

GMCA OVERVIEW & SCRUTINY COMMITTEE

DATE: Wednesday, 7th February, 2024

TIME: 1.00 pm

VENUE: Boardroom, GMCA Offices, Tootal Buildings, 56 Oxford Street, Manchester, M1 6EU

SUPPLEMENTAL AGENDA

6. GM Budgets

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Report of Councillor David Molyneux, GM Portfolio Lead for Resources & Investment.

GMCA Revenue and Capital Budgets 2024/5 Overview

- A. Mayoral General Budget & Precept Proposals 2024/25
- B. GMCA Transport Revenue Budget 2024/25
- C. GMCA Revenue General Budget 2024/25
- D. GM Waste Budget and Resources - Budget and Levy 2024/25 and Medium Term Financial Plan to 2023/24 - 2026/26
- E. GMCA Capital Programme -2023/24 - 2026/7

BOLTON	MANCHESTER	ROCHDALE	STOCKPORT	TRAFFORD
BURY	OLDHAM	SALFORD	TAMESIDE	WIGAN

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✉ helen.davies@greatermanchester-ca.gov.uk

This supplemental agenda was issued on 1 February 2024
on behalf of Julie Connor, Secretary to the Greater Manchester Combined Authority,
Churchgate House, 56 Oxford Street, Manchester M1 6EU



GREATER MANCHESTER COMBINED AUTHORITY OVERVIEW & SCRUTINY COMMITTEE

Date: 7 February 2024

Subject: GMCA Revenue and Capital Budgets 2024/25 Overview

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

PURPOSE OF REPORT

This report presents an overview of the proposed GMCA budgets for 2024/25. 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 Greater Manchester (GM) Waste Services Levy.

It sets out the implications of the proposed budgets and the resultant charges on the ten GM local authorities 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.

CONTACT OFFICERS:

Name: Steve Wilson, Treasurer to GMCA

Telephone: 07725 481067

E-Mail: steve.wilson@greatermanchester-ca.gov.uk

Name: Steve Warrener, Finance and Corporate Services Director TfGM

Telephone: 07711 819301

E-mail: steve.warrener@tfgm.gov.uk

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 2024/25 and medium-term financial planning for 2024/25 – 2026/27.

Financial Consequences – Capital – The report sets out a summary of the proposed capital programme for 2023/24 – 2026/27.

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

BACKGROUND PAPERS:

Report to Greater Manchester Combined Authority: 'GMCA Budget Reports' 10th February 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 by the relevant Scrutiny Committee on the grounds of urgency? N/A

Overview & Scrutiny Committee - 7th February 2024

1. Introduction and Background

- 1.1 This report presents an overview of the proposed Greater Manchester Combined Authority (GMCA) budgets for 2024/25. 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 2023/24 – 2026/27.
- 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, local authorities, 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 local authorities 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, local authority contributions, earmarked reserves, internal recharges to other GMCA budgets and external income.
- **Greater Manchester Waste and Resources – Budget and Levy 2024/25 and Medium Term and Financial Plan** – This is funded through a levy to the nine GM local authorities 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 2023/24 – 2026/27** – 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 30th January 2024, 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 24th January 2024. The Panel approved the Mayor's proposal for a precept increase of £13 per year for a band D property. This will take the Band D police precept to £256.30 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 2024/25. The purpose of this report and recommendation are:

- To approve the Mayor's General budget for 2024/25 together with the calculation of the precepts and Council Tax rates;
- To approve the Mayoral General Precept to £112.95 (Band D) comprising of £81.20 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 2025 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 2024/25 Transport revenue budget of £408.953m. The proposed Transport Levy to be approved for 2024/25 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 2024/25 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 2024/25;
- Approve a Transport Levy on the District Councils in 2024/25 of £119.473m 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 2024/25) apportioned on the basis of mid-year population 2022;
- Approve a Statutory Charge of £86.7m to District Councils in 2024/25 as set out in Part 4 of the Transport Order, apportioned on the basis of mid-year population 2022;
- Endorse the proposal to increase fees and charges as noted in the report, including the increases proposed to Departure Charges and Bus stop closure charges;
- Approve the use of Transport reserves in 2023/24 and 2024/25 as detailed in the report.

iii) GMCA Revenue General Budget

This report sets out the proposed GMCA General Revenue Budget for 2024/25 of £275.185m. The report includes the proposed local authority contributions to be approved for 2024/25 of £8.5m, cash flat for the 4th year. The report includes the consequential allocations to the individual local authorities. The GMCA is recommended to:

- Approve the budget relating to the GMCA Corporate Services and devolved programme related functions ;
- Approve local authority contributions of £8.5 million;
- Approve the use of GMCA General reserves in 2023/24 and 2024/25 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 2024/25 and on the Medium-Term Financial Plan (MTFP) 2025/26 to 2026/27. The report sets out:

- A total levy requirement for 2024/25 of £174.3m, which represents a 3.1% average increase over 2023/24. At a GM Local Authority (LA) level the levy changes range from 1.3% to 5.0%;
- The MTFP proposes levy charges of £180.8m in 2025/26 and £189.2m in 2026/27;
- Approval for the proposed 2025/26 Trade Waste rate of £138.93 to allow forward planning by GM LAs;
- Approval for the budget and levy for 2024/25 of £174.3m (3.1% increase);
- Approval for a one-off reduction of £20m to the levy in 2024/25 funded from reserves reducing the 2024/25 requirement to £154.3m 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 2023/24 to 2026/27 capital expenditure programme. The GMCA is requested to:

- Note the current 2023/24 forecast of £579.1m compared to the 2023/24 previous forecast of £623.6m and approve changes to the capital programme as set out in the report;
- Approve the capital programme budget for 2024/25 of £685.2m and the forward plan for future years;
- Approve the inclusion of Greater Manchester's share of the additional highways maintenance funding for 2023/24, as outlined the report and;
- Approve the inclusion of Trailblazer funding as outlined the report.

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 GM local authorities.
- Contributions from local authorities 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: 7 February 2024

Subject: Paper A - Mayoral General Budget and Precept Proposals 2024/25

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 2024/25.

The report recommends the setting of the Revenue Budget for 2024/25 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 and Scrutiny Committee is requested to:

Consider and comment on the report and note the recommendations which will be considered by the GMCA at its meeting on the 9 February 2024 as below.

The GMCA is requested to:

1. Approve the Mayor's General budget for 2024/25 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 £112.95 (Band D) comprising of £81.20 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 2024/25 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 2025 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.

CONTACT OFFICERS:

Name: Steve Wilson, Treasurer to GMCA
E-Mail: steve.wilson@greatermanchester-ca.gov.uk

Name: Andrea Heffernan, Director of Corporate Support (GMFRS)
E-Mail: andrea.heffernan@manchesterfire.gov.uk

Name: Tracey Read, Head of Finance
E-Mail: tracey.read@greatermanchester-ca.gov.uk

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 2024/25 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 2024/25 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 2023/24 – 10 February 2023

GMCA - Mayoral General Budget and Precept Proposals 2024/25 – 26 January 2024

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 - 7th February 2024

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 2024/25, 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 contribution (not Fire). A precept can be issued by the Mayor to GM Councils as billing authorities. The precept is apportioned between local authorities 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 26th January 2024, 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 2024/25. 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 2024/25 will increase to £75.30 for a Band A property split between £54.14 for the fire service and £21.16 for other Mayoral-funded services (£112.95 for a Band D property, with the fire service accounting for £81.20 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 2024/25 (excluding Fire and Rescue). There is no increase to the Mayoral General precept for 2024/25, 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 for a further 12 months from September 2024, providing 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 grant funding will fund the

procurement and implementation of local bus service contracts (bus franchising) in three 'Tranches'. Tranche 1 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.

- 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 2024/25 – 2026/27. 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, there is no adverse impact on frontline fire cover. In addition to funding the unavoidable impact of inflationary cost pressures, the increase will also allow additional investment in the service including an additional fire engine for GM and further investment in protection and prevention work. Together with the changes introduced through the 2023 Fire Cover Review (FCR) these changes will increase the number of fire engines across GM from 50 to 52 and allow significant investment in prevention and protection.

2. CHANGES SINCE THE LAST REPORT

2.1 At the time of writing the report considered by GMCA on the 26th January, the position on local authority 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, 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 2024/25

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

3.2 Part 1 - Mayoral General Budget 2024/25 (excluding Fire and Rescue).

Although it is required to set a precept specifying the Band D Charge, by far the majority of properties, 82%, 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.

2024/25	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	44.6%	19.8%	17.7%	9.6%	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 local authorities 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 GM Councils (with a corresponding reduction in the Transport Levy). A full breakdown by local authority 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 2024/25:

Budget Summary 2024/25	Gross Expenditure £000	Gross Income £000	Net Estimate £000
Fire Service Budget	138,728	3,264	135,464
Other Mayoral General Budget	140,105	27,273	112,832
Capital Financing Charges	3,800	0	3,800
Contribution from balances/reserves	0	416	-416
Budget Requirement	282,633	30,953	251,680
Localised Business Rates		11,347	-11,347
Business Rate Baseline		51,281	-51,281
Services Grant		204	-204

Section 31 Grant - Business Rates		10,017	-10,017
Section 31 Grant - pensions		0	0
Transport - Statutory Charge		86,700	-86,700
Collection Fund surplus/-deficit	0	943	-943
Precept requirement	282,633	191,445	91,188

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 2024/25 are as follows:

Mayoral and GMFRS Reserves	Closing Balances 31 March 2023 £000	Transfer out/(in) 2023/24 £000	Projected Balance March 2024 £000	Transfer out/(in) 2024/25 £000	Projected Balance March 2025 £000
General Reserve - Mayoral & GMFRS	-12,093		-12,093		-12,093
Bus Services Operators Grant	-4,049	1,955	-2,094	1,492	-602
Our Pass Reserve	-3,553	700	-2,853	1,700	-1,153
A Bed Every Night	-2,511	2,511	0		0
Capital Reserve	-10,870	-2,517	-13,387		-13,387
Capital Grants Unapplied	-12		-12		-12
Earmarked Budgets Reserve	-8,075	164	-7,911	416	-7,495
Revenue Grants Unapplied	-6,832	273	-6,559		-6,559
Insurance Reserve	-2,600		-2,600		-2,600
Business Rates Reserve	-1,128		-1,128		-1,128
Restructuring Reserve	-418		-418		-418
Innovation and Partnership CYP	-127		-127		-127
Transformation Fund	-3,604		-3,604		-3,604
Total Mayoral & GMFRS Reserves	-55,872	3,086	-52,786	3,608	-49,178

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 2024/25
(EXCLUDING FIRE & RESCUE)**

5.1 This section provides the proposed Mayoral General Budget (excluding Fire & Rescue) for 2024/25. The Mayoral General Budget funds the Mayor's Office and Mayoral functions including Transport. The budget for 2024/25 is a proposed £140.105m to be funded from Precept income, Transport Statutory Charge, reserves, grants and external income.

5.2 The table below sets out the 2023/24 budget and 2024/25 proposed budget:

Mayoral Budget	2023/24 Original Budget	2024/25 Proposed Budget
	£0	£0
Employee Related	496	500
Supplies and Services	15	15
Travel Related	15	15
Corporate Recharge	826	851
Mayoral Priorities		
A Bed Every Night	2,400	2,400
Equality Panels	350	350
Other Mayoral Priorities	300	300
Total Mayoral Priorities	3,050	3,050
Mayoral Transport		
Bus Reform	15,895	15,895
Our Pass	16,891	17,229
Care Leavers	550	550
Bus Service Operators Grant	11,750	11,750
TfGM Revenue Grant	90,250	90,250
Total Mayoral Transport	135,336	135,674
Gross Expenditure	139,738	140,105
Funded by:		
Mayoral Precept	-25,193	-25,633
Collection Fund Surplus /- Deficit	-1,059	-499
BSOG grant	-13,150	-13,150
Mayoral Capacity grant	-1,000	-1,000

Statutory charge	-86,700	-86,700
Earnback Grant	-11,045	-11,045
Other Grants	-741	-1,228
External Income	-850	-850
Gross Income	-139,738	-140,105

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 is part of a three year plan to enable greater investment in other areas of homelessness response and prevention.

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 £17.2m is proposed for 2024/25 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', for which Tranche 1 commenced operation in September 2023 and Tranches 2 and 3 to commence operation during 2024/25.

5.3.4. Other Mayoral priorities:

- Care Leavers concessionary pass to providing a 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.

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, I was given further powers for transport functions and a £86.7m statutory charge to GM 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:

Transport Statutory Charge 2024/25			
Local authority	Population		
	Mid 2022	%	£
Bolton	298,903	10.27%	8,900,127
Bury	194,606	6.68%	5,794,582
Manchester	568,996	19.54%	16,942,408
Oldham	243,912	8.38%	7,262,716
Rochdale	226,992	7.80%	6,758,907
Salford	278,064	9.55%	8,279,625
Stockport	297,107	10.20%	8,846,649
Tameside	232,753	7.99%	6,930,446
Trafford	236,301	8.12%	7,036,091
Wigan	334,110	11.47%	9,948,449
Total	2,911,744	100.00%	86,700,000

6. PART 2 - PROPOSED GREATER MANCHESTER FIRE AND RESCUE REVENUE AND CAPITAL BUDGET 2024/25

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 2026/27 has been updated, based on the 2023/24 baseline updated for pay and price inflation, known cost pressures and agreed savings.

6.3 The Chancellor announced the Spending Review in December 2023 which presented a one-year settlement as the final of the three-year government Spending Review. In relation to Fire and Rescue Services, the announcements covered the following:

- Fire & Rescue services receiving an average 6.5% increase in core spending power.
- Flexibility on council tax precept for stand-alone Fire Services of 3%
- Services Grant reduction of 84%
- Fire and Rescue Pensions Grant now included within core spending power.

