

GREATER MANCHESTER COMBINED AUTHORITY

DATE: Friday, 14th February, 2020

TIME: 10.00 am

VENUE: Council Chamber, 2nd Floor, Bolton Town Hall, Victoria Square, Bolton, BL1 1RU (Access via Albert's Hall Entrance)

AGENDA

- 5.A GMCA Revenue and Capital Budgets 2020/21 - Overview** 1 - 8
- Report of Cllr David Molyneux, Portfolio Lead for Investment & Resources.
- TO NOTE THAT CLLR RICHARD LEESE, DEPUTY MAYOR, WILL CHAIR THE MEETING FOR THE FOLLOWING ITEM.**
- 5.B GMCA Mayoral General Budget & Precept Proposals** 9 - 34
- Report of the GM Mayor, Andy Burnham.
- Reports of Cllr David Molyneux, Portfolio Lead for Investment & Resources and Steve Wilson, GMCA Treasurer.
- 5.C GMCA Transport Revenue Budget 2020/21** 35 - 54
- 5.D GMCA Revenue General Budget 2020/21** 55 - 74
- 5.E GM Waste Budget & Levy 2020/21 and Medium Term Financial Plan 2023/24** 75 - 90
- 5.F GMCA Capital Programme 2019/20 - 2022/23** 91 - 106

BOLTON	MANCHESTER	ROCHDALE	STOCKPORT	TRAFFORD
BURY	OLDHAM	SALFORD	TAMESIDE	WIGAN

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Membership 2019/20

District	Member	Substitute Member
Bolton	David Greenhalgh (Con)	Martyn Cox Con)
Bury	David Jones (Lab)	Andrea Simpson (Lab)
Manchester	Richard Leese (Lab)	Sue Murphy (Lab)
Oldham	Sean Fielding (Lab)	Arooj Shah (Lab)
Rochdale	Allen Brett (Lab)	Sara Rowbotham (Lab)
Salford	Paul Dennett (Lab)	John Merry (Lab)
Stockport	Elise Wilson (Lab)	Tom McGee (Lab)
Tameside	Brenda Warrington (Lab)	Bill FairFoull (Lab)
Trafford	Andrew Western (Lab)	Catherine Hynes (Lab)
Wigan	David Molyneux (Lab)	Keith Cunliffe (Lab)

For copies of papers and further information on this meeting please refer to the website www.greatermanchester-ca.gov.uk. Alternatively, contact the following
Governance & Scrutiny Officer: Governance and Scrutiny
✉ sylvia.welsh@greatermanchester-ca.gov.uk

This agenda was issued on 7 February 2020 on behalf of Julie Connor, Secretary to the Greater Manchester Combined Authority, Churchgate House, 56 Oxford Street, Manchester M1 6EU

Date: 14 February 2020

Subject: GMCA Revenue and Capital Budgets 2020/21 – Overview (Budget Paper A)

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

PURPOSE OF REPORT

This report presents an overview of the proposed GMCA budgets for 2020/21. It summarises the position on the Mayoral General Budget and Precept Proposals, The GMCA General Budget, GMCA Transport budgets including Transport Levy and Statutory Charge and the GM Waste Services Levy.

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

RECOMMENDATIONS:

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

1. Note the contents of this summary paper

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Equalities Implications: N/A

Climate Change Impact Assessment and Mitigation Measures: N/A

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

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

Financial Consequences – Revenue – There are no specific revenue considerations contained within the report, 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.

Financial Consequences – Capital – The report sets out the forecast expenditure for 2019/20 and future years.

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

BACKGROUND PAPERS:

Report to Greater Manchester Combined Authority: 'Capital Update 2019/20' 25 October 2019.

Report to Greater Manchester Combined Authority: 'Capital Update 2019/20' 26 July 2019.

Report to Greater Manchester Combined Authority: 'Capital Programme 2018/19 – 2021/22' 15 February 2019.

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?		
GM Transport Committee	Overview & Scrutiny Committee	
	11 February 2020	

1. Introduction and Background

- 1.1 This report presents an overview of the proposed GMCA budgets for 2020/21. It summarises the position on the Mayoral General Budget and Precept Proposals, the GMCA General Budget, GMCA Transport budgets including Transport Levy and Statutory Charge and the GM Waste Services Levy.
- 1.2 The report and the attached papers set out the implications of the proposed budgets and the resultant charges on districts and the Mayoral Precept.

2. Principles Underlying development of the Mayoral and GMCA budgets

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

3. Overview of GMCA Budgets

- 3.1 The overall GMCA budgets are made up of a variety of both historic budgets and new budgets relating to the functions of Mayor and the GMCA as a whole.
- 3.2 The various orders under which these functions are given, 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. The Mayoral General budget and precept proposals are detailed in ***Paper B***
 - **GMCA Transport Revenue Budget** – This is funded from a contribution from the mayoral budget for statutory mayoral functions include 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, for example activities in relation to the development of the Clean Air Plan and Rail. The GM Transport Revenue budgets are detailed in ***Paper C***
 - **GMCA Revenue General Budget** – This includes the core cost of the CA funded by district contributions together with functions funded through the retention of

business rate growth and central grants funding including the Adult Education grant. The GMCA General budget is detailed in **Paper D**

- **GM Waste Disposal Budget** – This is funded through a levy to the nine GM districts who participate in the GM waste service (Wigan are not part of the waste contract). The contributions are on the basis of an agreed funding mechanism (LAMA). The Waste Budget is set out in **Paper E**
- **GM Capital Programme** – The required capital programme to support the delivery of the GMCA and Mayoral functions is set out in **Paper F** and is funded from a variety of sources including, where required, external borrowing.

3.3 This paper does not present the budget proposals for GM Police or the Police and Crime function. At their meeting on the 31st January 2020, the Police and Crime Panel unanimously approved the proposal from the Mayor to increase the Police and Crime Mayoral precept by £10 for a band D property. The additional funding raised by the precept, together with additional national funding from central government will support investment in frontline policing including the recruitment of 347 more officers in 2020/21.

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

a) Mayoral General Budget and Precept Proposals

The Mayoral General budget (excluding the Greater Manchester Fire and Rescue Service GMFRS) has a proposed increase of £5.4 million for 2020/21. The increase will deliver the previously agreed continuation of the “Our Pass” pilot into 2020/21, as well as providing £2.6 million for mayoral priorities funding which will contribute to:

- The continuation of the rough sleeper initiative “A Bed Every Night” pilot (£1.5 million)
- A proposed care leavers travel concession (circa £0.55 million)

In addition to the funding raised through the Precept the Mayoral capacity funding from Government of £1 million continues for a further year

The total impact of the proposals is an increase in the mayoral precept for a Band D property of £7.75 (when combined with the GMFRS proposals below the total precept increases by £14 to £90.95 for a Band D property or £10.88 for Band B.)

b) GM Fire and Rescue Service

It is proposed that the GM Fire and Rescue service budget increases to £110.9 million in 2020/21. The increased budget will fund inflationary and other pressures and reduce the previously expected savings requirement from the service.

These plans consider the preliminary findings in relation to the Grenfell inquiry and the incident at “The Cube” in Bolton. In light of these incidents, previous savings plans relating to the reduction of the number of “pumps” from 50 to 48 and changes to the crewing ratios and non-shift duty system have been removed from the 2020/21 budgets, pending further review.

The required increased budget will be funded by a precept increase equal to £6.25 for a Band D property, with central Government funding increasing by 1.6% (When combined with the Mayoral General proposals above the total precept increases by £14 to £90.95 for a Band D property or £10.88 for a Band B).

c) GMCA Transport Revenue Budget

The funding for core GM transport services remains unchanged for 2020/21. The charge made to GM districts through the district levy therefore remains at the same overall cash level as 2019/20. Similarly the statutory charge made to districts for Mayoral travel functions also remains the same at £86.7 million as set out in the relevant legislation.

TFGM will have to manage a number of inflationary and other cost pressures within this overall funding envelope, absorbing £4.1 million of pressures within its overall budget

The transport budget will also provide for the funding of travel concessions for the next cohort of women affected by the increase in the state pension age (WASPI).

The Mayor’s proposals for his 2020/21 budget also notes that should he make a decision to introduce bus franchising a further report will be brought to the GMCA proposing that an increase in the statutory charge of £17.8 million for 2020/21 will be required to support the implementation of that decision.

d) GMCA Revenue General Budget

The overall GMCA revenue budget is set out in paper D and includes the core costs of the CA and its central programmes. The total budget proposed for the GMCA revenue budget in 2020/21 is £202.6 million. This is funded from the following sources:

- District contributions of £9 million to the core running costs of the CA, including £3.5 million cultural funding and £1.9 million for MIDAS and Marketing Manchester. This funding remains at the same as in 2019/20, with the exception of some services previously funded by districts as part of the AGMA budget.
- Central government grants of £134 million included £90 million funding for Adult Education.
- Funded for individual projects from the retained business rates growth in GM of £17 million.
- Funding from reserves, other income sources and recharges of £42 million.

e) GM Waste Disposal Budget

Paper E sets out the proposed waste budget for 2020/21 for the nine GM districts who are part of the GM waste contract. 2020/21 is the first full year since the implementation of a new service contract following the buy-out of the previous PFI arrangements. The report highlights the savings delivered by the new contract, setting out:

- A total levy requirement for 2020/21 of £167.242 million, which represents a 4.2% average decrease over 2019/20.
- The plan also proposes levy charges of £164.982 million in 2021/22, £168.296 million in 2022/23 and £170.643 million in 2023/24.

f) GM Capital Programme

The final paper, paper F, sets out the GMCA capital programme for 2020/21. The GMCA's capital programme includes Economic Development and Regeneration programmes, Waste and the continuation of the programme of activity currently being delivered by Transport for Greater Manchester ("TfGM") and Local Authorities including the following elements:

- The Greater Manchester Transport Fund ('GMTF');
- Metrolink Phase 3 extensions;
- Metrolink Trafford Park Line Extension;
- Other Metrolink Schemes;
- Transport Interchanges;
- Bus Priority;
- Other capital projects and programmes including those funded from the Transforming Cities, Early Measures, Cycle Safety, and Cycle City Ambition (CCAG 2) Grants
- Growth Deal Major Schemes;
- Minor Works (including schemes funded by Integrated Transport Capital Block and Growth Deal);
- Capital Highways Maintenance, Traffic Signals and Full Fibre programmes;
- Investments including Growing Places, Regional Growth Fund and Housing Investment Fund;
- Economic Development and Regeneration Growth Deal Schemes;

The budgeted capital spend on the areas identified above is £351.9 million for 2020/21 and is funded from a variety sources, as set out in the paper, including grants from central Government, capital receipts and external borrowing. The capital programme over the three-year period (2020-2023) will require a long-term borrowing of £307.7 million. Provision has been made in the revenue budgets for the associated financing costs of this capital programme.

4. Conclusion

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

- The Mayor's final proposal for his General Budget, consistent with a precept of £90.95 and the detailed budget and statutory calculations following receipt of final information from District Councils.
- Contributions from District Councils in relation to the Transport Levy, Waste Levy and GMCA costs
- The planned capital programme for GMCA across both Mayoral and non-Mayoral functions.

5. Recommendations

5.1 Recommendations are presented at the front of the paper.



Date: 14 February 2020

Subject: Mayoral General Budget and Precept Proposals (Budget Paper B)

Report of: Andy Burnham, Mayor of Greater Manchester

PURPOSE OF REPORT

The report set out the Mayor's proposals for the Mayoral General Budget (including Fire and Rescue) and seeks approval for the Mayoral General Precept for 2020/21.

The report recommends the setting of the Revenue Budget for 2020/21 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 is requested to:

1. To approve the Mayor's General budget for 2020/21 set out in this report together with the calculation of the precepts and Council Tax rates set out in Appendices 3 to 6;
2. To approve the overall Mayoral General Precept of £90.95 (Band D) (an additional £14 on the current £76.95) comprising of £66.20 for functions previously covered by the Fire and Rescue Authority precept (an additional £6.25 for 2020/21 on the current £59.95) and £24.75 (an additional £7.75 for 2020/21 on the current £17.00) for other Mayoral General functions;
3. To note that the proposal for the Mayoral General Precept for 2020/21 is part of a multi-year strategy for setting the Mayoral precept baseline which will be adjusted in future years as further Mayoral functions are covered by the funding raised;
4. To approve:

- i. the overall budget proposed for the Fire and Rescue Service, noting the changes in relation to Programme for Change;
 - ii. the use of the reserves to support the revenue and capital budgets, and the assessment by the Treasurer that the reserves as at March 2021 are adequate;
 - iii. the proposed capital programme and proposals for funding;
 - iv. the medium term financial position for all functions covered by the Mayoral precept;
5. To approve the budget for other Mayoral functions, including the use of £0.5 million of Earnback grant to be used to support GMCA costs relating to bus related activity, including bus reform;
6. To note that the approval to set a Statutory Charge of £86.7 million as set out in Part 4 of the Transport Order, apportioned on the basis of mid-year population as at June 2018 is requested as part of the Transport Revenue Budget report elsewhere on the agenda;
7. To approve the use of reserves as set out in paragraphs 5.1 and at Appendix 2, paragraph 9.1;
8. 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.

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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?		Yes
GM Transport Committee	Corporate Issues & Reform Overview & Scrutiny Committee	
	11 February 2020	

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 2020/21 insofar as they relate to the Fire Service are detailed in Appendix 2. Risks associated with Mayoral Transport Functions are covered in the Transport Revenue budget report elsewhere on the agenda.

Legal Considerations – See Appendix 1 of the report for the legal requirements about setting the precept.

Financial Consequences – Revenue – The report sets out the planned budget strategy for 2020/21 and future years.

Financial Consequences – Capital – Proposals for Fire and Rescue Services capital spend are set out in Appendix 2.

BACKGROUND PAPERS:

Report to Greater Manchester Combined Authority: 'Mayoral General Budget and Precept' 15 February 2019

1. INTRODUCTION

- 1.1 At the meeting of the Greater Manchester Combined Authority held on 31 January 2020, 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 2020/21.
- 1.2 The legal process (Appendix 1) specifies that the GMCA should notify the Mayor before 8 February, if they intend to issue a report on this proposal for the budget and precept and/or propose an alternative. No such report has been received.
- 1.3 The contents of the previous Mayoral budget report to the 31 January meeting has been shared with the business community via the GM Chamber. Any comments received prior to the meeting will be reported verbally.

2. CHANGES SINCE BUDGET REPORT

- 2.1 At the time of writing the report, the position on District Council tax bases and surpluses or deficits on Collection Funds together with the position on the Authority's share of the Retained Business Rates was not finalised as the deadline for part of this information was 31 January. The figures have now been received and are showing an improvement over 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 for 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 4. There has been a minor increase in the tax base of a further 0.7 (Council tax Band D Equivalent) properties.
- 2.3 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 retained business rates income. The updated figures show an additional surplus on council tax of £0.545 million and an additional surplus on business rates of £0.220 million and increased income from business rates (including Section 31 grants) of £0.097 million.

3. BUDGET CONTENT AND PROCESS

3.1 The functions of the GMCA, which are currently Mayoral General functions, are:

- Fire and Rescue
- Spatial development strategy
- 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

3.2 The sources of funding for Mayoral costs, to the extent that they are not funded from other sources, are a precept or statutory contributions (not Fire). A precept can be issued to District Councils as billing authorities. The precept is apportioned between Districts on the basis of Council Tax bases and must be issued before 1 March. As in 2019/20, the Government has indicated that it will not impose a ceiling on the Mayoral (General) precept, above which a referendum would be required in recognition of the restraint shown by Mayors in setting their precepts.

3.3 Constituent councils can make statutory contributions to the Mayor in respect of Mayoral functions where authorised by a statutory order but they require at least 7 members of the GMCA (excluding the Mayor) to agree (Fire cannot be met from statutory contributions).

3.4 In terms of timetables, before 1 February, the GMCA must be notified of the draft budget in relation to the following financial year. The draft budget must set out the proposed spending and how it is intended to meet the costs of the Mayoral General functions.

3.5 The GMCA must review the draft budget and may make a report to me on the draft. The Authority must make such a report before 8 February and must set out whether it would approve the draft budget in its current form or make alternative recommendations. If no such report is made before 8 February then the draft budget shall be deemed to be approved. No such report has been received.

3.6 A full, legal, description of the process is attached at Appendix 1.

4. PROPOSED MAYORAL GENERAL BUDGET

4.1 Attached at Appendix 2 are the outline budgets in relation to the Revenue and Capital Budgets for the Greater Manchester Fire and Rescue Service and the medium term Financial Strategy.

4.2 It is proposed that the previous level of precept (£59.95) is increased by £6.25 to support the deferral of a number of operational changes in light of the Phase 1 report into the

Grenfell Tower Fire Public Inquiry and The Cube fire at Bolton. In addition, income from Business Rates, both a share of the income collected by District Councils and a 'top up' grant, is received.

