-fenced to pay for and manage the risks of delivering their ongoing capital programme. These reserves are revenue reserves and can be used for capital and revenue purposes, including repaying capital and interest on borrowings and to fund Metrolink renewals to ensure system integrity.
- 5.3 The current forecast balance on the Capital Programme Reserve at 31 March 2024 is approximately £95.950m. The long-term balance on the Capital Programme Reserve is very sensitive to the ongoing delivery of the planned net revenues from Metrolink, inflation pressures and interest rates for capital financing which would be under very significant short term pressure if ongoing financial support from central Government is not provided beyond financial year 2022/23.

Business Rates Pilot Top-Up – Highways/Local Transport Plan

- 5.6 GMCA currently receives revenue funding that is used to support capital spend in GM Local Authorities for highways maintenance and the Local Transport Plan of c£35.7m annually. As this is revenue funding it enables flexibility to support the revenue element of capital schemes. When necessary, approval is sought through GMCA to approve delegated authority to the GMCA Treasurer to make adjustments between capital funding and this reserve to ensure the correct accounting treatment for planned revenue spend.

Integrated Ticketing Reserve

- 5.7 The Integrated Ticketing Reserve had a balance of £10.6m on 31 March 2022. The reserve will be used over a period of time to contribute towards the development and delivery of integrated, including smart, ticketing schemes. Planned use of the reserve

is £1.8m in 2022/23 with a proposed further drawdown of £1.8m in 2023/24, which would reduce the balance at 31st March 2024 to £7.0m

Revenue Grants Unapplied Reserve

- 5.8 This relates to grants received ahead of expenditure, with the largest grants being in relation to Clean Air plan funding and the Active Travel Fund.

Concessionary Fares Reserve

- 5.9 A reserve is held to cover specific costs and manage various risks including:
- Costs of fixed deal arrangements with the larger bus operators;
 - forecast costs of reimbursing other operators;
 - other costs including concessionary travel data collection and ‘smart’ related costs, which would otherwise be funded from the Levy;
 - the costs of concessions, to the extent that they cannot be managed within the ‘core’ budget, including the 16-18 travel concession and weekly capped fares.

Property Reserve

- 5.10 The Property Reserve has been generated from the disposal of a number of historic surplus assets and is being used to fund the depreciation costs of the TfGM Head Office. The remaining balance will be applied to match the depreciation charges.

Metrolink Reserves

- 5.11 TfGM Metrolink reserves of £2.1m relates largely to historic reserves which have been retained for specific purposes.

Joint Road Safety Group Reserve

- 5.12 The Greater Manchester Joint Road Safety Group operates as part of TfGM. The forecast and budgeted movements represent the net income generated from the delivery of driver improvement training offset by the cost of investments in road safety schemes.

6. LEGAL ISSUES

- 6.1 In coming to decisions in relation to the revenue budget the Authority has various legal and fiduciary duties. The amount of the transport levy and statutory charge must be sufficient to meet the Authority's legal and financial commitments, ensure the proper discharge of its statutory duties and lead to a balanced budget.
- 6.2 In exercising its fiduciary duty, the Authority should be satisfied that the proposals put forward are a prudent use of the Authority's resources in both the short and long term and that they are acting in good faith for the benefit of the community whilst complying with all statutory duties.

Duties of the Treasurer (Chief Finance Officer)

- 6.3 The Local Government Finance Act 2003 requires the Chief Finance Officer to report to the Authority on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Authority has a statutory duty to have regard to the CFOs report when making decisions about the calculations.
- 6.4 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Authority to monitor during the financial year its expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Authority must take such action as it considers necessary to deal with the situation. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves.
- 6.5 Under Section 114 of the Local Government Finance Act 1988, where it appears to the Chief Finance Officer that the expenditure of the GMCA incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure, the Chief Finance Officer has a duty to make a report to the Authority.

- 6.6 The report must be sent to the Authority's External Auditor and every member of the Authority and the Authority must consider the report within 21 days at a meeting where it must decide whether it agrees or disagrees with the views contained in the report and what action (if any) it proposes to take in consequence of it. In the intervening period between the sending of the report and the meeting which considers it, the authority is prohibited from entering into any new agreement which may involve the incurring of expenditure (at any time) by the authority, except in certain limited circumstances where expenditure can be authorised by the Chief Finance Officer. Failure to take appropriate action in response to such a report may lead to the intervention of the Authority's Auditor.

Reasonableness

- 6.7 The Authority has a duty to act reasonably taking into account all relevant considerations and not considering anything which is irrelevant. This Report sets out the proposals from which members can consider the risks and the arrangements for mitigation set out below.

Risks and Mitigation

- 6.8 The Treasurer has examined the major assumptions used within the budget calculations and considers that they are prudent, based on the best information currently available. A risk assessment of the main budget headings for which the GMCA will be responsible has been undertaken and the key risks identified are as follows;
- The pandemic and the subsequent, unprecedented levels of general – and specifically energy – inflation has had a significant impact on the finances of TfGM. In particular, this includes passenger revenue from Metrolink, which has been significantly adversely impacted; and the requirement to fund additional bus services to stabilise the network, as well as in other areas of activity, including loss of bus service related incomes and loss of commercial revenues.

The mitigation strategy to manage these risks is summarised earlier in this report.

- The risk that net revenues from Bus Franchising are not sustainable from operating income streams. The Assessment for Bus Franchising included a number of mitigating sources for this risk;
- For anticipated borrowings current market interest rate forecasts have been used. While these costs have been budgeted, there remains a risk that until the costs are fixed actual costs may exceed budget. This risk is mitigated by the specific Capital Programme Reserve.
- The complex nature of the significant capital developments being undertaken to enhance and extend the transport network is another key risk area. Whilst these projects and programmes are subject to rigorous management and governance arrangements and each contains an appropriate level of risk allowance and contingency, there remains an inherent financial risk with any project or programme of this size.

GREATER MANCHESTER COMBINED AUTHORITY OVERVIEW AND SCRUTINY COMMITTEE

Date: 8 February 2023

Subject: GMCA General Revenue Budget 2023/24

Report of: Cllr David Molineux, Portfolio Lead for Resources and
Steve Wilson, Treasurer to GMCA

PURPOSE OF REPORT

The report sets out the Greater Manchester Combined Authority (GMCA) General Revenue Budget for 2023/24. The proposed District contributions to be approved for 2023/24 of £8.603m are included within the report together with the consequential allocations to the individual Councils which is unchanged from 2022/23.

RECOMMENDATIONS:

The GMCA Overview & Scrutiny Committee is requested to consider the recommendations to be put forward to the GMCA (as below):

1. Approve the budget relating to the Greater Manchester Combined Authority functions excluding transport and waste in 2023/24 as set out in section 2 of this report.
2. Approve District contributions of £8.603 million as set out in section 5 of this report.

3. Approve the use of reserves as set out in section 6 of the report.

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Equalities Implications: N/A

Climate Change Impact Assessment and Mitigation Measures: N/A

Risk Management – An assessment of the potential budget risks faced by the authority are carried out quarterly as part of the annual financial planning process and quarterly monitoring process.

Legal Considerations – See section 7 of the report.

Financial Consequences – Revenue – The report sets out the planned budget strategy for 2023/24.

Financial Consequences – Capital – There are no specific capital considerations contained within the report.

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

BACKGROUND PAPERS:

Report to Greater Manchester Combined Authority: GMCA General Budget 2022/23 – 11 February 2022

Report to Greater Manchester Combined Authority: GMCA Homelessness Budget 2022 – 2027 -
27th May 2022

Report to Greater Manchester Combined Authority: Revenue Update 2022/23 – 28th October 2022

TRACKING/PROCESS

Does this report relate to a major strategic decision, as set out in the GMCA Constitution?
yes

EXEMPTION FROM CALL IN

Are there any aspects in this report which means it should be considered to be exempt
from call in by the relevant Scrutiny Committee on the grounds of urgency? N/A

Overview & Scrutiny Committee - 8th February 2023

1. INTRODUCTION AND BACKGROUND

- 1.1 This report provides details of the proposed Greater Manchester Combined Authority (GMCA) Revenue General budget for 2023/24. The budgets for Mayoral activities including Fire and Police, Transport and Waste services are reported separately.
- 1.2 The GMCA General Budget is made up of the Corporate Service directorate and six directorates which lead on specific programmes of work, the majority of which are funded by government grants:
- Corporate Services
 - Digital
 - Economy
 - Environment
 - Place
 - Public Service Reform
 - Education, Work and Skills
- 1.3 The 2023/24 GMCA General budget reflects the latest position for GMCA taking account of devolved funding, specific grant funding and new cost pressures such as pay and price inflation. GMCA will achieve a balanced budget for the year ahead, and will ensure activities achieve value for money, add value and drive progress against priorities set out in the GMCA Corporate Plan.
- 1.4 The District contributions in relation to the GMCA General budget are set out in section 5 and Appendix 3 to the report. The reserves are detailed within section 6 of the report including planned utilisation in 2022/23 and 2023/24. The Authority's legal obligations and the responsibility of the Treasurer to the Combined Authority (CA) are also set out in section 7 of the report.

2. PROPOSED BUDGET 2023/24

- 2.1 The proposed budget for 2023/24 for the GMCA Revenue General budget is £245.584 million. The report provides information on the GMCA Corporate Service budget in Section 3 and directorate programme budgets in Section 4. The table below summarises the overall proposed 2023/24 GMCA General revenue budget compared to the 2022/23 original budget approved by GMCA in February 2022.

GMCA General Revenue Budget	2022/23 Original Budget	2023/24 Proposed Budget
Expenditure	£000	£000
GMCA Corporate	27,320	27,526
Digital	2,597	353
Economy	18,499	9,746
Environment	758	1,509
Place	6,707	23,446
Public Service Reform	30,961	41,884
Education, Work and Skills	155,779	141,120
Total Expenditure	242,621	245,584
Government Grants	180,134	188,865
District Contributions	8,603	8,603
Internal Recharges	18,995	22,905
Retained Business Rates Reserve	16,327	8,014
Other Earmarked Reserves	3,683	5,543
Other Income	14,879	11,654
Total Resources	242,621	245,584

3. CORPORATE SERVICES BUDGET

- 3.1. The GMCA Corporate functions include Finance/Audit/Commercial, Core Investment, IT services, People Services, Procurement and Contracts, Legal/Governance/Information Governance/Business Support, Strategy, Research and Communications and Engagement.

- 3.2 GMCA does not receive any core government funding to fund Corporate functions and costs have been supported from a combination of recharges to Fire and Rescue, Police and Crime and Adult Education, District contributions and non-recurrent funding.
- 3.3 During 2022/23 a new overhead recharge approach has been developed to ensure that the cost of corporate functions are allocated in full and consistently applied across all activities of the organisation. This new approach has been reflected in the budget for 2023/24 and has enabled the development of three-year medium term financial plan (MTFP) up to 2025/26 for Corporate Services.
- 3.4 The Corporate Services medium term financial plan for 2023/24 – 2025/26 includes the following planning assumptions:
- Employee related costs:
 - Pay award – 4% 2023/24, 2% 2024/25 and 2% 2025/26;
 - Changes relating to directly funded temporary posts;
 - Estates related costs – increase for energy and loss of income;
 - Other services expenditure – changes to planned activities;
 - Business Partnering Recharge for the direct cost of Corporate staff supporting GMCA grant funded programmes of work;
 - Fees, charges and other income changes;
 - Revised Corporate overhead recharge approach for 2023/24 with 2% increase for 2024/25 and 2% 2025/26;
 - District contribution – following 10% reduction in 2021/22 and no increase in 2022/23, no further inflationary increase is planned for the three years up to 2025/26;
 - Deposit interest of £2.3m with no further increase over the period up to 2025/26.
- 3.5 The table below sets out the Corporate Services MTFP which has a balanced budget position for 2023/24 and a shortfall of £0.719m for 2024/25 and £1.092m for 2025/26 resulting from unfunded cost pressure and loss of income. Further work will be undertaken during 2023 to manage the Corporate Services medium term financial position, taking into consideration changes in programmes of work, available

funding and savings proposals. Appendix 1 provides a breakdown of the 2023/24 budget for each of the Corporate Services functions.

GMCA Corporate Services			
Medium Term Financial Plan	2023/24	2024/25	2025/26
	£000	£000	£000
Expenditure			
Employee payroll costs	20,975	20,971	21,076
Employee related costs (Other)	1,097	1,095	1,089
Estates related costs	1,529	1,697	1,707
Transport related costs	89	88	89
Other services expenditure	3,701	3,461	3,512
Internal recharges (DR)	136	140	144
Gross Exp	27,526	27,452	27,616
Internal recharge (CR)	-210	-214	-219
Business Partnering Recharge	-4,598	-4,146	-3,778
Fees, charges and other income	-4,285	-4,187	-4,233
Grant Income	-63	-63	-63
Transfer from reserves	-810	-309	-162
Corporate overhead recharge	-12,579	-12,831	-13,088
District contribution	-2,725	-2,725	-2,725
Deposit interest	-2,256	-2,256	-2,256
Total Income	-27,526	-26,733	-26,524
Net budget	0	719	1,092

4. PROGRAMME BUDGETS

4.1 GMCA has six directorates focused on delivering key programmes of work largely funded through a significant number of Government grants, supported by funding from retained business rates growth, reserves and external income.