6.4 The Provisional Local Government Settlement was published in December 2023 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 2023/24 to 2026/27:

<u>Medium Term Financial Plan</u>	Original 2023/24	Revised 2023/24	Proposed Budget 2024/25	Indicative Budget 2025/26	Indicative Budget 2026/27
	£000	£000	£000	£000	£000
Fire Service	115,365	115,365	125,437	135,464	137,581
Pay and price inflation	5,955	5,955	5,005	2,418	2,463
Savings	-712	-712	-1,629	0	0
Cost pressures and variations	4,828	4,828	6,651	-301	0
Cost of service	125,437	125,437	135,464	137,581	140,044
Capital Financing Charges	2,082	2,082	3,800	4,685	5,179
Transfer to Earmarked Reserves	2,637	2,842	0	0	0
Net Service Budget	130,156	130,361	139,264	142,266	145,223

Funded by:					
Localised Business Rates	10,649	10,743	11,347	11,347	11,347
Baseline funding	43,275	43,275	51,281	51,281	51,281
SFA - Services Grant	1,244	1,296	204	0	0
Section 31 - Business rates related	7,567	7,707	10,017	10,017	10,017
Section 31 - Pension related	5,605	5,605	0	0	0
Precept income (at £81.20 Band D)	60,463	60,433	65,555	66,211	66,211
Collection Fund surplus/deficit	531	479	444	444	444
	129,334	129,538	138,848	139,300	139,300
					0
Shortfall	822	823	416	2,966	5,923
Shortfall Funded by:					
Earmarked Reserves	822	822	416	0	0
General Reserves/Precept Increase	0	0	0	2,966	5,923
Use of Earmarked & General Reserves/Precept	822	822	416	2,966	5,923

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 £2.401m from the 2023/24, net of pension funding as described at paragraph 6.7, from the 2023/24 position with a reduction in Services Grant of £1.092m.
- 6.7 The pension grant, previously paid under a separate Section 31 grant, has now been allocated through the Revenue Support Grant as part of the baseline funding. Payment has been added on a flat cash basis as per previous years from 2019/20 to 2023/24.
- 6.8 This represents an increase in total Government funding for the service of just over 2.4% which falls some way short of the pay and non-pay inflation pressures faced by the service.

- 6.9 Precept income has been included at the increased rate of £54.14 per Band A property, equivalent to £1.04 per week (£81.20 per household at Band D equivalent, or £1.56 per week) which ensures frontline fire cover is maintained. The estimated taxbase for 2024/25, i.e. the number of households paying council tax, has seen an increase when compared to levels assumed in 2023/24.
- 6.10 Collection Fund surplus/deficits and localised business rates have been confirmed by the GM authorities. Information received shows an increase in both areas of funding from the previous year.

Pay and Pensions

- 6.11 The original pay inflation in respect of 2023/24 included 7% April to June in relation to the 2022/23 pay award and a further 5% for uniformed staff and 4% for non-uniformed staff. Negotiations in respect of uniformed pay concluded in March 2023 with a 5% pay offer. In relation to non-uniformed staff, pay award was agreed at £1,925.
- 6.12 On calculating the 2024/25 pay budget requirements, assumptions have been made of a further 5% pay inflation for uniformed staff and 3% for non-uniformed staff.
- 6.13 As noted at paragraph 6.7, the pensions grant has been included at flat cash within the Revenue Support Grant allocation. Following the 2020 pension valuation, the Home Office has confirmed that the projected increase in the employer contribution rate will be covered in full for 2024/25 by additional grant funding. The methodology uses both actual and forecasted pension costs and takes a four-year average (percentage) which is applied to forecast 2024/25 pension costs. The Home Office have consulted with NFCC on the methodology and have agreed this approach.

6.14 The rates for the projected increase in the employer contribution rate have not yet been confirmed, this is expected in January. Therefore, the current MTFP does not include estimates of either the increased contribution or the additional grant, albeit we are assuming a balanced position for 2024/25.

Savings

6.15 Following delivery of savings within 2023/24 of £0.788m, further savings of £1.629m have been identified to be delivered in 2024/25. As part of the Fire Cover Review, proposals were put forward and agreed to implement a more flexible and resilient approach for the technical rescue capability operating from enhanced rescue stations. Taking these steps brings savings of £1.179m which are to be reinvested to increase the number of fire engines from 50 to 51. Additionally, savings have been identified as part of a facilities management review of £0.450m.

Pressures

6.16 Budget pressures have been identified as set out below:

- Pay award – budget pressures of £4.433m have been calculated on the basis of a 5% increase for uniformed staff and 3% for non-uniformed staff as noted at paragraph 6.12.
- Price inflation – an estimated 2% inflation has been factored into the medium term financial plan across all general non-staffing expenditure budgets including energy costs, which equates to a £0.572m pressure. The exception is around business rates payable which has been identified and quantified as £0.236 included within the cost pressures.
- In conjunction with partners, control room operations are under review, where projects have been proposed and initiated. Pressures of £0.533m have been identified, in terms of one-off support and ICT upgrade costs

£0.416m and on-going pressures of £0.209m arising from control room staff pay inflation and lease costs.

- Corporate Services support from the wider GMCA will see a cost increase, mainly in relation to pay award. This has been estimated at £0.247m.

Investments

- 6.17 As described at paragraph 6.15, savings have been identified which are to be reinvested to support the implementation of an additional (51st) fire engine to provide improved capacity to respond to emergencies, increased coverage within the city centre of Manchester and enhance ability to save lives and property. This element of the Fire Cover Review is to be funded from the savings with a minor residual pressure of £0.200m.
- 6.18 Investment is required in Prevention, Protection and Response to enable the Service to proactively respond to the ongoing transformation of the city-region, particularly in and around central Manchester, where increasing number of high-rise buildings are combining with an ageing infrastructure, increasing the risk of fires spreading and being more difficult to put out. Whilst increasing resilience, the service also seek to improve response times where possible.
- 6.19 In addition to the investment in prevention and protection, the proposed precept increase will also allow the introduction of a further fire engine as part of the investment into response which would increase the total number of appliances to 52 as per the original plans within the Fire Cover Review which gained support through the public consultation.
- 6.20 The investments and increase in frontline services enable more prevention, more protection and better response.

CAPITAL PROGRAMME

6.21 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	2023/24	2024/25	2025/26	2026/27	2027/28	Future Years to 2032/33	Total
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Estates	6,921	21,661	12,063	11,220	2,236	58,582	112,683
Transport	4,272	2,964	3,580	5,455	275	7,688	24,233
ICT	1,101	465	350	150	150	750	2,967
Equipment	1,490	3,465	72	305	1,978	1,278	8,588
Sustainability	119	838	75	75	75	375	1,557
Health & Safety	521	0	0	0	0	0	521
Waking Watch Relief Fund	2,112	429	0	0	0	0	2,541
Total	16,536	29,822	16,140	17,205	4,714	68,673	153,090

6.22 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 2023/24.

6.23 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.

6.24 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.

6.25 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

6.26 Future budget risks are set out below:

- Future government funding beyond 2024/25 has not been confirmed and is likely to be announced within the next Comprehensive Spending Review.
- Pay inflation for firefighters and local government employees in excess of the assumptions set out in the report.
- Funding beyond 2024/25 has not yet been confirmed in respect of the pension increases as noted at 6.14.
- McCloud/Sargeant Remedy – the judgement refers to the Court of Appeal’s ruling that the 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 of resources to deliver a change programme.
- Emergency Services Mobile Communications Project (ESMCP) – a national project to procure and replace the emergency services network has been paused but may create budget pressures in future years.

- Any changes required following the recommendations from the Manchester Arena Public Inquiry and Grenfell Inquiry, and, implications arising from the Fire Safety Act 2021, and the Building Safety Act 2022 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.
- 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 2024/25

	Gross Expenditure £000	Gross Income £000	Net Estimate £000
Fire Service Budget	138,728	3,264	135,464
Other Mayoral General Budget	140,105	27,273	112,832
Capital Financing Charges	3,800	0	3,800
Contribution from balances/reserves	0	416	-416
Budget Requirement	282,633	30,953	251,680
Localised Business Rates		11,347	-11,347
Business Rate Baseline		51,281	-51,281
Services Grant		204	-204
Section 31 Grant - Business Rates		10,017	-10,017
Section 31 Grant - pensions		0	0
Transport - Statutory Charge		86,700	-86,700
Collection Fund surplus/-deficit	0	943	-943
Precept requirement	282,633	191,445	91,188

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>	<u>Council Tax Base</u>
Bolton	80,001.0
Bury	57,408.7
Manchester	134,937.9
Oldham	59,380.0
Rochdale	58,500.0
Salford	76,722.0
Stockport	98,396.6
Tameside	64,722.5
Trafford	79,362.0
Wigan	97,900.0
Total	807,330.7

AMOUNTS OF COUNCIL TAX FOR EACH BAND

2024/25	A	B	C	D	E	F	G	H
Costs for Band £	75.30	87.85	100.40	112.95	138.05	163.15	188.25	225.90

CALCULATION OF BAND D EQUIVALENT TAX RATE

	£
NET EXPENDITURE UNDER SN 42A (4)	282,633,369
LESS:- Funding (Including S31 grant)	190,502,000
	<hr/> 92,131,369

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

BOLTON	-59,569
BURY	10,917
MANCHESTER	-348,652
OLDHAM	5,734
ROCHDALE	-180,464
SALFORD	-184,166
STOCKPORT	-201,654
TAMESIDE	-13,434
TRAFFORD	-75,861
WIGAN	103,783
Total	<hr/> -943,366

NET BUDGETARY REQUIREMENT

TO BE MET BY COUNCIL TAX

91,188,003

NET BUDGETARY REQUIREMENT

91,188,003

AGGREGATE TAX BASE

807,330.7

BASIC TAX AMOUNT AT BAND 'D'

112.95

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GREATER MANCHESTER COMBINED AUTHORITY OVERVIEW & SCRUTINY COMMITTEE

Date: 7 February 2024

Subject: Paper B - GMCA Transport Revenue Budget 2024/25

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

PURPOSE OF REPORT

The report sets out the transport related Greater Manchester Combined Authority (GMCA) budget for 2024/25. The proposed Transport Levy to be approved for 2024/25 is included within the report together with the consequential allocations to the District Councils of Greater Manchester.

RECOMMENDATIONS:

The GMCA Overview and Scrutiny Committee is requested to:

Consider and comment on the report and note the recommendations which will be considered by the GMCA at its meeting on the 9 February 2024 as below.

The GMCA is requested to consider the recommendations below:

1. Note the risks and issues which are affecting the 2024/25 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 2024/25.
3. Approve a Transport Levy on the District Councils in 2024/25 of £119.473m, apportioned on the basis of mid-year population 2022.
4. Approve a Statutory Charge of £86.7m to District Councils in 2024/25 as set out in Part 4 of the Transport Order, apportioned on the basis of mid-year population 2022.
5. Endorse the proposal to increase fees and charges as noted in the report, including the increases proposed to Departure Charges and Bus stop closure charges. as set out in paragraphs 4.24 and 4.25.
6. Approve the use of Transport reserves in 2023/24 and 2024/25 as detailed in section 5.

CONTACT OFFICERS:

Name: Steve Wilson, Treasurer to GMCA

E-Mail: steve.wilson@greatermanchester-ca.gov.uk

Name: Steve Warrener, Managing Director / Finance and Corporate Services Director, Transport for Greater Manchester

E-Mail: steve.warrener@tfgm.com

Equalities Implications: N/A

Climate Change Impact Assessment and Mitigation Measures: N/A

Risk Management – The risks and issues which are affecting the 2024/25 transport budgets are detailed in the report.

Legal Considerations – There are no specific legal implications with regards to the 2024/25 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 2024/25.

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 2023/24 – 10 February 2023.

Report to Greater Manchester Combined Authority: Revenue Update 2023/24 – 27th October 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 by the relevant Scrutiny Committee on the grounds of urgency? N/A

Overview & Scrutiny Committee - 7th February 2024

1. INTRODUCTION

- 1.1 The report provides details of the proposed budget, including Mayoral funded functions as they relate to Transport for 2024/25.
- 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 2024/25

- 2.1 The proposed Transport budget for 2024/25 is £408.953m, this is an increase of £11.038m compared to the 2023/24 revised budget. From the transport budget £78.353m is to be retained by GMCA, predominantly to meet capital financing costs.
- 2.2 The proposed funding to TfGM for 2024/25 is £330.600m, an increase of £11.906m compared to 2023/24 revised budget at quarter 3. The major variances are as follows:
 - Transport Revenue Grant to TfGM of £152m funded from the Levy and Statutory Charge, which is an increase of £11.038m compared to 2023/24 revised budget funded by:

- Local Authority (District) Transport Levy increase of £6m. This funding is ringfenced for the net costs of Metrolink and Bus Franchising, with the amount of Levy allocated for TfGM 'core' budgets to be maintained at a 'cash flat' level again.
- Capital financing cost of £5.036m to be met from the GMCA Capital Programme Reserve.
- Previously announced Government bus recovery funding (BSOG+) of £6.5m for 2024/25, which is a reduction of £23.7m compared to 2023/24.
- Bus Franchising funding of £42m for 2024/25 funded from a combination of Mayoral precept, Earnback reserve and Local Transport reserve. This an increase of £18.6m compared to the 2023/24 revised budget.
- City Region Sustainable Transport Scheme funding / 'capital to revenue switch' of £25m applied to the revenue budget, funded from the Business Rates Top-Up reserve.
- Scheme development funding of £17.135m, also funded from the Business Rates Top-Up reserve. This is a reduction of £3.078m compared to the 2023/24 revised budget.
- 16-18 'Our Pass' and Care Leavers concessionary pass funding of £17.729m (an increase of £338k from 2023/24) funded from the Mayoral budget from a combination of Mayoral precept, grant funding, reserves and income.
- Other grants of £17.741m including Bus Service Operators grant and Active Travel revenue grants which reflects a £17.092m decrease compared to 2023/24 revised budget.