- 4.3 In relation to non-Fire functions, in addition to precept income, there are funds relating to the Government 'Mayoral Capacity' funding, the surpluses on Council Tax collection identified by District Councils as relating to the Mayoral Precept, Bus Services Operators Grant, Earnback, Transport Statutory Charges and External Income.
- 4.4 Following the GMCA (Functions and Amendment) order being laid in April 2019, the Mayor was given further powers for transport functions. The order confirms that £86.7 million be met via a statutory charge to District Councils, (with a corresponding reduction in the Transport Levy). A full breakdown by District Council can be found with the Transport Revenue Budget report elsewhere on the agenda.
- 4.5 The order also states that this amount (£86.7 million) can only be varied with the unanimous agreement of the members of the GMCA. It should be noted that if the Mayor makes a decision to introduce bus franchising a further report will be brought to the GMCA proposing that there is an increase in the statutory charge of £17.8 million for 2020/21 to support the implementation of that decision.
- 4.6 In relation to the level of the precept to be levied for Mayoral functions excluding fire, it is proposed that this is set at £24.75 per Band D property, which will raise (on the latest estimated tax band) £18.9 million. This represents an increase for Band D properties of £7.75 per year. When taken with other funding streams available this will give overall funding of £127 million. The overall breakdown of funding for the 2020/21 mayoral budget is as follows:

	2019/20	2020/21
	£000	£000
Precept	12,753	18,877
Mayoral Capacity Funds	1,000	1,000
Collection Fund Surplus	1,493	1,045
Bus Service Operators Grant	13,100	13,100
PCC Contribution	40	-
Use of Reserves	-	5,000
Earnback Capital	-	500
External Income - 'Our Pass'	-	850
Transport Statutory Charge	-	86,700
Total	28,386	127,072

4.7 Based on the above, the funding from the Mayoral (General) Budget for 2020/21 is proposed to be as follows:

Mayoral - Non Fire	2019/20	2020/21
	£000	£000
Mayoral Direct Costs Incl Corporate Support	820	1,239
Spatial Development Strategy	800	-
Mayoral Priorities Incl - A Bed Every Night	416	2,633
Transport Policy & Strategy	3,900	3,500
BSOG - grants to operators	13,100	11,500
- administration	50	50
'Our Pass' Incl Opportunity Cost	6,050	16,200
Sub-Total - Pre additional transport powers	25,136	35,122
Bus Reform	3,250	5,250
Bus Concessionary Re-imburement	-	51,300
Supported Bus	-	27,900
Accessible Transport/Ring & Ride	-	4,600
Allocation of Bus Operational costs	-	2,900
Total Including additional transport powers	28,386	127,072

4.8 In relation to the Direct Mayoral and Support Costs, these are detailed in the table below:

	2020/21
	£000
Mayor's Direct Staffing Costs (Including Mayor, Director of Mayors Office and 5 Business Support posts)	455
Mayor's Direct Other Costs (Including Travel, Mobiles, Printing etc.)	35
<u>Contribution Towards GMCA Corporate Support</u>	
Human Resources	6
Senior Officers	73
Communications	219
Churchgate House - Accommodation	20
ICT	21
Democratic Services	60
Business Support - General / Reception	38
Strategy	233
Finance	10
Contracts and Procurement	4
Legal	46
Information Governance	19
Total Direct Mayoral and Support Budget	1,239

4.9 Although I am 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. Based on Band B being the average charge paid, this equates to £19.25 for non-Fire functions.

	A	B	C	D	E	F	G	H
Costs for Band £	16.50	19.25	22.00	24.75	30.25	35.75	41.25	49.50
Proportion of Properties %	45.6	19.6	17.4	9.2	4.8	2	1.2	0.2

4.10 Appendix 4 sets out the amounts of Council Tax for each band, including the Fire element of the precept.

5. RESERVES

5.1 Taking account of the budget proposals outlined in this paper, the estimates for 2020/21 are as follows:

Mayoral General Reserves	Projected Balance as at 31-Mar-20	Transfer in/(out) 2020/21	Projected Balance as at 31-Mar-21
	£000	£000	£000
General Balances - Fire	9,993	560	10,553
General Balances - Mayoral	1,109	-	1,109
Transformation	3,604	-	3,604
Capital Reserve	4,201	(4,201)	-
Insurance & Risk Management Reserve	2,849	-	2,849
Earmarked Reserve	1,904	(560)	1,344
Unspent Grants Reserve	1,057	-	1,057
Business Rates Reserve	2,123	(1,956)	167
Bus Services Operators Grant	2,810	(2,500)	310
Earnback	18,723	7,818	26,541
TOTALS	48,373	(839)	47,224

5.2 Given the current scale of activities falling on the General budget, the level of reserves held is felt to be appropriate.

6. BUDGET SUMMARY 2020/21

	Gross Expenditure	Gross Income	Net Estimate
	£000	£000	£000
Fire Service Budget	112,079	2,565	109,514
Other Mayoral General Budget	127,072	17,949	109,123
Capital Financing Charges	1,687	-	1,687
Revenue Contribution to Capital Outlay	4,201	-	4,201
Contribution from balances/reserves	-	8,657	(8,657)
Budget Requirement	245,039	29,171	215,868
Localised Business Rates	-	10,614	(10,614)
Business Rate Baseline	-	40,250	(40,250)
Section 31 Grant – Business Rates	-	2,062	(2,062)
Section 31 Grant – pensions	-	5,605	(5,605)
Transport - Statutory Charge	-	86,700	(86,700)
Collection Fund surplus	-	1,265	(1,265)
Precept requirement	245,039	175,667	69,372

7. LEGAL ISSUES

- 7.1 In coming to decisions in relation to the revenue budget, the Mayor has various legal and fiduciary duties. The amount of the precept must be sufficient to meet the legal and financial commitments, ensure the proper discharge of statutory duties and lead to a balanced budget.
- 7.2 In exercising the fiduciary duty, the Mayor should be satisfied that the proposals put forward are a prudent use of 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 on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Mayor has a statutory duty to have regard to the CFO's report when making decisions about the calculations.
- 7.4 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, the Mayor must take such action as considered 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 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 Treasurer has a duty to make a report to the Mayor.
- 7.6 The report must be sent to the GMCA's External Auditor and the Mayor/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) is proposed 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 Treasurer. Failure to take appropriate action in response to such a report may lead to the intervention of the External Auditor.

Reasonableness

- 7.7 The Mayor 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 has been undertaken and the level of reserves is adequate to cover these.

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 1 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 8 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.

GREATER MANCHESTER FIRE AND RESCUE SERVICE (GMFRS) REVENUE AND CAPITAL BUDGET 2020/21

1. INTRODUCTION

- 1.1 The Provisional Local Government Settlement was announced on 20 December 2019. The Settlement represents a one-year settlement, with allocations based on the Spending Review 2019 (SR2019); no further details were provided beyond 2020/21. Following the expected Comprehensive Spending Review in 2020 (CSR2020), it is anticipated that multi-year settlements will resume.
- 1.2 Further funding is received from the Home Office covering Pensions related costs and Department-specific Fire and Rescue programmes including National Resilience, which support fire and rescue authorities in delivering a sustained, effective response to major incidents, emergencies and disruptive challenges. These include grants for Firelink and New Dimensions. The funding allocations for 2020/21 have not yet been announced.
- 1.3 This report updates on the Revenue Budget position for the 2020/21 Fire and Rescue Service, based on the 2019/20 baseline updated for pay and price inflation, known cost pressures and agreed savings as set out in the following paragraphs.

Medium Term Financial Plan	Original 2019/20 £m	Forecast 2019/20 £m	2020/21 £m	2021/22 £m
Fire Service	99.772	99.772	103.570	109.514
Pay and price inflation	6.969	7.815	2.609	5.360
Savings	(1.978)	(2.908)	(0.029)	(2.921)
Cost pressures and variations	(1.432)	(1.109)	3.363	(2.058)
Cost of service	103.331	103.570	109.514	109.895
Capital Financing Charges	7.207	6.291	5.888	2.757
Use of Capital Reserves	(5.666)	(4.750)	(4.201)	-
Net Service Budget	104.872	105.111	111.201	112.652
Funded by:	2019/20	2019/20	2020/21	2021/22
Localised Business Rates	10.311	10.311	10.614	10.614
Baseline funding	39.600	39.600	40.250	40.250
Section 31 - Business rates related	1.366	2.062	2.062	2.062
Section 31 - Pension related	4.803	5.605	5.605	-
Precept income (at £59.95 Band D)	44.975	44.975	50.494	51.251
Collection Fund surplus/deficit	0.288	0.288	0.220	-
	101.343	102.841	109.245	104.117
Shortfall	3.529	2.271	1.956	8.475
Funded by:				
Earmarked Reserves	-	0.600	1.956	-
General Reserves/Precept Increase	3.529	1.671	-	8.475
	3.529	2.271	1.956	8.254

2. PROGRAMME FOR CHANGE

- 2.1 The GMFRS Programme for Change has undertaken a whole service review and developed a proposed operating model for GMFRS. Programme for Change outlines a range of options to deliver savings for GMFRS, alongside investment required to deliver transformational change. The outcomes from Programme for Change will affect the GMFRS Revenue Budget for 2020/21 and onwards.
- 2.2 Following consultation, a key decision was made on Programme for Change and the agreed efficiency targets have been included within the Medium Term Financial Plan. In light of the Phase 1 report into the Grenfell Tower Fire Public Inquiry and The Cube fire at Bolton, further deferral of a number of the operational changes detailed in the Outline Business Case is proposed. The financial implications are included in this report and mean a potential increase in the Fire and Rescue Service element of the Mayoral Precept of £6.25 taking it to £66.20 per annum at Band D.

3. PAY RELATED

- 3.1 Pay award at 3% for all staff groups has been included for all staff groups.
- 3.2 For uniformed staff a part settlement of their pay award has been made of 2%, backdated to July 2019. In 2017/18 a part payment of 1% was made, and in 2018/19 2% was made; the final pay award over this period is not yet settled. Therefore, there remains a risk that a further backdated pay awards will be agreed for these years.
- 3.3 The Fire Brigade's Union have made a claim for 17%, which is currently with the National Employer for consideration. Anything above 3% represents additional pressure of the GMFRS Revenue Budget.

4. PENSIONS RELATED

- 4.1 Changes by the Treasury concerning the discount rate for unfunded public sector pension schemes, have had the effect of increasing employers' contributions from 17.6% to 30.2%, equating to £115 million for English Fire and Rescue Authorities (FRAs).
- 4.2 For 2019/20, the Home Office confirmed a Section 31 grant of £5.605million, towards estimated costs for GMFRS of £6.1million. Payment of this grant in 2020/21 has not yet been confirmed by the Home Office. Informal indications suggest that the grant will be paid on a flat cash basis for 2020/21.

4.3 Beyond 2020/21 continuation of grant support for pension costs will be considered by Government as part of the Comprehensive Spending Review (CSR2020), for budget modelling it is assumed that it is not received.

5. SAVINGS

5.1 The GMFRS Programme for Change has undertaken a whole service review and developed a proposed operating model for GMFRS. Programme for Change outlines a range of options to deliver savings for GMFRS, alongside investment required to deliver transformational change. The outcomes from Programme for Change will affect the GMFRS Revenue Budget for 2020/21 and onwards.

5.2 Following consultation, a key decision was made on Programme for Change and the agreed efficiency targets have been included within the Medium Term Financial Plan:

- a. Retain crewing levels and maintain firefighter numbers at or above May 2017 levels for the financial year 2019/20;
- b. Retain an additional 11 specialist prevention staff to support complex cases and address safeguarding concerns;
- c. Allow more time for the transition of prevention activity to ensure firefighters are adequately trained and equipped;
- d. Develop alternative delivery models for volunteering and cadets;
- e. Retain Prince's Trust, reducing the number of teams from seven to five, whilst allowing more time to develop future options;
- f. Develop an improved delivery model for Protection including continued efforts on High Rise, Grenfell implications and improving fire safety within the Private Rented Sector.
- g. Undertake a limited restructure of administration activity initially, allowing more time for the development of a centrally managed delivery model.

5.3 In light of the Phase 1 report into the Grenfell Tower Inquiry and The Cube fire at Bolton, the Mayor is seeking to further defer a number of the operational changes detailed in the Outline Business Case, as follows:

- Maintaining the current pump numbers at 50 from April 2020
- Delay the proposed change to crewing levels of 4 4:4 for the next financial year, therefore maintaining current crewing arrangements of 5 4:4

5.4 All other elements of the Programme for Change will continue to be implemented as agreed in the Decision Notice.

5.5 The Programme for Change Outline Business Case set out proposed savings of £11.699m. Following consultation, the Medium Term Financial Plan incorporates £6.586m of these savings over 4 years. Other non-pay related savings are also illustrated to match to the MFTP.

Area / Year	2019/20	2020/21	2021/22	2022/23	Total
	£'m	£'m	£'m	£'m	£'m
Role of the Firefighter	-	-	1.458	1.791	3.249
Prevention (Place Based)	0.242	-	1.463	-	1.705
Protection	0.326	0.326	-	-	0.652
Enabling Services	0.362	0.618	-	-	0.980
Total	0.930	0.944	2.921	1.791	6.586
Other savings delivered and adjustments for non-cumulative savings	1.978	(0.915)	-	-	
MFTP savings	2.908	0.029	2.921		

5.6 The Role of the Firefighter anticipated savings are as follows:

- 2021/22 Reduce to 48 pumps £1.458million
- 2022/23 Station mergers £1.791million

6. FUNDING

6.1 The largest element of central funding for the Fire and Rescue Service, Baseline Funding, is provided by MHCLG, and details were announced as part of the Provisional Local Government Settlement on 20 December 2019.

6.2 The Settlement represents a one-year settlement, with allocations based on the Spending Review 2019 (SR2019); no further details were provided beyond 2020/21. Following the expected Comprehensive Spending Review in 2020 (CSR2020), it is anticipated that multi-year settlements will resume.

6.3 Further funding is received from the Home Office covering Pensions related costs and Department-specific Fire and Rescue programmes including National Resilience, which support fire and rescue authorities in delivering a sustained, effective response to major incidents, emergencies and disruptive challenges. These include grants for Firelink and New Dimensions. The funding allocations for 2020/21 have not yet been announced.

6.4 The Local Government Settlement 2017/18 included the introduction of the 100% retention of Business Rates for pilot authorities, including Greater Manchester. The pilot authorities each retain 100% of locally raised Business Rates, of which the local authorities retain 99% and 1% is retained by the GMCA in respect of GMFRS.

6.5 No changes have been made to the budget for the income anticipated from Section 31 grants for Small Business Rates Relief and Multiplier.

7. COUNCIL TAX

7.1 The budget includes increases in the tax base. The tax base is used in the calculation of how much money GMFRS will receive from the precept levied. Each Council is required by regulations published under the Local Government Finance Act 1992 to calculate a Council Tax Base. There has been an increase in the tax base of 12,544 which results in additional funding of £0.752 million.

7.2 The report also proposes an increase for the Fire element of the Mayoral General precept. This is in light of the Phase 1 report into the Grenfell Tower Inquiry and The Cube fire at Bolton. The Mayor is seeking to further defer a number of the operational changes detailed in the Outline Business Case, meaning a potential increase in the Fire and Rescue Service element of the Mayoral Precept of £6.25 taking it to £66.20 per annum at Band D.

8. BUDGET RISKS

8.1 Comprehensive Spending Review – 2019/20 is the final year of the four-year settlement and there will need to be some form of review to inform future funding settlements. A one year Settlement has been announced for 2020/21 with an anticipated CSR2020 for funding beyond that.

8.2 Unresolved pay claims for firefighters (up to 17%) and Local Government Employees (up to 10%)

8.3 Pension costs associated with the judgements in the case of McCloud/Sargent.

8.4 Delivery of savings from Programme for Change.

8.5 Emergency Services Mobile Communications Project (ESMCP) – a national project to procure and replace the Emergency Services Network.

8.6 Any changes required following the Manchester Arena Public Inquiry, Grenfell Inquiry and Hackett Review – an independent Review of Building Regulations and Fire Safety following the Grenfell Fire.

8.7 Any Business Continuity Arrangements that require funding which are not part of the Base Budget.

8.8 As no capital grants are available to FRAs, future schemes in our 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.

8.9 Delivery of sufficient savings to meet the requirements of the Medium Term Financial Strategy, and dependent on availability resources to deliver a change programme of this scale.

9. RESERVES

9.1 The level of balances held is a key part of a sustainable medium term financial strategy and there is an ongoing assessment of risk, as set out above. The table below sets out the reserves and balances to 2022. The use of reserves supports the budget in the short term; however, this is not sustainable as illustrated below.

Reserves	Actual Balance as at 31-Mar-19	Forecast Reserve Balances 31/03/2020	Forecast Reserve Balances 31/03/2021	Forecast Reserve Balances 31/03/2022
	£000	£000	£000	£000
General Balances	11,664	9,993	10,553	2,299
Transformation	3,604	3,604	3,604	3,604
Capital Reserve	8,951	4,201	-	-
Partnership/CYP reserve	127	-	-	-
Insurance & Risk Management Reserve	2,849	2,849	2,849	2,849
Earmarked Reserve	1,959	1,904	1,344	1,344
Restructuring	418	-	-	-
Unspent Grants Reserve	1,057	1,057	1,057	1,057
Business Rates Reserve	2,123	2,123	167	167
TOTALS	32,752	25,732	19,575	11,321
Mayoral Transformation	3,604	3,604	3,604	3,604
Capital	8,951	4,201	-	-
Revenue	20,197	17,927	15,971	7,717

10. CAPITAL PROGRAMME

10.1 GMFRS have reviewed capital investment requirements for the Fire Estates, Fire ICT schemes and Operational Vehicles and Equipment, and following decisions in relation to Programme for Change, the proposed Capital Programme requirements are set out below.

10.2 The Capital Programme is funded from the Capital Reserve until it is fully utilised (2020/21), after which it will require funding from borrowing which has revenue implications, in terms of Minimum Revenue Provision (MRP) charges and interest, as set out below.

Revised Capital Programme	2019/20	2020/21	2021/22	2022/23	2023/24	Future Years	Total
	£000	£000	£000	£000	£000	£000	£000
Estates	1,699	5,399	7,029	3,910	310	1,240	19,587
ICT	373	4,722	1,340	150	150	600	7,334
Vehicles & Equipment	2,767	5,718	2,770	4,326	2,700	10,872	29,154
Total Capital Expenditure	4,840	15,839	11,139	8,386	3,160	12,712	56,076
Funded by:							
RCCO (NWAS)	90	90	90	90	90	360	810
Capital Receipts (Station Mergers)	-	-	-	-	3,070	8,505	11,575
Capital Fund	4,750	4,201	-	-	-	-	8,951
Borrowing	-	11,548	11,049	8,296	-	3,847	34,740
Total Funding for Capital	4,840	15,839	11,139	8,386	3,160	12,712	56,076

11. FIREFIGHTER'S PENSION ACCOUNT

11.1 For information, the table below gives details of the movements and position on the Pension Account for 2020/21. This is consistent with the pension estimate submitted to the Home Office in September 2019, which forms part of their annual national pension forecasting exercise and is the basis of the top up grant calculation.