4.2 The confirmation of Government funding varies considerably depending upon the nature of the grant. Some programmes have confirmed or indicative funding over the current Spending Review period and others operate with short term grant funding confirmed on an annual basis. As such medium term financial planning for GMCA programmes is restricted to the information available at the time of setting the budget for the following year and will be updated throughout the financial year as part of the quarterly financial update reports.

- 4.3 The Spending Review in autumn 2022 confirmed the extension of the 100% retained business rates growth pilot in 2023/24. The proposed budget for 2023/24 includes use of retained business rates as agreed by GMCA on 29th July 2022. It excludes any further funding for GM schemes which will be considered in a later report to GMCA.
- 4.4 A description of the programmes which make up the proposed budget for 2023/24 is provided in the paragraphs below and Appendix 2 provides a breakdown of the 2023/24 budget for each of the programme directorates.
- 4.5 Digital
- 4.5.1 The GM Digital team is committed to delivering on the GM Digital Strategy through a three year approach set out in the GM Digital Blueprint. GM Digital collaborates across the GM digital system which includes industry, universities, health, Voluntary, Community and Social Enterprise (VCSE) sector to create opportunities, maximise outcomes and generate inward investment.
- 4.5.2 The proposed 2023/24 budget for Digital is **£0.4m** which relates GM Connect funded from earmarked reserves. The Digital budget excludes GM Digital Strategy and Unified Architecture programmes currently funded from retained business rates which will be fully utilised in 2022/23. Further considerations on funding for Digital programmes in 2023/24 will be included in a later report to GMCA.
- 4.6 Economy
- 4.6.1 The Economy portfolio leads key groups including the Growth Board, Local Industrial Strategy Programme Delivery Executive, GM Economic Resilience Group and GM Local Enterprise Partnership (LEP). The team leads on negotiations with Government on behalf of the city-region, bringing together voices and ideas from across the wider GM system to present an integrated and strategic set of priorities.

4.6.2 Key priorities for 2023/24 include the continued delivery of commitments in the Greater Manchester Strategy and Local Industrial Strategy programmes, including to support the Foundational Economy and Leadership and Management, alongside the work of Innovation GM and the delivery of the Innovation Accelerator. The Greater Manchester Economic Resilience Dashboard is a standing item at each meeting of the GMCA providing live data about the economic issues affecting GM residents, particularly the impacts of the Cost of Living crisis. The dashboards are also presented to the Business Board (LEP) so that business leaders can respond to the issues and changes in the local economy.

4.6.3 The proposed 2023/24 budget for Economy is **£9.7m**, which includes:

- **£4.4m** for the GM Productivity Programme and GM Local Industrial Strategy programmes, both of which are funded from previously agreed retained business rate growth. Further business rates funding will be required to continue programmes in full in 2023/24.
- **£2.1m** relating to Marketing Manchester and MIDAS funded from District Contributions of £1.4m and £0.7m from previously agreed retained business rate growth.
- **£1.8m** relating to Made Smarter Adoption North West programme fully funded from Government grant;
- **£0.4m** for the Employment Charter funded from previously agreed retained business rates growth;
- **£0.5m** for Business Angels project funded from previously agreed retained business rates growth;
- **£200k** for the Cricket Strategy funded from previously agreed retained business rates growth;
- **£140k** of funding awarded from Government for the Innovation Accelerator to support the development of projects that will drive tens of millions of pounds' worth of research and development investment into Greater Manchester;
- **£200k** for the Economy team funded from a combination of internal recharges.

4.7 Environment

4.7.1 Environment is the lead for the implementation of the GM Five Year Environment Plan and delivering housing and public retrofit programmes as part of green economic recovery and progressing the environment plan to continue to reduce carbon emissions and create an improved, more resilient natural environment for socially distanced recreation. The proposed 2023/24 budget for Environment is **£1.5m** which is predominantly funded from government grants, recharges and District contributions.

4.8 Place

4.8.1 Place making focuses on the development of individual places prosperous and vibrant places in which GM residents can grow up, live and grow old. This has brought together Housing and Planning, Land and Property, Culture, Delivery and Infrastructure teams, each of which has a vital role to play in place development. The proposed 2023/24 budget for Place Making is **£23.4m** which includes:

- UK Shared Prosperity Fund (UKSPF) **£17.7m** – GMCA has been assigned lead authority for GM and has overall accountability for the funding and how it operates, working closely with Districts and key stakeholders including local MPs in the design and delivery of UKSPF. Following agreement of the GM investment plan, GMCA has been allocated a total of £83.9m over the three year period 2023/24 – 2024/25. The Place Directorate budget for 2023/24 includes planned expenditure of £17.7m in relation to:
 - Supporting Local Business - investment that would support business to thrive, innovate and grow, including any interventions that are best delivered at a larger scale in collaboration with other places, or more locally;

- Communities and Place – investment to strengthen the social fabric of communities, supporting building pride in place
- People and Skills - skills and people related interventions will take place in 2024/25. For 2023/24 funding for Multiply programme is included in the budget as part of the Work and Skills Directorate below.
- Cultural and Social Impact Fund of **£3.3m** funded by District contributions to support a new approach to cultural investment agreed by the GMCA in October following consultation over the summer 2022. At this stage the funding available for 2023/24 is less than 2022/23 which included £1.1m of funding from retained business rates to support the sector through the impact of the Covid pandemic. Further considerations on funding for 2023/24 will be included in a later report to GMCA.
- GM Delivery team budget of **£1m** funded from earmarked reserves and internal recharges.
- There is **£1.3m** of budget for Business, Innovation and Enterprise Policy, Planning and Housing, Public Sector Decarbonisation and Create Growth from a combination of external grants, internal recharges and District contributions.

4.9 Public Service Reform

4.9.1 Public Service Reform supports reform, innovation and social policy development across GM with the overarching objective of addressing inequality and improving outcomes for all residents across the city-region. It is made up of a number of thematic strands with lead responsibilities that include Early Years, Children and Young People, Troubled Families, Homelessness and Rough Sleeping, Asylum and Refugees, Armed Forces and Veterans, Gambling Harm Reduction and the GM Ageing Hub. The service performs a cross-cutting role across GM in collaboration with localities, other public service organisations and the voluntary, community and social enterprise (VCSE) sector to drive the implementation of unified public services for the people of Greater Manchester.

4.9.2 The proposed 2023/24 budget for Public Service Reform is **£41.9m**. The majority of the budget is funded from Government grants supported by partner contributions, retained business rates and use of reserves, this includes:

- Through an agreement with Government established in 2017 GMCA has received Supporting Families funding through the GM Reform Investment Fund (RIF) prior to it being distributed to the ten Local Authorities. This agreement with Government which also sees Greater Manchester Local Authorities work towards a collective number of families has helped to ensure that money is being invested in things that allow families to get access to the family support services they need, whilst also freeing up funding to contribute to transformation of services at neighbourhood level. In 2022 the Government provided indicative allocations of £11.6m per year for the Supporting Families programme for the period 2022/23 – 2024/25 with the aim of working with up to 7,297 families by 2023/24 with additional funding for successful family outcomes of £5.8m in 2023/24 a maximum of **£17.4m** which is included in the PSR budget for 2023/24 the majority of which is paid to local authorities.
- Changing Futures grant funding of **£1.4m** for 2023/24 which is the final year of a three year programme to improve outcomes for adults experiencing multiple disadvantage.
- The Greater Manchester Homelessness Prevention Strategy provides long term vision and cross sector commitment. Tackling homelessness and rough sleeping will continue to be key priorities and policy objectives in 2023/24. In May 2022 government grants of c£30m for the period 2022/23 – 2024/25 were announced. From this funding **£9.9m** is reflected in the 2023/24 proposed budget including Community Accommodation Service, Rough Sleeper Accommodation Programme and Rough Sleeper Initiative and Housing First Pilot extension.
- The A Bed Every Night (ABEN) programme provides key accommodation and support pathway for people who are experiencing rough sleeping, or at imminent risk. ABEN provides for people with no statutory duty of interim accommodation owed them, including those with No Recourse to Public Funds. During 2023/24 the ABEN has a planned cost of **£5.7m** funded from local and national funding, including £0.6m of Rough Sleeper Initiative grant and delivered as one part of a wider system of activity to prevent and relieve rough sleeping.

- During the COVID-19 pandemic GMCA funded from the RIF a 'Youth Homelessness Prevention Pathfinder' to develop a working model that could be procured as a full social outcomes contract. The 'fee-for-service' pathfinder ran from December 2020 to December 2021 and supported an estimated 250 young people at risk of homelessness. The outcome of this led to the design of a larger three-year outcomes based contract (£4.85m) which commenced early in 2022, with the aim of achieving positive outcomes for 1,500 young people. The contract is to be funded from the RIF and local match funding from retained business rates growth funding to provide a proposed budget of **£2.6m** for 2023/24.
- Asylum and Refugee - **£1.4m** from a social investor known as 'Big Integration Partnership' to fund the Refugee Transitions Outcome Fund (RTOF) programme in GM. The purpose of the funding is to improve housing, employment and wider integration outcomes for newly recognised refugees. The funding allocation is to applied as follows; £1.195m delivery fees in the form of grant allocations to the ten Districts; £143k flexibility for other initiatives to support the programme and a £130k management fee to be retained by GMCA.
- Ageing Better budget for 2023/24 is **£1.1m**, this includes 'Ageing in Place' pathfinder grant funding of £2.1m confirmed earlier in 2022/23 for the period up to 2025/26 of which £0.7m is reflected in the 2023/24 proposed budget.
- Other programmes such as Children Services, Special Educational Needs and Disabilities, GM Safeguarding Alliance, GM Health Devolution and Media Literacy Taskforce funded from a combination of grants and external income totalling **£1.1m**. PSR Directorate net delivery budget of **£1.3m** funded from district contributions, other external income and recharges.

4.10 Education, Work and Skills

4.10.1 Education, Skills & Work works in partnership with local authorities, partners and businesses to deliver and performance manage programmes that support people to enter, progress and remain in work. The proposed 2023/24 budget is **£141.1m** to support the following programmes:

- The Adult Education Budget (AEB) of **£96.3m** devolved to GM to support the city-region's residents to develop skills needed for life and work;
- The AEB National Skills Fund Adult Level 3 programme funding of **£7.7m**;
- AEB Multiply programme of **£5m** in 2023/24 which is part of an allocation of £14m up to 2023-25 to support residents to become more confident with numbers and progress them on in life. It will also increase the number of adults participating in and achieving their Level 2 or equivalent in Maths.
- European Social Fund (ESF) Skills for Growth Programme of **£10.3m**, part of £40m over three years (completing in 2023/24) to support business growth and deliver an integrated approach to employment and skills.
- Department for Education (DfE) Skills Bootcamps funding of **£7.5m** to support adults from diverse groups to retrain and help employers to fill skills shortages. The programme provides the opportunity to build up sector specific skills through fully funded and co-funded flexible courses of up to 16 weeks followed by fast track to a guaranteed interview with a local employer.
- European Social Fund (ESF) Not in Employment, Education or Training (NEET) prevention/reduction and youth employment programme of **£2.8m**.
- Working Well services to support people experiencing or at risk of long term unemployment, including the Work and Health Programme of **£7m** and Working Well Specialist Employment of **£1.1m**.
- The GM Careers Hub supports the development and delivery of schools' and colleges' careers education programmes, with around 200,000 young people aged 11 to 19 supported by the Hub with funding of **£0.9m** for 2023/24.
- Delivery resources of **£0.5m** and other programmes totalling **£1.9m** including Careers & Enterprise, Self Employment Pilot, Life Readiness, Greater Manchester Apprenticeship & Careers Service, Skills Capital, Young Person's Guarantee and Health and Employment.

5. BASIS OF APPORTIONMENT OF COSTS TO DISTRICTS

- 5.1 Constituent Councils have to meet the GMCA's costs which are reasonably attributable to the exercise of its functions. The amount payable by each Council is determined by apportioning the costs between the Councils in such proportions as

they (unanimously) agree or, in default of such agreement, in proportion to the resident population. The 2011 Order provides flexibility to deal with the apportionment of costs in respect of the functions. Appendix 3 details the apportionment of costs across the Districts.

5.2 The basis of apportioning historic MIDAS and Marketing Manchester budgets between Districts is set out below:

- MIDAS recharge of £1.023m – 84% of the funding is split equally between each District with the remaining 16% being split on a population basis.
- Marketing Manchester recharge of £350k - 80% of the funding is split 35% Manchester City Council and the remaining 65% split equally between the other nine Districts, the remaining 20% of the total funding is split on a population basis.
- Additional funding for both MIDAS and Marketing Manchester has previously been approved by GMCA to be met from retained business rates growth.