2.3 The table below shows the proposed Transport budget for 2024/25 compared to the original and 2023/24 revised budget at quarter 3:

Transport Revenue Budget 2024/25	Revised Budget 2023/24 (Qu3)	Proposed Budget 2024/25	Change from revised budget
	£000	£000	£000
Resources:			

Mayoral Transport Budget	135,336	135,674	338
District Levy	113,472	119,474	6,002
Earnback Revenue Grant	12,592	28,714	16,122
Bus Services Improvement Grant	47,800	48,600	800
Government Recovery Funding	30,200	6,500	(23,700)
Use of Reserves	35,567	64,135	28,568
Other Grants	22,948	5,856	(17,092)
Total Resources	397,915	408,953	11,038
Expenditure:			
<u>Funding to TfGM</u>			
Gross Grant to TfGM	146,021	152,023	6,002
TfGM Funded Finance Costs	(5,036)	-	5,036
Revenue grant to TfGM	140,985	152,023	11,038
Bus Services Improvement Grant	47,800	48,600	800
Government Recovery Funding	30,200	6,500	(23,700)
Bus Franchising	23,400	42,000	18,600
City Region Sustainable Transport Fund	-	25,000	25,000
Scheme Development Costs	20,213	17,135	(3,078)
Our Pass Concession	16,891	17,229	338
Care Leavers Concession	550	550	-
Other Grants	34,833	17,741	(17,092)
GMCA Traffic Signals	3,822	3,822	-
Funding to TfGM	318,694	330,600	11,906
<u>Funding retained by GMCA</u>			
GMCA Corporate	1,024	975	(49)
Capital Financing Costs			
- Levy Funded	52,904	52,904	-
- GMCA Funded	20,257	24,474	4,217
- TfGM Funded from Reserves	5,036	-	(5,036)
GMCA Capital Financing Costs	79,221	78,353	(868)
Total Call on Resources	397,915	408,953	11,038

3.

PROPOSED GMCA TRANSPORT LEVY AND MAYORAL STATUTORY CHARGE 2024/25

- 3.1 The table below details both the Transport Levy (£119.473m) and the Statutory Charge (£86.700m) for each GM local authority (district). The total district transport funding for 2024/25 is therefore £206.173m.
- 3.2 This value reflects a £7.9m (4%) increase on the recurrent baseline levy for 2023/24 (the amount paid by districts in 2022/23 also included a 1% non-recurrent element).

3.3 As in 2023/24 the 4% increase for 2024/25 is made up of a 3% recurrent increase and a 1% non-recurrent increase.

3.4 The apportionment of the overall Statutory Charge and Levy has also been adjusted to reflect the 2022 mid-year population statistics.

GM Local Authority	2024/25							
	Transport Levy £000	Statutory Charge £000	Total Charge £000	Change against 2023/24 baseline		Change against 2023/24 total charge		
				£000	%	£000	%	
Bolton	12,264	8,900	21,164	1,101	5.49%	906	4.47%	
Bury	7,985	5,795	13,780	506	3.82%	377	2.82%	
Manchester	23,347	16,942	40,289	1,609	4.16%	1,233	3.16%	
Oldham	10,008	7,263	17,271	732	4.43%	571	3.42%	
Rochdale	9,314	6,759	16,073	506	3.25%	355	2.26%	
Salford	11,409	8,280	19,689	1,405	7.69%	1,227	6.65%	
Stockport	12,191	8,847	21,038	561	2.74%	362	1.75%	
Tameside	9,550	6,930	16,480	673	4.26%	519	3.25%	
Trafford	9,696	7,036	16,732	196	1.19%	35	0.21%	
Wigan	13,709	9,948	23,657	639	2.78%	415	1.79%	
Total	119,473	86,700	206,173	7,929	4.00%	6,001	3.00%	

4. TfGM BUDGET STRATEGY 2024/25

The Bee Network

4.1 GM's move to bus franchising is a key enabler for delivering transformational change in its transport system. 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.

- 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 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.
- 4.5 As previously reported to GMCA, implementation of Bus Franchising is now well under way. Tranche 1, covering Wigan and Bolton, became operational on 24th September 2023 and Tranche 2, covering Oldham, Bolton and Bury is due to commence operation in March 2024. Tranche 3 is scheduled to commence in early 2025.

Financial Context

- 4.6 The Bee Network continues to be delivered against an extremely challenging financial background. Patronage and revenues on Metrolink and Bus have continued to recover during the current financial year but are still below where they would have been if the pandemic had not occurred. This has combined with exceptional inflationary pressures which have led to a significant 'stepped' and recurrent increase in the cost base (e.g. electricity, fuel and labour costs) of the transport network. These challenges, and the progressively reducing Government funding have, and will continue, to impact on the net costs of both the Metrolink and Bus networks, alongside other risks as described below.

Additional Risks

- 4.7 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. salary and other support costs and energy costs)
- Long term revenue and capital funding will be required to support the work to consider the options and potential for future Rail Reform;
- Costs of operating and maintaining an expanding network of traffic signals, with no specific additional funding. The network continues to expand primarily due to the delivery of new highways / active travel schemes;
- Continuing costs to support the ongoing development of integrated ticketing initiatives; and
- As part of its ongoing work to be as efficient and effective as possible, TfGM continues to consider how to best serve its customers and ensure it has the most effective and efficient delivery models. This work will deliver savings over the medium to longer term but may require some additional costs in 2024/25, which will need to be accommodated within the core 'cash flat' budget.

2024/25 Budget Strategy

- 4.8 During the current financial year, TfGM managed to secure additional funding from Department of Transport (DfT) to support both the Metrolink and bus networks as part of a Financial Sustainability Plan (FSP) which has been developed and implemented by TfGM. Through this FSP, TfGM has supplemented the additional funding provided by DfT with a targeted programme of internal efficiencies; network planning savings; and generation of challenging growth in farebox revenues.
- 4.9 TfGM continues to deliver on the FSP and this will continue through 2024/25 as part of working to 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, initiatives to reduce fare evasion and to increase farebox and other income. This has delivered strong continuing recovery in Metrolink revenues in 2023/24, to 95% of pre covid volumes, as well as revenues from the T1 bus franchised operations that have, to date, outturned above initial forecasts;
- **Network:** Continuous reviews to scope potential efficiencies on the transport network, including initiatives to reduce energy costs and to further optimise service delivery.
- **Internal efficiencies:** An ongoing programme to ensure the most effective and efficient delivery models; to reduce the core operating costs of TfGM, including by reductions in external expenditure; and an ongoing focus on increasing commercial income from the existing TfGM asset base.
- **Additional local funding:** The proposed £6m increase in the Transport Levy in 2024/25 will be ringfenced in full to contribute towards funding the budgeted Metrolink net deficit and the budgeted costs of stabilising the Bus network and the operation of the newly franchised elements.

4.10 All of the outcome targets included in the FSP for the generation of cost savings or additional income in 2023/24 are forecast to be delivered; and the financial benefits will recur into 2024/25 and beyond. However, significant challenges still remain. This report shows how these challenges can be met in order to deliver a balanced budget for 2024/25. However this includes the use of a number of 'non-recurring' sources of funding, including reserves; and therefore, discussions need to continue with government in order that a more sustainable funding model can be developed to support the transport network in GM and in other regions.

TfGM Proposed Budget 2024/25

4.11 Based on the proposals above, the TfGM budget for 2024/25, compared to the latest 2023/24 outturn would be as follows:

	2023/24	2024/25
	Outturn	Budget
	£'000	£'000
Resources		
Funding from GMCA	318,694	330,600
Metrolink funded financing costs	5,036	-
DfT Rail grant	1,900	1,900
	325,630	332,500
Net expenditure		
Concessionary Support non Franchised Services	76,254	31,784
Capped Fares Scheme non Franchised Services	34,000	14,513
Non Franchised Tendered Services	44,573	13,400
Payment of Devolved BSOG	11,750	3,056
Bus Franchising implementation costs	23,400	24,500
Bus Franchising net cost	22,500	151,877
	212,477	239,130
Metrolink net cost	26,763	19,715
Operational Costs	45,445	42,688
Accessible Transport	3,700	3,700
Traffic signals costs	3,822	3,822
Net Clean Air Plan Costs	9,200	-
Scheme Pipeline development Costs	17,913	17,135
Financing	6,310	6,310
Total Expenditure	325,630	332,500
Surplus/(Deficit) on core budget	-	-

4.12 In the presentation above all local and national grant funding, the vast majority of which is paid to TfGM either by or through GMCA, is included in the Resources section. The costs shown in the Expenditure section represent the net cost (after farebox and other income) of providing the services, but before any GMCA funding has been applied.

Expenditure

- 4.13 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.
- 4.14 Since the first lockdown TfGM has, as encouraged by DfT, continued to reimburse operators for concessionary reimbursement based on pre-pandemic levels of patronage. However DfT has recently issued updated guidance for reimbursement beyond March 2024 under which reimbursement must revert to being based on actual patronage, albeit using a new reimbursement calculator.
- 4.15 The 2024/25 Concessionary Reimbursement budget reflects the fact that, from the end of March 2024, concessionary reimbursement to external operators will only be payable for services which are currently operating in Tranche 3, as Tranches 1 and 2 will be fully franchised by 31 March 2024. The 'lost revenue' from carrying concessionary passengers in the franchised areas is included as part of the net contract costs for operating franchised services.
- 4.16 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 Combined Authority agreed, at its meeting on 27 January 2023, to fund Our Pass on a continuing basis. The Our Pass scheme is funded from a combination of Mayoral precept, reserves, and other income. As is the case for ENCTS, the 'lost revenue' from carrying these concessionary passengers in the franchised areas is included as part of the net contract costs for operating franchised services. A total funding budget of £17.4m is proposed for 2024/25 with a risk reserve held by TfGM if costs exceed this level, in line with the original funding for the scheme agreed by GMCA.

- 4.17 Capped bus fares were introduced in September 2022 (singles and daily fares) and January 2023 (weekly fares). The budgeted costs for 2024/25 are an estimate of the costs for the year payable in the non franchised area. The Capped Fare scheme is funded from BSIP grant income from DfT. The 'reduced revenue' in the franchised areas is included as part of the net contract costs for operating franchised services.
- 4.18 The costs of funding tendered bus services in the non franchised area are shown on the Non Franchised Tendered Services cost line. This cost is budgeted to reduce in 2024/25 as more of the network is franchised, however the budget has come under further significant pressure in the current financial year as operators have withdrawn services in non franchised areas. TfGM has reinstated the majority of these services and the budget reflects the continuation of this support until the commencement of Tranche 3.
- 4.19 The budget for BSOG represents payments to operators of commercial services in the non franchised areas. This amount is due to reduce in 2024/25 in line with the roll out of franchising.
- 4.20 Expenditure on Bus Franchising implementation costs is budgeted to be £24.5m in 2024/25 The key activities in the year are set out below:
- Work to mobilise and implement franchised services;
 - Work to 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.
- 4.21 The net costs (ie net of farebox income) of operating franchised bus services, before any GMCA funding has been applied are included in the Bus Franchising net cost line. An estimate of the costs for Tranche 3 is currently included based on the costs for the

first two tranches. Tranche 3 costs, and any other variances in costs and income, will be updated through the quarterly outturn reports as the year progresses.

- 4.22 The net costs (ie net of farebox income) of operating franchised Metrolink, before any GMCA funding has been applied are included in the Metrolink net cost line.
- 4.23 Net operational costs include the costs of operating and maintaining the TfGM owned bus stations, travel shops and other infrastructure, the costs of support functions and other specific grant funded costs. The underlying costs are forecast to increase by c£6 million from the budgeted costs in 2023/24, largely due to inflationary pressures. It has been assumed that this will be offset by savings delivered by an ongoing programme to ensure the most effective and efficient delivery models; and to reduce the core operating costs of TfGM, including by reductions in external expenditure; and an ongoing focus on increasing commercial income from the existing TfGM asset base. Also included in this cost heading are the revenue costs of Active Travel Schemes which are fully funded by specific revenue grants as noted above.
- 4.24 In line with recent years, it is proposed that Departure Charges, will be subject an increase in line with inflation in April 2024. The additional income will be used to partly offset cost increases.
- 4.25 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 £320 to £335 for the first four stops and that the costs thereafter are increased from £110 to £115 per stop. The costs for 'revisiting' a stop are also proposed to increase from £140 to £150.
- 4.26 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 2023/24 budget and outturn.
- 4.27 The costs for operating traffic signals include the costs for energy, communications to determine what measures GM is to implement – only the Investment-led Plan complies with the requirement placed on the 10 GM local authorities to deliver

compliance in the shortest possible time and by 2026 at the latest. No costs have been included in the current budget for the Clean Air Plan pending the outcome of the government response to GM's proposal for the future of the scheme. and any other operational costs, including any repairs and maintenance. The network continues to expand primarily due to the delivery of new highways / active travel schemes.

- 4.28 The development of the GM CAP is funded by government and is overseen by Joint Air Quality Unit (JAQU), the joint Department for Environment, Food & Rural Affairs (DEFRA) and Department for Transport (DfT) unit established to deliver national plans to improve air quality and meet legal limits. The costs related to the business case, implementation and operation of the GM CAP are either directly funded or underwritten by government acting through JAQU and any net deficit over the life of the GM CAP will be covered by the New Burdens Doctrine, subject to a reasonableness test.
- 4.29 The 'Case for a new Greater Manchester Clean Air Plan' was submitted to the Secretary of State in July 2022. In January 2023, government asked GM for additional evidence including modelling how its investment-led approach performs (in terms of delivering compliance with legal nitrogen dioxide levels) against the 'benchmark' of a charging clean air zone to address the nitrogen dioxide exceedances identified in central Manchester and Salford. In April 2023, the government advised of a review of its bus retrofit programme as it had evidence that retrofitted buses have poor and highly variable performance in real-world conditions. Due to the bus retrofit review the requested evidence needed further work. In December 2023, GM submitted an update to the Secretary of State on the Case for a new Greater Manchester Clean Air Plan and confirmed that an appraisal of GM's proposed investment-led plan has been undertaken against a benchmark charging Clean Air Zone (CAZ) in the centre of Manchester and Salford. GM's evidence shows that the investment-led, non-charging plan can achieve compliance in 2025. However, it is for government to determine what measures GM is to implement – only the Investment-led Plan complies with the requirement placed on the 10 GM local authorities to deliver compliance in the shortest possible time and by 2026 at the latest.

4.30 Expenditure on scheme development costs is budgeted to reduce slightly in 2024/25, reflecting the phasing of activity on the development of Business Cases and schemes which are part of the programme of works funded through CRSTS.