Summary of Firefighters' Pension Account 2020/21

Expenditure Head	Original Estimate £000	Original Estimate £000	Variation £000
Pensions Outgoings	54,230	54,737	507
Other Pension Costs	-	-	-
Employer's Contributions	(6,430)	(12,652)	(6,222)
Pension Receipts	(5,330)	(5,404)	(74)
Ill Health contributions from revenue budget	(404)	(438)	(34)
Inward transfers from other pension schemes	(250)	(203)	47
Total Net Expenditure to be met by Top up Grant	41,816	36,040	(5,776)
Top up Grant	(41,816)	(36,040)	5,776
Total Pension Account	-	-	-

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 2020/21

	Gross Expenditure	Gross Income	Net Estimate
	£000	£000	£000
Fire Service Budget	112,079	2,565	109,514
Other Mayoral General Budget	127,072	17,949	109,123
Capital Financing Charges	1,687	-	1,687
Revenue Contribution to Capital Outlay	4,201	-	4,201
Contribution from balances/reserves	-	8,657	(8,657)
Budget Requirement	245,039	29,171	215,868
Localised Business Rates	-	10,614	(10,614)
Business Rate Baseline	-	40,250	(40,250)
Section 31 Grant – Business Rates	-	2,062	(2,062)
Section 31 Grant – pensions	-	5,605	(5,605)
Transport - Statutory Charge	-	86,700	(86,700)
Collection Fund surplus	-	1,265	(1,265)
Precept requirement	245,039	175,667	69,372
	Note 1	Note 2	

Note 1: this figure represents the aggregate of the amounts estimated for items set out in Section 42A (2) (a) to (d) of the Local Government Finance Act 1992.

Note 2: this figure represents the aggregate of the amounts estimated for items set out in Section 42A (3) (a) to (b) of the Local Government Finance Act 1992.

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.

<u>District</u>	<u>Council Tax Base</u>
Bolton	76,173.0
Bury	55,222.0
Manchester	118,864.6
Oldham	57,663.0
Rochdale	55,745.0
Salford	69,945.0
Stockport	96,241.2
Tameside	63,307.9
Trafford	77,386.0
Wigan	92,200.0
Total	762,747.7

AMOUNTS OF COUNCIL TAX FOR EACH BAND

		A	B	C	D	E	F	G	H
2020/21	Costs for Band (including fire)	£60.63	£70.73	£80.84	£90.95	£111.16	£131.37	£151.58	£181.90

CALCULATION OF BAND D EQUIVALENT TAX RATE

NET EXPENDITURE UNDER SN 42A (4)	£215,868,383
Funding (Including S31 grant)	£145,231,144
	<hr/>
	£70,637,239

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

BOLTON	26,362
BURY	458,765
MANCHESTER	393,017
OLDHAM	27,169
ROCHDALE	39,030
SALFORD	60,039
STOCKPORT	42,312
TAMESIDE	164,377
TRAFFORD	20,322
WIGAN	33,940
	<hr/>
	1,265,333

**NET BUDGETARY REQUIREMENT
TO BE MET BY COUNCIL TAX**

£69,371,906

**NET BUDGETARY REQUIREMENT
AGGREGATE TAX BASE**

69,371,906

762,747.7**BASIC TAX AMOUNT AT BAND 'D'****£90.95**

CALCULATION OF AMOUNTS PAYABLE BY EACH BILLING AUTHORITY (CALCULATIONS UNDER SECTION 48 (2) OF THE ACT)

District	Tax Base	Basic Amount £. p	Precept £	Surplus/ Deficit (-) £	NDR Rate Retention £	Net Payment £
Bolton	76,173.0	£90.95	6,927,935	26,362	832,729	7,787,026
Bury	55,222.0	£90.95	5,022,441	458,765	517,836	5,999,042
Manchester	118,864.6	£90.95	10,810,736	393,017	3,437,905	14,641,658
Oldham	57,663.0	£90.95	5,244,450	27,169	539,757	5,811,376
Rochdale	55,745.0	£90.95	5,070,008	39,030	639,350	5,748,388
Salford	69,945.0	£90.95	6,361,498	60,039	909,595	7,331,132
Stockport	96,241.2	£90.95	8,753,137	42,312	807,310	9,602,759
Tameside	63,307.9	£90.95	5,757,854	164,377	543,883	6,466,114
Trafford	77,386.0	£90.95	7,038,257	20,322	1,560,545	8,619,124
Wigan	92,200.0	£90.95	8,385,590	33,940	825,580	9,245,110
Total	<u>762,747.7</u>		<u>69,371,906</u>	<u>1,265,333</u>	<u>10,614,490</u>	<u>81,251,729</u>

Schedule of Precept Payment Dates 2020/21

Greater Manchester Combined Authority

Month	Precept Date	
April 2020	20/04/2020	Monday
May 2020	20/05/2019	Wednesday
June 2020	22/06/2020	Monday
July 2020	20/07/2020	Monday
August 2020	20/08/2020	Thursday
September 2020	21/09/2020	Monday
October 2020	20/10/2020	Tuesday
November 2020	20/11/2020	Friday
December 2020	21/12/2020	Monday
January 2021	20/01/2021	Wednesday
February 2021	22/02/2021	Monday
March 2021	22/03/2021	Monday



Date: 14 February 2020

Subject: GMCA Transport Revenue Budget 2020/21 (Budget Paper C)

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

PURPOSE OF REPORT

The report sets out the transport related Greater Manchester Combined Authority (GMCA) budget for 2020/21.

The proposed Transport Levy to be approved for 2020/21 is included within the report together with the consequent allocations to the District Councils of Greater Manchester.

RECOMMENDATIONS:

The GMCA is recommended to:

1. note the issues which are affecting the 2020/21 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 2020/21;
3. approve a Transport Levy on the district councils in 2020/21 of £105.773 million, as set on in paragraphs 3.2 – 3.5 of the report, apportioned on the basis of mid year population as at June 2018;
4. approve a Statutory Charge of £86.7 million as set out in Part 4 of the GMCA (Functions and Amendment) Order 2019, apportioned on the basis of mid year population as at June 2018;
5. approve the use of reserves in 2020/21 as detailed in section 5;
6. note and approve the position on reserves as identified in the report;
7. note the proposal to drawdown £10 million of funding from retained Business Rates to fund the ongoing development of schemes / the Greater Manchester Infrastructure Programme

subject to the preparation and approval of a business case;

8. note that the report to GMCA on 7 October 2019 set out and explained the recommendation to the GMCA to approve proceeding to the next stage in the consideration of a proposed franchising scheme, following on from the work undertaken in connection with bus reform; and included a full assessment of how the GMCA could afford to make and operate the proposed scheme;
9. Note that it is anticipated that the £17.8 million of contributions by Local Authorities as a proposed one off increase in the statutory contribution in 2020/21 referred to in section 4.4 will be held (in aggregate) by Local Authorities pending a decision by the Mayor as to whether to introduce bus franchising;
10. Approve the proposal to extend the Women's Concessionary Travel Scheme (WCTS) to a further cohort of women in Greater Manchester from 1 April 2020, noting that the estimated costs of c£300,000 are included in TfGM's 2020/21 budgets; and
11. Approve the delegation of decisions required to ensure the delivery of the extension of the WCTS, including any updates required to the Local Concessionary Travel Scheme, to the GMCA / TfGM Chief Executive and the TfGM Director of Finance and Corporate Services, in consultation with the GMCA Treasurer.

CONTACT OFFICERS:

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Equalities Implications: N/A

Climate Change Impact Assessment and Mitigation Measures: N/A

Risk Management – An assessment of major budget risks faced by the authority are carried out quarterly as part of the reporting process – no risks have been identified in this quarter. For risk management in relation to budget setting, please refer to section 6 of the report.

Legal Considerations – There are no specific legal implications with regards to the 2020/21 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 2020/21.

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 Revenue Update 2019/20’ 25 October 2019.

Report to Greater Manchester Combined Authority: ‘GMCA Revenue Update 2019/20’ 26 July 2019.

Report to Greater Manchester Combined Authority: ‘GMCA Revenue Outturn 2018/19’ 28 June 2019.

Report to Greater Manchester Combined Authority: 'Mayoral General Budget and Precept' 15 February 2019.

Report to Greater Manchester Combined Authority: 'Transport Revenue Budget' 15 February 2019.

Report to Greater Manchester Combined Authority: 'GMCA Revenue General Budget' 15 February 2019.

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
GM Transport Committee	Overview & Scrutiny Committee	
N/A	11 February 2020	

1 INTRODUCTION

- 1.1 The report provides details of the proposed budget, including Mayoral funded functions as they relate to Transport for 2020/21.
- 1.2 The allocation to Districts in relation to the Transport Levy and Transport Statutory Charge is set out in paragraph 3.5 of the report.
- 1.3 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.
- 1.4 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 2020/21

- 2.1 The overall position for 2020/21 can be summarised as follows in the table below:

	2020/21
Resources Available:	£'000
Transport Levy	105,773
Statutory Charge	86,700
Mayoral General Precept	17,050
Mayoral Capacity Grant	550
Government Grants	20,243
External Income	850
Contrib. from Reserves	10,923
Total Resources	242,089
Calls on Resources:	
Gross Grant to TfGM	138,322
TfGM Funded Finance Costs	(13,419)
Grant Paid to TfGM	124,903
Other Grants	12,429
Scheme Development Costs	500
16-18 Concessionary	16,200
Bus Reform	4,750
Care Leavers	550
GMCA Traffic Signals	3,822
<u>Capital Financing Costs</u>	
- Levy Funded	52,904
- GMCA Funded from Reserves/Revenues	7,108
- TfGM Funded from Reserves/Revenues	15,029
- TfGM Funded from Efficiencies	2,919
GMCA Corporate Core Costs	975
Total Call on Resources	242,089

2.2 Within 'Government Grants' in the table above is £7.1437 million of Earnback funding which is budgeted to be used to fund Trafford Metrolink Capital Financing Costs (£7.108 million) and the costs of the Cycling and Walking Commissioner (£0.035 million).

3 PROPOSED GMCA TRANSPORT LEVY AND MAYORAL STATUTORY CHARGE 2020/21

3.1 Following the 'Transport Order' which was laid before Parliament in April 2019, the funding for transport functions has now been split between the Transport Levy and a Statutory Charge.

3.2 It is proposed that the Transport Levy for 2020/21 will be set at £105.773 million and the Statutory Charge be set at £86.7 million. These total £192.473 million which, in total, is unchanged from the Levy for 2019/20.

3.3 The Transport Levy and Statutory Charge is distributed across the Districts based on mid-year population as at June 2018. An analysis of amounts payable by each District in 2020/21 is shown in the table below.

3.4 As was the case in 2019/20, in addition to the Transport Levy, it is anticipated that earmarked reserves will be utilised to fund a number of other activities. These additional activities are set out in Section 5.

Proposed GMCA Transport Levy 2020/21 per District

3.5 The table below details both the Transport Levy and the Statutory Charge per district;

District	2019/20	2020/21	2020/21	2020/21	Levy Change	
	Transport levy £000	Transport Levy £000	Statutory Charge £000	Total Charge £000	£000	%
Bolton	19,587	10,732	8,797	19,529	(58)	(0.03%)
Bury	13,041	7,149	5,860	13,010	(31)	(0.02%)
Manchester	37,514	20,595	16,881	37,476	(38)	(0.02%)
Oldham	16,076	8,861	7,263	16,124	49	0.03%
Rochdale	15,023	8,274	6,782	15,055	32	0.02%
Salford	17,284	9,568	7,842	17,410	126	0.07%
Stockport	20,015	10,973	8,994	19,967	(48)	(0.02%)
Tameside	15,413	8,469	6,942	15,411	(2)	(0.00%)
Trafford	16,195	8,889	7,286	16,176	(19)	(0.01%)
Wigan	22,326	12,263	10,052	22,315	(11)	(0.01%)
Total	192,473	105,773	86,700	192,473	0	0.00%

3.6 In addition to the Transport Levy and Statutory Charge, it is anticipated that earmarked reserves and Earnback grant will be utilised to fund certain capital financing costs and other devolution and scheme development related costs for 2020/21.

4 TfGM BUDGET STRATEGY 2020/21

- 4.1 The budget presented relates to the TfGM element of the Transport budgets.
- 4.2 As in the previous year there are a number of additional activities that TfGM is delivering on behalf of GMCA and the Mayor. Also, as in 2019/20, due to the scale and nature of these activities it will not be possible to fund all these costs from the core funding which includes the Levy and part of the Precept. The main activities in this regard are set out below along with a forecast of the proposed funding in 2020/21 is set out below.

Bus Reform

- 4.3 The financial case for the bus reform proposals that were included in the Assessment that was presented to GMCA in October 2019, included a full assessment of how the GMCA could afford to make and operate the proposed scheme. The Assessment set out the indicative profile of the costs and funding requirements; and a range of credible funding sources which exceeded the net modelled costs to operate the scheme over the proposed transition period. The Assessment also concluded that the proposed franchising scheme was affordable and would represent value for money. Following the audit of the Assessment, the GMCA agreed, at its meeting on 7 October, to instruct TfGM to commence consultation on the proposed franchising scheme which included a proposed funding package and proposed sources of funding.
- 4.4 In the event that the Mayor decides to introduce bus franchising, the forecast capital and revenue (including capital financing) costs over the transition period up to 2024/25 would be approximately £134.5 million. The proposed sources of funding include £78 million of mayoral 'earn back' funds (provided by central government as part of Greater Manchester's Devolution Agreement), £11 million raised by the existing precept as part of the Mayor's 2019/20 budget for bus reform purposes and £22.7 million from the mayoral precept in future years' budgets, £5 million of existing and forecast business rates receipts held by GMCA and £17.8 million of contributions by Local Authorities as a proposed one off increase in the Statutory Charge in 2020/21. Any differences between the spend and profiled funding requirement will be covered through prudential borrowing rather than being an additional funding requirement. Discussions are also ongoing with Government around their level of support to deliver bus reform which could potentially reduce the local funding required including from the mayoral precept.
- 4.5 In the event that the Mayor decides to introduce bus franchising a further report will be brought to GMCA to increase the Statutory charge in 2020/21 by £17.8 million.

Rail Station Partnership working

- 4.6 TfGM is continuing to work on developing proposals for working in partnership with operators and other industry stakeholders at a number of GM rail stations, including those stations in Town Centre Challenge Fund locations. A drawdown of £0.5 million of funding from Reserves was approved by GMCA in January 2019 for this purpose and an update on the work performed to date was reported to GMCA on 25 October 2019. A drawdown of an additional £0.5 million

is requested from Transport Reserves, to further progress this work in 2020/21. This will fund further work including in particular:

- Working in partnership, to develop business cases for the investment in, for example, redundant station buildings;
- Continued partnership with the Greater Manchester Health and Social Partnership to deliver the identified community use facilities at Stalybridge and further roll-out at other GM stations;
- Progress further Access for All (AfA) design work at Walkden and Swinton which will support any future bid if additional AfA funding becomes available from the Department of Transport.
- Continue to work with Alliance Partners and Local Authorities to deliver cases for housing and station improvement activities;
- To deliver installation of defibrillators at the remaining 47 Greater Manchester stations without a defibrillator.

4.7 A further report will be presented to the GMCA towards the end of 2020 to provide a further update on progress on this work.

Transport Scheme / Pipeline Development

4.8 There is a requirement to continue to incur significant revenue costs to support scheme / pipeline development/feasibility work on known GMCA priorities, including the development of potential public transport solutions that will support the city region's growth agenda; the development of the Greater Manchester Infrastructure Programme; and to support the development of the Greater Manchester Spatial Framework and the 2040 Delivery Plan.

4.9 To date the costs of this work have been funded from a combination of Transport Reserves and Earnback funding. An allowance of £10 million is included within the budget (from retained business rates) to enable the ongoing pipeline development work to be continued. The release of this is subject to approval of a business case that is currently proposed to be presented to GMCA in March. Regular updates will be presented to GMCA during 2020/21 on the progress on this work and on the priority projects and programmes which are being developed.

Budget Strategy

4.10 It is recognised that the TfGM's budget has been 'managed' within largely the same funding envelope in recent years by making year on year savings from various incremental ongoing activities. This has been very challenging in the context of the additional activities that TfGM has been requested to deliver, however the largely 'standstill' budget also needs to be considered in the context of the significant funding pressures on the Greater Manchester Authorities, who fund the majority of TfGM's operating budget through the Levy and Statutory Charge.

- 4.11 It is also recognised that the ability for TfGM to continue to make year on year ‘incremental’ savings to fund ongoing cost pressures over the medium to longer term is limited, in particular in view of the widening range of activities that TfGM has been, and continues to be, requested to deliver. As a result, and over the longer term, a more strategic approach to setting budgets and managing funding is required than has been the case to date.
- 4.12 In this context, TfGM will bring forward proposals, ahead of the next budget setting process, for how a more strategic approach could be adopted. This will include reviews of, and proposals for:
- Accessible Transport: including both the current Ring and Ride service delivered by GMATL and the wider provision of accessible transport by various bodies across GM;
 - A review of the policy and approach to delivering School transport; and
 - A fuller review of TfGM’s overall budgets to ensure that it remains focused on the key priorities within the Greater Manchester Strategy and the 2040 Transport Strategy; and that all efficiency options, including further collaboration with the CA and other public bodies are considered and taken forward where appropriate
- 4.13 Completion of these reviews will be targeted for spring/early summer 2020, ahead of the commencement of next year’s budget setting process.