5.3 The Cultural and Social Impact Fund of £3.3m is unchanged and is allocated on the basis of population.

5.4 The proposed charge to each District is detailed in Appendix 3 and summarised in the table below:

District	2022/23	2023/24
	£000	£000
Bolton	861	861
Bury	606	606
Manchester	1,640	1,640
Oldham	729	729
Rochdale	692	692
Salford	795	795
Stockport	877	877
Tameside	701	701
Trafford	729	729
Wigan	973	973
Total	8,603	8,603

6. RESERVES

- 6.1 An analysis of the forecast and budgeted movements in reserves for 2022/23 and 2023/24 is set out below:

GMCA General Reserves	Opening Balances 1 Apr 22 £000s	Planned movement (in)/out 2022/23 £000s	Planned Closing Balances 31 Mar 23 £000s	Planned movement (in)/out 2023/24 £000s	Planned Closing Balances 31 Mar 24 £000s
GMCA General Reserve	-4,273	0	-4,273	0	-4,273
Business Rates	-37,641	19,535	-18,106	8,014	-10,092
Corporate	-4,113	263	-3,850	810	-3,040
Core Investment Team	-11,157	0	-11,157	0	-11,157
Housing Investment Fund	-13,067	131	-12,936	470	-12,466
Digital	-740	322	-418	164	-254
Economy	-1,124	124	-1,000	41	-959
Environment	-216	0	-216	0	-216
Place	-2,648	61	-2,587	52	-2,535
Public Service Reform	-8,167	1,233	-6,934	1,661	-5,273
Work and Skills	-18,321	1,680	-16,641	2,345	-14,296
	-101,469	23,349	-78,120	13,557	-64,563

General GMCA Reserve

- 6.2 The GMCA general reserve is funded through contributions from the GMCA revenue account either planned or as a result of general underspending. The current balance is £4.273m and there is no planned change to this reserve as part of the budget proposals in this report.

Business Rate Pool and Growth Retention Scheme

- 6.3 This reserve had a balance of £37.6 million at 1 April 2022, which was the remaining balance committed to following decisions taken at GMCA on 27th November 2020. In July 2022 the GMCA agreed use of the 2021/22 retained

business rates growth to with expenditure take place from 2022/23. This included approved GM schemes totalling £17.4m funded from 25% share of the 2021/22 income of £16.3m and £1.1m of slippage against previously agreed schemes. Planned use of this reserve in 2022/23 and 2023/24 would leave a balance in reserve by 31st March 2024 of £10m, of which £4.2m is set aside to fund the 2024 GM Mayoral election.

7. LEGAL ISSUES

- 7.1 In coming to decisions in relation to the revenue budget the Authority has various legal and fiduciary duties. The amount of the Transport Levy and the amount charged to the Districts in respect of the Authority's General functions must be sufficient to meet the Authority's legal and financial commitments, ensure the proper discharge of its statutory duties and lead to a balanced budget.
- 7.2 In exercising its fiduciary duty the Authority should be satisfied that the proposals put forward are a prudent use of the Authority's resources in both the short and long term and that they are acting in good faith for the benefit of the community whilst complying with all statutory duties.

Duties of the Treasurer (Chief Finance Officer)

- 7.3 The Local Government Finance Act 2003 requires the Treasurer to report to the Authority on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Authority has a statutory duty to have regard to the CFOs report when making decisions about the calculations.
- 7.4 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Authority to monitor during the financial year its expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Authority must take such action as it considers necessary to deal with the situation. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves.

- 7.5 Under Section 114 of the Local Government Finance Act 1988, where it appears to the Treasurer that the expenditure of the GMCA incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure, the Treasurer has a duty to make a report to the Authority.
- 7.6 The report must be sent to the Authority's External Auditor and every member of the Authority and the Authority must consider the report within 21 days at a meeting where it must decide whether it agrees or disagrees with the views contained in the report and what action (if any) it proposes to take in consequence of it. In the intervening period between the sending of the report and the meeting which considers it, the authority is prohibited from entering into any new agreement which may involve the incurring of expenditure (at any time) by the authority, except in certain limited circumstances where expenditure can be authorised by the Treasurer. Failure to take appropriate action in response to such a report may lead to the intervention of the Authority's Auditor.

Reasonableness

- 7.7 The Authority has a duty to act reasonably taking into account all relevant considerations and not considering anything which is irrelevant. This Report sets out the proposals from which members can consider the risks and the arrangements for mitigation set out below.

Risks and Mitigation

- 7.8 The Treasurer has examined the major assumptions used within the budget calculations and considers that they are prudent, based on the best information currently available. A risk assessment of the main budget headings for which the GMCA will be responsible has been undertaken.

8. RECOMMENDATIONS

- 8.1 Detailed recommendations appear at the front of this report.

Appendix 1

GMCA Corporate Services Budget 2023/24	Gross Exp	Internal Recharges	Other external Income	Business Partnering	Grant Income	Earmarked Reserves	Total Income	District Contribution	Corporate Overhead inc deposit Interest	Net Exp
-	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Senior Management	697	0	-136	-46	0	0	-182	-92	-423	0
Resilience	324	0	-99	0	-63	-162	-324	0	0	0
Strategy	1,237	0	-40	-229	0	-52	-321	-640	-276	0
Research	2,193	-65	-170	-1,381	0	-220	-1,835	-292	-66	0
Communications	1,575	-59	-19	-213	0	0	-291	0	-1,284	0
ICT Technology	4,632	0	-116	-240	0	0	-357	-491	-3,784	0
Tootal Building	1,641	0	-138	-75	0	0	-213	0	-1,427	0
Finance - Accountancy	2,378	0	-207	-788	0	0	-995	-102	-1,281	0
Commercial Services	1,106	0	-68	-215	0	0	-284	-250	-572	0
Internal Audit and Risk	607	0	-75	-234	0	0	-309	-86	-212	0
Core Investment Team	1,745	0	-1,745	0	0	0	-1,745	0	0	0
Legal Services	494	-55	0	-73	0	-97	-224	-102	-168	0
Information Governance	1,993	55	-859	0	0	-280	-1,084	-50	-859	0
Democratic Services	853	0	-50	-77	0	0	-127	-418	-308	0
Business Support	753	-85	-75	-177	0	0	-338	-45	-369	0
HR Apprenticeship Levy Training	142	0	-142	0	0	0	-142	0	0	0
People Development & Support	1,486	0	-72	-49	0	0	-121	0	-1,365	0
Talent Learning & Resourcing	1,201	0	-245	-51	0	0	-296	0	-905	0
OD & Culture	438	0	-30	-56	0	0	-86	0	-352	0
Safety, Health & Wellbeing	640	0	0	-9	0	0	-9	0	-631	0
Land and Property Strategy	1,394	0	0	-684	0	0	-684	-157	-553	0
GMCA Totals	27,526	-210	-4,285	-4,598	-63	-810	-9,966	-2,725	-14,835	0

Appendix 2

GMCA Directorate Programme Budget 2023/24	External Grants	Retained Business Rates	District Contributions	Earmarked Reserves	Internal Recharges	Other Income	Total Budget 2023/24
-	£000	£000	£000	£000	£000	£000	£000
GM Connect	0	0	0	164	89	0	253
GM Digital Strategy	0	0	0	0	0	0	0
Smart Residents Data Exchange Platform	0	0	0	0	100	0	100
Total Digital	0	0	0	164	189	0	353
Economic Advice	0	0	34	0	0	0	34
Economy	0	400	0	0	0	220	620
Made Smarter Adoption North West	1,800	0	0	0	0	0	1,800
MIDAS	0	200	1,023	0	0	0	1,223
Marketing Manchester	0	500	350	0	27	0	877
GM Productivity Programme	0	3,231	0	0	0	0	3,231
GM Local Industrial Strategy	0	1,011	0	41	69	0	1,121
Cricket Strategy	0	200	0	0	0	0	200
Economy 2022/23 RBR Programmes	0	500	0	0	0	0	500
Data Accelerator	140	0	0	0	0	0	140
Total Economy	1,940	6,042	1,407	41	96	220	9,746
Environment and Low Carbon	0	0	207	0	175	0	382
Natural Course	164	0	0	0	0	0	164
Five Year Environment Plan	32	65	0	0	0	130	227
Energy Innovation Agency	0	50	0	0	0	315	365
Social Housing Decarbonisation Fund	371	0	0	0	0	0	371
Total Environment	567	115	207	0	175	445	1,509
Business, Innovation and Enterprise Policy	0	0	189	52	136	0	377
Planning and Housing	66	0	217	0	102	0	385
Cultural and Social Impact Fund	0	0	3,300	0	0	0	3,300
GM Delivery Team (HIF)	0	0	0	470	628	0	1,098

UK Shared Prosperity Fund	17,706	0	0	0	0	0	17,706
Public Sector Decarbonisation	155	0	0	0	0	0	155
Create Growth	425	0	0	0	0	0	425
Total Place	18,352	0	3,706	522	866	0	23,446
Childrens Services	0	0	0	0	0	156	156
GM Health Devolution	0	0	0	0	0	224	224
Ageing Better	100	0	109	146	0	0	355
GM Trailblazer	0	0	0	33	307	0	340
Public Service Reform	19,435	0	404	69	156	0	20,064
Housing First	3,854	0	0	0	0	0	3,854
Ageing in place pathfinder	717	0	0	0	0	0	717
Youth Pathfinder	0	1,283	0	1,283	0	0	2,566
A bed every night	100	0	0	24	3,241	2,350	5,715
Rough Sleeping Initiative	1,952	0	0	0	0	0	1,952
Rough Sleeper Accommodation Programme	359	0	0	0	0	0	359
Special Educational Needs & Disabilities	0	0	0	0	0	196	196
GM Safeguarding Alliance	0	0	0	0	0	74	74
Asylum & Refugee	0	0	0	0	0	1,448	1,448
Media Literacy Taskforce	101	0	0	0	0	0	101
Community Accommodation	3,657	0	0	106	0	0	3,763
Total Public Service Reform	30,275	1,283	513	1,661	3,704	4,448	41,884
Work and Skills	0	0	45	274	185	0	504
Self Employment Pilot	0	0	0	650	0	0	650
Skills Capital	0	0	0	243	0	0	243
ESF Neet 10m	2,823	0	0	0	0	0	2,823
Apprenticeship & technical education (legacy tax incentive)	0	0	0	264	0	0	264
Careers & Enterprise	639	0	0	12	263	0	914
Youth Contract	0	0	0	138	0	0	138
Work & Health Programme	6,847	0	0	176	23	0	7,046
Adult Education	96,316	0	0	0	0	0	96,316
City Deal Tax Incentives	0	574	0	0	0	0	574

WW - Specialist Employment	567	0	0	521	17	0	1,105
ESF Skills for Growth	10,279	0	0	0	0	0	10,279
DfE – Skills Bootcamp	7,500	0	0	0	0	0	7,500
Health & Employment	0	0	0	67	0	0	67
AEB -National Skills Fund Level 3 Adult Offer	7,679	0	0	0	0	0	7,679
AEB - Multiply	5,018	0	0	0	0	0	5,018
Total Education, Work and Skills	137,668	574	45	2,345	488	0	141,120
GMCA Totals	188,802	8,014	5,878	4,733	5,518	5,113	218,058

Appendix 3

2023/24 District Contribution	Mid-Year Population 2020		GMCA General Budget	Cultural & Social Impact Fund	Marketing Manchester	MIDAS	Total
			£000	£000	£000	£000	£000
Bolton	288,248	10.12%	398	334	27	102	861
Bury	190,708	6.70%	263	221	25	97	606
Manchester	555,741	19.51%	767	644	112	118	1,640
Oldham	237,628	8.34%	328	275	26	100	729
Rochdale	223,659	7.85%	309	259	26	99	692
Salford	262,697	9.22%	362	304	27	101	795
Stockport	294,197	10.33%	406	341	27	103	877
Tameside	227,117	7.97%	313	263	26	99	701
Trafford	237,579	8.34%	328	275	26	100	729
Wigan	330,712	11.61%	456	383	28	105	973
Total	2,848,286	100.00%	3,930	3,300	350	1,023	8,603

GREATER MANCHESTER COMBINED AUTHORITY OVERVIEW AND SCRUTINY COMMITTEE

Date: 8 February 2023

Subject: GMCA Waste and Resources - Budget and Levy 2023/24 and Medium Term Financial Plan 2022/23 – 2025/26

Report of: Cllr David Molyneux, Portfolio Lead for Resources and
Steve Wilson, Treasurer to GMCA

PURPOSE OF REPORT

The purpose of the report is to seek comment on the budget and levy for 2023/24 and on the Medium Term Financial Plan (MTFP) 2022/23 to 2025/26. The report sets out:

1. A total levy requirement for 2023/24 of £169m, which represents a 2.5% average increase over 2022/23. At a District level the levy changes range from 1.8% to 3.2%; and
2. The MTFP proposes levy charges of £177.4m in 2024/25 and £185.5m in 2025/26.