RESERVES

5.1 An analysis of the forecast and budgeted movements in transport related reserves for 2023/24 and 2024/25 is set out below:

Transport Reserves and Balances	Closing Balance 31 March 2023	2023/24 Planned Use	Projected Closing Balance 31 March 2024	2024/25 Planned Use	Projected Closing Balance 31 March 2025
	£000	£000	£000	£000	£000
<u>General Revenue Reserves</u>					
TfGM General Reserve	(3,902)	-	(3,902)	-	(3,902)
GMCA Transport General Reserve	(1,085)	-	(1,085)	-	(1,085)
	(4,987)	-	(4,987)	-	(4,987)
<u>Earmarked Reserves and Revenue Grants Unapplied</u>					
<i>GMCA</i>					
Capital Programme Reserve	(101,189)	6,623	(94,566)	12,000	(82,566)
Business Rates Top-Up - Highways	(55,560)	3,222	(52,338)	42,135	(10,203)
Integrated Ticketing Reserve	(8,829)	1,800	(7,029)	1,800	(5,229)
Earnback Revenue Reserve	(32,491)	3,637	(28,854)	28,714	(140)
Revenue Grant Unapplied	(30,623)	(6,057)	(36,680)	15,856	(20,824)
	(228,692)	9,225	(219,467)	100,505	(118,962)
<i>TfGM</i>					
Joint Road Safety	(8,270)	(1,384)	(9,654)	-	(9,654)
Metrolink	(464)	-	(464)	-	(464)
Property Depreciation	(7,162)	358	(6,804)	358	(6,446)
Metrolink Depreciation	(4,481)	260	(4,221)	260	(3,961)
Property Development	(2,165)	500	(1,665)	500	(1,165)
Concessionary Travel - Bus	(19,367)	9,800	(9,567)	(1,550)	(11,117)
Subsidised Bus	(1,750)	-	(1,750)	1,750	-
	(43,659)	9,534	(34,125)	1,318	(32,807)
Total	(277,338)	18,759	(258,579)	101,823	(156,756)

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 2024 is £1.085 million for GMCA and £3.902 million for TfGM and there is no planned use of General Reserves in 2024/25.

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 £94.966m and the forecast at 31 March 2025 is £82.566m. The long-term balance on the Capital Programme Reserve is retained to manage fluctuations in net revenues from Metrolink, inflation pressures and interest rates for capital financing.

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 £8.829m on 31 March 2023. 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 2023/24 with a proposed further drawdown of £1.8m in 2024/25, which would reduce the balance at 31st March 2025 to £5.229m.

Revenue Grants Unapplied Reserve

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

Joint Road Safety Group Reserve (GMCRP)

- 5.9 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.

Metrolink Reserve

- 5.10 The Metrolink Reserve was established held to fund development costs relating to the Metrolink network.

Property Depreciation Reserve

- 5.11 The Property Depreciation Reserve 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 Depreciation Reserve

- 5.11 This reserve is held to fund future depreciation charges on specific Metrolink assets.

Property Development Reserve

- 5.12 This reserve is held to fund the cost of future expenditure on developing TfGM's property portfolio to support the development of additional property income in the future.

Concessionary Travel Reserve - Bus

- 5.12 A reserve is held to cover specific costs and manage various risks including 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.

Subsidised Bus Reserve

- 5.13 This reserve has been generated by historic underspend against the subsidised bus budget.

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 unprecedented levels of general – and specifically energy – inflation has had a significant impact on the finances of TfGM.
- 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 programme of this size.

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GREATER MANCHESTER COMBINED AUTHORITY OVERVIEW & SCRUTINY COMMITTEE

Date: 7 February 2024

Subject: Paper C - GMCA General Revenue Budget 2024/25

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

PURPOSE OF REPORT

The report sets out the Greater Manchester Combined Authority (GMCA) General Revenue Budget for 2024/25. The proposed local authority contributions to be approved for 2024/25 of £8.5m are included within the report together with the consequential allocations to the individual Councils. The contribution has been frozen for a further year and includes a reduction of £99k in relation to a withdrawal of the contribution to MIDAS from Rochdale Council.

RECOMMENDATIONS:

The GMCA Overview and Scrutiny Committee is requested to:

Consider and comment on the report and note the recommendations which will be considered by the GMCA at its meeting on the 9 February 2024 as below.

The GMCA is requested to consider the recommendations below:

1. Approve the budget relating to the Greater Manchester Combined Authority functions excluding transport and waste in 2024/25 as set out in section 2 of this report.
2. Approve local authority contributions of £8.5 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.

CONTACT OFFICERS:

Name: Steve Wilson, Treasurer to GMCA

E-Mail: steve.wilson@greatermanchester-ca.gov.uk

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 2024/25.

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 2023/24 – 10 February 2023

Report to Greater Manchester Combined Authority: Revenue Update 2023/24 – 27th October 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 by the relevant Scrutiny Committee on the grounds of urgency? N/A

Overview & Scrutiny Committee - 7th February 2024

1. INTRODUCTION AND BACKGROUND

- 1.1 This report provides details of the proposed Greater Manchester Combined Authority (GMCA) Revenue General budget for 2024/25. 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 programme directorates which lead on specific areas of work, the majority of which are funded by government grants:
- Corporate Services
 - Core Investment Team
 - Digital
 - Economy
 - Environment
 - Place
 - Public Service Reform
 - Education, Work and Skills
- 1.3 The 2024/25 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 GM Council 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 2023/24 and 2024/25. 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.

1.5 The GMCA General proposed budget for 2024/25 is £275.284m which is an increase of £29.600m compared to 2023/24 original budget which is fully funded from additional resources. The report provides information on the GMCA corporate budget in Section 3 and programme budgets in Section 4. The table below summarises the overall proposed 2024/25 GMCA General revenue budget compared to the 2023/24 original budget approved by GMCA in February 2023.

Total GMCA General Revenue Budget	Original Budget 2023/24	Proposed Budget 2024/25	Change
Expenditure	£000	£000	£000
GMCA Corporate Services	25,782	31,226	5,444
Digital	353	2,873	2,520
Economy	9,746	4,960	-4,786
Environment	1,509	3,071	1,562
Place	23,446	55,511	32,065
Public Service Reform	41,884	39,691	-2,193
Education, Work and Skills	141,120	131,245	-9,875
Core Investment Team	1,745	2,553	808
Mayoral Election	0	4,055	4,055
Total Expenditure	245,585	275,185	29,600
Government Grants	-188,866	-204,848	-15,982
District Contributions	-8,602	-8,503	99
Internal Recharges	-22,905	-30,841	-7,936
Retained Business Rates (approved)	-8,014	-10,531	-2,517
Earmarked Reserves	-5,543	-7,221	-1,678
Other Income	-11,655	-13,242	-1,587
Total Funding	-245,585	-275,185	-29,600
Net Expenditure	0	0	0

2. FINANCIAL PLANNING FOR FURTHER DEVOLUTION

2.1 In March 2023, GM agreed a new 'Trailblazer' deeper devolution deal with the Government. Central to this deal was a commitment to reforming how the Government provides funding to GM by creating a new 'Single Settlement' in the next Spending Review period. Alongside the November 2023 Autumn Statement, the Government published a "Memorandum of Understanding" (MoU) on the forthcoming GMCA and West Midlands Combined Authority Single Settlements.

2.2 Currently, each devolved responsibility or programme is funded separately, funding cannot be moved between programmes, and each programme often has its own

monitoring or accountability requirements. The Single Settlement will address this by creating a single funding settlement for a core set of responsibilities. The MoU published alongside the Autumn Statement sets out further details about how this will operate in practice.

2.3 The MoU does not set the amount of funding allocated to GMCA or the outcomes to be delivered in return. These will be decided at, and following, future Spending Reviews. There will be a further decision point in Spring 2024 where additional annexes to the MoU will be agreed between GMCA and Government. These will include:

- The formulae to determine the GMCA allocative share of funding (where this isn't already known);
- The provisional process for setting the outcomes framework (i.e. the measures, not the numerical targets);
- Further detail on the spending controls the Government will employ for the Settlement, including detail about how arrangements for flexibility across financial years will operate.

2.4 The next Spending Review, likely in Autumn 2024, is when the amount of funding allocated to GMCA through the Single Settlement will be confirmed, using the process set out in the MoU. The Settlement itself then 'goes live' in April 2025 and the financial implications of this will be reflected in the GMCA budget process for 2025/26.

2.5 As part of the devolution deal the continuation of the 100% business rates retention arrangements for 10 years. The MOU for this agreement comes into effect from 1 April 2024 and will be in place for the financial years 2024-25 to 2033-34 inclusive with the aim to:

- Support the long-term financial and economic sustainability and economic growth of the combined authority;
- Support devolution strategy and Levelling Up objectives across local government;

- Provide more control of income and strengthen local accountability, whilst recognising that risk comes with reward and deeper devolution comes with strong accountability.

- 2.6 Alongside the 10-year business rates retention arrangements, government and Greater Manchester aim to designate for 2024-25 up to 3 'Growth Zones' within the Greater Manchester area. These sites will retain growth above an agreed baseline for a period of 25 years, exempt from a system-wide reset of business rates baselines. The Growth Zones are in addition to 2 Investment Zones and existing Enterprise Zones.
- 2.7 The 2024/25 GMCA budget reflects initial planning for resourcing the capacity and skills requirements to deliver the devolution deal within the GMCA. For 2024/25 the financial implications of this will be met through earmarked reserves in anticipation of recurrent resources being made available through the single settlement and retained business rates.

3. CORPORATE SERVICES BUDGET

- 3.1. The GMCA Corporate functions include senior management, finance, audit, commercial, digital services, people services, procurement and contracts, legal and governance, information governance, business support, strategy, research, communications and engagement and resilience.
- 3.2 GMCA does not receive any direct government funding to fund corporate functions. Expenditure is met from a combination of recharges to Fire and Rescue, Police and Crime and GMCA devolved programmes (where possible), GM local authority (district) contributions and external income.
- 3.3 The proposed Corporate Services budget for 2024/25 is £31.2m which is an increase of £5.4m compared to 2023/24. The changes are in relation to:
- Additional programme and external income funded staffing mainly relating to Strategy & Research, Communication and Engagement, Management Trainees, Tootal Building and Resilience Unit transfer from MCC of **£2.4m**.

- Increase in corporate overhead recharge of **£1.4m** to reflect 2024/25 estimated pay and price pressures including:
 - Pay Inflation - 3% anticipated pay award (£1m)
 - Non Pay pressures – (£0.4m)
- Increase to corporate overhead recharge of **£1.6m** for Other unavoidable pressures in relation to:
 - Digital - Cyber systems and capacity and specialist infrastructure engineers (£500k);
 - Microsoft licences increased cost (£600k);
 - People Services (HR/OD), professional visa sponsorship, training and development and Greater Jobs system, commercial social value capacity, management trainees (£500k);

3.4 The table below sets out the Corporate Services original budget for 2023/24 and proposed budget for 2024/25. Appendix 1 provides a breakdown of the 2024/25 budget for each of the Corporate Services functions.

GMCA General Revenue Budget Corporate Budgets	Original Budget 2023/24	Proposed Budget 2024/25	Change
Expenditure	£000	£000	£000
Senior Management	697	793	96
GM Resilience	324	1,253	929
Strategy & Research	3,431	4,218	788
Comms, Media & Engagement	1,575	2,076	501
Digital	4,632	6,228	1,597
Finance, Audit & Commercial	4,092	4,415	324
Legal, Info Gov, Demo & Bus Supp	4,092	4,115	23
HR/OD inc Mgt Trainees	3,906	4,742	837
Land and Property	1,394	1,466	72
Tootal	1,641	1,918	278
Total Expenditure	25,782	31,226	5,444
Internal recharge	-17,387	-24,818	-7,431
Fees, charges and other income	-2,540	-419	2,121
Grant Income	-64	-215	-151
Retained Business Rates (approved)	0	-343	-343
Earmarked Reserves	-810	-450	360
District contribution	-2,725	-2,725	0
Deposit interest	-2,256	-2,256	0
Total Funding	-25,782	-31,226	-5,444
Net Expenditure	0	0	0

4. PROGRAMME BUDGETS

- 4.1 The programme directorates are focused on delivering key areas of work largely funded through a significant number of Government grants, supported by funding from previously approved 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 a longer term period and others operate with short term grant funding confirmed on an annual basis. As such 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 In addition the programme budget includes:
- The planned expenditure on the Mayoral election in May 2024 of £4.1m funded from retained business rates in the absence of any alternative funding source.
 - The Core Investment Team budget of £2.6m for the running cost of the team and a contribution towards Corporate Service overhead which is fully funded from investment interest.
- 4.4 A description of the directorate programmes which make up the proposed budget for 2024/25 is provided in the table and paragraphs below:

Programme Budgets	Original Budget 2023/24	Proposed Budget 2024/25	Change
Expenditure	£000	£000	£000
Digital	353	2,873	2,520
Economy	9,746	4,960	-4,786
Environment	1,509	3,071	1,562
Place	23,446	55,511	32,065
Public Service Reform	41,884	39,691	-2,193
Education, Work and Skills	141,120	131,245	-9,875
Core Investment Team	1,745	2,553	808
Mayoral Election	0	4,055	4,055
Total Expenditure	219,803	243,959	24,156
Government Grants	-188,802	-204,633	-15,831
District Contributions	-5,877	-5,778	99
Internal Recharges	-5,518	-6,023	-505
Retained Business Rates (approved)	-8,014	-10,187	-2,173
Earmarked Reserves	-4,733	-6,771	-2,038
Other Income	-6,859	-10,567	-3,708
Total Funding	-219,803	-243,959	-24,156
Net Expenditure	0	0	0

4.5 Digital

4.5.1 The GM Digital team is committed to delivering on the GM Digital Strategy through a multi-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 2024/25 budget for Digital is **£2.9m** which relates to:

- The GM One Network Project will create a single active network infrastructure across a large proportion of public sector organisations, enabling network services across Greater Manchester to be provided more efficiently, securely, and flexibly. The GMCA is the lead body for the delivery of this scheme, other

partner organisations include TfGM, Bury Council, Oldham Council, Rochdale Council and Stockport Council. The **£2.4m** expenditure in 2024/25 will be funded by recharge to partners as set out in the collaboration agreement.