Concessionary Support

- 4.14 ‘Fixed rate’ reimbursement arrangements with the major bus operators are currently in place or are in the process of being negotiated. These will succeed the previous agreements which expired on 31 March 2019.
- 4.15 A new concessionary travel scheme providing free bus travel for young people aged 16-18 was introduced in 2019/20. This commenced on 1 September 2019. The costs of this scheme are being funded from the Mayoral budget, primarily through the Precept; third party income (including from colleges) and other Mayoral funding. The budget for 2020/21 reflects a full year of this cost, compared to 7 months in 2019/20. This increase in cost of c. £6 million will largely be funded by an increase in the Mayoral Precept.
- 4.16 It was previously agreed by GMCA that the existing balance on the Concessionary Fares Reserve, which was c. £9.3 million at 31 March 2019, is retained to fund the risks connected with the 16-18 free bus Concession.
- 4.17 In 2019/20 it is forecast that the costs for the 16-18 free bus Concession will outturn £1.7 million above the budget previously released for this year. This is largely due to a phasing difference which is expected to reverse during 2021/22. As previously agreed, it is proposed to drawdown £1.7 million from the Concessionary Reserve in 2019/20 on the expectation that approximately the same amount will be transferred back into the Reserve in 2021/22.

4.18 On 27 October 2017 the Mayor presented a report to GMCA which approved the introduction of the Women's Concessionary Travel Scheme, which provided a local travel concession for c. 14,000 women in Greater Manchester born between October 1953 and November 1954. There is a recommendation included within this report for an extension of this concession to a further 'cohort' of c. 5,700 women, specifically those born between 6 November 1954 and 5 April 1955. The costs of this extension, which are estimated to be c. £0.3 million in 2020/21, have been included in this budget.

Supported Bus Services

4.19 In recent years the Supported Services budget has reduced by over 20%. In the main these savings have been delivered from efficiency savings and service reductions rather than service removals. However there have been cuts to some services which have no longer been deemed to represent value for money, in particular in respect to patronage and cost. It is expected that the Supported Services Budget will continue to be under significant pressure during 2020/21 due to a combination of inflationary pressures and commercial deregistrations. A limited additional allowance of £0.3 million has been included in the budget in this regard.

4.20 The funding which will be raised from the introduction of the £10 annual charge for concessionary pass holders to access off peak tram and rail services, which is estimated to be c. £1.25 million per annum, will be ring-fenced for investment in bus and bus services.

4.21 In 2019/20 the grant to GMATL to fund Ring and Ride services was increased by £0.3 million to part fund the replacement of up to 31 fleet vehicles which will reach the end of their 'useful economic' life over the next two years. Despite this, significant pressures still exist within the GMATL budget and further efficiency savings and income generation options, including increases in fares, will need to be considered on an ongoing basis to retain the service at current levels.

4.22 In line with recent years, the fares and charges on certain products or services that TfGM sells, including fares on schools' services and Local Link, and Departure Charges, will all be subject to increases in line with inflation, which will be implemented at various dates between April 2020 and January 2021.

Other costs and budget pressures

4.21 A number of other budget pressures or risks exist, as follows:

- Costs of supporting the wide and increasing range of additional activities that TfGM has been requested to undertake in recent years;
- Costs of extending services in a number of areas, including TfGM's Contact Centre to meet increased demands for customer information;
- Work to consider the options and potential for future Rail Reform. No allowances have been made in the budget for this other than the £0.5 million, referenced in section 4.6, to continue work to develop partnership opportunities for rail stations;
- Costs of delivering, as yet unspecified and uncommitted, additional night time services;

- Other unfunded project support, including for example HIF and Growth Deal Programme support; and Regional Centre co-ordination; and
- Costs of inflation on both staff and other operating costs, and increased cost of employer pension contributions.

4.22 The additional costs and funding pressures on the TfGM budget in 2020/21, including from the matters referred to above, and from increasing pressures on the Concessionary and Supported Bus Services budgets, have added additional cost pressures of c£4 million into the base budget for 2020/21 which will need to be met through additional savings and efficiencies in operating costs and the generation of additional commercial income.

4.23 There are a number of additional risks in a number of other areas impacting the budget including:

- Currently unknown costs for the work connected with developing and implementing plans to address Air Quality. The budget assumption is that these costs will continue to be funded by grants to GMCA from the Joint Air Quality Unit (JAQU); and
- The levels of scheme development funding, in the context of the development aspirations of the Greater Manchester Infrastructure Programme; the Greater Manchester Spatial Framework and the 2040 Delivery Plan. To the extent that the £10 million for scheme / pipeline development referred to above is approved, there is a risk that this may not be sufficient to develop the pipeline of schemes as quickly as required. This could limit the scale and pace at which these schemes can be developed and place additional cost pressures on TfGM 'Core' budgets.

4.24 Considering the above the proposal is that:

- The Levy will be subject to a cash 'standstill', after taking account of 'one off' items in 2019 and 2020;
- There will be an increase in the funding from the Precept in relation to the costs of the 16-18 travel concession;
- A proposed release, subject to further approval by GMCA, of up to £10 million of funding from Retained Business Rates to fund ongoing Scheme Development costs as part of the development of the Greater Manchester Infrastructure Programme;
- A drawdown of £1.5 million from the Integrated Ticketing Reserve to continue the development of ticketing solutions, following the implementation of contactless, smart ticketing in the current year;
- a further £0.5 million of funding from Transport Reserves to continue to develop the work on the Rail Stations Partnerships;
- TfGM fares and departure charges to increase in line with inflation at varying points in 2020/21 as set out in this report; and
- Bus Stop Closure Charges to increase as set out in paragraph 4.41 below.

TfGM Proposed Budget 2020/21

4.25 Based on the proposals above the TfGM budget for 2019/20 would be as follows:

	2019/20	2020/21	
	Outturn	Budget	Variance
	£000	£000	£000
Resources			
Levy allocated to TfGM	131,540	36,380	(95,160)
Statutory Charge	-	86,700	86,700
Mayoral General budget	3,950	18,650	14,700
Rail Grant	1,860	1,900	40
Utilisation of other reserves	9,700	-	(9,700)
Retained Business Rates	-	10,000	10,000
Metrolink funding from Revenue / Reserves	10,300	10,800	500
Earnback Revenue Grant / Reserves	5,750	-	(5,750)
Other Grants	12,600	6,000	(6,600)
Total Revenue	175,700	170,430	(5,270)
Call on Resources			
Concessionary Support	75,080	79,300	(4,220)
Supported Services	27,610	27,900	(290)
Accessible Transport	4,910	4,910	-
Operational Costs	61,790	52,010	9,780
Financing	6,310	6,310	-
Total Expenditure	175,700	170,430	5,270
Surplus/(Deficit)	-	-	-

4.26 There are a number of risks to the proposed budget as noted above, including increases in supported bus services costs resulting from price increases and bus service deregistrations; the ability to deliver the expanding range of activities within the same budget envelope. It should be noted that the potential costs and funding sources for Bus Reform in 2020/21 are not included in the table above, pending a decision by the Mayor on the future options for Bus Reform.

4.27 The main elements of the proposed budget are considered further below.

Resources

- 4.28 Following the GMCA Amendment Order being laid in April 2019, the Mayor was given further powers for transport functions, which in relation to TfGM's activities relates to activities associated with delivery of Bus related activities. As noted in the Mayoral Budget report an assessment has been made in relation to the cost of those functions and it is proposed that £86.7 million is raised via a statutory charge to District Councils, with a corresponding reduction in the Transport Levy.
- 4.29 The total level of funding from the Levy/Statutory Charge is budgeted to reduce in 2020/21 compared to 2019/20 mainly due to funding having been included for Bus Reform in 2019/20, including the 16-18 travel concession, in advance of the Order being introduced in May 2019.
- 4.30 The Mayoral General budget is also funding other costs in 2019/20 and 2020/21, which prior to 2018/19 had been funded from the Transport Levy but are now a Mayoral function and need to be funded from the Mayoral General budget. This includes the costs associated with updating and delivering the Local Transport Plan (LTP). Following the further Order in April 2019, the Mayoral budget also includes the costs of the 16-18 Concessionary Travel Scheme. The LTP costs are budgeted to be £3.55 million in 2020/21 and the costs of Concessionary scheme for 16-18 travel are budgeted to be £15.9 million.
- 4.31 The funding from the DfT Rail grant in 2020/21 is budgeted to increase with inflation.
- 4.32 Funding from the Utilisation of other reserves is budgeted to reduce, which is offset by an increase in funding from Retained Business Rates. This largely reflects a shift in the funding for Scheme Development costs from Reserves to Business Rates between 2019/20 and 2020/21.
- 4.33 The funding from Metrolink Revenue/Reserves represents the contribution from Metrolink net revenues which are ring fenced to fund the financing costs which are incurred in GMCA.
- 4.34 In 2019/20 Earnback funding was used to fund Bus Reform. As noted above costs and funding for further future Bus Reform activities have not been included in this budget pending a decision by the Mayor as to whether to introduce bus franchising.
- 4.35 The funding from Other Grants is budgeted to reduce which reflects the profile of expenditure on other grant funded activity, including in particular the costs of activities to develop the Clean Air Plan Full Business Case, which are fully funded by grants from the Joint Air Quality Unit.

Calls on Resources

- 4.36 The concessionary reimbursement budget includes the cost of the English National Concessionary Travel Scheme (ENCTS) and the local Concessionary scheme, including the recently introduced 16-18 concessionary travel scheme. The ENCTS is a statutory scheme and TfGM cannot mitigate these costs other than seeking to manage its risk by agreeing multi-year fixed price arrangements where appropriate.
- 4.37 The budget for Supported Services for 2020/21 has been increased by £0.3 million to include a limited allowance for inflationary cost increases and for further deregistrations, however this still means that further efficiency savings will be required in order to fund the full extent of cost inflation and the incremental cost of any further commercial deregistrations.

- 4.38 The grant payable to GMATL in the proposed budget will be at the same level as 2019/20 at up to £4.91 million. As noted above, the £4.91 million includes an allowance to part fund the costs of renewing vehicles which will reach the end of their 'economic lives' over the next two years, with the remaining funding being delivered from a combination of efficiency savings and fares increases.
- 4.39 Operational costs include the costs of operating and maintaining the TfGM owned bus stations, travel shops and other infrastructure, and the costs of support functions.
- 4.40 The budget includes an assumption that Bus Station Departure Charges will increase in line with RPI, by 2p, from April 2020, which represents an increase of 2.6% and additional income of up to c£80,000. The additional income will be used to partly offset the increasing costs of operating bus stations.
- 4.41 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 £200 to £250 for the first four stops and that the costs thereafter are increased from £35 to £70 per stop. The costs for 'revisiting' a stop are also assumed to increase from £50 to £100.
- 4.42 As in previous years the budget includes very challenging targets for savings in operational and support costs, including from reducing costs. Efficiencies from collaboration with GMCA and the generation of additional commercial income. These are required in order that TfGM can deliver the additional activities requested by GMCA within a standstill budget.

5 RESERVES

- 5.1 An analysis of the forecast and budgeted movements in transport related reserves for 2019/20 and 2020/21 is set out below:

Transport Related Reserves

GMCA Transport Reserves	Actual Balance as at 01-Apr-19	Transfer in/(out) 2019/20	Projected Balance as at 31-Mar-20	Transfer in/(out) 2020/21	Projected Balance as at 31-Mar-21
Earmarked Revenue Reserves					
Capital Programme Reserve - GMCA	99,997	(7,093)	92,904	(3,163)	89,741
Integrated Ticketing Reserve - GMCA	12,500	-	12,500	(1,500)	11,000
Revenue Grants Unapplied Reserve - GMCA	5,502	(4,611)	891	(891)	-
Concessionary Fares Reserve - TfGM	9,282	(1,700)	7,582	-	7,582
Property Reserve - TfGM	12,157	(1,500)	10,657	(1,500)	9,157
Metrolink Reserve - TfGM	2,093	-	2,093	-	2,093
Joint Road Safety Group Reserve - TfGM	3,792	(276)	3,516	(367)	3,149
General Revenue Reserves					
General Reserve - TfGM	5,454	-	5,454	-	5,454
General Reserve - GMCA	4,882	(3,800)	1,082	-	1,082
	155,659	(18,980)	136,679	(7,421)	129,258

General Reserve

- 5.2 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 2020 is £6.5 million, with no current calls expected within 2020/21.
- 5.3 A risk analysis has been undertaken which demonstrates that based on the risks facing the organisation, the current and proposed level of reserves have been assessed as appropriate.
- 5.4 The key risks and issues impacting on the revenue budget are summarised below:
- capital programme costs and delivery;
 - ability to continue to deliver the additional responsibilities and activities set out within the report, within current resources;
 - additional cost pressures on the subsidised bus network and on operating costs; and
 - the ability to deliver the further, incremental efficiency savings.
- 5.5 TfGM and GMCA hold other reserves as set out in the following paragraphs.

Capital Programme Reserve

- 5.6 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. TfGM is responsible for delivering a capital programme of public transport investment and infrastructure, which during the period up to 2021 has totalled over £3 billion. The programme includes trebling the size of the Metrolink network, including the Trafford Line

extension; the construction of new transport interchanges; the bus priority schemes; rail schemes and the introduction of a smart card to operate across all transport modes. The forecast annual capital expenditure in 2020/21 is budgeted to be circa £202 million.

- 5.7 The current forecast balance on the Capital Programme Reserve at 31 March 2020 is approximately £92.9 million. The forecast balance on the Capital Programme Reserve is consistent with the work undertaken in relation to financing costs.
- 5.8 There is projected to be significant utilisation of reserves in the next 5-10 years due to combined demands of financing the Capital Programme and costs of future capital scheme development.
- 5.9 Specifically for 2020/21 it is anticipated that a net £3.2 million will be drawn down from the Capital Programme Reserve, which is broken down as follows;
- £0.5 million – to meet the costs of Scheme Development costs and work on rail stations devolution; and
 - £2.7 million – to meet capital financing commitments.
- 5.10 The optimum mix of reserves utilisation and borrowings will be determined by the GMCA Treasurer, prior to the closure of the relevant years' accounts.

Integrated Ticketing Reserve

- 5.11 The Integrated Ticketing Reserve funded from a third party contribution will be used over a period of time to contribute towards the development and delivery of integrated, including smart, ticketing schemes. It is anticipated that £1.5 million will be required within 2020/21 for the ongoing development and delivery of ticketing products and initiatives.

Revenue Grants Unapplied Reserve

- 5.12 This relates to grants received ahead of expenditure, with the largest grant of £4.2 million being in relation to Clean Air plan funding. It is forecast that £4.6 million will be utilised within 2019/20 and the remaining £0.9 million used within 2020/21.

Concessionary Fares Reserve

- 5.13 A reserve is held to cover specific costs and manage various risks including:
- costs of fixed deal arrangements with the larger bus operators;
 - forecast costs of reimbursing other operators;
 - costs of renewing existing National Concessionary Travel Passes (cards only valid for five years); these costs were funded by central government when introduced in April 2008; and

- other costs including concessionary travel data collection and ‘smart’ related costs, which would otherwise be funded from the Levy;
- the costs of new, or extensions to, existing concessions, to the extent that they can’t be managed within the ‘core’ budget, including in particular the 18-18 travel concession and WCTS.

5.14 The forecast balance of the reserve at 31 March 2020 is c. £7.6 million following a call of £1.7 in 2019/20 when it is forecast that the costs for the 16-18 free bus Concession will outturn £1.7 million above the budget previously released for this year. This is largely due to a phasing difference which is expected to reverse during 2021/22. As previously agreed, it is proposed to drawdown £1.7 million from the Concessionary Reserve in 2019/20 on the expectation that approximately the same amount will be transferred back into the Reserve in 2021/22.

Property Reserve

5.15 The Property Reserve is held for financing the historic costs for the TfGM building at 2 Piccadilly Place. The budgeted movements in 2019/20 and 2020/21 relate to amortisation costs.

Metrolink Reserves

5.16 TfGM Metrolink reserves relates largely to historic reserves which have been retained for specific purposes. The balance will be used, to fund the capital financing costs for the capital programme, in line with the approved financial strategy.

Joint Road Safety Group Reserve

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

6 LEGAL ISSUES

6.1 In coming to decisions in relation to the revenue budget the Authority has various legal and fiduciary duties. The amount of the transport levy and statutory charge must be sufficient to meet the Authority’s legal and financial commitments, ensure the proper discharge of its statutory duties and lead to a balanced budget.

6.2 In exercising its fiduciary duty the Authority should be satisfied that the proposals put forward are a prudent use of the Authority’s resources in both the short and long term and that they are acting in good faith for the benefit of the community whilst complying with all statutory duties.

Duties of the Treasurer (Chief Finance Officer)

- 6.3 The Local Government Finance Act 2003 requires the Chief Finance Officer to report to the Authority on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Authority has a statutory duty to have regard to the CFOs report when making decisions about the calculations.
- 6.4 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Authority to monitor during the financial year its expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Authority must take such action as it considers necessary to deal with the situation. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves.
- 6.5 Under Section 114 of the Local Government Finance Act 1988, where it appears to the Chief Finance Officer that the expenditure of the GMCA incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure, the Chief Finance Officer has a duty to make a report to the Authority.
- 6.6 The report must be sent to the Authority's External Auditor and every member of the Authority and the Authority must consider the report within 21 days at a meeting where it must decide whether it agrees or disagrees with the views contained in the report and what action (if any) it proposes to take in consequence of it. In the intervening period between the sending of the report and the meeting which considers it, the authority is prohibited from entering into any new agreement which may involve the incurring of expenditure (at any time) by the authority, except in certain limited circumstances where expenditure can be authorised by the Chief Finance Officer. Failure to take appropriate action in response to such a report may lead to the intervention of the Authority's Auditor.