RECOMMENDATIONS:

The GMCA Overview & Scrutiny Committee is requested to consider the recommendations to be put forward to the GMCA (as below):

1. Note the forecast outturn for 2022/23.
2. Approve the proposed 2024/25 Trade Waste rate of £134.14 to allow forward planning by Districts.
3. Approve the budget and levy for 2023/24 of £169m (2.5% increase).

4. Approval of a one-off reduction of £27m to the levy in 2023/24 funded from reserves reducing the 2023/24 requirement to £142m and delegate approval to the GMCA Treasurer to agree the basis of distribution with local authority Treasurers.
5. Note the risk position set out in the balances and reserves strategy.

CONTACT OFFICERS

Steve Wilson, Treasurer

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EQUALITIES IMPACT, CARBON AND SUSTAINABILITY ASSESSMENT

N/A

RISK MANAGEMENT

Under Section 25 of the Local Government Act 2003, the Authority's Chief Financial Officer (the Treasurer) is required to report on the robustness of the estimates made for the purposes of the budget and levy calculations and the adequacy of the proposed reserves. This information enables a longer-term view of the overall financial position to be taken.

In accordance with these requirements a review has been undertaken of the risks that the GMCA may face from waste and resources activities which would require the allocation of resources over and above those already included in the MTFP budgets. That review broadly supports the proposed revenue and balances strategy.

LEGAL CONSIDERATIONS

Please refer to risk management section above.

FINANCIAL CONSEQUENCES - REVENUE

This report sets out the 2022/23 forecast outturn and proposed revenue budget for waste disposal in 2023/24.

FINANCIAL CONSEQUENCES - CAPITAL

This report sets out the proposed capital budget for waste disposal in 2023/24 which is proposed for approval as part of the GMCA Capital Programme 2022/23 – 2025/26 reported in separate report on the agenda for this meeting.

NUMBER ATTACHMENTS TO THE REPORT

Appendix A - District Forecast Levy Increases

COMMENTS/RECOMMENDATIONS FROM OVERVIEW & SCRUTINY COMMITTEE

N/A

BACKGROUND PAPERS

Report to Greater Manchester Combined Authority: Revenue Update 2022/23 – 28th October 2022.

Report to Greater Manchester Combined Authority: Waste and Resources Budget and Levy 2022/23 – 11 February 2022.

TRACKING/PROCESS

Does this report relate to a major strategic decision, as set out in the GMCA Constitution

No

EXEMPTION FROM CALL IN

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

GM TRANSPORT COMMITTEE

N/A

OVERVIEW AND SCRUTINY COMMITTEE

18th January 2023 - Final proposals to Waste & Recycling Committee and Scrutiny Committee

1. INTRODUCTION AND BACKGROUND

- 1.1 The base budget for 2023/24 has been compiled and updated based upon:
- a) District final tonnage information, as supplied in their October 2022 submissions; and
 - b) Actual inflation as measured using the Consumer Price Index (CPI) September 2022 for the Waste and Resource Management Services (WRMS) and Household Waste Recycling Centre Management Services Contracts (HWRCMS).
- 1.2 This report is structured to cover the following matters:
- a) Forecast outturn 2022/23;
 - b) Proposed budget 2023/24;
 - c) MTFP for two further years to 2025/26;
 - d) Balances and Reserves Strategy;
 - e) Budget engagement; and
 - f) Risk Assessment.

2. FORECAST OUTTURN 2022/23

Revenue

- 2.1 The budget for 2022/23 was set by the GMCA at £165.314m with a contribution from reserves of £474k in February 2022. The forecast outturn position for 2022/23 is a £27.352m underspend as shown below.

	Budget	Forecast	Variance
	2022/23	2022/23	2022/23
	£000	£000	£000
Operational Costs	107,872	81,849	(26,022)
Operational Financing	50,614	49,865	(750)

Office Costs	6,318	5,114	(1,204)
Non Operational Financing	510	492	(18)
Total Budget	165,314	137,320	(27,994)
Levy Adjustment		642	642
Transfer (from)/to reserves	474	474	0
Levy	164,840	137,488	(27,352)

- 2.2 The forecast underspend in Operational Costs is largely driven by estimates of third-party income due to be received from TPSCo which represents half of the underspend above (£13.082m). Forecast income from paper/card and commingled waste is currently above budget and makes up £6.446m of the underspend. The remaining forecast underspend is largely made up of savings on residual waste treatment due to lower than forecast tonnages.
- 2.3 Budgeted and forecast tonnages received from Districts and from HWRCs are shown below:

	Budget	Forecast	Variance
Residual	378,169	376,975	(1,194)
Biowaste	207,876	198,239	(9,637)
Commingled	121,663	117,081	(4,582)
Paper & Card	81,708	77,262	(4,446)
Street Sweepings	22,937	26,650	3,713
Trade	46,163	44,188	(1,975)
HWRC	275,659	217,156	(58,503)
Total	1,134,175	1,057,551	(76,624)

- 2.4 The forecast underspend on operational financing arises from a slight reduction in the Minimum Revenue Provision capital financing charge for the year and the interest paid on the short term borrowed debt.
- 2.5 The forecast underspend on office costs is a result of lower than anticipated support service recharge and largely a reduction in consultancy fees spend on ongoing responses to the National Waste Strategy. This work is reprofiled into 2023/24.
- 2.6 The current Levy Allocation Methodology Agreement (LAMA) provides for in-year adjustments to be made when actual waste arisings vary from declared levels. Based upon updated forecast tonnages an indicative outturn position has been calculated which predicts at District level, adjustments may be needed as set out below.

	Charge/ (Refund) £000
Bolton	(10)
Bury	(226)
Manchester	(328)
Oldham	(29)
Rochdale	(46)
Salford	(87)
Stockport	(19)
Tameside	(115)
Trafford	218
Total	(642)

Capital

2.7 A revised capital programme is shown below:

Capital Programme 2022/23	Original Budget £000	Revised Budget at Quarter 2 £000	Quarter 3 Forecast Outturn £000	Variance against revised budget £000
Operational assets	9,004	11,104	14,235	3,131
Non-Operational assets	1,350	1,350	700	-650
Total	10,354	12,454	14,935	2,481

2.8 The main variances on Operational Assets are due to the reprofiling from 2021/22 into the current year of mobile plant and vehicles. Process improvements at Raikes Lane, Bolton have a higher spend than budget but works have also been carried forward from 2021/22.

3. PROPOSED BUDGET 2023/24

Revenue

3.1 A base budget has been produced based upon achieving the vision and objectives set out in the Greater Manchester Waste Management Strategy. There is a £4.184m increase in net budget requirement for 2023/24 (2.5% increase). Further detail is provided below:

	Budget 2023/24 £000
Operational Costs	108,555
Operational Financing	53,731
Office Costs	7,212
Non-Operational Financing	525

Total Budget	170,023
Use of Reserves	(1,000)
Levy	169,023

Levy Apportionment

- 3.2 The tonnages supplied by Districts in October 2022 have been subject to scrutiny by the Waste and Resources Team and detailed discussions with District Waste Chief Officers. The projections for future years include the impact of population and housing growth.
- 3.3 The tonnage forecasts mean that individual Districts' allocations will vary from the average of 2.5% increase and have a range of 1.4% (covering 1.8% to 3.2%). The final allocations to Districts can be summarised as:

District	2022/23 Levy £000	2023/24 Levy £000	Increase/ (Decrease) £000	Increase/ (Decrease) %
Bolton	19,373	19,729	356	1.8
Bury	13,384	13,680	296	2.2
Manchester	29,956	30,632	677	2.3
Oldham	17,174	17,650	476	2.8
Rochdale	15,113	15,502	389	2.6
Salford	19,383	19,989	606	3.1
Stockport	19,933	20,573	640	3.2
Tameside	15,249	15,520	271	1.8
Trafford	15,275	15,748	473	3.1
Total	164,840	169,023	4,184	2.5

- 3.4 It is further proposed that the levy figures described above are subject to a one-off reduction in 2023/24 of £27m, funded from waste reserves, reducing the overall levy to £142.023m

Capital

- 3.5 The proposed capital spend for 2023/24 is £6.780m and is included for approval in the GMCA Capital Programme 2022/23 – 2025/26 reported separately on this agenda. Any programme carry forward from 2022/23 will increase the capital programme as part of the 2023/24 Quarter 1 Capital Update report. The proposed programme for 2023/24 can be summarised as:

- a) £3m for a HWRC at Reliance Street, Newton Heath;
- b) £460k Environment Agency prescribed changes at Raikes Lane, Bolton;
- c) £1.320m for rail wagons; and
- d) £2m for mobile plant and equipment.

4. MEDIUM TERM FINANCIAL PLAN 2022/23 - 2025/26

- 4.1 The GMCA has adopted a current year 2022/23 and following year 2023/24 plus two future year planning cycle in this budget paper. A number of assumptions have been made which take a balanced view of the risks facing the service in 2023/24 and beyond.

Retail Price Index (RPIx) and Consume Price Index (CPI) Inflation

- 4.2 The forward look assumptions for RPIx and CPI inflation are shown below and have been included in the MTFP.

Financial Year	Forecast RPIx	Forecast CPI
2024/25	3.3%	5.0%
2025/26	3.7%	2.1%

- 4.3 The Medium Term Financial Plan (MTFP) projections assume that:

- a) Districts will be able to deliver on their expected waste declarations;

- b) No change from England's Resources and Waste Strategy;
- c) Landfill tax will continue to rise annually by RPI;
- d) An income for mixed paper and card in 2023/24 equivalent to the handling charge; and
- e) An income from TPSCo in 2023/24 for a share of electricity income.

4.4 Taking account of the above, the estimated budget and levy for the MTFP period are set out below with Appendix A providing further information on District forecast levy increases.

Financial Year	Budget Requirement £000	Use of Reserves £000	Levy £000	Increase/ (Decrease) £000
2022/23	165,313	(474)	164,840	0
2023/24	170,023	(1,000)	169,023	4,183
2024/25	181,371	(4,000)	177,371	8,348
2025/26	187,515	(2,000)	185,515	8,144

5. BALANCES

5.1 The balances attributable to the Waste & Resources team as at 1 April 2022 were £66.560m. During 2022/23, £10m of reserves have been returned to Districts. The budget for 2023/24 contains proposals to utilise £1m of Waste Compositional Analysis Reserve and for a further £27m to be used to fund a one off reduction in the levy for 2023/24.

5.2 The level of balances is assessed for adequacy on a risk assessed basis, and this reflects the risks below:

- a) Tonnages of waste delivered and received at facilities;

- b) Achievement of recycling/composting levels;
- c) Reduction in contamination;
- d) Recyclate income prices; and
- e) Upside/ downside risks from energy prices at the Runcorn TPS.

- 5.3 The level of balances is an area of ongoing discussion with Districts. However, financial risk assessment on an annual basis and the need to hold an appropriate level of balances, will continue to have a major influence on the budget and MTFP for the Waste & Resources Team.
- 5.4 In accordance with our usual practice, Officers have sought to engage on budget matters with both Waste Chief Officers and Treasurers of constituent Districts. As far as possible the budget and levy take into account their comments.
- 5.5 Under Section 25 of the Local Government Act 2003, the Authority's Chief Financial Officer (the Treasurer) is required to report on the robustness of the estimates made for the purposes of the budget and levy calculations and the adequacy of the proposed reserves. This information enables a longer-term view of the overall financial position to be taken.
- 5.6 In accordance with these requirements a review has been undertaken of the risks that the GMCA may face from waste and resources activities which would require the allocation of resources over and above those already included in the MTFP budgets. That review broadly supports the proposed revenue and balances strategy.

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GREATER MANCHESTER COMBINED AUTHORITY OVERVIEW AND SCRUTINY COMMITTEE

Date: 8 February 2023

Subject: GMCA Capital Programme 2022/23 – 2025/26

Report of: Councillor David Molyneux, Portfolio Lead for Resources and Steve Wilson, Treasurer

Purpose of Report

To present an update in relation to the Greater Manchester Combined Authority's 2022/23 capital expenditure programme and the 2023/24 capital budget and forward plan for approval.

Recommendations:

The GMCA Overview & Scrutiny Committee is requested to consider the recommendations to be put forward to the GMCA (as below):

1. Note the current 2022/23 forecast of £462.1m compared to the 2022/23 previous forecast of £565.6m and approve changes to the capital programme as set out in the report.
2. Approve the capital programme budget for 2023/24 and the forward plan as detailed in the report and in Appendix A.
3. Approve funding from the City Region Sustainable Transport Scheme (CRSTS) grant as set out in Section 3.10 of this report.

Contact Officers

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Equalities Impact, Carbon and Sustainability Assessment:

N/A

Risk Management

An assessment of major budget risks faced by the authority are carried out quarterly as part of the reporting process – at the present time a significant proportion of the capital budget is funded through grant. In order to mitigate the risk of monetary claw back the full programme is carefully monitored against the grant conditions and further action would be taken as necessary.

Legal Considerations

There are no specific legal implications contained within the report.

Financial Consequences – Revenue

There are no specific revenue considerations contained within the report.

Financial Consequences – Capital

The report sets out the capital expenditure for 2022/23, 2023/24 and future years.