- GM Digital Platform supported by recharges to a number of external organisations and specific projects across GMCA Directorates of **£0.3m**.
- GM Connect and programmes with **£0.2m** funded from earmarked reserves.

4.5.3 Further considerations on funding for Digital programmes in 2024/25 will be included in a later report to GMCA.

4.6 Economy

4.6.1 The Economy Directorate supports key groups including the Economy Board, Local Industrial Strategy Programme Delivery Executive, GM Economic Resilience Group and GM Business Board.

4.6.2 Key priorities for 2024/25 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 quarterly 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 so that business leaders can respond to the issues and changes in the local economy.

4.6.3 The proposed 2024/25 budget for Economy is **£5m**, which includes:

- **£0.9m** 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 2024/25, including for the Foundational Economy Innovation Fund, Innovation Greater Manchester and development of the Low Carbon sector.

- **£1.3m** relating to Marketing Manchester and MIDAS funded from District Contributions of £1.3m. This is a reduction of £0.1m compared to 2023/24 as Rochdale Council has withdrawn its contribution for MIDAS.
- **£1.8m** relating to Made Smarter Adoption North West programme fully funded from Government grant.
- **£0.4m** for the Business Growth Hub funded by a grant received by the Department for Business and Trade.
- **£200k** for the Cricket Strategy funded from previously agreed retained business rates growth.
- **£300k** 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.

4.7.2 The 2024/25 proposed budget is **£3.1m** relating to the following programmes of work:

- Environment and Low Carbon programme **£1.1m**, funded from a combination of local authority contributions, Public Sector Decarbonisation government grant allocation, internal recharges and previously approved business rates retention allocations.
- Local Energy Advice Demonstration **£1m** has been received from the Department for Energy Security and Net Zero for delivery of Net Zero projects in the North West.
- **£300k** government grant from the Department for Business, Energy, and Industrial Strategy to fund Social Housing Decarbonisation Fund Wave 2.
- Local Nature Recovery Strategy allocation of **£125k** has been received from Department for Environment, Food and Rural Affairs to build on the city region's

successful pilot, which concluded in September 2021, to provide fairer access to green space for all.

- Other Environment projects including Natural Course, Woodland Creation Accelerator Fund, Sustainable Consumption and Production funded from external funding totalling **£535k**.

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 2024/25 budget for Place Making is **£55.5m** which includes:

- UK Shared Prosperity Fund (UKSPF) **£42.7m** – 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 – 2025/26. The Place Directorate budget for 2024/25 includes:
 - 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.
- Cultural and Social Impact Fund of **£4.4m** funded by District contributions and Retained Business Rates to support a new approach to cultural investment agreed by the GMCA in October following consultation over the summer 2022.
- GM Delivery team budget of **£1.1m** funded from earmarked reserves and other external income.

- There is **£7.3m** of budget for Business, Innovation and Enterprise Policy, Planning and Housing, Growth Locations, Flood Risk Management and Create Growth from a combination of external grants, internal recharges, Earmarked Reserves 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 2024/25 budget for Public Service Reform is **£39.7m**. The majority of the budget is funded from Government grants supported by partner contributions, previously agreed 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 2023 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 **£18.7m** which is included in the PSR budget for 2024/25 the majority of which is paid to local authorities.

- Changing Futures grant funding of **£1.4m** for 2024/25 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 2024/25. In May 2022 government grants of c£30m for the period 2022/23 – 2024/25 were announced. From this funding **£9.7m** is reflected in the 2024/25 proposed budget including Housing First, Rough Sleeping Initiative, Rough Sleeper Accommodation Programme and Community Accommodation Services.
- 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 2024/25 the ABEN has a planned cost of **£5.4m** funded from local and national funding, including £0.4m of Rough Sleeping 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 **£1.4m** for 2024/25.
- Other programmes such as Children Services, Special Educational Needs and Disabilities, GM Safeguarding Alliance, GM Health Devolution and Media Literacy Taskforce and GM fostering Programme, funded from a combination of grants and external income totalling **£1.1m**.

- PSR Directorate net delivery budget of **£1.2m** funded from partner resources, other external income and recharges.
- Ageing Better budget for 2024/25 is **£0.8m**, this includes 'Ageing in Place' pathfinder which is grant funded up to 2025/26.

4.10 Education, Work and Skills

4.10.1 Education, Work & Skills 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 2024/25 budget is **£132.1m** to support the following programmes:

- The Adult Education Budget (AEB) of **£97m** 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 **£6.6m**;
- AEB Multiply programme of **£5m** in 2024/25 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.
- 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.
- Working Well services to support people experiencing or at risk of long term unemployment, including the Work and Health Programme of **£7m**, the Individual Placement & Support in Primary Care Programme of **£2.5m**, the Work and Health Pioneers Programme of **£1.8m** and Working Well Specialist Employment of **£0.4m**.
- 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 **£1.0m** for 2024/25.
- Other programmes and delivery resources totalling **£3.3m** such as Technical Education, Life Readiness and Health & Employment.

5. BASIS OF APPORTIONMENT OF COSTS TO DISTRICTS

- 5.1 Constituent Councils 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 GM local authorities (districts).
- 5.2 The basis of apportioning historic MIDAS and Marketing Manchester budgets is set out below:
- MIDAS recharge of £924m – 84% of the funding is split equally between each District with the remaining 16% being split on a population basis. Rochdale Council has withdrawn its contribution of £99k to MIDAS which has been removed from the recharge.
 - 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. Additional funding of £1.1m has previously been approved by GMCA to be met from retained business rates growth.

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

Local Authority	2023/24	2024/25	Change
	£000	£000	£000
Bolton	861	872	11
Bury	606	605	-1
Manchester	1,640	1,643	3
Oldham	729	731	2
Rochdale	692	589	-103
Salford	795	819	24
Stockport	877	867	-10
Tameside	701	703	2
Trafford	729	712	-17
Wigan	973	963	-10
Total	8,603	8,504	-99

6. RESERVES

6.1 An analysis of the forecast and budgeted movements in reserves for 2023/24 and 2024/25 is set out below:

GMCA General and Earmarked Reserves	Opening Balances 1 Apr 23	Forecast movement (in)/out 2023/24 Quarter 3	Forecast Closing Balances 31 Mar 24	Forecast movement (in)/out 2024/25 Budget	Forecast Closing Balances 31 Mar 25
	£000s	£000s	£000s	£000s	£000s
GMCA General Reserve	-4,273	0	-4,273	0	-4,273
Business Rates	-45,740	21,453	-24,287	10,531	-13,756
Housing Investment Fund	-11,843	0	-11,843	0	-11,843
Core Investment Team	-9,915	0	-9,915	0	-9,915
Total Investment Reserves	-21,758	0	-21,758	0	-21,758
Total Directorate Reserves	-60,006	11,362	-48,644	7,221	-41,423
Total GMCA Reserves	-131,777	32,815	-98,962	17,752	-81,210

6.2 General GMCA Reserve

The GMCA general reserve is funded through contributions from the GMCA revenue account. The current balance remained at £4.273m at 1st April 2023 with no planned change to this reserve as part of the budget proposals in this report.

6.3 Business Rates Growth

This reserve had a balance of £45.7 million at 1 April 2023 which reflected the GMCA share of business rates growth up to end of 2022/23. Planned use of the reserve in 2023/24 and 2024/25 is based on approvals by GMCA up to March 2023, which would leave a balance in reserve of £24.3m by 31st March 2024 and £13.8m by 31st March 2025. Further proposals will be brought forward to GMCA in relation to GMCA share of expected business rates growth for 2023/24.

6.4 Investment Reserves

Housing and Core Investment reserves totalling £21.8m at 1st April 2023 are not included in the GMCA General budget as they relate to:

- Interest earned on income received in advance will be re-invested within the fund as per grant conditions and arrangement fees may be off set against specific costs associated with the making of the loans.
- Funding to establish revolving investment funds, promoting a long term locally led solution to local infrastructure constraints.
- Interest, arrangement fees and other income earned from loans funded by the funding agreement with Ministry for Homes, Communities and Local Government. The surpluses will be used to support the GM housing strategy.

6.5 GMCA Directorate Reserves

Directorate reserves of £60m at 1st April 2023 relate to unapplied revenue grants and earmarked reserves for programme delivery in future years. Planned use of reserves in 2023/24 and 2024/25 would leave a balance in reserve of £48.6m by

31st March 2024 and £41.4m by 31st March 2025. The most significant reserves relate to:

- Resource to support GM wide budget transformation and efficiency programmes and preparations for the implementation of the GM devolution deal.
- Earmarked funding to manage risk with shared accommodation in the Tootal Building and to develop the repurposing of the building;
- Funds adult further education, community learning and discretionary learner support and Working Well reserve;
- Funding to support School Readiness programmes. Aim to improve early years outcomes and to invest in our early years workforce to ensure they have the right skills and competencies to help children achieve their potential
- Other Public Sector Reform reserves including Reform Investment Fund, Changing Futures Programme. Ageing Well Programme and Youth Pathfinder.

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 2

Programme Budget 2024/25	Local Authority (District) Contributions	Government Grants	Other Grants	Business Rates Reserve	Earmarked Reserves	Internal Recharges	Other External Income	Total Budget 2024/25
	£000	£000	£000	£000	£000	£000	£000	£000
GM Digital Strategy	0	0	0	0	130	38	0	168
Smart Residents Data Exchange Platform	0	0	0	0	0	0	340	340
GM One Network	0	0	0	0	0	0	2,365	2,365
Total Digital	0	0	0	0	130	38	2,706	2,873
Economic Advice	34	0	0	0	0	0	0	34
Economy	0	84	0	0	0	223	0	307
Made Smarter Adoption (Phase 2) 22-25	0	1,800	0	0	0	0	0	1,800
MIDAS	924	0	0	0	0	0	0	924
Marketing Manchester	350	0	0	0	0	27	0	377
Business Growth Hub - BIS	0	420	0	0	0	0	0	420
GM Local Industrial Strategy	0	0	0	776	14	99	10	898
Cricket Strategy	0	0	0	200	0	0	0	200
Total Economy	1,308	2,304	0	976	14	349	10	4,960
Environment and Low Carbon	207	244	0	150	264	241	0	1,106
Natural Course	0	17	0	0	0	94	0	111
Five Year Environment Plan	0	0	0	0	0	0	0	0
Green Spaces Fund	0	0	0	0	0	0	0	0
Woodland Creation Accelerator Fund (WCAF)	0	0	145	0	0	0	0	145
Local Nature Recovery Strategy	0	125	0	0	0	0	0	125
Local Energy Advice Demonstrator	0	996	0	0	0	0	0	996
Social Housing Decarbonisation Fund	0	0	0	0	0	0	309	309

ECO LA Flex	0	0	0	0	0	0	75	75
Sustainable Consumption and Production	0	0	0	0	0	90	114	204
Total Environment	207	1,382	145	150	264	425	498	3,071
Business, Innovation and Enterprise Policy	189	0	0	0	58	134	0	381
Planning and Housing	217	0	0	0	0	200	165	581
Cultural and Social Impact Fund	3,300	0	0	1,125	0	0	0	4,425
Delivery of the Housing Strategy	0	0	0	0	1,270	0	0	1,270
Voluntary, Community & Social Enterprise	0	0	0	0	0	228	0	228
Net Zero Social Homes	0	0	0	380	0	230	0	610
GM Delivery Team (HIF)	0	0	0	0	1,028	0	79	1,108
UK Shared Prosperity Fund	0	42,658	0	0	0	0	0	42,658
Places for Everyone Development Strategy	0	0	0	104	0	0	0	104
Good Landlord Scheme	0	0	0	0	0	303	0	303
Local Enforcement (Housing) Pathfinder	0	1,029	0	0	0	0	0	1,029
Growth Locations	0	0	0	2,000	0	0	0	2,000
Brownfield Fund (BF)	0	0	0	0	200	0	0	200
Create Growth	0	425	0	0	0	0	0	425
Flood Risk & Integrated Water Management	0	0	0	189	0	0	0	189
Total Place	3,706	44,112	0	3,798	2,557	1,095	244	55,511
Childrens Services	0	0	0	0	0	105	0	105
GM Health Devolution	0	0	0	0	0	0	93	93
Ageing Better	109	0	0	0	0	0	0	109
GM Trailblazer	0	0	0	0	34	314	0	348
Public Service Reform	404	20,177	0	0	407	304	365	21,656
Housing First	0	3,103	0	0	0	0	0	3,103
Ageing in place pathfinder	0	0	775	0	0	0	0	775
Youth Pathfinder	0	0	0	711	711	0	0	1,423
Children & Young People Core costs	0	0	0	0	0	0	275	275
A bed every night	0	0	0	0	28	3,144	2,200	5,372
Rough Sleeping Initiative	0	1,825	0	0	0	0	0	1,825

Rough Sleeper Accommodation Programme	0	639	0	0	19	0	0	658
Special Educational Needs & Disabilities	0	0	0	0	42	0	68	109
GM Safeguarding Alliance	0	0	0	0	0	0	75	75
Community Accommodation Service (CAS)	0	3,657	0	0	108	0	0	3,765
Total Public Service Reform	513	29,401	775	711	1,348	3,867	3,076	39,691
Work and Skills	45	0	0	0	1,151	82	0	1,278
Skills Capital	0	0	0	0	109	0	0	109
Apprenticeship & technical education (legacy tax incentive)	0	0	0	0	374	0	0	374
Careers & Enterprise	0	0	706	0	281	0	0	988
Homelessness Youth Pathfinder	0	0	0	0	0	0	0	0
Work & Health Programme	0	7,029	0	0	0	0	0	7,029
Adult Education	0	96,969	0	0	0	0	0	96,969
City Deal Tax Incentives	0	0	0	497	0	0	0	497
WW - Specialist Employment	0	0	0	0	371	0	0	371
Individual Placement and Support in Primary Care	0	2,520	0	0	0	0	0	2,520
Work & Health Pioneers	0	1,831	0	0	0	0	0	1,831
DfE – Skills Bootcamp	0	7,500	0	0	0	0	0	7,500
Health & Employment	0	0	22	0	171	0	0	194
AEB -National Skills Fund Level 3 Adult Offer	0	6,568	0	0	0	0	0	6,568
AEB - Multiply	0	5,018	0	0	0	0	0	5,018
Total Education, Work and Skills	45	127,434	728	497	2,458	82	0	131,245
Core Investment Team	0	0	0	0	0	167	2,386	2,553
Total Core Investment Team	0	0	0	0	0	167	2,386	2,553
Elections	0	0	0	4,055	0	0	0	4,055
Total Election	0	0	0	4,055	0	0	0	4,055
GMCA Programme Totals	5,778	204,633	1,648	10,187	6,771	6,023	8,919	243,959