Reasonableness

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

Risks and Mitigation

- 6.8 The Treasurer has examined the major assumptions used within the budget calculations and considers that they are prudent, based on the best information currently available. A risk assessment of the main budget headings for which the GMCA will be responsible has been undertaken and the key risk identified are as follows;
- 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 budgets for 2020/21 include potential pressure areas, particularly within the TfGM controlled budgets. The budgets are however considered achievable and will be monitored against budget on a regular basis.
- The complex nature of the significant capital developments being undertaken to enhance and extend the transport network is another key risk area. Whilst these projects and programmes are subject to rigorous management and governance arrangements and each contains an appropriate level of risk allowance and contingency, there remains an inherent financial risk with any project or programme of this size.

7 RECOMMENDATIONS

7.1 Detailed recommendations appear at the front of this report.

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Date: 14 February 2020

Subject: GMCA Revenue General Budget 2020/21 (Budget Paper D)

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

PURPOSE OF REPORT

The report sets out the Greater Manchester Combined Authority (GMCA) General budget for 2020/21.

The proposed District Council contributions to be approved for 2020/21 are included within the report together with the consequent allocations to the District Councils.

RECOMMENDATIONS:

The GMCA is requested to:

1. Approve the budget relating to the Greater Manchester Combined Authority functions excluding transport and waste in 2020/21 as set out in section 2 of this report;
2. Approve the use of retained business rates to fund the 2020 Mayoral election (£3.800 million); GMSF (£1.045 million) and to continue to fund a number of other ongoing schemes for two further years as set out in paragraphs 2.9 – 2.29 at a cost of £2.710 million per annum;
3. Approve District Contributions of £9.039 million as set out in section 3 of this report;
4. Approve the use of reserves as set out in section 4 of the report;

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Equalities Implications: N/A

Climate Change Impact Assessment and Mitigation Measures: N/A

Risk Management – An assessment of the potential budget risks faced by the authority are carried out quarterly as part of the monitoring process. Specific risks and considerations for the budget 2020/21 are noted in section 4 of the report.

Legal Considerations – See section 4 of the report.

Financial Consequences – Revenue – The report sets out the planned budget strategy for 2020/21.

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: 'Revenue Update 2019/20' 25 October 2019.

Report to Greater Manchester Combined Authority: 'Revenue Update 2019/20' 26 July 2019.

Report to Greater Manchester Combined Authority: 'GMCA General Budget 2019/20' 15 February 2019.

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?		
GM Transport Committee	Overview & Scrutiny Committee	
	11 February 2020	

1. INTRODUCTION/BACKGROUND

- 1.1 This report provides details of the proposed GMCA Revenue General budget for 2020/21.
- 1.2 The charges to Districts in relation to the GMCA General budget are set out in section 2 and Appendix 1 to the report.
- 1.3 The reserves are detailed within section 4 of the report including planned utilisation in 2019/20 and 2020/21.
- 1.4 The Authority's legal obligations and the responsibility of the Treasurer to the Combined Authority are also set out in section 5 of the report.

2 GMCA GENERAL BUDGET 2020/21

- 2.1 The GMCA General budget was reviewed as part of the 2020/21 budget setting process with a number of potential pressures and priorities being identified as detailed below. The General budget includes all services and functions not separately reported elsewhere, such as Mayoral activity including Fire and Police, Transport and Waste services.

GMCA General Budget Pressures

- 2.2 A number of general pressures have been identified as detailed below including mitigating factors.

General Budget Pressures	2020/21 £000
Pay Award & Other Pay pressures	1,530
Support for Graduate Trainee Programme	70
Churchgate / Lee House Rent Review	100
Increased ICT Licence and Contract fees	300
Total Pressure	2,000

- 2.3 Pay Award and other pay pressures – The majority of services have now been through a full service review, with many staff moving over to GMCA terms and conditions, including GMCA pay scales. In order to assess the full cost of teams each post is budgeted at the top point of the GMCA scale.
- 2.4 Support for Graduate Trainee Programme – In the summer of 2019, four graduate trainees commenced with the GMCA on a two-year programme. Two of the trainee posts are being funded by TfGM and Work and Skills grants, with the remaining two posts funded from GMCA general resources.
- 2.5 Churchgate / Lee House Rent Review – following a rent review conducted within 2019, the rent will increase by approximately £0.1 million per annum.

2.6 Increased ICT License and Contract fees – Whilst work is on-going to reduce ICT costs down with the renegotiation of contracts, for example mobiles phones and photocopiers, increased activity within the GMCA has resulted in additional licenses needing to be purchased from providers such as Microsoft.

Mitigating Factors

2.7 The above pressures have been absorbed within the overall budget without increasing District contributions by;

- Building in a 3% vacancy factor to account for staff movement throughout the year;
- Undertaking a full review of corporate services to ensure that these costs are being appropriately charged out on an evidence based approach to services like Fire, Waste, PCC, Mayoral etc.;
- Reviewing grants to assess if corporate fees can be charged against them where appropriate; and
- Budgeting for a prudent level of income from deposit interest. Due to the nature and timing of specific grants paid to the GMCA, a certain level of income can be raised ahead of the funding being required.

Potential Priorities

2.9 There are a number of specific GM budget priorities which have previously been approved for funding from retained Business Rates. With the exception of the Mayoral Election, continuation of funding is being requested for two years to March 2022. These are listed in the table below:

	2020/21	2021/22
	£000	£000
Mayoral Election	3,800	
GM Spatial Framework Plan	1,045	
Health & Social Care Partnership	480	480
Cultural and Social Impact Fund	1,000	1,000
Digital Strategy	510	510
Youth Combined Authority	50	50
GM Resilience Officer	120	120
Marketing Manchester / MIDAS	550	550
Total On-Going Funding Requests	7,555	2,710

Mayoral Election

2.10 The second GM Mayoral election will take place in May 2020. Whilst some costs will be shared due to local elections taking place, it is anticipated that a total of £4 million will be required, with a cost of £3.8 million anticipated in 2020/21.

- 2.11 It should be noted that lobbying will continue with Government regarding financial support for the election, on the basis that Police and Crime Commissioner Elections are centrally funded. Future forecasts will be reduced if alternative funding becomes available.

Greater Manchester Spatial Framework (GMSF)

- 2.12 A concerted effort is needed between GMCA and Districts in order to deliver the GMSF. This provides staff capacity challenges in Districts as well as the financial resource needed to undertake several pieces of work which are fundamental to proving the soundness of GMSF. In particular to demonstrate the viability of many sites considerable work is needed in relation to developing, financing and delivering the appropriate low carbon infrastructure (transport, digital, utilities etc) to keep GM sustainable. The Combined Authority is asked to approve the 2020/21 funding of £1.045 million at the February meeting with any further funding to be the subject of a subsequent approval.

Health and Social Care Partnership

- 2.13 Funding of £0.48 million has been requested for the next two financial years to assist with the funding for the Partnership Team and delivery of the Health & Social Care Strategy. This is a reduction of 20% on previous annual allocations.
- 2.14 The purpose of the team is to ensure that Greater Manchester delivers on its vision and strategic objectives. The team will support and facilitate the full engagement of the clinical, professional and managerial leadership across all GM organisations to recognise that the transformation is led by the system and that organisations lead collaboration within their localities and across GM as part of mainstream business.
- 2.15 This funding, which is matched by £1.2 million of funding from the clinical commissioning Groups (CCGs) across GM, enables the GMHSCP team to deliver a remit significantly broader than that funded by NHS England allocations.

GM Cultural and Social Impact Fund

- 2.16 The GM Cultural and Social Impact Fund is currently exploring proposals for the next two year programme, commencing in 2020/21. Current proposals anticipate an increase in funding to £4.3 million from £3.5 million.
- 2.17 The 2019/20 budget was funded by £3.3 million District Contributions and £0.2 million retained business rates. Whilst alternative funding opportunities will be explored, including any benefits through ongoing reviews of service budgets or any in year underspends in 2020/21 the default position in the meantime for funding the additional £0.8 million per annum will be retained business rates.
- 2.18 In 2018 - 2020 the portfolio grew from 19 organisations to 28. Increasing levels of investment in Rochdale (Cartwheel Arts) and Salford (Art with Heart), and was able to fund for the first time an organisation based in Wigan (Wigan STEAM).

- 2.19 The portfolio included investment in visual arts for the first time (Centre for Chinese Contemporary Arts) and allowed us to support young contemporary popular and jazz musicians for the first time through investment in Brighter Sounds, as well as increasing our support for cultural festivals.
- 2.20 The portfolio recognised the increasing significance of digital, by almost doubling the investment in this area, continuing to support MADLAB and growing the geographical spread of funded provision to include Wigan STEAM.
- 2.21 GMCA investment in activity delivered by Manchester Jewish Museum for the first time, not only supported the only museum of Jewish history outside of London but also supported a bespoke programme of engagement with BME communities across Greater Manchester.
- 2.22 The portfolio also saw a more balanced spread of investment across art-form delivery as well as increasing the delivery of culture to those from protected characteristic groups across GM.
- 2.23 In its first year the portfolio saw a 39 percentage point increase in annual engagement with GMCA funded cultural organisations – tangibly increasing the scale of access for GM residents, and making a significant contribution to the delivery of the GM Culture Strategy. We anticipate that this may increase in the final year of the programme.
- 2.24 In 2019, GMCA published its first ever Culture Strategy, 2019-2024, that set out the following ambition;
- By 2024, Greater Manchester’s cultural offer will reflect the diversity of our people, who feel empowered to share their stories with the world, improving their wellbeing and increasing the prosperity of our businesses and the attractiveness of our places.
- 2.25 A key priority of the GM Culture Strategy as adopted by the CA is the equality of access to cultural provision – therefore a focus of the development of the portfolio of organisations selected to be funded 2020-2022, is balanced across geography, artform, diversity, scale and ecology which the increased funding proposal will achieve.
- 2.26 Further details regarding the proposed fund can be found elsewhere on the agenda.

Digital Strategy

- 2.27 In 2017/18 the budget for GM Digital portfolio was £0.2 million and this was primarily used to win the bid to Government of £23.8 million for the Full Fibre programme, support development of the first GM Digital Strategy including two summits which helped crowdsource the content and develop a 5G test bed proposal to Government proposal.
- 2.28 Subsequently the GM Digital Steering Group strongly articulated the need for a budget that reflected the ambition of the Digital Portfolio. The budget enables:
- Network architecture design and contract support for the £32 million procurement of the GM Full Fibre Programme.

- Initial scoping of a pan GM network service proposition which will leverage the new Full Fibre network and which includes proposals for enabling free town centre wifi.
- Research into how thousands of public street furniture assets can be leveraged to potentially support 5G deployment across Greater Manchester and the associated operating and revenue model options.
- Further development of the GM Cyber Advisory Group which lies at the heart of the digital security ecosystem in Greater Manchester.
- A refresh of the 2016 GM Cyber Strategy which directly supported GCHQ's decision to invest in Greater Manchester and which aims to take our digital security opportunity to the next level.
- The Local Data Review which is a priority action within the Local Industrial Strategy.
- The refresh of the GM Digital Strategy 2018 into the GM Digital Blueprint including significant stakeholder engagement and a launch event on 6 February.
- Overall coordination and support for the GM Digital Portfolio including better alignment and opportunity identification between GMCA, GMP, TFGM, Growth Company and HSCP.
- Development of a relationship management capability with large private sector organisations in order to more effectively direct their corporate social responsibility in the areas of digital inclusion, digital skills and SME support.

2.29 The development of the GM Digital Blueprint and a set of associated Action Plans based on each Priority builds on the above activities and extends through until 2023. The funding of £0.51 million per annum will enable this and realise the opportunities presented by pan GM work on digital across the city region. As the Digital Portfolio has no core budget to support it, delivery of the Blueprint is highly dependent upon ongoing use of business rates funding.

GM Youth Combined Authority

2.30 Following the success of the Youth Combined Authority funding of £0.05 million has been requested for each of the next two years.

GM Resilience Officer

2.25 Funding is requested to support the GM Resilience Officer post for a further two years at £0.12 million per year.

MIDAS / Marketing Manchester

2.27 GMCA provides annual funding to MIDAS and Marketing Manchester (MM) of £1 million and £0.377 million respectively. In addition, in 2017 GMCA agreed to increase the funding allocation to both MM and MIDAS by a combined £0.55 million per annum (£0.35 million to MM and £0.2 million to MIDAS) which was agreed as a three-year commitment.

2.28 Current levels of funding secure the following (per annum) outputs across MIDAS and Marketing Manchester:

- £270m additional GVA
- 4,700 jobs created/safeguarded
- £5m Business Rates Income
- £71m Capex
- £395m Visitor Spend

2.29 It is therefore requested that the additional £0.55 million be continued for a further two years.

Potential future calls against retained Business Rates

2.30 In addition to the requests above, there are a number of potential calls against Business Rates totalling £16.6 million for 2020/21, £19.4 million for 2021/22, £7.1 million in 2022/23 and £1.4 million in 2023/24, which will be reported back to the GMCA separately for approval once full business cases are available. A summary of the potential calls within thematic areas are shown below:

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Economy - Industrial Strategy, Employment Charter & Internationalisation (GMS 4)	1,850	2,550	2,050	
Economy - Business and Productivity Program 2 (GMS 4)		1,600	4,000	1,400
Skills – NEET Strategy & Careers Portal, DfT/DWP Plan (GMS 2,3)	1,000	1,000	1,000	
Green – 5 Year Plan, Renewables & Retrofitting (GMS 7)	1,000	1,000		
Place – T. Centre Challenge & Stock Conditions (GMS 6)	700	200		
Place – GM Spatial Framework (GMS 6)		1,045		
Infrastructure - GM Infrastructure Programme (GMS 5)	10,000	10,000		
People - Reform Investment Fund (GMS 1, 10)	2,000	2,000		
Total	16,550	19,395	7,050	1,400

2.31 Economy - It is vital that, at a time of economic uncertainty due to BREXIT, GM is doing everything it can to support its businesses to thrive and prosper, to remain competitive in a global environment (particularly via our frontier sectors) and to drive productivity (particularly in our foundational economy). The GM Local Industrial Strategy set out a very clear set of actions to be implemented that were agreed with Government. Further investment may therefore be required to support this agenda.

2.32 Skills - The Independent Prosperity Review was very clear that GM needed a ‘whole system’ approach to work and skills and the Local Industrial Strategy committed GM and Government to a 9 month action plan to develop ‘bold asks’ about how the system needs to avoid fragmentation moving forward. Employers are also very clear that a lack of skills is one of the biggest things holding them back. The system needs to ensure employers can access the skills they need and individuals are enabled to reach their full potential. For example

there are challenges around the number of NEET individuals in GM and irrespective of the success of the 9 month work with DfE/DWP GM needs to take bold actions around the areas of: Quality of all provision; Line of Sight to opportunities; Functional skills for all; Into and In Work Progression; Higher level technical skills. As with the work on Economy, further investment may be required to deliver on this agenda.

- 2.33 Green - Most Districts and the CA have declared a Climate Emergency. Urgent action is needed now on many different fronts if we are to avoid the most severe impacts of climate change. The GMCA has agreed a 5 year Environment Plan and the scale of action required to achieve the carbon reductions needed in the next 5 years is vast, for example ensuring GM is retrofitting 61,000 homes per annum. This will require action by the private, voluntary and public sector in the areas of Building Retrofit, Renewable Energy, Transport, Sustainable Consumption/Production and the Natural Environment. The public sector needs to lead by example both in implementing bold actions and in driving the innovation, research and development of the new technologies and systems/processes need. Currently this work is funded to the level of £1 million over 3 years which will not achieve the scale of activity needed by the public sector. If GM is going to lead by example in this space, and stand a change of meeting the agreed targets, further investment may therefore be required.
- 2.34 Place - Work is needed to ensure that GM's Town Centres are the prosperous, vibrant and sustainable places that they can become. In addition further work is needed to focus on the quality and affordability of GM's housing stock. There may be a need for further investment in these areas over the coming years in order to support the Spatial Framework and sustainable development for GM's residents.
- 2.35 Infrastructure – Greater Manchester Infrastructure Programme – The programme will develop and maintain a holistic infrastructure system that is robust, accommodates sustainable growth and supports the ambitions of the Greater Manchester Strategy to make 'Greater Manchester one of the best places in the world to grow up, get on and grow old'.
- 2.36 People – The Greater Manchester Reform Investment Fund was established to bring together funding to invest in and support innovative approaches that transform public services. So far a number of government funded projects have been included, such as Troubled Families, Working Well programmes, Life Chances Fund and Homelessness Social Impact Bond. The fund's intention is to facilitate investment in reform at greater pace and create efficiencies of scale. Over the next two years there is significant opportunity to increase the impact of this fund and to match its scale to the scale of GM's reform ambitions.