Number of attachments to the report: None

Background Papers

GMCA Capital Programme 2021/22 – 2024/25 - 11 February 2022

GMCA 2022/23 Capital Update – Quarter 1 – 29 July 2022

GMCA 2022/23 Capital Update – Quarter 2 – 28 Oct 2022

GMCA Transport Revenue Budget 2023/24 – 10 February 2023

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution

No

Exemption from call in

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

N/A

GM Transport Committee

N/A

Overview and Scrutiny Committee

8th February 2023

1. Introduction/Background

- 1.1 The Greater Manchester Combined Authority (GMCA) approved the 2022/23 capital programme at its meeting on 11 February 2022. The latest 2022/23 capital reforecast at quarter 2 was reported and noted by the GMCA at its meeting on 28 October 2022.
- 1.2 GMCA's capital programme includes Greater Manchester Fire and Rescue Services, Economic Development and Regeneration programmes, Waste & Resources Service and the continuation of the programme of activity currently being delivered by Transport for Greater Manchester (TfGM) and Local Authorities including the following elements:
- a) The Greater Manchester Transport Fund ('GMTF');
 - b) Metrolink Trafford Park Line Extension;
 - c) Clean Air Schemes including Early Measures Investment Fund (EMIF), Clean Bus Initiatives, Office for Zero emissions Vehicles (OZEV), Electric Vehicles (EV), Taxi, EV Taxi Infrastructure, Clean Air Zones (CAZ), Financial Support Schemes (FSS) and DEFRA Air Quality Monitoring;
 - d) City Regions Sustainable Transport Settlement (CRSTS) funded schemes;
 - e) Other capital projects and programmes including Transforming Cities Fund 1, Active Travel, Cycle City Ambition Grant (CCAG 2), Rail – Access for All, Cycle Safety, Bus Franchising and Zero Emission Buses Regional Areas (ZEBRA);
 - f) Transport Growth Deal Major Schemes;
 - g) Minor Works (including schemes funded by Integrated Transport Capital Block and Growth Deal);
 - h) Capital Highways Maintenance, Traffic Signals and Full Fibre;
 - i) Investments including Growing Places, Regional Growth Fund and Housing Investment Fund;
 - j) Economic Development and Regeneration Growth Deal Schemes;
 - k) Fire and Rescue Service Schemes; and
 - l) Waste and Resources Schemes.

- 1.3 The proposed Capital Programme for 2022/23 to 2025/26 is summarised in Appendix A and the major variances are described in this report.

2. Impact of National and Global Pressures

- 2.1 As previously reported, the progression of a number of schemes and their associated expenditure profiles has been impacted by global pressures on construction materials availability, associated pricing and inflationary pressures.
- 2.2 TfGM and Local Authority Delivery Partners are continuing to work with their respective supply chains to mitigate the impacts of the above matters; albeit due to more recent ongoing global events and trends this continues to be an increasing challenge across the capital programme.
- 2.3 It is anticipated that these impacts will continue in respect of expenditure within 2022/23, 2023/24 and beyond. Officers are progressing work to formulate a strategy to address these and related issues. A report detailing the outcome of this work and associated recommendations will be submitted to the GMCA in May 2023.
- 2.4 It is therefore recommended to adopt a prudent approach to scheme expenditure and the drawing down of funding whilst this work is being progressed.
- 2.5 To this end, this report includes a request for the drawdown of the following CRSTS funding, including to enable scheme development and delivery, to continue over the coming months, ahead of a further report being brought to the Combined Authority in May 2023.
- £2.9 million to Rochdale Council to support their Strategic Highways Maintenance commitments, with works due to commence on site during 2023/24;
 - £2.6 million to support a number of GM Local Authorities to progress the development of their Streets for All programmes; and
 - £14.8 million to support the development / delivery of a number of TfGM promoted bus and rail schemes, £6.3 million of which relates to expenditure that has been cash flowed from revenue budgets in the current financial year to date and that now needs 'switching' to be funded from CRSTS. The remaining £8.5 million is forecast expenditure in the period to the end of quarter 1 2023/24.

3. Transport Schemes

3.1 Greater Manchester Transport Fund (GMTF)

- 3.1.1 The GMTF programme is funded from a combination of grants from the Department for Transport; a 'top slice' from the Greater Manchester Integrated Transport Block (ITB) LTP funding; and from a combination of borrowings, to be undertaken by GMCA, and partly from local/third party contributions and local resources (including LTP and prudential borrowing).
- 3.1.2 The GMTF was established on the basis that GMCA would repay the borrowings in full by 2045, in part through the application of Metrolink net revenues (being Metrolink revenues, net of operating, maintenance and other related costs); in part by the application of the annual ring-fenced levy contributions, which will be raised by GMCA, under its levying powers and in part from local, third party, revenue contributions.
- 3.1.3 The GMCA Transport Revenue Budget 2023/24 report, on the agenda for this meeting, includes further detail on the overall revenue funding position, including in relation to Metrolink net revenues and financing costs.

Metrolink Programme

- 3.1.5 The Metrolink Programme includes the close out of certain activities relating to the Phase 3 expansion programme as well as other service and operational improvement works to the network.
- 3.1.6 The current forecast expenditure on these residual works in 2022/23 is £3.3m, compared to a previous forecast of £4.1m. The variance is primarily due to the rephasing of certain activities and associated costs into future years.
- 3.1.7 The 2023/24 budgeted expenditure is £10.4m.
- 3.1.8 The total forecast and budget outturn costs are within the total approved budget.

Metrolink Renewals and Enhancements

- 3.1.9 The Metrolink Renewals and Enhancements programme has historically been funded by prudential borrowings, with repayments being made from Metrolink net revenues. However, because of COVID-19 and the associated impact on Metrolink revenues referred to above, the programme has been reprioritised, with only works that are either safety or operationally critical currently being delivered.

3.1.10 The current forecast expenditure in 2022/23 is £15.2m, compared to a previous forecast of £14.7m.

3.1.11 The 2023/24 budgeted expenditure is £10.8m.

3.1.12 The current year forecast, and the 2023/24 budgeted expenditure, includes some renewals and enhancements expenditure funded from CRSTS and ITB.

3.1.13 The total forecast and budget outturn costs are within the total approved budget.

Park and Ride

3.1.14 The current forecast expenditure for 2022/23 is £0.1m, which is in line with the previous forecast.

3.1.15 The 2023/24 budgeted expenditure is nil.

3.1.16 The total forecast and budget outturn costs are within the total approved budget.

Bus Priority Programme

3.1.17 The current forecast expenditure in 2022/23 is £0.2m, which is in line with the previous forecast.

3.1.18 The 2023/24 budgeted expenditure is £1.0m.

3.1.19 The total forecast and budget outturn costs are within the total approved budget.

Interchanges

3.1.20 The current forecast expenditure in 2022/23 is £0.01m, which is in line with the previous forecast.

3.1.21 The 2023/24 budgeted expenditure is nil.

3.1.22 The total forecast and budget outturn costs are within the total approved budget.

3.2 A6 to Manchester Airport Relief Road (A6MARR)

3.2.1 Stockport Council is responsible for the delivery of the A6MARR, resulting in the expenditure largely comprising grant payments to Stockport MBC.

3.2.2 The current forecast expenditure in 2022/23 is £2.7m, which is in line with the previous forecast.

3.2.3 The 2023/24 budgeted expenditure is £3.6m.

3.2.4 The total forecast and budget outturn costs are within the total approved budget.

3.3 Metrolink Trafford Park Extension

- 3.3.1 The expenditure relates to the closure of final accounts on land transactions.
- 3.3.2 The current forecast expenditure in 2022/23 is £0.2m, compared to a previous forecast of £0.3m. The 2023/24 budgeted expenditure is £0.3m.
- 3.3.3 The total forecast and budget outturn costs are within the total approved budget.

3.4 Transforming Cities Fund – First Allocation (TCF1)

- 3.4.1 The programme includes:
 - a) The Metrolink Additional Capacity Programme; and
 - b) The Mayor's Cycling and Walking Challenge Fund (MCF)
- 3.4.2 The Metrolink Additional Capacity programme includes the purchase of 27 additional trams (all of which have now been delivered) and additional supporting infrastructure. The current forecast expenditure for 2022/23 is £12.0m, compared to a previous forecast of £14.1m. The variance is predominantly due to the rephasing of some of the additional infrastructure works into next year.
- 3.4.3 The 2023/24 budgeted expenditure is £4.7m.
- 3.4.4 The Cycling and Walking Challenge Fund includes 127 schemes. Overall programme management and design assurance undertaken by TfGM. The majority of schemes are delivered by the Local Authorities. The current forecast expenditure in 2022/23 is £30.9m, compared to a previous forecast of £33.6m. The variance is mainly due to the reprofiling of some design development into future years.
- 3.4.5 The 2023/24 budgeted expenditure for the MCF programme is £28.3m.
- 3.4.6 Total forecast and budget outturn costs are within the total approved budgets.

3.5 Active Travel Fund (ATF 2 and 3)

- 3.5.1 The Active Travel Fund programme (ATF 2 and 3) comprises 27 cycling and walking infrastructure schemes. The ATF capital programme is being delivered by the Local Authorities, with supporting behaviour change activities being delivered and managed in conjunction with TfGM. The current forecast expenditure in 2022/23 is £3.3m, compared to a previous forecast of £4.5m. The variance is due to rephasing of some ATF 2 expenditure from 2022/23 to 2023/24 due to changes to the original programme of works and rephasing of ATF 3 design expenditure into next year.

3.5.2 The 2023/24 budgeted expenditure for the ATF 2 and 3 programme is £7.5m.

3.5.3 The total forecast and budget outturn costs are within the total approved budget.

3.6 Cycle Safety Grant

3.6.1 The current forecast expenditure in 2022/23 from the Cycle Safety Grant is £0.1m, compared to a previous forecast of £0.3m. The variance is due to certain works being rephased into 2023/24.

3.6.2 The 2023/24 budgeted expenditure is £0.3m.

3.6.3 The total forecast and budget outturn costs are within the total approved budget.

3.7 Clear Air Programme

3.7.1 This is a range of Clean Air schemes which are funded entirely through grant funding from central government.

3.7.2 The 'Case for a new Greater Manchester Clean Air Plan' was submitted to the Secretary of State in draft on 1 July 2022 and confirmed as an approved document, following a meeting of the Greater Manchester Air Quality Administration Committee on 17 August 2022. The costs to date and all future costs are fully funded by the Government's Joint Air Quality Unit. The current forecast included for the Clean Air Plan is broadly in line with original budget and the previous forecast. The Government's has now asked Greater Manchester to provide additional evidence that will enable them to further consider the case for a new investment-led, non-charging Greater Manchester Clean Air Plan.

3.7.3 The current forecast expenditure in 2022/23 is £20.6m. 2023/24 budget expenditure is £20.0m.

3.7.4 The total outturn costs are within approved budgets for this programme.

3.8 Other Capital Schemes and Programmes

3.8.1 The other capital schemes and programmes include:

- a) Cycle City Ambition Grant (CCAG2) funded schemes; and
- b) Rail – Access for All

3.8.2 The current forecast expenditure is 2022/23 for CCAG 2 is £0.1m, which is line with the previous forecast.

3.8.3 The 2023/24 budgeted expenditure is nil.

3.8.4 The Access for All Programme current forecast expenditure in 2022/23 is £1.0m, compared to a previous forecast of £2.1m. The variance is predominantly due to the rephasing of constructions works into next year.

3.8.6 The 2023/24 budgeted expenditure is £2.6m.

3.8.7 The total forecast and budget outturn costs are within the total approved budget for these programmes.

3.9 Bus Franchising

3.9.1 The current forecast expenditure in 2022/23 is £30.9m, compared to a previous forecast of £39.1m. The variance is predominantly related to the rephasing of depot costs from future years into 2022/23, offset by a rephasing of ticketing infrastructure expenditure into future years.

3.9.2 The 2023/24 budgeted expenditure is £70.8m, which largely relates to depot and land acquisition costs, aligned to the depot strategy as set out in the assessment

3.9.3 The current year forecast and 2023/24 budgeted expenditure includes expenditure funded from CRSTS local matched funding contributions met from borrowing.

3.9.4 The total forecast and budget outturn costs are within the total approved budget.

3.10 City Region Sustainable Transport Settlement (CRSTS)

3.10.1 The current forecast expenditure in 2022/23 for CRSTS funded schemes is £77.3m, compared to a previous forecast of £87.8m. The variance is predominantly due to entering into contract for the delivery of an additional 50 Electric Vehicle (EV) buses ahead of the previous schedule; offset by the rephasing of certain HS2 development activities; and the rephasing of other works us Franchising ticketing infrastructure procurement and Bus Pinchpoint Local Authority works,

3.10.2 The 2023/24 budgeted expenditure is £98.2m, a summary of which is included in Appendix A.

3.10.3 Within the 2023/24 budgeted expenditure £8.5m relates to Strategic and £26.3m for Core, Highways Maintenance programmes, allocated to the GM Local Authorities in the table below.