Appendix 3

2024/25 Local Authority (District) Contribution	Mid-Year Population 2022		GMCA General Budget	Cultural & Social Impact Fund	Marketing Manchester			MIDAS			Total
					80%	20%	Total	84%	16%	Total	
			£000	£000	£000	£000	£000	£000	£000	£000	£000
Bolton	298,903	10.27%	403	339	20	7	27	86	17	103	872
Bury	194,606	6.68%	263	221	20	5	25	86	11	96	605
Manchester	568,996	19.54%	768	645	98	14	112	86	32	118	1643
Oldham	243,912	8.38%	329	276	20	6	26	86	14	100	731
Rochdale	226,992	7.80%	306	257	20	5	26	0	0	0	589
Salford	278,064	9.55%	375	315	20	7	27	86	16	102	819
Stockport	297,107	10.20%	402	336	20	7	27	86	17	102	867
Tameside	232,753	7.99%	314	264	20	6	26	86	13	99	703
Trafford	236,301	8.12%	319	268	20	6	26	86	13	99	712
Wigan	334,110	11.47%	451	379	20	8	28	86	19	105	963
Total	2,911,744	100.00%	3,930	3,300	280	70	350	774	152	924	8,504

GREATER MANCHESTER COMBINED AUTHORITY OVERVIEW & SCRUTINY COMMITTEE

Date: 7 February 2024

Subject: Paper D - Waste and Resources Budget and Levy 2024/25 and Medium-Term Financial Plan to 2026/27

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

Purpose of Report

The purpose of the report is to seek comment on the budget and levy for 2024/25 and on the Medium-Term Financial Plan (MTFP) to 2026/27. Those plans are delivered by:

1. A total levy requirement for 2024/25 of £174.3m, which represents a 3.1% average increase over 2023/24. At a GM Local Authority (LA) level, the levy changes range from 1.3% to 5.0%; and
2. The MTFP then proposes levy charges of £180.8m in 2025/26 and £189.2m in 2026/27.

Recommendations:

The GMCA Overview and Scrutiny Committee is requested to:

Consider and comment on the report and note the recommendations which will be considered by the GMCA at its meeting on the 9 February 2024 as below.

The GMCA is recommended to:

1. Approve the proposed 2025/26 Trade Waste rate of £138.93 to allow forward planning by GM local authorities.
2. Approve the budget and levy for 2024/25 of £174.3m (3.1% increase).

3. Approve a one-off reduction of £20m to the levy in 2024/25 funded from reserves reducing the 2024/25 requirement to £154.3m and delegate approval to the GMCA Treasurer to agree the basis of distribution with LA treasurers.
4. Note the risk position set out in the Balances Strategy and Reserves.

Contact Officers

Steve Wilson, Treasurer

Steve.wilson@greatermanchester-ca.gov.uk

Lindsey Keech, Head of Finance (Capital and Treasury Management)

Lindsey.keech@greatermanchester-ca.gov.uk

Report authors must identify which paragraph relating to the following issues:

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 & 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 proposed Revenue budget for waste disposal in 2024/25.

Financial Consequences – Capital

This report sets out the proposed capital budget for waste disposal in 2024/25.

Number of attachments to the report:

1 - Appendix A - Capital Programme

2 - Appendix B – Forecast Levy Increases per GM LAs

Comments/recommendations from Overview & Scrutiny Committee

N/A

Background Papers

N/A

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

7th February 2024

1. INTRODUCTION AND BACKGROUND

1.1 Base Budget for 2024/25

The base budget for 2024/25 has been compiled and updated based upon:

- a) GM LAs final tonnage information, as supplied in their October 2023 submissions; and
- b) Actual inflation (as measured using the CPI September 2023 index) for the Waste and Resource Management Services (WRMS) and Household Waste Recycling Centre Management Services Contracts (HWRCMS).

2. ORIGINAL ESTIMATES 2024/25

2.1 Revenue

A base budget has been produced based upon achieving the vision and objectives set out in the Greater Manchester Waste Management Strategy. The effect of the above is to produce a £5.251m increase in net budget requirement for 2024/25 (3.1% increase). Further detail is provided below:

	Budget 2024/25 £m
Operational Costs	116.326
Operational Financing	55.104
Office Costs	6.245
Non-Operational Financing	0.599
Total Budget	<u>178.274</u>
Use of Reserves	<u>(4.000)</u>
Levy	174.274

2.2 Levy Apportionment

The tonnages supplied by GM LAs, in October 2023, have been subjected to scrutiny by the Waste & Resources Team and detailed discussions with GM LA Waste Chief Officers. Future year's projections also include the impact of population/ housing growth.

The method of allocating the levy to GM LAs has a provision allowing for the rebasing of tonnages used to allocate fixed costs. This rebasing has taken place for the setting of the 2024/25 levy.

The tonnage forecasts mean that individual GM LAs allocations will vary from the average of 3.1% increase and have a range of 3.7% (covering 1.3% to 5.0%). The final allocations to GM LAs can be summarised as:

GM LA	2023/24 Levy £m	2024/25 Levy £m	Increase/ (Decrease) £m	Increase/ (Decrease) %
Bolton	19.729	19.990	0.262	1.3
Bury	13.680	14.069	0.389	2.8
Manchester	30.632	31.809	1.177	3.8
Oldham	17.650	17.889	0.239	1.4
Rochdale	15.502	16.002	0.500	3.2
Salford	19.989	20.583	0.594	3.0
Stockport	20.573	21.602	1.029	5.0
Tameside	15.520	16.226	0.706	4.5
Trafford	15.748	16.104	0.356	2.3
Total	169.023	174.274	5.251	3.1

2.3 The quarter 3 revenue update presented to the 9th February CA meeting sets out the proposal to return the forecast 2023/24 underspend of £10m to the nine local authorities. In addition to this, it is proposed to provide a one-off reduction in the 2024/25 levy funded from accumulated waste reserves which will reduce the overall levy requirement in 2024/25 to £154.274m.

2.4 Capital

The revenue budget takes account of the proposed spend on items of a capital nature. Appendix A sets out details of proposed capital spend in 2024/25. The forecast spend of £9.270m can be summarised as:

- a) £5m for a HWRC at Reliance Street, Newton Heath;

- b) £300k for a new welfare unit at Cobden Street, Salford;
- c) £200k for an electrical rewire at Higher Swan Lane, Bolton;
- d) £250k for solar Photovoltaics on some of the welfare units at various sites;
- e) £1.320m for rail wagons;
- f) £2m for mobile plant and equipment; and
- g) £200k for an access ramp/road at Waithlands former landfill site.

Any programme carry forward from 2023/24 will increase the values above.

3. MEDIUM TERM FINANCIAL PLAN (MTFP) TO 2026/27

The GMCA has adopted a current year plus 2-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 2024/25 and beyond.

3.1 Inflation Assumptions

The forward look assumptions for Retail Price Index (RPI) and Consumer Price Index (CPI) inflation are shown below and have been included in the MTFP.

Financial Year	Forecast December RPIx	Forecast September CPI
2024/25	4.8%	6.6%
2025/26	3.5%	2.0%
2026/27	3.5%	2.0%

3.2 MTFP Projections

The MTFP projections have also assumed that:

- a) GM local authorities 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 2024/25 equivalent to the handling charge; and
- e) An income from TPSCo in 2024/25 for a share of electricity income.

3.3 Estimated Budget and Levy for the MTFP

Taking account of the above, the estimated budget and levy for the MTFP period are:

Financial Year	Budget Requirement £m	Use of Reserves £m	Levy £m	Increase/ (Decrease)
2023/24	170.023	(1.000)	169.023	4.183
2024/25	178.274	(4.000)	174.274	5.251
2025/26	184.841	(4.000)	180.840	6.566
2026/27	192.187	(3.000)	189.187	8.347

3.4 GM LA Levy Changes over the MTFP Period

Below the headline figures, the impact on GM LAs will be slightly different and dependent on tonnage forecasts. Appendix B provides indicative details of the GM LA Levy changes over the MTFP period.

4. BALANCES

The balances attributable to the Waste & Resources team as at 1 April 2023 were £100.3m. During 2023/24, £27m of reserves have been returned to GM LAs with the use of £1m from the Waste Compositional Analysis Reserve. The budget for 2024/25 contains proposals to utilise £4m of reserves.

4.1 Balances and Risks

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

- a) Tonnes 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.

4.2 Level of Balances

The level of balances is an area of ongoing discussion with GM LAs. 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. BUDGET ENGAGEMENT

In accordance with our usual practice, Officers have sought to engage on budget matters with both Waste Chief Officers and Treasurers of constituent GM LAs. As far as possible the budget and levy take into account their comments.

Appendix A

Capital Programme for 2024/25

a) Reliance Street HWRC Redevelopment

A new Household Recycling Centre (HWRC) is required at Reliance Street in Newton Heath due to the existing facility being beyond its economic life span and a restricted layout which does not encourage recycling of commodities within the household waste stream. The existing layout is restrictive for operational needs often resulting in significant queueing at Reliance Street during busy periods. The intention is to provide a new larger facility in place of the existing layout, an increase in size of approximately 0.6 acres will be gained by demolishing an adjacent Anaerobic Digestion (AD) plant.

Benefits to be gained by the new layout include:

- Reduced traffic impacts on Reliance Street at busy periods, provided by a double lane wrapping around the HWRC;
- Separate operational entrance to reduce traffic disruption and provide safer access for operational plant and vehicles;
- Increase in waste recovery and recycling by the introduction of 16 separate containerised bays for individual waste streams;
- Introduction of a re-use shop to support a circular economy, providing a direct benefit to the local community; and
- Improved welfare provisions for HWRC staff.

Planning permission for this redevelopment was achieved early in 2023, we are now forecasting construction to commence no later than summer 2024 subject to some final design requirements and a successful tender process.

b) Welfare Unit at Cobden Street, Salford

The existing welfare building at our Cobden Street is now more than 30 years old, it provides welfare provisions to staff the operate our MTR facility. The proposed capital spend is required to review the current building and implement upgrades and or a replacement welfare unit.

c) Electrical Rewiring at Higher Swan Lane, Bolton

The Higher Swan Lane (HSL) location incorporates a maintenance depot to support contract delivery providing maintenance and repair facilities associated with transport and container repairs. The building at HSL is a large open framed structure which was constructed in the 1950's and now requires some investment to ensure its continued operation. The proposed 2024/25 capital spend is required to commence electrical upgrades to ensure the buildings wiring meets current electrical standards. This work proposed for 2024/25 is part of a phased approach over the next 2-3 years.

d) Solar – Photovoltaics at various Waste Sites

This proposed capital spend is required to accommodate a small number of solar installations across the portfolio, which will form part of the Waste estates decarbonisation plans. A solar feasibility review is to be undertaken in 2024/25 across the whole estate, this capital amount will allow for some initial installations to progress within 2024/25. Decisions on future installations will be considered following the initial feasibility review.

e) Rail Wagons

This relates to the second tranche of replacement wagons.

f) Mobile Plant and Equipment

The proposed capital spend relates to the planned purchase of replacement Mobile Plant and Equipment during 2024/25.

g) Access Ramp/Road at Waithlands Former Landfill Site

A new ramped access road is required at Waithlands to provide long term access to a lower section of the site adjacent to the river Roch. The ramp is needed to provide vehicular access to existing manholes associated with a deep culvert running beneath the site, access is also needed to manage the wider landscape and inclined slope along the river Roch as the current site is inaccessible. A ramp design has been defined by a geotechnical consultant we are targeting delivery in summer 2024 subject to a successful tender exercise. The capital spend is required to appoint a contractor and have the ramp constructed, this budget will also be utilised for enabling works and site preparations prior to construction in spring 2024.

Appendix B – Forecast levy increases per GM Local Authority

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	2023/24	2024/25	Increase/ (Decrease)		2025/26	Increase/ (Decrease)		2026/27	Increase/ (Decrease)	
	£m	£m	£m	%	£m	£m	%	£m	£m	%
Bolton	19.729	19.990	0.262	1.3%	20.708	0.718	3.6%	21.669	0.962	4.6%
Bury	13.680	14.069	0.389	2.8%	14.590	0.521	3.7%	15.284	0.694	4.8%
Manchester	30.632	31.809	1.177	3.8%	33.059	1.250	3.9%	34.669	1.609	4.9%
Oldham	17.650	17.889	0.239	1.4%	18.550	0.661	3.7%	19.372	0.822	4.4%
Rochdale	15.502	16.002	0.500	3.2%	16.572	0.570	3.6%	17.326	0.754	4.5%
Salford	19.989	20.583	0.594	3.0%	21.369	0.786	3.8%	22.362	0.993	4.6%
Stockport	20.573	21.602	1.029	5.0%	22.363	0.761	3.5%	23.374	1.011	4.5%
Tameside	15.520	16.226	0.706	4.5%	16.800	0.574	3.5%	17.576	0.776	4.6%
Trafford	15.748	16.104	0.356	2.3%	16.829	0.725	4.5%	17.555	0.726	4.3%
Total	169.023	174.274	5.251	3.1%	180.840	6.566	3.8%	189.187	8.347	4.6%

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GREATER MANCHESTER COMBINED AUTHORITY

OVERVIEW & SCRUTINY COMMITTEE

Date: 7 February 2024

Subject: Paper E - GMCA Capital Programme 2023/24 – 2026/2027

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

Purpose of Report

To present an update in relation to the Greater Manchester Combined Authority's 2023/24 capital expenditure programme and the 2024/25 capital budget and forward plan for approval.