Proposed GMCA Revenue General Budget 2020/21

2.37 Taking into account the priorities, pressures and revised funding streams as detailed previously in the report the proposed budget for 2020/21 in relation to GMCA's Revenue General budget is summarised in the table below:

	2020/21
	£'000
Resources Available:	
District Contributions	9,040
Reallocation of Common Costs	16,380
Government Grants	139,725
Contrib. from earmarked Reserves - Business Rates	18,111
Contrib. from earmarked Reserves - Other	12,409
Other Income	13,450
Total Resources	209,116
Calls on Resources:	
Senior Management	647
Resilience	120
Strategy, Research and Economic Advice (Including Industrial Strategy and Youth GMCA)	4,407
Business, Innovation and Enterprise Policy (Including Great Places)	391
Cultural and Social Impact Fund	4,300
Planning and Housing	972
Land and Property Strategy (Including One Public Estate)	1,744
Work and Skills (Including Work, Health and Skills Grant Programmes)	30,707
Adult Education	90,947
Environment and Low Carbon (Including 5yr Plan and ignition project)	2,654
Core Investment (Including Housing Investment and Delivery Team)	8,010
MIDAS and Marketing Manchester	1,950
Public Service Reform (Including Troubled Families and H&SC Partnership)	13,157
GM LEP funding (Including Business Growth Hubs)	1,013
GM Productivity Programme (Including Local Growth Funding, Made Smarter and Creative Digital)	16,025
Homelessness (Including Trailblazer, A Bed Every Night and Housing First)	8,041
GM Digital Strategy (Including GM Connect, Full Fibre and GM ' Smart Resident' platform)	4,431
Supported projects (Including LGBT+ Centre and Cricket Strategy)	537
Corporate Costs (Including Mayoral Election costs)	19,064
Total Call on Resources	209,116

3 CHARGES TO DISTRICTS

- 3.1 Charges to districts have remained unchanged from 2019/20, however it should be noted that the main charge now includes the contribution towards a GM Freedom of Information Officer / Information Governance post, which was previously billed directly by Manchester City Council and the GM Procurement Hub has been transferred over to the GMCA budget from AGMA. A corresponding reduction will be seen within the AGMA budget report.

Basis of Apportionment of Costs to District Authorities

- 3.2 Constituent Councils have to meet the GMCA's costs which are reasonably attributable to the exercise of its functions. The amount payable by each Council is determined by apportioning the costs between the Councils in such proportions as they (unanimously) agree or, in default of such agreement, in proportion to the resident population. The 2011 Order provides flexibility to deal with the apportionment of costs in respect of the functions. Appendix 1 details the apportionment of costs across the Districts.
- 3.3 The basis of apportioning historic MIDAS and Marketing Manchester budgets between Districts is set out below:
- MIDAS – 84% of the funding is split equally between each District with the remaining 16% being split on a population basis.
 - Marketing Manchester – For £0.35 million of the funding the recharge is split on the following basis - 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 will be met from retained business rates.
- 3.4 Procurement Hub - Procurement Hub (Including Spend-Pro) – each District pays an equal Contribution, with the exception of Manchester City Council who do not access the Spend Pro software.
- 3.5 The remaining functions are apportioned to Districts on a population basis.

3.6 The proposed charge to each District is detailed in Appendix 1 and summarised in the table below:

District	Billed by GMCA 2020/21 £000
Bolton	908
Bury	650
Manchester	1,692
Oldham	773
Rochdale	731
Salford	824
Stockport	925
Tameside	745
Trafford	775
Wigan	1,018
Total	9,040

4 RESERVES

4.1 An analysis of the forecast and budgeted movements in reserves for 2019/20 and 2020/21 is set out below:

GMCA General Reserves	Actual Balance as at 01-Apr-19 £000	Transfer in/(out) 2019/20 £000	Projected Balance as at 31-Mar-20 £000	Transfer in/(out) 2020/21 £000	Projected Balance as at 31-Mar-21 £000
Earmarked Revenue Reserves					
Growing Places Revenue Grant	1,554	-	1,554	-	1,554
Youth Contract	2,411	(300)	2,111	(300)	1,811
LEP Funding	581	134	715	(181)	534
City Deal	1,887	(332)	1,555	(1,461)	94
One Public Estate	654	-	654	(654)	-
GM Trailblazer	1,733	(1,733)	-	-	-
Social Impact Bond	82	(82)	-	-	-
GM Housing First	1,104	(1,104)	-	-	-
Public Service Reform	8,184	740	8,924	(2,631)	6,293
Core Investment Interest & Arrangement Fees	8,915	1,489	10,404	964	11,368
RGF Deposit Interest	113	-	113	-	113
Creative Scale-Up Pilot	650	50	700	(650)	50
Business Rates Top Up Grant	54,390	(7,000)	47,390	(3,579)	43,811
Business Growth Hub	323	-	323	-	323
Business Rates Pool & Growth Retention Scheme	52,745	8,977	61,722	13,553	75,275
GM Connect	1,123	(100)	1,023	(334)	689
Careers & Enterprise Grant	111	(31)	80	(40)	40
GM Skills for Employment Pilot	20	(20)	-	-	-
14-19 Funding	117	(117)	-	-	-
Low Carbon Projects	216	(216)	-	-	-
Ageing Better	75	(75)	-	-	-
Digital Funding (Alpha Projects)	32	(32)	-	-	-
Accommodation Reserve	700	(600)	100	-	100
Planning and Delivery Fund	544	(322)	222	(222)	-
Working Well - Care and Support Programme	182	-	182	-	182
General Revenue Reserves					
General GMCA ED&R Reserves	2,963	128	3,091	-	3,091
TOTAL	141,409	(546)	140,863	4,465	145,328

4.2 Further information on the reserves is provided in the following paragraphs.

Growing Places Revenue Grant

4.3 The GMCA was allocated one-off revenue funding of £2.828 million to fund costs associated with the administration of the Growing Places Fund (Capital) Grant. This has been previously used to support activity within the Core Investment and Low Carbon Investment teams.

Youth Contract

- 4.4 Greater Manchester was awarded £5.8 million by DWP to test a delivery model for supporting young people that are long term unemployed. As at 1 April 2019 there was £2.411 million of funding left and plans have now been agreed for its use going forward, most notably a contribution towards the Work and Health programme of £1.3 million.

LEP Funding

- 4.5 It is currently anticipated that £0.134 million will be added to the reserve in 2019/20 following additional capacity grants awarded within the year. The LEP board has approved its use for a variety of projects including a contribution towards the Local Industrial Strategy.

City Deal

- 4.6 A plan for the use of these funds has been approved by the GMCA with an anticipated call against reserves in 2019/20 of £0.332 million and a further £1.462 million in 2020/21.

One Public Estate

- 4.7 Various tranches of One Public Estate grant have been awarded with a multi themed programme of works in place. Whilst the grant is fully committed, draw down has been slower than anticipated. It is expected that the balance will be fully utilised by March 2021.

GM Trailblazer

- 4.8 The Authority was awarded this grant over a two year period to assist with the homelessness agenda, expenditure plans are now in place with full use of the grant expected by 2019/20.

GM Housing First

- 4.9 The Housing First pilot is now in the second year of a three year programme, the initial grant payment in March 2019 is expected to be fully utilised within 2019/20.

Public Service Reform, Including Reform Investment Fund

- 4.10 Grants received from a variety of sources make up this reserve such as Troubled Families and Life Chances grants. It is anticipated that £0.74 million will be added to the reserve in 2019/20 with an expected call against the reserve of £2.631 million in 2020/21. Use of these funds have been slower than expected due to other funding streams being utilised ahead of the reform investment fund due to timing constraints, however it is anticipated that the full reserve will be applied against future commitments.

Core Investment - Interest & Arrangement Fees

- 4.11 Income is paid to the Authority for interest on loans and arrangement fees earned through the facilitation of loan agreements. The income will be utilised either through reinvestment in loans or in support of the Core Investment Team and the administration of the loans. Loan

interest earned on RGF projects must be ring-fenced for RGF related schemes. The balance at the end of 2019/20 is forecast to be £10.4 million.

RGF Deposit Interest

- 4.12 It is a condition of the RGF funding the any interest earned on unspent balances is ring-fenced to RGF related schemes and recycled into funds available. It is not currently confirmed when the income will be drawn down, however once cash flow estimates have been confirmed for the use of the recycled funds, the reserves position will be updated.

Creative Scale Up Pilot

- 4.13 The Creative Scale up pilot is a £1.3 million scheme to specifically generate business growth within the creative sector. The first tranche of grant was received March 2019 with the remaining grant expected in March 2020. The scheme is now underway with plans to fully utilise by June 2021.

Business Rates Top Up Grant - LGF Revenue / Capital Funding Switch

- 4.14 In 2015-16 GMCA was granted just over £300 million from the national Local Growth Deal (LGF) allocations, subsequent to this a further two rounds of funding have been allocated taking the total funding envelope up to £493.3 million. This funding can only be spent on Capital expenditure.
- 4.15 At the present time the Growth Deal schemes have been capital in nature, however going forwards, particularly on the economic development and regeneration schemes, it is becoming apparent that in order to meet the Greater Manchester Strategy priorities some of the schemes will be more revenue based rather than capital.
- 4.16 The GMCA currently receives revenue funding that is used to support capital spend on Highways and the Local Transport Plan. By utilising this funding to support the revenue Growth Deal schemes, the equivalent amount of LGF funding will be used to top up the funding on Highways and Local Transport Plan capital expenditure.
- 4.17 Current forecasts indicate that £7 million will be drawn down within 2019/20, with a further £3.6 million in 2020/21.

Business Growth Hub

- 4.18 Following the introduction of the Productivity Fund in 2018/19, a small balance of funds from the original Business Growth Hub funding is left due to cross over activity between the two programmes. It is forecast that £0.3 million will be in reserves as at 31 March 2021.

Business Rate Pool and Growth Retention Scheme

- 4.19 As detailed in paragraphs 2.10 – 2.20 it is currently anticipated that the income from these income streams will be utilised to support the priorities of the GMCA. It should be noted that it is anticipated that £35 million will be paid to the Authority from 2019/20 receipts although these figures will not be confirmed until May 2020.

GM Connect

- 4.20 Funding was received from the Transformation Challenge award for the GM Connect team. It is currently anticipated that the balance as at 31 March 2020 will be £1 million with a further draw down of £0.3 million expected with 2020/21.

Other Grants

- 4.21 A number of grants have been awarded to the Authority for Skills, Low Carbon and Ageing better activity. It is currently anticipated that all the grants will be utilised within 2019/20.

Accommodation

- 4.22 A total of £0.75 million was set aside to fund the fit-out of the additional space at Churchgate House. £0.05 million was utilised in 2018/19 with an anticipated call of £0.6 million in 2019/20.

Planning and Delivery Fund

- 4.23 The Authority received this grant late in 2017/18. Whilst the grant is fully committed, the expenditure will run to 2020/21.

Working Well – Care and Support

- 4.24 The Working Well – Care and Support scheme has a variety of funds attached to it. Due to the timing and use of other available funds, it is envisaged that the £0.183 million will not be used until 2021/22.

General GMCA Reserve

- 4.25 The GMCA general reserve is funded through contributions from the GMCA revenue account either planned or as a result of general underspending. It is currently forecast that £0.128 million will transfer into general reserves within 2019/20. The will leave an anticipated balance as at 31 March 2020 of £3.091 million.

5 LEGAL ISSUES

- 5.1 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.
- 5.2 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)

- 5.3 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.
- 5.4 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.
- 5.5 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.
- 5.6 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

- 5.7 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

- 5.8 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 risk identified are as follows.
- 5.9 The budgets for 2020/21 include pressures to deliver additional priorities within existing resources, however this is considered achievable and will be monitored against budget on a regular basis.

6 RECOMMENDATIONS

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

GMCA BUDGETED CHARGES 2020/21

MID YEAR 2018 POPULATION FIGURES	Basis of Charge	BOLTON 285,372 £	BURY 190,108 £	MANCHESTER 547,627 £	OLDHAM 235,623 £	ROCHDALE 220,001 £	SALFORD 254,408 £	STOCKPORT 291,775 £	TAMESIDE 225,197 £	TRAFFORD 236,370 £	WIGAN 326,088 £	TOTAL DISTRICT CHARGES £	CONTRIBUTION FROM OTHER SOURCES £	TOTAL FUNDING AVAILABLE £
Senior Management	Population	9,076	6,046	17,418	7,494	6,997	8,092	9,280	7,163	7,518	10,371	89,455	557,646	647,101
Resilience	Population	-	-	-	-	-	-	-	-	-	-	-	120,000	120,000
Strategy, Research and Economic Advice	Population	87,114	58,033	167,171	71,927	67,158	77,662	89,068	68,745	72,155	99,543	858,577	3,547,924	4,406,501
Business, Innovation & Enterprise Policy	Population	25,090	16,714	48,147	20,716	19,342	22,367	25,653	19,799	20,782	28,670	247,280	144,102	391,382
Cultural and Social Impact Fund	Population	334,828	223,055	642,533	276,458	258,128	298,498	342,341	264,225	277,334	382,601	3,300,000	1,000,000	4,300,000
Planning and Housing	Population	24,290	16,182	46,613	20,056	18,726	21,655	24,835	19,168	20,119	27,756	239,399	732,832	972,231
Land and Property Strategy	Population	15,902	10,594	30,517	13,130	12,260	14,177	16,259	12,549	13,172	18,171	156,731	1,587,270	1,744,001
Work and Skills	Population	4,553	3,033	8,738	3,760	3,510	4,059	4,656	3,593	3,772	5,203	44,878	30,661,723	30,706,601
Adult Education Budget	Population	-	-	-	-	-	-	-	-	-	-	-	90,947,009	90,947,009
Environment and Low Carbon	Population	21,003	13,992	40,304	17,341	16,192	18,724	21,474	16,574	17,396	23,999	207,000	2,446,867	2,653,867
Core Investment	Population	-	-	-	-	-	-	-	-	-	-	-	8,009,774	8,009,774
MIDAS	Fixed	102,300	102,300	102,300	102,300	102,300	102,300	102,300	102,300	102,300	102,300	1,023,000	200,000	1,223,000
Marketing Manchester	Fixed / Population	27,345	24,966	111,643	26,068	25,686	26,508	27,501	25,827	26,112	28,342	350,000	377,000	727,000
Public Service Reform	Population	52,008	34,646	99,802	42,941	40,094	46,365	53,175	41,041	43,077	59,428	512,577	12,644,231	13,156,809
GM LEP funding	Population	-	-	-	-	-	-	-	-	-	-	-	1,012,500	1,012,500
GM Productivity Programme	Population	-	-	-	-	-	-	-	-	-	-	-	16,024,792	16,024,792
Homelessness	Population	-	-	-	-	-	-	-	-	-	-	-	8,041,014	8,041,014
GM Digital Strategy	Population	-	-	-	-	-	-	-	-	-	-	-	4,431,220	4,431,220
GM Supported Projects	Population	-	-	-	-	-	-	-	-	-	-	-	537,000	537,000
GM Procurement Hub	Fixed	13,289	13,289	10,400	13,289	13,289	13,289	13,289	13,289	13,289	13,289	130,000	-	130,000
Corporate Costs	Population	190,859	127,145	366,256	157,586	147,138	170,150	195,141	150,613	158,086	218,090	1,881,063	17,053,139	18,934,202
TO BE BILLED BY GMCA		907,658	649,996	1,691,842	773,066	730,821	823,845	924,972	744,886	775,112	1,017,763	9,039,961	200,076,043	209,116,004

* Contributions from Other Sources include External Contributions, Grants and Use of Reserves

Date: 14 February 2020

Subject: GM Waste Budget and Levy 2020/21 and Medium Term Financial Plan to 2023/24 (Budget Paper E)

Report of: Steve Wilson, GMCA Treasurer

PURPOSE OF REPORT

The purpose of the report is to seek comment on the budget and levy for 2020/21 and on the Medium Term Financial Plan (MTFP) for a further three year period to 2023/24. Those plans are delivered by:

1. A total levy requirement for 2020/21 of £167.242m, which represents a 4.2% average decrease over 2019/20. At a District level the levy changes range from -2.3% to -6.6%;
2. The MTFP then proposes levy charges of £164.982m in 2021/22, £168.296m in 2022/23 and £170.643m in 2023/24.

RECOMMENDATIONS:

The GMCA is recommended to:

1. Note the proposed revised budget for 2020/21 which is expected to be broadly in line with the approved budget after transfers from earmarked reserves;
2. Approve the proposed 2021/22 Trade Waste rate of £102.30 to allow forward planning by Districts;
3. Approve the capital programme 2020/21 to 2023/24 as set out in Appendix A and inclusion of consequential revenue effects in the budget and levy from 2020/21;

4. Approve the budget and levy for 2020/21 of £167.242m (4.2% decrease) and allocation to Districts based on latest estimates of tonnages, including street sweepings;
5. Note the expected levy amounts of £164.982m, £168.296m and £170.643m in 2021/22, 2022/23 and 2023/24 respectively; and
6. Note the risk position set out in the Balances Strategy and Reserves.

CONTACT OFFICERS:

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Lindsey Keech, Head of Finance – Waste & Resources

Equalities Implications:

Not applicable

Climate Change Impact Assessment and Mitigation Measures –

Not applicable

Risk Management:

Considered in the body of the report.

Legal Considerations:

Considered in the body of the report

Financial Consequences – Revenue:

Considered in point 3 of the report.

Financial Consequences – Capital:

Considered in point 3 of the report.

Number of attachments to the report: 2 Appendices

Comments/recommendations from Overview & Scrutiny Committee

BACKGROUND PAPERS: 0

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
GM Transport Committee	Overview & Scrutiny Committee	
N/A	19 th November 2019	

1. INTRODUCTION

1.1 The base budget for 2020/21 has been compiled and updated based upon:

- a) District final tonnage information, as supplied in their November 2019 submissions; and
- b) Actual inflation (as measured using the CPI September 2019 index) for the Waste and Resource Management Services (WRMS) and Household Waste Recycling Centre Management Services Contracts (HWRCMS).

1.2 This report is structured to cover the following matters:

- a) Expected Outturn 2019/20;
- b) Original Estimate 2020/21;
- c) MTFP for three further years to 2023/24;
- d) Balances and Reserves Strategy;
- e) Budget Engagement; and
- f) Risk Assessment.

2. EXPECTED OUTTURN 2019/20

2.1 The budget for 2019/20 was set by the GMCA at £174.634m in February 2019. The outturn for 2019/20 is expected to be broadly in line with budget, subject to adjustments below.