Authority	Strategic Highways Maintenance 2023/24 £'000	Core Highways Maintenance 2023/24 £'000
Bolton	1,730	2,867
Bury	783	1,912
Manchester	675	3,568
Oldham	699	2,300
Rochdale	2,925	2,294
Salford	1,125	2,357
Stockport	-	2,984
Tameside	-	2,179
Trafford	-	2,184
Wigan	612	3,605
Total	8,549	26,250

3.10.4 The total forecast and budget outturn costs are within the total approved budget for this programme.

3.11 Zero Emission Buses Regional Areas (ZEBRA)

3.11.1 The ZEBRA project has received £35.7m of Department for Transport Zero Emission Buses Regional Areas funding and £12.5m GMCA funding funded from prudential borrowing.

3.11.2 The current forecast expenditure in 2022/23 is £0.5m, against a previous forecast of nil. The variance is due to the bringing forward of some depot electrification works into this financial year.

3.11.3 The 2023/24 budgeted expenditure is £23.0m.

3.11.4 The total forecast and budget outturn costs are within the total approved budget for this programme.

3.12 Transport Local Growth Deal 1 Majors Schemes

3.12.1 The Transport Local Growth Deal 1 & 3 Majors Programme consists of 15 major schemes (excluding Stockport Town Centre Access Plan (TCAP)) which are being delivered by TfGM and the Local Authorities. The total current forecast expenditure in 2022/23 is £52.5m, compared to a previous forecast of £53.2m. The variance is predominantly due to rephasing of Oldham Town Centre works into the current financial year, offset by the rephasing of some construction activities on the SBNI programme into the 2023/24 financial year.

3.12.2 The current year forecast and the 2023/24 budgeted expenditure includes some expenditure that will be funded from the CRSTS grant.

3.12.3 The 2023/24 budgeted expenditure is £57.8m.

3.13 Minor Works

3.13.1 The Minor Works schemes are being delivered by TfGM and the Local Authorities

3.13.2 The current forecast expenditure for 2022/23 on these schemes is £2.9m compared to a previous forecast of £3.7m. The variance is due to the rephasing of works across various schemes from 2022/23 into 2023/24.

3.13.3 The 2023/24 budgeted expenditure is £1.2m.

3.13.4 The total forecast and budget outturn costs are within the total approved budgets.

3.14 Traffic Signals

3.14.1 The current forecast is in line with the budget of £2.5m. All traffic signals are externally funded and the annual amount will fluctuate year on year dependant on the level of new installations and developments. Future year forecasts are expected to stay within the £2.5m range.

3.15 Full Fibre Network

3.15.1 The current forecast expenditure is £1.1m compared to a previous forecast of £3.3m. The scheme is now largely complete.

3.16 GM One Network

3.16.1 Following installation of full fibre network, the GM One Network project will provide the equipment to 'light the fibre' that has been installed at the public sector sites. The project has been rephased from quarter 4 2022/23 to quarter 2 and capital expenditure phased over the life of the project. This has reduced forecast spend in 2022/23 from £12.1m to £3.1m with a budget of £3.5m estimated for 2023/24.

4 Economic Development and Regeneration

4.1 Regional Growth Fund (RGF)

4.1.1 The RGF of £65m was secured by GM through two rounds of bidding in 2012/13 and 2013/14. The RGF has supported eligible projects and programmes raising private sector investment to create economic growth and employment. The forecast at quarter 3 is now £9.2m with additional schemes having been added.

4.1.2 The 2023/24 budgeted expenditure is £7.5m.

4.2 Growing Places

4.2.1 The Growing Places Fund originally secured by GM in 2012/13 totalled £34.5m of capital grant funding which is being used to provide up front capital investment in schemes. The forecast at quarter 3 is now £11m as an additional scheme has now been included.

4.2.2 The 2023/24 budgeted expenditure is £11.7m.

4.3 Housing Investment Fund

4.3.1 The Greater Manchester Housing Investment Fund has been designed to accelerate and unlock housing schemes. It will help build the new homes to support the growth ambitions across Greater Manchester. To facilitate this government has provided a £300m loan to provide the up-front funding and loans are approved by GMCA. The forecast at quarter 3 is now £45m with pipeline schemes not expected to complete during 2022/23 previously removed.

4.3.2 The 2023/24 budgeted expenditure is £123.4m.

4.4 Skills Capital Round 2 & 3

4.4.1 The current forecast expenditure of £2.2m is in line with a small change from the previous forecast position.

4.5 Life Sciences Fund 1

4.5.1 The Greater Manchester and Cheshire Life Sciences Fund is a seed and early-stage venture capital fund targeting life sciences businesses located in the Greater Manchester and Cheshire and Warrington region. The current forecast expenditure of £0.7m has decreased from the previous quarter as Life Sciences 2 has now been shown on a separate line.

4.5.2 The 2023/24 budgeted expenditure is £2.2m.

4.6 Life Sciences Fund 2

4.6.1 Life Sciences Fund 2 is reinvesting the returns from Life Sciences Fund 1. The forecast expenditure for 2022/23 is £2.6m.

4.7 Pankhurst Institute

4.7.1 The forecast expenditure is in line with budget and previous forecasts. The 2023/24 budgeted expenditure is £0.8m.

4.8 City Deal

4.8.1 The City Deal funding was extended from 31 March 2022 to 30 September 2022. A further extension has now been granted until 31 January 2023. The scheme has been removed for 2022/23 and £30m reprofiled into 2023/24.

4.9 Brownfield Land Fund

4.9.1 The current expenditure forecast is £17.9m which is lower than previous estimates due to the reprofiling of some schemes into 2023/24.

4.9.2 The 2023/24 budgeted expenditure is £36.1m.

4.10 Affordable Homes

4.10.1 The current expenditure forecast is £0.01m which is lower than previous forecasts. Timing of payments of grants is dependent on schemes coming forward and grant is claimed in arrears.

4.10.2 The 2023/24 budgeted expenditure is 0.1m.

4.11 Public Sector Decarbonisation Scheme 1

4.11.1 The 2021/22 programme was carried forward to reflect agreed carry forward to 2022/23 of £42.980m to be spent by end of June 2022. The programme has now successfully completed and final claim submitted with final spend being £41.6m.

4.12 Homelessness Rough Sleeper Programme

4.12.1 This scheme will deliver 60 units of accommodation and an associated support contract, with accommodation acquired by Resonance and leased to Let Us (GM Ethical Letting Agency) for a period of 30 years. Forecast of £2.8m is in line with previous budget.

4.13 Green Homes

4.13.1 Spend is now complete on this scheme with full grant spend not able to be achieved in the timescales leading to an underspend of £9.7m against budget of £21.5m.

4.14 Public Sector Decarbonisation Scheme 3a single year

4.14.1 There is a forecast of £11.9m against the original programme of £15.5m due to partners expected delivery by the government deadline of 31st March 2023. The programme is extremely challenging to deliver within timescales and there is little flexibility for partners that cannot guarantee permitted spend with timescales.

4.15 Public Sector Decarbonisation Scheme 3a multi-year

4.15.1 Grant award was made during 2022/23 and forecast spend is £0.4m.

4.15.2 The 2023/24 budgeted expenditure is £1m.

4.16 Social Housing Decarbonisation

4.16.1 Scheme is in line with previous forecasts and funding of £10.5m is expected to be spent by 31 March 2023.

4.17 UK Shared Prosperity Fund

4.17.1 The UK Shared Prosperity Fund is a central pillar of central government's Levelling Up agenda and a significant component of central government's support for places. The GMCA is lead authority for Greater Manchester and the amounts included in the budget are the minimum capital spend percentages set out in the national prospectus and it expected that GM will comfortably exceed the minimums of £1m in 2022/23.

4.17.3 The 2023/24 budgeted expenditure is £2.6m.

4.18 Homelessness Accommodation Project

4.18.1 This project has grant funding of £3.9m to support the leasing of good-quality properties for homeless families and contribute to efforts to eliminate the use of 'Bed and Breakfast' accommodation for homeless families. The project is expected to be complete in 2022/23.

5. Fire and Rescue Service

5.1 Estates

5.1.1 An assessment of the estates capital programme strategy has been undertaken to re-profile the five year scheme based on expected timescales of delivery of works following the revision of schemes as reported in the previous period.

5.3 Vehicles & Equipment

- 5.3.1 The forecast against vehicles is in relation to the estimated value of stage payments due to be made within the year for orders placed on appliances plus other vehicles delivered to date.

5.4 Sustainability

- 5.4.1 The expected costs of the grant funded PV and Battery schemes at Ashton and Bury fire stations are lower than budgeted. It is proposed that the residual budget is removed.

5.5 Health & Safety

- 5.5.1 Alongside the estates strategy is a programme of work to replace and update fitness equipment on fire stations. A review of requirements has been completed under the Health, Safety & Fitness team which has been incorporated into the capital programme.

6. Waste and Resources

- 6.1 The main variances on Operational Assets are due to the reprofiling from 2021/22 into the current year of mobile plant and vehicles. Process improvements at Raikes Lane, Bolton have a higher spend than budget but works have also been carried forward from 2021/22.
- 6.2 The forecast spend in 2023/24 of £6.780m can be summarised as:
- a) £3m for a Household Waste Recycling Centre (HWRC) at Reliance Street, Newton Heath;
 - b) £0.460m Environment Agency prescribed changes at Raikes Lane, Bolton;
 - c) £1.320m for rail wagons; and
 - d) £2m for mobile plant and equipment.

7. Funding Requirements

- 7.1 The capital programme over the next three years, results in a borrowing requirement of £364.6m. Provision has been made in the revenue budget for the associated financing costs.
- 7.2 The estimated funding profile for the forecast spend in financial year 2023/24 is as follows:

Source	£m
Borrowings	140.6
Capital Receipts	175.5
Grants	230.3
Revenue Contribution	0.1
External Income	45.2
Total Funding	591.8

Appendix A

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	Budget 2022/23 £'000	Previous 2022/23 Forecast £'000	Current 2022/23 Forecast £'000	Variance £'000	2023/24 Forecast £'000	2024/25 Forecast £'000	2025/26 Forecast £'000	Future years forecast £'000
Metrolink Programme	5,871	4,103	3,296	807	10,392	12,064	2,276	-
Metrolink Renewals and Enhancements	10,217	14,746	15,182	(436)	10,762	26,453	13,182	293,117
Park and Ride	8	75	67	8	-	-	-	7,726
Bus Priority Programme	186	266	184	82	982	6,013	4,963	-
Interchange Programme	54	11	15	(4)	-	468	-	53
Greater Manchester Transport Fund	16,336	19,201	18,744	457	22,136	44,998	20,421	300,896
Road Schemes (Stockport)								
Stockport Town Centre Access Plan (DfT retained scheme)	-	-	-	-	-	-	-	-
A6 MARR / SEMMMS	6,204	2,713	2,675	38	3,600	4,800	3,500	8,714
Stockport Council Schemes total	6,204	2,713	2,675	38	3,600	4,800	3,500	8,714
Other Metrolink Schemes								
Trafford Extension	410	318	233	85	325	2,954	6,721	-

	Budget 2022/23 £'000	Previous 2022/23 Forecast £'000	Current 2022/23 Forecast £'000	Variance £'000	2023/24 Forecast £'000	2024/25 Forecast £'000	2025/26 Forecast £'000	Future years forecast £'000
Other Metrolink Schemes total	410	318	233	85	325	2,954	6,721	-
Clean Air Schemes								
OLEV & CAP Taxi	1,187	1,132	1,225	(93)	1,181	543	-	-
Clean Air Financial Support Scheme (FSS)	1,843	768	768	-	1,134	-	-	-
Clean Air Zone (CAZ)	8,267	8,267	9,434	(1,167)	17,142	-	-	-
Clean Bus Technology Fund	-	424	424	-	-	-	-	-
Clean Bus Fund	7,076	8,533	8,533	-	156	4,087	57	114
Defra Air Quality Monitoring	-	343	49	294	328	-	-	-
Early Measures	243	230	131	99	99	-	-	-
Clean Air Schemes	18,616	19,697	20,564	(867)	20,039	4,631	57	114
Clean Air Schemes total	18,616	19,697	20,564	(867)	20,039	4,631	57	114
Other Capital Schemes								
Smart Ticketing (non Growth Deal Funding)	-	-	-	-	-	-	-	-
CCAG 2	-	112	112	-	-	-	-	-
TCF - Mayors Challenge Fund	39,700	33,573	30,915	2,658	28,256	11,999	-	-
TCF - Metrolink Capacity Improvement Programme	15,044	14,124	12,039	2,085	4,657	7,987	-	-
Active Travel Fund	10,235	4,453	3,287	1,166	7,505	8,655	4,472	-
Access For All	2,716	2,065	1,025	1,040	2,602	4,087	-	533
ZEBRA	-	-	504	(504)	23,004	24,692	-	-