Recommendations:

The GMCA Overview and Scrutiny Committee is requested to:

Consider and comment on the report and note the recommendations which will be considered by the GMCA at its meeting on the 9 February 2024 as below.

The GMCA is requested to:

1. Note the current 2023/24 forecast of £579.1m compared to the 2023/24 previous forecast of £623.6m and approve changes to the capital programme as set out in the report and Appendix A.
2. Approve the capital programme budget for 2024/25 of £685.2m and the forward plan for future years as set out in the report and Appendix A.

3. Approve the addition to, and the subsequent drawdown from, the 2023/24 capital programme of £4.4m for local highways maintenance activities, as outlined in section 3.9.4 of this report.
4. Approve the inclusion of Trailblazer funding as outlined in section 4.14 of this report.

Contact Officers

Name: Steve Wilson, Treasurer

E-Mail: steve.wilson@greatermanchester-ca.gov.uk

Name: Steve Warrener, Managing Director / Finance and Corporate Services
Director, Transport for Greater Manchester

E-mail: steve.warrener@tfgm.com

Equalities Impact, Carbon and Sustainability Assessment:

There are no specific equalities impact, carbon and sustainability issues contained within this report.

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 forecast capital expenditure for 2023/24, 2024/25, and future years.

Number of attachments to the report: None

Background Papers

GMCA Capital Programme 2022/23 – 2025/26 – 10 February 2023

Transport Capital Programme – 26 May 2023

GMCA 2023/24 Capital Update – Quarter 2 – 27 October 2023

Transport Capital Programme – 25 January 2024

Tracking/ Process

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

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

Overview and Scrutiny Committee

7th February 2024

1. INTRODUCTION AND BACKGROUND

- 1.1 The Greater Manchester Combined Authority approved the 2023/24 capital programme at its meeting on 10 February 2023. The latest 2023/24 capital reforecast at quarter 2 was reported and noted by the Authority at its meeting on 27 October 2023.
- 1.2 The Authority's capital programme includes Greater Manchester Fire and Rescue Services (GMFRS), Economic Development & Regeneration programmes, Waste & Resources Service and the continuation of the programme of activity currently being delivered by the Authority, Transport for Greater Manchester (TfGM) and GM Local Authorities (LA) including the following elements:
- a) The Greater Manchester Transport Fund (GMTF);
 - b) Metrolink Trafford Park Line Extension;
 - c) Clean Air funded schemes;
 - d) City Regions Sustainable Transport Settlement (CRSTS) funded schemes;
 - e) Other capital projects and programmes including Transforming Cities Fund 1, Active Travel, 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); and
 - h) Capital Highways Maintenance, Traffic Signals and Full Fibre.
- 1.3 The proposed Capital Programme for 2023/24 to 2026/27 is summarised in Appendix A and the major variances are described in this report.

2. CITY REGION SUSTAINABLE TRANSPORT SCHEME RE-BASELINING

- 2.1 Following the announcement of the Government's Network North plan on 4 October 2023, engagement with Department for Transport (DfT) officials regarding the indicative c£2.5bn allocation for Greater Manchester for the period April 2027 to March 2032 that formed part of this announcement is ongoing. When added to GM's £1.07bn settlement for CRSTS1, which covers the five-year period up to

March 2027, this indicative allocation contributes to an overall pipeline to the end of the financial year 2031/32 of c£3.5bn.

2.2 GM's formal CRSTS1 re-baselining has now been submitted to Government, following submission of a draft, as previously reported. The response aligns with the principles and associated Scheme List included in the May 2023 GMCA Transport Capital Programme report. The current CRSTS1 scheme budgets set out in this report are based on existing approved funding. A decision from Government in relation to GM's proposed rebaselining is expected in early 2024. Once approved, scheme budgets will be updated to reflect the revised financial funding allocations with the updated number included within the Q1 2024/25 capital update report.

2.3 Further updates will be provided in due course.

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 DfT; a 'top slice' from the Greater Manchester Integrated Transport Block (ITB), Local Transport Plan (LTP) funding and from a combination of borrowings, to be undertaken by the Authority, 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 the Authority 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 the Authority, under its levying powers and in part from local, third party, revenue contributions.

3.1.3. The GMCA Transport Revenue Budget 2024/25 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

3.1.4. The Metrolink GMTF 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.

3.1.5. The current forecast expenditure on these works in 2023/24 is £7.1m, compared to a previous forecast of £9.4m. The variance is due to the rephasing of certain activities into the next financial year.

3.1.6. The 2024/25 budgeted expenditure is £9.3m.

Metrolink Renewals and Enhancements

3.1.7. 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, the programme has been reprioritised, with only works that are either safety or operationally critical currently being delivered. The works are now funded from a mixture of borrowings and grant, including the CRSTS.

3.1.8. The current forecast expenditure in 2023/24 is £13.2m, compared to a previous forecast of £11.1m. The variance is due to the accelerated development and delivery of a number of prioritised renewals during 2023/24.

3.1.9. The 2024/25 budgeted expenditure is £18.3m.

Park and Ride

3.1.10. The current forecast expenditure in 2023/24 is £0.04m and is in line with the previous forecast.

3.1.11. The 2024/25 budgeted expenditure is £0.03m.

Bus Priority Programme

3.1.12. The current forecast expenditure in 2023/24, on monitoring and evaluation activity, is £0.2m and is in line with the previous forecast.

3.1.13. The 2024/25 budgeted expenditure is £0.04m.

Interchanges

3.1.14. The current forecast expenditure in 2023/24 is £0.08m and is in line with the previous forecast.

3.1.15. The 2024/25 budgeted expenditure is £0.2m.

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 of grant payments to Stockport MBC.

3.2.2. The current forecast expenditure in 2023/24 is £3.6m, which is in line with the previous forecast.

3.2.3. The 2024/25 budgeted expenditure is £3.0m.

3.3. Metrolink Trafford Park Extension

3.3.1. The current forecast expenditure in 2023/24 is £0.4m, compared to a previous forecast of £0.2m. This is due to negotiations relating final accounts on land transactions being progressed ahead of forecast.

3.3.2. The 2024/2025 budgeted expenditure is £0.2m.

3.4. Transforming Cities Fund – First Allocation (TCF1)

3.4.1. The programme includes:

- a) The Metrolink Capacity Improvement Programme (MCIP); and
- b) The Mayor's Cycling and Walking Challenge Fund (MCF)

3.4.2. The Metrolink Capacity Improvement Programme includes the purchase and delivery of 27 additional trams and additional supporting infrastructure. The current forecast expenditure for 2023/24 is £2.6m, compared to a previous forecast £4.3m. The variance is predominantly due to supporting power infrastructure works now forecast to be completed next financial year. The 2024/25 budgeted expenditure is £3.1m.

3.4.3. The Cycling and Walking Challenge Fund includes 127 schemes. Overall programme management, governance and assurance is undertaken by TfGM on behalf of the Authority. The majority of schemes are delivered by the GM LAs. The current forecast expenditure for 2023/24 is £25.6m, compared to a previous forecast of £28.7m. The 2024/25 budgeted expenditure is £8.8m.

3.5 Active Travel Fund (ATF 2, 3 and 4) including Cycle Safety Grant

3.5.1. The Active Travel Fund programme (ATF 2, 3 and 4) including Cycle Safety Grant comprises 37 cycling and walking infrastructure schemes. The ATF capital programme is being delivered predominantly by the GM LAs. The total current forecast expenditure for 2023/24 is £6.9m compared to a previous forecast of £8.3m. The variance is predominantly due to re-phasing of certain works into

future years.

3.5.2. The 2024/25 budgeted expenditure is £13.3m.

3.6 Clear Air Programme

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

3.6.2. The development of the GM CAP is funded by government and is overseen by Joint Air Quality Unit (JAQU), the joint Department for Environment, Food & Rural Affairs (DEFRA) and DfT unit established to deliver national plans to improve air quality and meet legal limits. The costs related to the business case, implementation and operation of the GM CAP are either directly funded or underwritten by government acting through JAQU and any net deficit over the life of the GM CAP will be covered by the New Burdens Doctrine, subject to a reasonableness test.

3.6.3. The 'Case for a new Greater Manchester Clean Air Plan' was submitted to the Secretary of State in July 2022. In January 2023, government asked GM for additional evidence including modelling how its investment-led approach performs (in terms of delivering compliance with legal nitrogen dioxide levels) against the 'benchmark' of a charging clean air zone to address the nitrogen dioxide exceedances identified in central Manchester and Salford. In April 2023, the government advised of a review of its bus retrofit programme as it had evidence that retrofitted buses have poor and highly variable performance in real-world conditions. Due to the bus retrofit review the requested evidence needed further work. In December 2023, GM submitted an update to the Secretary of State on the Case for a new Greater Manchester Clean Air Plan and confirmed that an appraisal of GM's proposed investment-led plan has been undertaken against a benchmark charging Clean Air Zone (CAZ) in the centre of Manchester and Salford. GM's evidence shows that the investment-led, non-charging plan can achieve compliance in 2025. However, it is for government to determine what measures GM is to implement – only the Investment-led Plan complies with the requirement placed on the 10 GM LAs to deliver compliance in the shortest possible time and by 2026 at the latest.

3.6.4. The current forecast expenditure in 2023/24 is £2.4m compared to a previous forecast of £20.8m due to CAZ works being paused until a decision is received

from Government.

- 3.6.5. The 2024/25 budgeted expenditure is currently nil due to awaiting a decision from the Secretary of State as referenced above.

3.7 Rail - Access for All

- 3.7.1. The current forecast expenditure in 2023/24 for the Access for All Programme is £3.5m, compared to a previous forecast of £3.9m. The variance is predominantly due to the phasing of certain works into the next financial year.
- 3.7.2. The 2024/2025 budgeted expenditure is £4.7m.

3.8 Bus Franchising

- 3.8.1. The current 2023/24 forecast expenditure is £86.8m, compared to a previous forecast of £58.4m. The variance is predominantly due to the phasing of the completion of bus depot acquisitions; and of the installation of on board bus equipment.
- 3.8.2. The 2023/24 forecast expenditure includes costs funded from CRSTS local matched funding contributions met from borrowings.
- 3.8.3. The 2024/25 budgeted expenditure is £32.2m.

3.9 City Region Sustainable Transport Settlement (CRSTS)

- 3.9.1. The current 2023/24 forecast expenditure for CRSTS funded schemes is £104.0m, compared to a previous forecast of £103.4m. The variance is predominantly due to a rephasing of bus depot electrification activities into the current financial year and, offset by a rephasing of the Local Authorities Streets for All and EVCI schemes into future years to align with latest programme delivery estimates.
- 3.9.2. The 2024/25 budgeted expenditure (pre CRSTS1 re-baselining being approved) is £152.8m, a summary of which is included in Appendix A.
- 3.9.3. An update will be provided once the CRSTS1 re-baselining has been approved by Government.
- 3.9.4. Government have also announced a further £3.3bn of additional capital funding for local highways maintenance activities in the North, of which GM has been allocated £4.4m in each of 2023/24 and 2024/25, with an aggregated, minimal

additional uplift from 2023/24 to 2033/34 of £296.5m

3.9.5. The split for 2023/24, as noted in the January 2024 Bee Network Committee (BNC) Transport Capital Programme report, between the GM LAs is as per the table below:

Local Authority	2023/24 funding £'000
Bolton	485
Bury	323
Manchester	602
Oldham	389
Rochdale	388
Salford	399
Stockport	505
Tameside	368
Trafford	369
Wigan	610
Total	4,438

3.10 Zero Emission Buses Regional Areas (ZEBRA)

3.10.1. The ZEBRA project has received £35.7m of DfT Zero Emission Buses Regional Areas funding and £12.5m funded from prudential borrowing.

3.10.2. The current 2023/24 forecast expenditure is £0.5m, which is in line with the

previous forecast.

3.10.3. The 2024/25 budgeted expenditure is £39.8m.

3.11 Transport Local Growth Deal 1 Majors Schemes

3.11.1. The Transport Local Growth Deal 1 and 3 Majors Programme consists of 15 major schemes (excluding Stockport Town Centre Access Plan (TCAP)) which are being delivered by TfGM and the GM LAs. The total 2023/24 forecast expenditure is £64.2m, compared to a previous forecast of £58.7m. The variance is predominantly due to Stockport Interchange construction activities being progressed ahead of schedule.

3.11.2. The 2023/24 forecast expenditure includes costs funded from the CRSTS grant.

3.11.3. The 2024/25 budgeted expenditure is £12.5m.

3.12 Local Growth Deal Minor Works

3.12.1. The Minor Works schemes are being delivered by TfGM and the GM LAs.

3.12.2. The total 2023/24 forecast expenditure on these schemes is £0.3m, compared to a previous forecast of £1.0m. The variance is due to business case submissions for GM LA schemes being rephased into 2024/25.

3.12.3. The 2024/25 budgeted expenditure is £1.4m.

3.13 Traffic Signals

3.13.1 Traffic signals are externally funded and spend will fluctuate dependent on the level on new installations requested. Current forecast is in line with budget.

3.13.2 The 2024/25 budgeted expenditure is £2.5m.

3.14 Local Full Fibre Network

3.14.1 The final milestone has been delivered but there are small number of outstanding issues to be finalised.

3.14.2 The current forecast is £0.1m to allow for these works to be completed.

3.15 GM One Network

3.15.1 The GM One Network scheme is for Wide Area Network services across several GM LAs and the Authority and fulfils the Department for Culture, Media and Sport (DCMS) grant conditions for activating the Local Full Fibre Network (LFFN) dark fibre infrastructure. There is currently potential for the completion date to be

moved back a small number of weeks and this is currently being closely monitored.

3.15.2 The expenditure has increased due to reprofiling of the scheme from 2022/23 to 2023/24.

3.15.3 The 2024/25 budgeted expenditure is £1.0m.

4 ECONOMIC DEVELOPMENT AND REGENERATION

4.1 Regional Growth Fund (RGF)

4.1.1 The Regional Growth Fund was secured in 2012/13 and 2013/14 to create economic growth and lasting employment. This fund is now in the recycling phase.

4.1.2 The forecast expenditure has increased to £10.3m due to new schemes progressing and expected to be completed in year.