2.2 The current Levy Allocation Methodology Agreement (LAMA) provides for in-year adjustments to be made when actual waste arisings vary from declared levels. Based upon updated profiled 2019/20 tonnages, an indicative outturn position has been calculated which predicts at District level, 7 refunds and 2 additional charges for year-end adjustments as set out below.

	Charge/ (Refund) £m
Bolton	(0.040)
Bury	(0.117)
Manchester	(0.376)
Oldham	(0.028)
Rochdale	0.041
Salford	(0.016)
Stockport	(0.201)
Tameside	0.033
Trafford	(0.353)
	<hr/>
	(1.057)

3. ORIGINAL ESTIMATES 2020/21

3.1 Revenue

3.1.1 A base budget has been produced based upon:

- a) Full year of operation of WRMS and HWRCMS contracts;
- b) Achieving the vision and objectives set out in the Waste Management Strategy; and
- c) Inclusion of anticipated additional expenditure during the programme of works to modify the facilities.

Full details are contained in the Part B report elsewhere on the Agenda.

3.2 The effect of the above is to produce a £7.392m decrease in net budget requirement for 2020/21 (4.2% decrease). Further detail is provided below.

	Budget Estimate from February 2019	Budget Requirement	Increase/ (Decrease) from February 2019 Estimates
	£m	£m	£m
2019/20	174.634	174.634	
2020/21	177.686	167.242	(10.444)
2021/22	180.453	164.982	(15.470)
2022/23		168.296	
2023/24		170.643	

	Budget Requirement £m	Budget Increase %
2019/20	174.634	
2020/21	167.242	-4.2%
2021/22	164.982	-1.4%
2022/23	168.296	2.0%
2023/24	170.643	1.4%

3.3 Levy Apportionment

The GMCA is expected to approve the revised Levy Allocation Methodology Agreement (LAMA) at its meeting in January 2020, prior to approving the budget and waste disposal levy. At the time of finalising this report the approval of the revised LAMA had not been completed by all Districts, but it is expected to have been by the date of the meeting.

- 3.3.1 The tonnages supplied by Districts, in November 2019, have been subjected to scrutiny by the Waste & Resources Team and detailed discussions with District Waste Chief Officers. The tonnages supplied also include a new waste stream for street sweepings which for some Districts has previously been dealt with by third parties. Future year's projections also include the impact of population/ housing growth.
- 3.3.2 The change above for street sweepings and tonnage forecasts mean that individual Districts' allocations will vary from the average of 4.2% decrease, and have a range of -4.3% (covering -6.6% to -2.3%). The final allocations to Districts can be summarised as:

	2019/20 Levy	2020/21 Levy	Change
	£m	£m	%
Bolton	20.662	19.679	-4.8%
Bury	14.211	13.573	-4.5%
Manchester	31.514	30.051	-4.6%
Oldham	18.102	17.448	-3.6%
Rochdale	15.874	15.282	-3.7%
Salford	20.184	19.572	-3.0%
Stockport	21.400	20.440	-4.5%
Tameside	15.460	15.111	-2.3%
Trafford	17.227	16.085	-6.6%
	174.634	167.242	-4.2%

- 3.4 At the February 2015 GMWDA meeting it was agreed that Trade Waste rates would be increased annually for the following year (to allow for forward planning) using the RPIx measure of inflation which is estimated for 2021/22 to be 2.8% which when added to the 2020/21 rate of £99.50, generates a proposed charge of £102.30 per tonne for 2021/22.

3.5 Capital

- 3.5.1 The revenue budget takes account of the proposed spend on items of a capital nature. Appendix A sets out full details of proposed capital spend over the MTFP period to 2022/23 including details of individual capital projects. Over that period £43.550m of spend requirement is forecast and will be financed by making Minimum Revenue Provision payments, and can be summarised as:

- a) £38.550m for operational sites; and
- b) £5m for non-operational sites (former landfill sites and solar farm).

4. Medium Term Financial Plan (MTFP) TO 2023/24

- 4.1 The GMCA has adopted a current year plus 3 year planning cycle in this budget paper. Production of the forward forecast, against a background of not yet modified/built facilities with new contracts still in their infancy, has again been a significant challenge. A number of assumptions have been made which take a balanced view of the risks facing the service in

2020/21 and beyond. The Part B report considers these assumptions in detail, due to their legal and commercial sensitivities.

Financial Year	Current OBR forecast applied	
	December RPIx	September CPI
2020/21	2.8%	1.8%
2021/22	2.8%	1.8%
2022/23	3.0%	2.0%
2023/24	3.0%	2.0%

4.2 The MTFP projections have also assumed that:

- a) Districts will be able to deliver on their expected waste declarations;
- b) No change from the National Waste Strategy; and
- c) Landfill tax will continue to rise annual by RPI.

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

Year	Previous Budget Assumption		Budget Assumption Change
	(February 2018) £m	Budget Assumption £m	
2020/21	177.686	167.242	-5.9%
2021/22	180.453	164.982	-8.6%
2022/23		168.296	
2023/24		170.643	

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

5. BUDGET ENGAGEMENT

5.1 In accordance with our usual practice Officers have sought to engage on budget matters with both Waste Chief Officers and Treasurers of constituent Districts.

5.2 During 2019/20 a small working group was set up with Officers and Waste Chief Officers to review the LAMA in line with payments under the new contracts. That has proved to be extremely useful and suggestions from this have been incorporated into the LAMA.

6. RISK ASSESSMENT

- 6.1 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.
- 6.2 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. The Treasurer is confident that reserves are sufficient at this time.

Appendix A

		Revised 2019/20 Budget Nov 19	2020/21	2021/22	2022/23	
Facility Modifications	Requirements / Comments	Budget	Budget	Budget		Comments
		£m	£m	£m		
Mechanical and Biological Treatment Modifications (Bredbury and Cobden Street)	Vecoplan Installation (Bredbury)	4.550				
	Enabling works (Bredbury)					
	Packawaste Compactor					
	Redundant Equipment Removal (Bredbury)					
	Eggersmann Installation (Cobden Street)					
	Enabling works (Cobden Street)					
	Civils works (Cobden and Bredbury) includes provision of Principal Contractor Role					
	Plant Strip-Outs (Bredbury and Cobden Street)		1.000			Removal of redundant equipment, machinery and plant following MBT refurbishment
	Odour Control System (OCS) Improvements (Bredbury and Cobden)		1.200			Reconfiguration or replacement of OCS at each new Mechanical Treatment and Reception facility
	Redundant Anaerobic Digestion (AD) equipment removal and plant demolition	0.250		1.750		Demolition and removal of redundant AD plant and equipment
Longley Lane MBT	Adaptions - To be addressed under Notice of Change MBT Modifications	0.075	2.500			Refurbishment of MBT to create new MTR Facility
Reliance Street MBT	Replacement of existing MBT Facility		3.790	11.210		New MTR Facility
	Extended Household Waste Recycling Centre (HWRC)			2.500		HWRC Facility required upon completion of new MTR.
Chichester Street Transfer Loading Station (TLS)	New Bio-Waste Transfer Station		6.000			Construction of new TLS facility
Raikes Lane TRF	Phase 2 Turbine replacement		5.100			Lead in time associated with manufacturing of new turbine (12 months)
	Process Improvements (additional to Turbine replacement)		1.500			Improvements to existing plant outside the turbine works
Longley Lane MRF Improvements	Operational Improvements for Longley Lane MRF		2.000			Refurbishments of existing plant.
All sites	Mobile Plant and Vehicles	13.816				
Salford Road, Over Hulton	Solar farm - New Battery Storage Option		0.250			Provision of new battery storage solution for surplus power generated by existing Solar PV installation
	New Engineering team Office	0.100				New office required for engineering team
Waithlands former landfill site	Slope stability Improvements		0.400		1.000	Phase 2 to provide more detailed intrusive site investigations
	Culvert improvements				1.000	To be defined following survey
	Site boundary fencing / security	0.200	0.350			Project delayed in 2019-20 due to other commitments and increased invasive species risk
	Future Leachate Management (MSP)			1.200		
Bredbury former landfill site	Rising main 2019 – 2020		0.800			Rising main required to separate GMCA trade effluent flows from the main operational site.
	Northern section drainage repairs	0.100				Drainage repair and replace project to address damaged leachate collection system.
		19.091	24.890	16.660	2.000	

2020-21 WASTE AND RESOURCES - ENGINEERING TEAM CAPITAL PROJECT SUMMARIES

CATEGORY (A) ASSETS - WASTE FACILITIES

Bredbury and Cobden Street MTR – Plant Strip Outs and New Odour Control Systems

Plant Strip Outs – This will form phase 2 of the overall scheme to improve municipal waste processing at both locations. This phase follows on from phase 1, which focused on converting existing Mechanical Biological Treatment (MBT) Plants at Bredbury and Cobden Street into new simplified Mechanical Treatment and Reception (MTR) facilities

During the current annual period, 2019 - 2020 both MBT sites have undergone significant conversions into new MTR plants which focused on removing treatment of organics in the waste stream, referred to as wet-side treatment. Modifications focused on delivering simplified plants capable of receiving waste for shredding and compaction to produce a Refuse Derived Fuel (RDF).

Because of the modifications, significant amounts of plant and equipment used for wet-side treatment process are now off-line rendering that side of the process as redundant. Removal of all redundant plant is required to free up internal floor space, which could be repurposed by the operator and to remove associated risks of having large plant and equipment in an idle state.

The proposal is to clear all redundant plant from the buildings and return the building shell to a serviceable state with all periphery power, lighting and other essential services.

New Odour Control System Systems (OCS) – This will form the 3rd phase of works to convert the former MBT plants into MTR's. Due to the plant simplifications existing OCS installations may require replacement as the overall treatment requirement will have greatly reduced and therefore may require a new simplified OCS Installation.

With the support of an appointed consultant, the engineering team are currently undertaking a review of the existing system to define its suitability for the new MTR arrangements. It is likely that new smaller and more efficient Odour Control (OC) systems will be required for both locations. The focus of this phase of the works is to review, design and install new OC systems that meet with the latest Environment Agency regulations. We expect to conclude phase 3 in the second period of 2020-2021.

The plant strip out capital project was approved previously as part of the 2019/20 budget and Levy. This scheme is being carried forward to 2020/21.

The odour control system capital project is required to reduce operating costs by installing a right sized system for the reduced volume of air that requires treatment. This will result in reduced electricity consumption, reduced chemical consumption and a reduction in maintenance costs.

Longley Lane MTR

Longley Lane is currently operated as an MBT plant by Suez. This capital project will create a simplified MTR facility similar to those at Bredbury and Cobden. The scheme will look to focus on three key areas:

- Enabling Works and Plant Strip Out - To demolish and remove all redundant plant and equipment to clear the main mechanical hall for the new simplified MTR Layout. This will also focus on reconfiguring of required services such as electrics, fire management systems, CCTV and all other live services; and
- Civils Works – It is assumed that a small amount of civils works to modify and install any new push wall arrangements for the proposed plant layout will be required. Mechanical and Electrical design and Installation – This involves design and installation of the new plant layout and all associated equipment such as shredders, conveyers and compactors.

This capital project was approved previously as part of the 2019/20 budget and Levy. This scheme is being carried forward to 2020/21.

Reliance Street MTR

Reliance Street currently operates as an MBT facility, which contains outdated plant and equipment. Waste is received into large below ground pits for processing through Dano Drums followed by compaction into rail containers. Similar to other MBT facilities, organics are extracted from the Waste stream for separation and treatment through an Anaerobic Digestion (AD) process.

This capital project will simplify the existing process resulting in waste being received for shredding and compaction only. The new MTR will be delivered by Suez under the operational contract as a separate works delivery package, providing the GMCA with a new building and increased storage capacity beyond the Contract Period.

The new building shall be capable of receiving and storing the equivalent of approximately 4 days' Residual Waste inputs. The plant will be capable of processing 50 tonnes of waste per hour creating RDF material. Works will involve demolition and site clearance of the existing building, construction of a new steel portal frame structure and installation of a new OC system whilst also providing a new operational layout for access and egress.

This capital project was approved previously as part of the 2019/20 budget and Levy. This scheme is being carried forward to 2020/21.

Reliance Street HWRC

An extension to the Household Waste Recycling Centre (HWRC) is required at Reliance Street in North Manchester due to the existing facility having a restricted layout that does not encourage recycling of commodities within the household waste stream.

The extended HWRC will provide a larger facility located where redundant AD tanks have been removed following delivery of the new MTR Facility.

This capital project was approved previously as part of the 2019/20 budget and Levy. This scheme is being carried forward to 2020/21.

Chichester Street Bio Waste TLS

A new Bio Waste Transfer Loading Station (TLS) is required to replace the former composting facility lost to a fire in 2017 at Chichester Street in Rochdale. The new building will be constructed directly onto existing concrete piles from the former building with a smaller footprint with the layout improved to a new orientation. The new position will make better use of space on site and provide a larger concrete slab area for vehicle movements.

This facility will also be delivered by Suez under the operational contract as a separate works delivery package. The building will comprise of a steel portal frame structure with external metal cladding and internal concrete push walls for waste storage. Preliminary ground works are ongoing at present with completion expected in 2020-21. This facility will provide a Bio-Waste TLS to meet the requirements of our operational contract with Suez and its life span will last beyond the contract period.

This capital project was approved previously as part of the 2019/20 budget and Levy. This scheme is being carried forward to 2020/21.

Raikes Lane ERF – Turbine Replacement

Following the fire in the turbine hall at the Raikes Lane site in September 2017, the building has been reinstated and waste processing has recommenced. As part of the operating contract with Suez, a replacement turbine has been ordered and is anticipated to be commissioned and operational in July 2020. This will result in electricity generation and export recommencing at the site.

This capital project was approved previously as part of the 2019/20 budget and Levy. This scheme is being carried forward to 2020/21.

Longley Lane MRF Improvements

Improvements to the existing Materials Recovery Facility (MRF) are required at Longley Lane to improve the plant performance to meet outputs from the new operational contract with Suez. Ultimately this will see the plant handling an increased capacity in a more efficient process. Improvements will focus on the following areas:

- Replacement of the glass clean up conveyor;
- Replacement of the Aladdin plastic sorters;
- Amendment to the glass trammel;
- Provision of an additional vibrating feed; and
- Adaption to the silo blowers.

These adaptations will optimise the plant and ensure its longer-term life span. This capital project was approved previously as part of the 2019/20 budget and Levy. This scheme is being carried forward to 2020/21.

CATEGORY (B) ASSETS – BUILDINGS AND LAND

Salford Road Solar Farm – Battery Storage

The solar farm at Salford Road installed in 2015 was developed to provide solar generated power during peak demand periods in the summer months for the adjacent in-vessel composter (IVC). The farm has to date performed above the design and contract assumptions, however, given changes associated with the new Suez contract, the IVC will not be used for processing biowaste and will have a lower power consumption.

The basis of the solar farm installation was to provide a greener and cheaper source of power for the IVC. Now that energy demands will decrease, we are looking at alternative ways to ensure generation and income are optimised for the site long term future.

At present GMCA generate £15K of income from electricity sold to the national grid. This is power not used at source for the IVC. Now that demand has reduced generated power could potentially be increased or stored in batteries for supply to the grid during peak demand in the local network.

The purpose of this capital project is to review and install a battery storage solution, building on some initial reviews for the solar farm concluded in 2019. Since this scheme was initially proposed the market for selling generated power to the national grid has undergone a period of uncertainty with scrutiny from the Government. This has resulted in the market stagnating until a definitive approach from Government to future feed-in schemes is concluded. We are proposing to provide a small sum of £250K to take further optioneering forward in 2020-21.

This capital project was approved previously as part of the 2019/20 budget and Levy. This scheme is being carried forward to 2020/21.

CATEGORY (C) ASSETS - LANDFILL

Bredbury Closed Landfill - New Rising Main

Bredbury closed landfill generates a significant amount of ground water, which has to be captured and treated prior to disposal in the local sewage network. Ground water is currently collected and treated on-site by a Methane Stripping Plant (MSP) before the treated trade effluent is pumped into the main drainage network for the entire site.

This treated leachate is pumped to a Suez main drainage system that supports all onsite waste management facilities. A rising main is required to separate each function and provide GMCA with a separate connection to the local sewer network. This would also see GMCA obtaining a new separate trade effluent agreement independent of Suez.

A design for the new system has been completed and it is intended to procure a suitable contractor for supply and installation early in 2020-21.

This capital project was approved previously as part of the 2019/20 budget and Levy. This scheme is being carried forward to 2020/21.

Waithlands Closed Landfill

New Boundary Fencing

The existing boundary fence at Waithlands is beyond its life span and requires replacement to provide continued security for the site. This scheme has already obtained planning permission in 2018, however works were delayed due to slope stability investigations being carried out on site.

The installation of new fencing will provide boundary security for the landfill that will in-turn provide protection to the main Suez operational area and all on-site facilities.

This capital project was approved previously as part of the 2019/20 budget and Levy. This scheme is being carried forward to 2020/21.

Slope Stability Improvements (Phase 2)

Last year initial site investigations works were undertaken to review ground conditions of the embankments adjacent to the River Roch.

Results for the initial investigations suggest the slope is stable and outlined a continued monitoring approach along with further soil sampling should be undertaken. This capital project will look to action these recommendations and review potential longer term retaining solutions for the slope area.

This capital project was approved previously as part of the 2019/20 budget and Levy. This scheme is being carried forward to 2020/21.