	Budget 2022/23	Previous 2022/23 Forecast	Current 2022/23 Forecast	Variance
	£'000	£'000	£'000	£'000
Bus Franchising	37,510	39,107	30,933	8,174
Cycle Safety	-	300	60	240
Other Capital Schemes total	105,205	93,734	78,875	14,859
Growth Deal				
TfGM Majors	48,608	49,676	48,893	783
Local Authorities Majors	3,669	3,474	3,588	(114)
Growth Deal total	52,277	53,150	52,481	669
Minor Works				
ITB Local Authorities	970	952	837	115
Growth Deal 1 & 2 Local Authorities	1,497	1,791	1,411	380
Growth Deal 2 TfGM Schemes	55	70	67	3
Growth Deal 3 TfGM schemes	1,077	827	591	236
Growth Deal 3 Local Authorities	-	14	14	-
Minor Works total	3,599	3,654	2,920	734
Bus CRSTS	6,900	19,366	22,302	(2,936)
Active Travel CRSTS	-	-	-	-
Interchanges CRSTS	-	250	400	(150)
Rail CRSTS	1,695	10,784	931	9,853
Other CRSTS	3,055	700	-	700

2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	Future years forecast
£'000	£'000	£'000	£'000
70,773	21,368	393	-
258	1,224	-	-
137,055	80,012	4,865	533
57,156	21,274	1,686	15,753
634	2,775	1,256	-
57,790	24,049	2,942	15,753
415	397	-	-
555	385	-	-
10	1,037	7	-
255	367	-	-
-	-	-	-
1,235	2,186	7	-
46,115	65,284	101,609	98,971
-	8,632	16,206	15,967
1,900	1,429	4,989	18,321
2,284	18,933	67,547	5,414
1,300	4,540	6,893	5,341

	Budget 2022/23	Previous 2022/23 Forecast	Current 2022/23 Forecast	Variance
	£'000	£'000	£'000	£'000
Metrolink CRSTS	60	2,901	639	2,262
Local Authority CRSTS	-	53,760	53,053	707
Total CRSTS	11,710	87,761	77,325	10,436
Traffic Signals (Externally Funded)	2,500	2,500	2,500	-
Full Fibre Network	3,344	3,344	1,050	2,294
GM One Network	12,053	12,053	3,084	8,969
Total - Transport	232,254	298,125	260,451	37,674
Regional Growth Fund	5,000	6,006	9,163	(3,157)
Growing Places	8,444	6,727	11,008	(4,281)
Housing Investment Fund	80,444	48,895	45,038	3,857
Skills Capital Round 2 & 3	1,404	2,072	2,231	(159)
Life Sciences Fund 1	489	1,837	668	1,169
Life Sciences Fund 2	-	-	2,594	(2,594)
Pankhurst Institute	793	793	793	-
City Deal	-	30,000	-	30,000
Brownfield Land Fund	18,000	46,484	17,909	28,575
Affordable Homes	200	200	14	186
Public Sector				
Decarbonisation Scheme 1	20,589	42,980	41,623	1,357
Homelessness Rough Sleeper Programme	-	2,796	2,796	0

2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	Future years forecast
£'000	£'000	£'000	£'000
4,858	17,316	17,360	41,031
41,764	105,303	99,554	116,301
98,221	221,437	314,158	301,346
2,500	2,500	2,500	
-	-	-	
3,518	1,075	865	8,541
346,419	388,641	356,036	635,897
7,503	5,380	5,000	-
11,685	10,000	10,000	-
123,363	92,892	41,749	-
-	-	-	-
2,203	2,203	-	-
-	-	-	-
793	-	-	-
30,000	-	-	-
36,112	17,421	-	-
100	100	100	-
-	-	-	-
-	-	-	-

	Budget 2022/23	Previous 2022/23 Forecast	Current 2022/23 Forecast	Variance	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	Future years forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Green Homes Public Sector Decarbonisation Scheme	21,457	21,457	11,735	9,722	-	-	-	-
3a single year Public Sector Decarbonisation Scheme	-	15,534	11,948	3,586	-	-	-	-
3a multi year Social Housing Decarbonisation	-	-	379	(379)	1,002	1,550	-	-
UK Shared Prosperity Fund	-	10,473	10,473	-	-	-	-	-
Homelessness Accommodation Leasing Project	-	-	1,018	(1,018)	2,646	10,665	-	-
	-	-	3,900	3,900	-	-	-	-
Total ED&R	156,820	236,254	173,290	62,964	215,407	140,211	56,849	-
Estates	12,666	5,883	5,661	222	12,186	24,645	13,709	1,867
ICT	1,574	2,662	2,617	45	400	150	150	300
Vehicles & Equipment	7,634	6,909	3,803	3,106	7,994	1,890	4,480	4,871
Sustainability	240	599	484	115	75	75	75	150
Health & Safety	-	-	82	(82)	522	-	-	-
Waking Watch Relief	-	2,728	728	2,000	2,000	-	-	-
Total Fire & Rescue	22,114	18,781	13,375	5,406	23,177	26,760	18,414	7,188
Operational Sites	9,004	11,104	14,235	(3,131)	6,780	4,820	3,320	-
Non-Operational Sites	1,350	1,350	700	650	-	750	1,200	-

	Budget 2022/23	Previous 2022/23 Forecast	Current 2022/23 Forecast	Variance
	£'000	£'000	£'000	£'000
Total - Waste & Resources	10,354	12,454	14,935	(2,481)
Total Capital	421,542	565,614	462,051	103,563

2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	Future years forecast
£'000	£'000	£'000	£'000
6,780	5,570	4,520	-
591,783	561,182	435,819	643,085

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GREATER MANCHESTER COMBINED AUTHORITY OVERVIEW AND SCRUTINY COMMITTEE

Date: 8 February 2023

Subject: GMCA Revenue Update Quarter 3 - 2022/23

Report of: Cllr David Molyneux, Portfolio Holder - Resources
Steve Wilson, Treasurer to GMCA

PURPOSE OF REPORT

To present the 2022/23 financial position at the end of December 2022 (quarter 3) and the forecast revenue outturn position for the 2022/23 financial year.

RECOMMENDATIONS:

The GMCA Overview & Scrutiny Committee is requested to consider the recommendations to be put forward to the GMCA (as below):

1. Note the 2022/23 forecast outturn position for the GMCA budgets at the end of December 2022 (quarter 3);
2. Approve the changes to the GMCA General and Transport budgets following the confirmation of additional funding and planned expenditure during quarter 3 shown in sections 2 and 6 of the report.

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Equalities Impact, Carbon and Sustainability Assessment:

N/A

Risk Management

An assessment of major budget risks faced by the authority are carried out quarterly as part of the reporting process – the risks are identified within the report.

Legal Considerations

There are no specific legal implications with regards to the 2022/23 budget update.

Financial Consequences – Revenue

Revenue – The report sets out the forecast outturn position for 2022/23.

Financial Consequences – Capital

There are no specific capital considerations contained within the report.

Number of attachments to the report: n/a

Comments/recommendations from Overview & Scrutiny Committee

N/A

Background Papers

Reports to Greater Manchester Combined Authority:

GMCA Budget Reports – 11th February 2022

GMCA Revenue Update Quarter 1 - 2022/23 – 29th July 2022

GMCA Revenue Update Quarter 2 – 2022/23 – 28th October 2022

Does this report relate to a major strategic decision, as set out in the GMCA Constitution?

No

Exemption from call in

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

N/A

GM Transport Committee

N/A

Overview and Scrutiny Committee

N/A

1. INTRODUCTION

- 1.1 The report details the full GMCA position to 31st December 2022 and forecast revenue outturn position for 2022/23, covering Mayoral General Budget, Mayoral GM Fire and Rescue Budget (GMFRS), GMCA General Budget and GM Waste and Transport including Transport for Greater Manchester (TfGM). It provides an analysis of the significant forecast variances in year compared to approved budget and seeks approval for revisions to the budget.
- 1.2 The position at Quarter 3 is summarised in the table below with further detail on the variances provided in each section of the report.

Summary 2022/23 Quarter 3	Forecast Outturn Q3			Variance from Budget		
	Exp	Income	Total	Exp	Income	Total
	£000	£000	£000	£000	£000	£000
GMCA General	269,894	-270,742	-848	27,274	-28,122	-848
Mayoral	139,020	-139,020	0	0	0	0
GMFRS	121,825	-119,722	2,103	2,282	-179	2,103
Waste	137,320	-164,672	-27,352	-27,520	168	-27,352
Transport inc:	296,653	-296,653	0	27,300	-27,300	0
TfGM	239,374	-234,374	5,000	32,300	-27,300	5,000

2. GMCA GENERAL BUDGET

- 2.1 The GMCA General budget approved by the GMCA in February 2022 was £242.620m and the forecast outturn expenditure reported to GMCA on 28th October 2022 (quarter 2) was £259.914m with a net underspend of £0.871m. At quarter 3 forecast income is £270.742m an increase of £9.957m over the last quarter and a net underspend of £0.848m.
- 2.2 The quarter 3 underspend of £0.848m compared to £0.871m at quarter 2 is a decrease in the underspend of £23k due to:

- Additional deposit interest from short term investment forecast to increase by £1.120m less;
- Expenditure provision of £1m to support Districts with the GM Children's Services Sufficiency programme;
- Other changes which add up to a £143k increase in net expenditure.

2.3 The table below provides a breakdown of the position including the original budget, revised budget at quarter 2 and forecast outturn and variance for quarter 3:

GMCA Revenue Monitoring 2022/23 Quarter 3	Original Budget	Revised Budget Qtr 2	Forecast Outturn Quarter 3	Change from Quarter 2
	£000	£000	£000	£000
GMCA Corporate	27,320	26,058	26,101	43
Digital	2,597	3,429	2,983	-446
Economy	18,499	16,758	18,524	1,766
Environment	758	3,713	5,527	1,814
Place	6,707	11,015	21,823	10,808
Public Service Reform	30,960	40,947	41,086	139
Work and Skills	155,779	157,994	153,849	-4,145
Total Expenditure	242,620	259,914	269,894	9,980
Government Grants	-180,133	-199,198	-204,676	-5,478
District Contributions	-8,603	-8,603	-8,603	0
Internal Recharges	-18,995	-18,995	-17,946	1,049
Earmarked Reserves	-20,010	-18,805	-23,349	-4,544
Other Income	-14,879	-15,184	-16,168	-984
Funding	-242,620	-260,785	-270,742	-9,957
Net Expenditure	0	-871	-848	23

2.4 The GMCA General expenditure at quarter 3 is forecast to increase in relation to programme funding for Place, Economy and Environment. The Work and Skills and Digital forecast expenditure is projected to reduce. Further details as follows:

2.5 The Place Directorate programmes have increased by a net **£10.808m** in relation to:

- The UK Shared Prosperity Fund (UKSPF) is the Government's domestic replacement for the European Structural and Investment Programme (ESIF). The primary goal of UKSPF is to build pride in place and increase life chances across the UK, while recognising the acute challenges town centres and communities have faced during the Covid pandemic. GMCA has been assigned

lead authority for GM and have overall accountability for the funding and how it operates, working closely with Districts and key stakeholders including local MPs in the design and delivery of UKSPF. Following agreement of the GM investment plan, GMCA has been allocated a total of £83.9m over the three year period 2022/23 – 2024/25 from which the allocation for 2022/23 is **£9.198m**.

- The GM Housing Strategy - It was agreed by GMCA on 25th March 2022 to allocate £4m from the GM Housing Investment Loan Fund surpluses to fund activity in support of the GM Housing Strategy. From this **£875k** is projected to be spent in 2022/23.
- Create Growth Programme – Following a successful bid, GMCA has been awarded grant funding from Department for Digital, Culture, Media and Sport of £1.275m over three years 2022/23 – 2024/25 with **£425k** allocated for 2022/23. The grant is to provide high growth potential creative businesses with a bespoke business support programme and data collection to enable an evidence base to determine impact.
- Other GMCA Place based programmes including **£182k** from GM Health and Social Care partnership / Integrated Care Board and **£128k** additional spend on Business Rates funded for Places for Everyone.

2.6 Economy and Environment Directorates have increased projected expenditure of **£1.766m** and **£1.814m** respectively in relation to retained Business Rates growth funding approved by GMCA on 29th July 2022.

2.7 Work and Skills Directorate has a reduction in forecast spend of **£4.145m** due to lower than expected delivery fees for Adult Education Budget National Skills Fund Level 3, European Social Fund Skills for Growth and Work and Health Programme.

2.8 Digital programmes have a forecast reduction in expenditure by **£446k** largely in relation to rephasing of implementation costs for the GM One Network into 2023/24.