4.1.3 The 2024/25 budget expenditure is £5.9m.

4.2 Growing Places

4.2.1 The Growing Places Fund was secured in 2012/13 to generate economic activity and establish sustainable recycled funds. This fund is now in the recycling phase.

4.2.2 The forecast expenditure has increased to £38.4m due to an increase in schemes transferred in from other budget lines.

4.2.3 The 2024/25 budget expenditure is £2m.

4.3 Housing Investment Loans Fund (HILF)

4.3.1 The GM Housing Investment Loan Fund has been designed to accelerate and unlock housing schemes to help build the new homes and support the growth ambitions of Greater Manchester.

4.3.2 Expenditure is constrained by income received from loan repayments and HILF was at full capacity at the end of 2022/23. New schemes are now more likely to be drawn in 2024/25 which has been made possible with the agreement to repay capital to Department for Levelling Up, Housing and Communities (DLUHC) at year end being removed.

4.3.3 The 2024/25 budget expenditure is £209.6m.

4.4 Life Sciences Funds

4.4.1 The Life Sciences Funds are a 15-year venture capital funds investing in life sciences businesses across the region.

4.4.2 The forecast expenditure is £1.0m due to a delayed drawdown.

4.4.3 The 2024/25 budget expenditure is £1.9m.

4.5 Pankhurst Institute

4.5.1 The Pankhurst Institute is a University of Manchester led initiative to promote needs-led health technology research and innovation.

4.5.2 The total forecast expenditure is within budget.

4.6 City Deal

4.6.1 The original City Deal from 2012 was to cover a 10-year period. The expenditure was included in the budget due to ongoing negotiations with Homes England for a new City Deal fund.

4.6.2 Homes England have now approved two schemes and there are a further two schemes highly likely to be approved and included within the forecast of £9.4m.

4.6.3 The 2024/25 budget expenditure is £13.0m.

4.7 Brownfield Land Fund

4.7.1 The Authority has been successful in receiving funding from central government from the Brownfield Land Fund. The grant from central government has been provided with the aim of creating more homes by bringing more brownfield land into development.

4.7.2 The increase in expenditure is due to additional funding having been awarded.

4.7.3 The 2024/25 budget expenditure is £74.9m.

4.8 Affordable Homes

4.8.1 The Affordable Homes grant scheme is finished and no further spend is expected.

4.9 Public Sector Decarbonisation Schemes

4.9.1 The Public Sector Decarbonisation Scheme is grant funding received from central government for public building retrofit projects.

4.9.2 The increase in expenditure is due to the rollover of funding from 2022/23 due to schemes not having been completed.

4.9.3 The 2024/25 budget expenditure is £1.6m.

4.10 UK Shared Prosperity Fund

4.10.1 The forecast spend of £5.9m has decreased from previous quarter with schemes slipping into 2024/25.

4.10.2 The 2024/25 budget expenditure is £10.7m.

4.11 Social Housing Decarbonisation

4.11.1 The Social Housing Decarbonisation fund is to improve the energy performance of social rented homes.

4.11.2 The decrease in expenditure is due to schemes being reprofiled into 2024/25.

4.11.3 The 2024/25 budget expenditure is £18.5m.

4.12 Social Housing Quality Fund

4.12.1 The Social Housing Quality Fund is to make improvements in the physical decency of social housing with a focus on serious hazards, eg mould and damp.

4.12.2 All grant funding is expected to be expended in year.

4.13 Rough Sleeper Accommodation Programme

4.13.1 The scheme is to support those rough sleeping or with a history of rough sleeping into longer-term accommodation with support.

4.13.2 This project has been rolled over from 2022/23. It is expected to be spent in 2023/24 but will depend on the ability to acquire appropriate units.

4.14 Trailblazer

4.14.1 The scheme is to fund local priority projects aligned to the Greater Manchester Strategy Shared Commitments and the UK Government Levelling Up Missions with a focus towards prioritising growth opportunities.

4.14.2 The forecast expenditure in 2023/24 is £5m.

4.14.3 The 2024/25 budget expenditure is £5m.

5. GREATER MANCHESTER FIRE AND RESCUE SERVICE

5.1 Estates

5.1.1 An assessment of the estates capital programme strategy is continuing as part of the Estates Strategy work. It is expected that there will be re-profiling of the schemes once timelines of the full strategy have been identified. The reported

variance is the re-profiling of budget to date, reflecting the expected position for the current financial year.

5.1.2 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. Phase 2 of the Estates Strategy has been added to with estimates over the period 2028/29 to 2032/33, to align to the proposed extended capital programme timeline.

5.1.3 The 2024/25 budget expenditure is £21.7m.

5.2 Transport

5.2.1 Within transport, a Special Appliance Review has been undertaken which formulated part of the Fire Cover Review. Following a period of consultation, the capital programme was realigned to reflect the outcome. No change to quarter 2 forecast is currently expected.

5.2.2 Transport 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. The replacement profile of vehicles beyond the current approved capital programme has been included at estimated costs including an allowance for inflation.

5.2.3 The 2024/25 budget expenditure is £3.0m.

5.3 ICT

5.3.1 The forecast is broadly in line with the quarter 2 forecasts with the exception of the reprofiling of the digital transformation scheme into future years in line with the estimated scheme timelines.

5.3.2 The 2024/25 budget expenditure is £0.5m.

5.4 Equipment

5.4.1 The minor variance of £0.1m is in relation to the revised expected delivery of the Positive Pressure Ventilation fan within the programme, this has been slipped to 2024/25.

5.4.2 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.

5.4.3 The 2024/25 budget expenditure is £3.5m.

5.5 Sustainability

5.5.1 Delivery of core sustainability work was paused in 2022/23 to enable resources to be utilised to deliver on overarching schemes such as Public Sector Decarbonisation Scheme and the wider Estates Strategy which encompasses carbon reduction. As such, the remaining core budget was reprofiled into 2023/24.

5.6 Waking Watch Relief Fund

5.6.1 Waking Watch has two schemes within 2023/24, the end of the Relief Fund and the start of the Replacement Fund. Department for Levelling Up, Housing and Communities (DLUHC) have provided confirmation of additional grant funding in respect of the Relief Fund, further to the original Memorandum of Understanding value, in relation to identified high rise properties which meet the criteria. The forecast at quarter two reflects the expected awards within the year with the remaining reprofiled to 2024/25.

6. WASTE AND RESOURCES

6.1 Operational Assets

6.1.1 The current forecast expenditure has decreased due to expenditure at Reliance Street, Newton Heath Household Waste Recycling Centre (HWRC) being reprofiled in to 2024/25. The project has many technical, planning and procurement requirements which may delay construction on site.

6.1.2 The budget for 2024/25 includes £5m for the above project alongside new mobile plant, equipment and rail wagons.

6.2 Non-Operational Assets

6.2.1 A sum of £0.2m has been included in the 2024/25 budget to build an access ramp at the Waithlands former landfill site to allow access to a lower section of the site. Details of the scheme can be found in Appendix A of the Waste and Resources Budget paper.

7. POLICE AND CRIME COMMISSIONER

7.1 Reducing Reoffending

7.1.1 This project is to enable Greater Manchester Integrated Rehabilitative Services (GMIRS) providers to strengthen the offer for people on probation. Expenditure of £0.4m was approved with £0.2m of spend incurred in 2022/23 with the remaining spend to take place in 2023/24.

8. FUNDING REQUIREMENTS

8.1 The capital programme over the next three years results in a borrowing requirement of £362.9m. Provision has been made in the revenue budget for the associated financing costs.

8.2 The estimated funding profile for the forecast spend in 2024/25 is as follows:

Source	£m
Borrowing	118.2
Grants	332.0
Capital Receipts	232.3
Revenue Contribution	0.2
External Contributions	2.5
Total Funding	685.2

Appendix A

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	2023/24 Budget	2023/24 Previous Forecast	2023/24 Current Forecast	2023/24 Variance	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
	£000	£000	£000	£000	£000	£000	£000
Metrolink Programme	10,392	9,402	7,059	2,343	9,269	4,721	9,010
Metrolink Renewals and Enhancements	10,762	11,079	13,169	(2,090)	18,322	41,398	47,404
Park and Ride	-	43	41	2	30	6,980	-
Bus Priority Programme	982	224	202	22	37	5,999	5,621
Interchange Programme	-	48	80	(32)	153	107	89
Greater Manchester Transport Fund	22,136	20,796	20,551	245	27,811	59,205	62,124
Road Schemes (Stockport)							
A6 MARR / SEMMMS	3,600	3,600	3,600	-	3,000	14,705	-
Stockport Council Schemes total	3,600	3,600	3,600	-	3,000	14,705	-
Other Metrolink Schemes							
Trafford Extension	325	175	439	(264)	208	120	10,634
Other Metrolink Schemes total	325	175	439	(264)	208	120	10,634
Clean Air Schemes							
Clean Air Schemes	20,039	20,797	2,433	18,364	-	21,096	2,081
Clean Air Schemes total	20,039	20,797	2,433	18,364	-	21,096	2,081
Other Capital Schemes							
TCF - Mayors Challenge Fund	28,256	28,696	25,565	3,131	8,803	4,992	1,379
TCF - Metrolink Capacity Improvement Programme	4,657	4,262	2,623	1,639	3,058	3,540	788

	2023/24 Budget	2023/24 Previous Forecast	2023/24 Current Forecast	2023/24 Variance	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
	£000	£000	£000	£000	£000	£000	£000
Active Travel Fund	7,505	7,979	6,908	1,071	13,256	15,210	6,312
Access For All	2,602	3,925	3,533	392	4,668	3,220	-
ZEBRA	23,004	509	509	-	39,773	2,500	3,982
Bus Franchising	70,773	58,409	86,787	(28,378)	32,238	22,241	-
Cycle Safety	258	296	-	296	-	-	1,542
Other Capital Schemes total	137,055	104,076	125,925	(21,849)	101,796	51,703	14,003
Growth Deal							
TfGM Majors	57,156	58,019	63,334	(5,315)	11,669	8,765	8,215
Local Authorities Majors	634	697	849	(152)	834	555	2,413
Growth Deal total	57,790	58,716	64,183	(5,467)	12,503	9,320	10,628
Minor Works							
ITB Local Authorities	415	334	60	274	733	-	-
Growth Deal 1 & 2 Local Authorities	555	307	176	131	500	165	-
Growth Deal 2 TfGM Schemes	10	4	4	-	-	-	1,055
Growth Deal 3 TfGM schemes	255	330	97	233	209	393	-
Minor Works total	1,235	975	337	638	1,442	558	1,055
Bus CRSTS	46,115	38,184	41,472	(3,288)	71,397	76,807	74,649
Active Travel CRSTS	-	-	2,262	(2,262)	13,805	11,650	15,883
Interchanges CRSTS	1,900	1,527	1,406	121	3,173	9,037	16,145
Rail CRSTS	2,284	1,716	1,467	249	4,482	25,252	72,870
Other CRSTS	1,300	1,300	-	1,300	800	5,048	15,237
Metrolink CRSTS	4,858	447	339	108	1,514	10,151	72,952
Local Authority CRSTS	41,764	60,236	57,039	3,197	57,608	99,153	127,996
Total CRSTS	98,221	103,410	103,985	(575)	152,779	237,098	395,732

	2023/24 Budget	2023/24 Previous Forecast	2023/24 Current Forecast	2023/24 Variance	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
	£000	£000	£000	£000	£000	£000	£000
Traffic Signals (Externally Funded)	2,500	2,500	2,500	-	2,500	2,500	2,500
Full Fibre Network		70	70	-	-	-	-
GM One Network	3,518	5,343	5,385	(42)	1,074	-	-
Total Capital - Transport	346,419	320,458	329,408	(8,950)	303,113	396,305	498,757
Regional Growth Fund	7,503	9,433	10,251	(818)	5,900	5,187	5,000
Growing Places	11,685	15,500	38,414	(22,914)	2,000	10,000	10,000
Housing Investment Fund	123,363	133,072	69,602	63,470	209,573	118,527	128,874
Life Sciences Fund	2,203	2,369	1,044	1,325	1,850	1,925	2,756
Pankhurst	793	793	793	-	-	-	-
City Deal	30,000	9,365	9,365	-	13,022	6,582	-
Brownfield Land Fund	36,112	52,521	52,521	-	74,921	57,500	-
Affordable Homes	100	-	-	-	-	-	-
Trailblazer	-	-	5,000	(5,000)	5,000	-	-
Public Sector Decarbonisation Scheme 3a single year	-	-	1,772	(1,772)	-	-	-
Public Sector Decarbonisation Scheme 3a multi year	1,002	2,774	1,002	1,772	1,550	-	-
Social Housing Decarbonisation	-	26,673	16,400	10,273	18,481	-	-
Social Housing Quality Fund	-	15,000	15,000	-	-	-	-
UK Shared Prosperity Fund	2,646	11,374	5,864	5,510	10,664	-	-
Homelessness Accommodation Leasing Project	-	2,142	2,142	-	-	-	-
Total Capital - Economic Development & Regeneration	215,407	281,016	229,170	51,846	342,961	199,721	146,630
Estates	12,186	7,957	6,920	1,037	21,660	12,063	11,220
Transport	7,720	4,272	4,272	-	2,964	3,580	5,455

	2023/24 Budget	2023/24 Previous Forecast	2023/24 Current Forecast	2023/24 Variance	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
	£000	£000	£000	£000	£000	£000	£000
ICT	400	1,417	1,101	316	465	350	150
Equipment	274	1,563	1,490	73	3,465	72	305
Sustainability	75	333	119	214	838	75	75
Health & Safety	522	521	521	-	-	-	-
Waking Watch Relief	2,000	2,112	2,112	-	429	-	-
Total Capital - Fire & Rescue Service	23,177	18,175	16,535	1,640	29,821	16,140	17,205
Operational Sites	6,780	3,780	3,780	-	9,070	35,620	3,188
Non-Operational Sites	-	13	13	-	200	1,200	-
Total Capital - Waste & Resources	6,780	3,793	3,793	-	9,270	36,820	3,188
Reducing Reoffending	-	203	203	-			
Total Capital - Police and Crime Commissioner	-	203	203	-	-	-	-
Total Capital	591,783	623,645	579,109	44,536	685,165	648,986	665,780

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