3. MAYORAL BUDGET

3.1 The Mayoral budget for 2022/23 approved by GMCA in February 2022 was £139.020m. For quarter 3 the forecast position for the Mayoral budget is breakeven. This position includes a forecast shortfall in income towards the cost of Our Pass which will be met from earmarked reserves held by TfGM. The table below provides a breakdown of the position including the original budget and forecast outturn and

variance:

Mayoral Budget 2022/23 Quarter 3	Original Budget	Forecast Outturn	Forecast Variance
	£000	£000	£000
Expenditure:			
Mayors Office	531	531	0
Corporate Recharge	794	794	0
Mayoral Priorities	3,600	3,600	0
Mayoral Transport	134,095	134,095	0
Gross Expenditure	139,020	139,020	0
Funded by:			
Mayoral precept	-24,717	-24,717	0
Collection Fund surplus	-1,445	-1,445	0
Bus Service Operator grant	-13,150	-13,150	0
Mayoral Capacity grant	-1,000	-1,000	0
Earnback revenue grant	-9,750	-9,750	0
Statutory Charge	-86,700	-86,700	0
Use of reserves	-1,408	-2,258	-850
External income	-850	0	850
Total Funding	-139,020	-139,020	0
Net expenditure	0	0	0

4. MAYORAL GENERAL – GM FIRE AND RESCUE SERVICE

4.1 The 2022/23 budget for GM Fire and Rescue Service (GMFRS) in February 2022 was approved at £119.543m. The forecast revenue outturn position at quarter 3 is an overspend of £2.103m to be met from reserves.

4.2 The table below provides a summary of the position:

GM Fire & Rescue Service Budget 2022/23 Quarter 3	Approved Budget	Actual Quarter 3	Forecast Outturn	Forecast Variance
	£000	£000	£000	£000
Expenditure:				
Employees	91,215	67,707	93,082	1,867
Indirect Employees	1,940	933	1,963	22

Premises	4,875	3,548	6,343	1,467
Transport	2,196	1,569	2,435	240
Supplies & Services	8,481	7,074	8,861	379
Support Services	7,343	7,353	7,646	303
Government Grants	-769	-731	-958	-190
Tfr to/from Provision	0	0	-1,577	-1,577
Other Grants & Contributions	-215	-109	-210	5
Customer & Client Receipts	-2,460	-1,003	-2,101	360
Capital Financing Costs	1,692	414	1,025	-667
Tfr to Earmarked Reserve	5,245	0	5,316	72
Total Expenditure	119,543	86,755	121,825	2,281
Funded by:				
Localised Business Rates	-9,521	-9,290	-9,521	0
Baseline Funding	-43,131	-32,757	-43,131	0
Section 31 - Business Rates	-5,300	-3,975	-5,258	42
Section 31 - Pension Related	-5,605	-5,605	-5,605	0
Precept Income	-55,429	-41,572	-55,429	0
Collection Fund Deficit	2,637	4,185	2,637	0
Trf from Earmarked Reserve	-3,194	2,952	-3,415	-220
Total Funding	-119,543	-86,062	-119,722	-178
Net Expenditure	0	693	2,103	2,103

Employee Related

4.3 Employees pay and pensions is a forecast overspend of £1.867m. This forecast is based on the headcount plus the expected future costs associated to new firefighter recruit cohorts throughout the financial year. The figures do not include any assumptions of leavers in future quarters and does include an assumption of some current vacancies being recruited to. The overspend also includes payments made to date in respect of Bear Scotland v Fulton for which a drawdown from the provision has been forecast. Changes to National Insurance thresholds and employer rates have also been included in the calculations on assumed headcount. Pay award assumptions for non-uniformed staff have been included at the current employer's offer of £1,925 per whole time equivalent.

4.4 The forecast for uniformed staff includes the employer's pay award offer of 5% which was rejected. Any pay award settlement above the current offer would further deteriorate the forecast outturn. Discussions have been held with Government on a national level to determine how Fire and Rescue Services will fund the increased

costs. To date, Government have indicated that the costs of the pay award will need to be funded locally.

- 4.5 Costs arising to provide enhanced resilience capability are included at known levels, any future increase in FTE numbers will be calculated and included in future reports. In the event of industrial action, net mobilisation costs will also form part of future reports. Pre-arranged overtime has been included in the forecast based on average cost to date for the hours required to maintain ridership and also to ensure that crews can be released to attend planned training.

Non-pay related

- 4.6 Indirect Employee Allowances position is broadly within budget with a minor training cost overspend of £22k.
- 4.7 Premises Related expenditure is forecast to overspend by £1.467m based on current spend, mainly in the areas of utilities and fuel. A budget increase was provided for this area of spend, however, using costs incurred to date and based on expert led inflation rate estimates, a significant overspend is predicted in-year and a continued trend in future years.
- 4.8 Transport related expenditure forecast has a minor amendment since last period reflecting the estimated increase in fuel costs resulting in an overspend of £240k.
- 4.9 Supplies and services related expenditure has a forecast overspend of £379k, a change in forecast overspend from the previous period by £206k mainly as a result of contract price increases, primarily within the areas of ICT and operational equipment. Potential future price increases will place additional financial burden on the service.
- 4.10 Support services budget incorporates the central recharges received from the GMCA. Further charges for specific additional support from Human Resources and Organisational Development (HROD) for whole-time firefighter recruitment and selection process and Communications and Engagement support for various projects and strategies have been forecast, which result in an overspend of £303k.

Income

4.11 Income is expected to underachieve and has a forecast loss of income of £175k against budget. This is mainly in the area of Princes Trust which is budgeted as self-funding, however, income is predicted to be lower due to vacancies within the team which, due to strict ratios, has meant smaller cohort numbers. A successful recruitment process will start to alleviate this. The forecast also includes estimated apprenticeship levy income against the cost of training. This and other elements of income will be closely monitored to identify any future variances.

Capital Financing Costs

4.12 The capital financing costs has been re-calculated on an annuity basis using final capital spend within 2021/22, resulting in an underspend of £667k. This reflects a new policy for Minimum Revenue Provision approved by GMCA earlier in 2022 which provides a consistent approach to capital financing across all GMCA programmes.

Reserves

4.13 The current forecast is showing an additional use of reserves requirement of £220k in relation to both revenue grants unapplied (£187k) mainly in relation to Protection grants plus earmarked reserves (£33k).

4.14 To fund the anticipated overspend reported plus any cost of additional resilience crews not within the current forecast, it is proposed that the transfer to reserves budget to fund future capital will need to be reduced.

4.15 A small additional transfer to revenue grants unapplied in relation to Protection grant of £71k is forecast. This grant can be used in the next financial year if not fully utilised in year.

5. GM WASTE AND RESOURCES

5.1 The Waste & Resources budget approved in February 2022 was £164.840m and at the end of quarter 3 there is a forecast underspend of £27.352m as detailed in the table below.

Waste and Resources 2022/23 Quarter 3	Approved Budget	Forecast Outturn Quarter 2	Forecast Outturn Quarter 3	Forecast Variance
	£000	£000	£000	£000

5.2	Operational costs	107,872	88,860	81,849	-26,023
	Operational financing	50,614	50,374	49,865	-749
	Office costs	6,318	6,046	5,114	-1,204
	Non-operational financing	510	491	492	-18
	Total	165,314	145,771	137,320	-27,994
	Levy adjustment	0	660	642	642
	Transfer (from)/to reserves	-474	-474	-474	0
	Levy	164,840	145,957	137,488	-27,352

The forecast underspend in operational costs is largely driven by estimates of third-party income due to be received from TPSCo which represents £13.082m of the underspend. Forecast income from paper/card and commingled waste is currently above budget and makes up £6.446m of the underspend. The remaining forecast underspend is largely made up of savings on residual waste treatment due to lower than forecast tonnages.

- 5.3 The forecast underspend on operational financing arises from a slight reduction in the Minimum Revenue Provision charge for the year and the interest paid on the short term borrowed debt.
- 5.4 The forecast underspend on office costs is a result of lower than anticipated support service recharge and largely a reduction in consultancy fees spend on ongoing responses to the National Waste Strategy. This work is reprofiled into 2023/24.
- 5.5 Forecast tonnages and the indicative outturn position for each District in 2022/23 is provided in the 'Waste and Resources Budget and Levy 2023/24 and Medium-Term Financial Plan to 2025/26' report on the agenda for this meeting.

6. TRANSPORT REVENUE BUDGET

- 6.1 The Transport revenue budget approved by GMCA in February 2022 was £269.353m, which includes funding from the Transport Levy and Statutory Charge, Mayoral precept, grants and reserves. The majority of the Transport revenue budget is paid to Transport for Greater Manchester (TfGM) for transport delivery and the budget approved for 2022/23 totalled £189.055m. The remainder of the Transport revenue budget is retained by GMCA for capital financing costs for Metrolink and other programmes. The position against the capital financing budget is breakeven.

6.2 The table below summarises the original approved budget for TfGM for 2022/23 and the proposed revised budget at quarter 3 of £234.374m, an increase of £27.3m, largely due to additional expenditure of activities which are fully funded from additional grants. A commentary on the key changes is provided below the table.

Transport for Greater Manchester Budget 2022/23 Quarter 3	Approved Budget	Forecast Outturn Quarter 3	Variance
	£000	£000	£000
Expenditure:			
Concessionary Support	75,600	77,600	2,000
Supported Services	36,000	39,500	3,500
Capped Fares Scheme	0	17,000	17,000
Payment of Devolved BSOG	11,750	11,750	0
Accessible Transport	3,700	3,700	0
Operational Costs	37,697	37,597	-100
Traffic signals costs	3,822	3,822	0
Clean Air Plan Costs	400	1,400	1,000
Scheme Pipeline development Costs	15,900	19,800	3,900
Bus Franchising costs	15,895	15,895	0
Metrolink net revenue loss	0	5,000	5,000
Financing	6,310	6,310	0
Total Expenditure	207,074	239,374	32,300
Funded by:			
Funding from GMCA	-189,055	-216,355	-27,300
DfT Rail grant	-1,900	-1,900	0
Other grants	-2,700	-2,700	0
TfGM funding from Reserves	-13,419	-13,419	0
Total Funding	-207,074	-234,374	-27,300
Net Expenditure	0	5,000	5,000

6.3 The costs of the statutory concessionary reimbursement are currently forecast to outturn in line with budget. In line with previous Department for Transport (DfT) guidance, TfGM has continued to reimburse bus operators for concessionary reimbursement consistent with pre-pandemic volumes. This has been adjusted for further DfT guidance, where operated mileage has been less than 100% of pre-pandemic levels. Any underspend on the approved budget will be transferred into the concessionary reserve and ring fenced for funding bus costs. The overall increase of £2m represents a higher forecast outturn in relation to the costs of the

Our Pass scheme, where volumes continue to recover strongly post Covid-19. In line with the funding strategy agreed by GMCA on the introduction of the scheme, this spend will be funded from concessionary budgets held by TfGM including concessionary reserves.

- 6.4 The recently announced Mayoral initiative for 'capped' bus fares for single and daily fares, which came into effect in September, and for weekly fares which came into effect in January, will be met from GM's Bus Service Improvement Plan (BSIP) funding. The costs and grant income for 2022/23 are currently estimated to be c. £17m but will be updated as the year continues when further data is obtained.
- 6.5 Since April 2020, the UK Government has been providing financial support to bus operators and Local Transport Authorities in England in response to the impact of the COVID-19 pandemic. From October 2022 operators gave notice of their intention to make commercial service changes across all areas of Greater Manchester in October including service withdrawals and reductions in frequency. Without intervention by TfGM the consequences of the service changes would be significantly detrimental in terms of accessibility to the network and accessibility for residents through the network to reach employment, education and key services such as health facilities.
- 6.6 In response and following consultation with members of the GM Transport Committee, TfGM has replaced withdrawn services at current frequencies, with the exception of minor variants where there is no negative impact on network coverage. Where commercial changes involve frequency reductions, these are being restored to current levels up to a maximum of four buses per hour.
- 6.7 The financial impact of the additional services being supported is approximately £15m per annum, with, in 2022/23, funding to come from a combination of existing budgets and current and future government funding. This will include funding from the Bus Recovery Grant which has since been extended to the end of the current financial year. The impact of the above on the outturn is shown above.
- 6.8 Costs of Accessible services and Operational costs are currently forecast to outturn in line with budget.
- 6.9 Clean Air Plan costs are currently forecast to outturn £1m higher than budget due to the additional work required to review and republish the proposed Clean Air Plan

scheme from 1 July 2022. As in previous years, all of these costs are funded by grants from the Government's Joint Air Quality Unit.

- 6.10 The budget approved for 2022/23 to progress the further development of GM's pipeline of future transport schemes was £15.9m. The outturn for the year is forecast to be £19.8m which includes both scheme development costs and the costs of developing strategic outline business cases for schemes which are being delivered through funding from GMCA's City Region Sustainable Transport Settlement (CRSTS) award. This will be part funded from the DfT through £8.4m from the Intra-City Transport Settlement funding for financial year 2022/23, with the remaining funding from the previously approved funding from GM's previous award of Transforming Cities funding (TCF2), which has now been amalgamated within GM's CRSTS award, as well as other CRSTS funding. This funding will be funded from the Business Rates Top-Up reserve which provides flexibility on use of revenue funding to support capital schemes.
- 6.11 The budget included an estimated sum of £15.9m for the revenue costs for the implementation plans for the introduction of Bus Franchising. The current forecast outturn for these costs is in line with the budget.

7. Recommendations

- 7.1 Recommendations are included at the front of the report.