Appendix B

Budget Requirements 2020/21 and MTFP 2021/22 to 2023/24 - District Levy Projections

	2019/20		2020/21		2021/22			2022/23			2023/24		
	Levy	Levy	Increase/ (Decrease)		Levy	Increase/ (Decrease)		Levy	Increase/ (Decrease)		Levy	Increase/ (Decrease)	
	£m	£m	£m	%	£m	£m	%	£m	£m	%	£m	£m	%
Bolton	20.662	19.679	(0.983)	(4.8%)	19.413	(0.266)	(1.4%)	19.803	0.390	2.0%	20.079	0.276	1.4%
Bury	14.211	13.573	(0.638)	(4.5%)	13.390	(0.183)	(1.4%)	13.659	0.269	2.0%	13.849	0.190	1.4%
Manchester	31.514	30.051	(1.463)	(4.6%)	29.645	(0.406)	(1.4%)	30.241	0.595	2.0%	30.662	0.422	1.4%
Oldham	18.102	17.448	(0.654)	(3.6%)	17.212	(0.236)	(1.4%)	17.558	0.346	2.0%	17.803	0.245	1.4%
Rochdale	15.874	15.282	(0.592)	(3.7%)	15.076	(0.206)	(1.4%)	15.379	0.303	2.0%	15.593	0.214	1.4%
Salford	20.184	19.572	(0.612)	(3.0%)	19.307	(0.264)	(1.4%)	19.695	0.388	2.0%	19.970	0.275	1.4%
Stockport	21.400	20.440	(0.960)	(4.5%)	20.164	(0.276)	(1.4%)	20.569	0.405	2.0%	20.856	0.287	1.4%
Tameside	15.460	15.111	(0.349)	(2.3%)	14.907	(0.204)	(1.4%)	15.207	0.299	2.0%	15.419	0.212	1.4%
Trafford	17.227	16.085	(1.142)	(6.6%)	15.868	(0.217)	(1.4%)	16.186	0.319	2.0%	16.412	0.226	1.4%
Total	174.634	167.242	(7.392)	(4.2%)	164.982	(2.260)	(1.4%)	168.296	3.314	2.0%	170.643	2.347	1.4%

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Date: 14 February 2020

Subject: GMCA Capital Programme 2019/20 – 2022/23 (Budget Paper F)

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

PURPOSE OF REPORT

To present an update in relation to the Greater Manchester Combined Authority capital expenditure programme for Transport and Economic Development and Regeneration functions.

RECOMMENDATIONS:

The GMCA is requested to:

1. Approve the revisions to the 2019/20 capital forecast as set out in Appendix A and detailed within the report;
2. Approve the capital programme budget for 2020/21 and the forward commitments as detailed in the report and in Appendix A;
3. Note that the capital programme is financed from a mixture of grants, external contributions and long term borrowings;
4. Note that provision has been made in the revenue budget for the associated financing costs of borrowing;
5. Approve expenditure of £0.80 million for the Albert Street, Hollinwood (Oldham) Growth Deal 2 Minor Works scheme, as set out in section 7 and Appendix B; and
6. Note that the capital programme will continue to be reviewed, with any new schemes which have not yet received specific approval but are included within the programme to be the subject of future reports;

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Equalities Implications: N/A

Climate Change Impact Assessment and Mitigation Measures: N/A

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

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

Financial Consequences – Revenue – There are no specific revenue considerations contained within the report, 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.

Financial Consequences – Capital – The report sets out the forecast expenditure for 2019/20 and future years.

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

BACKGROUND PAPERS:

Report to Greater Manchester Combined Authority: 'Capital Update 2019/20' 25 October 2019.

Report to Greater Manchester Combined Authority: 'Capital Update 2019/20' 26 July 2019.

Report to Greater Manchester Combined Authority: 'Capital Programme 2018/19 – 2021/22' 15 February 2019.

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?		
GM Transport Committee	Overview & Scrutiny Committee	
	11 February 2020	

1. INTRODUCTION/BACKGROUND

1.1 The Greater Manchester Combined Authority (GMCA) approved the 2019/20 Capital Programme at its meeting on 15 February 2019. The latest 2019/20 Capital reforecast was reported to and noted by the GMCA at its meeting on 25 October 2019.

1.2 GMCA's capital programme includes Economic Development and Regeneration programmes, Waste and the continuation of the programme of activity currently being delivered by Transport for Greater Manchester ("TfGM") and Local Authorities including the following elements:

- The Greater Manchester Transport Fund ('GMTF');
- Metrolink Phase 3 extensions;
- Metrolink Trafford Park Line Extension;
- Other Metrolink Schemes;
- Transport Interchanges;
- Bus Priority;
- Other capital projects and programmes including Transforming Cities, Early Measures, Cycle Safety, Smart Ticketing and Cycle City Ambition Grant (CCAG 2);
- Growth Deal Major Schemes;
- Minor Works (including schemes funded by Integrated Transport Capital Block and Growth Deal);
- Capital Highways Maintenance, Traffic Signals and Full Fibre;
- Investments including Growing Places, Regional Growth Fund and Housing Investment Fund;
- Economic Development and Regeneration Growth Deal Schemes;

1.3 The 2019/20 Capital Programme is summarised in Appendix A and the major variances are described in this report.

1.4 The capital programme over the three year period (2020-2023) as presented will require a long term borrowing requirement of £307.7 million. Provision has been made in the revenue budgets for the associated financing costs. The expenditure profiles in 2020/21 and future years will remain subject to scrutiny and possible change as part of the continuous review of the capital programme.

2 GREATER MANCHESTER TRANSPORT FUND (GMTF)

2.1 At its meeting on 12 May 2009, the AGMA Executive agreed to establish a Greater Manchester Transport Fund (GMTF), incorporating prioritised schemes based on delivering the maximum economic benefit (GVA) to Greater Manchester, consistent with positive package level social and environmental outcomes.

- 2.2 The GMTF programme is funded from a combination of grants from the Department for Transport; a 'top slice' from the Greater Manchester Integrated Transport Block (ITB) LTP funding over a period of nine years from the 2010/11; and from a combination of borrowings, to be undertaken by GMCA, and partly from local/third party contributions and local resources (including LTP and prudential borrowings).
- 2.3 The GMCA will 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); and in part by the application of the annual ring-fenced levy contributions, which will be raised by GMCA, under its levying powers; and in part from local, third party, revenue contributions.
- 2.4 The GMCA and TfGM hold certain reserves which are ring-fenced to pay for and manage the risks of delivering their ongoing capital programme. This includes the capital programme reserve which will be utilised as the financing costs (which include both the interest costs and minimum revenue provision with respect to the borrowings, which have been or will be taken out to fund the delivery of the schemes in the GMTF) increase in future years.

Metrolink Expansion Programme

- 2.5 The Metrolink Expansion Programme included:
- The Phase 3 programme;
 - The Metrolink Second City Crossing ('2CC'); and
 - SEMMMs Interface Works.
- 2.6 The current forecast expenditure for 2019/20 is £5.0 million, compared to the previous forecast of £7.7 million. The variance is due primarily to savings associated with agreeing final accounts in relation to utilities, land and property transactions.
- 2.7 The 2020/21 budgeted expenditure is £7.0 million.
- 2.8 The total forecast outturn cost is within the total approved budget.

Metrolink Renewal and Enhancement Capital Programme

- 2.9 The current forecast expenditure for 2019/20 is £2.3 million, compared to the previous forecast of £2.8 million. The variance is due to certain works being rephased into 2020/21 in order to minimise disruption to the customer.
- 2.10 The 2020/21 budgeted expenditure is £8.0 million.
- 2.11 The total forecast outturn cost is within the total approved budget

Bus Priority Programme

- 2.12 The current forecast for 2019/20 is £0.7 million, compared to the previous forecast of £0.8 million. The variance is primarily due to revised phasing.
- 2.13 The 2020/21 budgeted expenditure is £0.3 million.
- 2.14 The total forecast outturn cost is within the total approved budget.

Park and Ride

- 2.15 The current forecast expenditure for 2019/20 is £0.1 million, which is in line with the previous forecast.
- 2.16 Additional expenditure on Park and Ride is included in both the Trafford Line and the Transforming Cities Fund budgets referred to in sections 3 and 4 of this report. Overall the current 2020/21 budgeted expenditure for Park and Ride is £5.9 million.
- 2.17 The total forecast outturn cost is within the total approved budget.

Bolton Town Centre Transport Strategy (BTCTS)

- 2.18 The current forecast expenditure for 2019/20 is £0.6 million, compared to the previous forecast of nil. The variance is due to the revised phasing of risk allowances.
- 2.19 The 2020/21 budgeted expenditure is nil.
- 2.20 The total forecast outturn cost is within the total approved budget.

A6 to Manchester Airport Relief Road

- 2.21 The SEMMMS A6 to Manchester Airport Relief Road (A6MARR) is part of a package of measures, originally proposed as part of the South East Manchester Multi-model Strategy, which offers significant congestion relief benefits to the south of the conurbation and around the Airport and the Airport City Local Enterprise Zone (LEZ).
- 2.22 Stockport MBC is responsible for the delivery of the A6MARR, which will result in the expenditure largely comprising grant payments to Stockport MBC.
- 2.23 The current forecast expenditure for 2019/20 is £5.8 million compared to the previous forecast of £8.7 million. The variance is due to savings associated with agreeing final accounts in relation to utilities and phasing of land acquisition costs from 2019/20 to future years.
- 2.24 The 2020/21 budgeted expenditure is £3.9 million.

2.25 The total forecast outturn cost is within the total approved budget.

Stockport Town Centre Access Plan

2.26 Stockport MBC is responsible for the delivery of Stockport Town Centre Access Plan, a DfT Growth Deal Major retained scheme.

2.27 The current forecast expenditure for 2019/20 is £8.3 million, which is in line with the previous forecast.

2.28 The 2020/21 budgeted expenditure is £2.3 million.

3 METROLINK TRAFFORD PARK LINE EXTENSION

3.1 The Metrolink Trafford Park Line Extension will extend Metrolink as far as the Intu Trafford Centre.

3.2 The current forecast expenditure for 2019/20 is £80.8 million, compared to the previous forecast of £63.9 million. This £16.9 million variance is primarily due to the early completion of civil engineering works associated with the scheme which will enable services to start operating in April 2020, subject to final testing and commissioning.

3.3 The 2020/21 budgeted expenditure is £6.2 million.

3.4 Total forecast outturn cost is within the total approved budget.

4 TRANSFORMING CITIES FUND (TCF)

4.1 This programme includes:

- Metrolink Additional Capacity; and
- Cycling and Walking Mayoral Challenge Fund (MCF)

4.2 The Metrolink Additional Capacity programme includes the purchase of 27 additional trams and additional supporting infrastructure. The current forecast expenditure in 2019/20 for the Metrolink Additional Capacity programme is £23.1 million compared to the previous forecast of £30.7 million. The £7.6 million variance is due primarily to a reassessment of the financial liabilities and the spend profile between now and the end of the current financial year, based on the revised delivery schedule.

4.3 The 2020/21 budgeted expenditure is £30.1 million.

4.4 Total forecast outturn cost is within the total approved budget.

- 4.5 The Cycling and Walking Challenge Fund 2019/20 current forecast spend is £5.7 million, compared to a previous forecast of £1.4 million. The £4.3 million variance is due to increased Local Authority activity within the programme which includes achievement of Programme Entry status for 82 schemes, approval of development costs, public consultation, on-site works and successful business case submissions.
- 4.6 The 2020/21 budgeted expenditure is £26.7 million.
- 4.7 Total forecast outturn cost is within the total approved budget.

5 OTHER CAPITAL SCHEMES & PROGRAMMES

- 5.1 The other capital projects include:
- Smart Ticketing;
 - Cycle City Ambition Grant 2 (CCAG2);
 - Joint Air Quality Unit (JAQU) Early Measures; and
 - Clean Bus Initiatives.
- 5.2 The current forecast expenditure on Smart Ticketing for 2019/20 is £1.2 million, which is in line with the previous forecast.
- 5.3 The 2020/21 budgeted capital expenditure is currently nil. There is however a recommendation, in the GMCA Transport Revenue Budget report, to draw down £1.5 million from the Integrated Ticketing Reserve to develop further ticketing initiatives.
- 5.4 The current forecast for CCAG 2 for 2019/20 is £2.5 million, which is in line with the previous forecast.
- 5.5 The 2020/21 budgeted CCAG2 expenditure is £2.3 million.
- 5.6 Joint Air Quality Unit (JAQU) Early Measures Investment Funding (EMIF) 2019/20 current forecast expenditure is £0.8 million compared to £1.6m forecast previously. This variance is due to the finalisation of procurement, extending the implementation phase beyond the end of the 2019/20 year. The contract has now been signed.
- 5.7 The 2020/21 budgeted expenditure for JAQU EMIF is £1.3 million.
- 5.8 The Clean Bus Technology Fund 2019/20 current forecast is £2.4 million, compared to £6.0 million forecast previously. This variance is due to the phasing of the finalisation of the funding agreements with third parties. The remaining funding is due to be spent during the 20/21 financial year.
- 5.9 The 2020/21 budgeted expenditure for Clean Bus Technology Fund is £3.6 million.
- 5.10 The total forecast outturn cost is within the total approved budget for these programmes.

6 GROWTH DEAL MAJORS SCHEMES

- 6.1 Detailed recommendations appear at the front of this report. The Growth Deal 1 (GD1) Majors programme consists of 11 devolved major schemes that are being delivered by TfGM and the Local Authorities. The current forecast expenditure for 2019/20 is £36.5 million, compared to the previous forecast of £37.8 million. The variance is primarily due to a rephasing of expenditure within the Metrolink Improvement Package and Wigan A49 and 58 schemes expenditure, into 2020/21.
- 6.2 The Growth Deal 3 (GD3) transport programme includes a combination of both major and minor schemes. The current forecast expenditure for 2019/20 is £9.1 million, compared to the previous forecast of £10.6 million. The variance is due to expenditure being re-phased as scheme promoters review deliverables, interfaces and milestones as part of scheme business case submissions.
- 6.3 The 2020/21 budgeted expenditure for GD1 is £31.8 million and for GD3 is £19.4 million.
- 6.4 Total forecast outturn cost is within the total approved budget.

7 MINOR WORKS

- 7.1 The Minor Works Programme is a combination of schemes being delivered by the Local Authorities and TfGM. The forecast for the Local Authority Schemes has been provided by each Authority.
- 7.2 The programme consists of schemes funded from a combination of Integrated Transport Block (ITB), Growth and Reform 1 (GD1) and Growth and Reform 2 (GD2).
- 7.3 The current forecast expenditure for 2019/20 is £11.0 million, compared to the previous forecast of £9.1 million. The majority of the variance relates to re-phasing of construction works into the current year.
- 7.4 The 2020/21 budgeted expenditure is £7.8 million.
- 7.5 Total forecast outturn cost is within the total approved budget.
- 7.6 Expenditure approval is requested for the GD2 Albert Street, Hollinwood Junction (Oldham) scheme (£0.8 million), following approval of the Mini-Business case by the GM Transport Strategy Group. Further detail is set out in Appendix B.

8 GMCA CONTROLLED TRANSPORT SCHEMES

Traffic Signals

- 8.1 The current forecast is in line with the budget of £2.5 million. All traffic signals are externally funded and the annual amount will fluctuate year on year dependant on the level of new

installations and developments. Future year's forecasts are expected to stay within the £2.5 million range.

Full Fibre

- 8.2 Following the award of £21.3 million from Department of Digital, Culture, Media and Sport (DDCMS) funding to undertake installation of a full fibre network within Greater Manchester. The full cost is anticipated to be £24.684 million, with £3.5 million anticipated spend within 2019/20 and the remaining £21.184 million expected to be spent in 2020/21.
- 8.3 In addition to the grant it is proposed that £3.384 million will be funded from long term borrowings in 2020/21 for the Urban Traffic Management Control element of the programme.

Capital Highways Maintenance

- 8.4 The current forecast is in line with the budget of £36.2 million (including pot-hole funding and National productivity fund allocations).
- 8.5 Included within the Single Pot is the Highways Maintenance allocations previously paid as a ring-fenced Department of Transport grant. The 2020/21 forecast is estimated to be £27.9 million. It is proposed that the allocation be split across each district as detailed below:

	Highways Maintenance	Incentive Element	Total
	£	£	£
Bolton	2,535,124	512,000	3,047,124
Bury	1,690,990	342,000	2,032,990
Manchester	3,155,290	637,000	3,792,290
Oldham	2,034,818	411,000	2,445,818
Rochdale	2,028,688	410,000	2,438,688
Salford	2,084,750	421,000	2,505,750
Stockport	2,637,452	533,000	3,170,452
Tameside	1,926,724	389,000	2,315,724
Trafford	1,930,886	390,000	2,320,886
Wigan	3,188,280	644,000	3,832,280
Total	23,213,000	4,689,000	27,902,000

- 8.6 The allocations above are in line with the previously advised allocations provided by DfT. It should be noted that, as this funding is now fully devolved to GMCA, a review of the Highways Capital allocations is planned for 2020/21, which may impact on allocations from 2021/22 onwards.

9 ECONOMIC DEVELOPMENT AND REGENERATION FUNCTIONS

Recycled RGF / GPF

- 9.1 Both the Regional Growth Fund and Growing Places Fund's loans are now being repaid, with the strategy being that a perpetual fund is created to support businesses and enable growth. For 2019/20 it is estimated that £8 million will be defrayed.
- 9.2 Between 2020/21 and 2022/23 it is currently forecast that £15 million will be recycled back out to businesses. It should be noted that the forecast will be subject to change once specific loans are approved and the timing of payments confirmed.

Empty Homes Programme

- 9.3 Following a bid to the Homes and Communities Agency, up to £3.5 million was available between 2015 and 2018 to deliver 232 units. Whilst the programme did complete within 2018/19, final claims are being processed with £0.6 million anticipated to be drawn down.
- 9.4 The budget will be adjusted to reflect the final grant allocations from the Homes and Community Agency.

Housing Investment Fund

- 9.5 The Greater Manchester Housing Fund has been designed to accelerate and unlock housing schemes. It will help build the new homes to support the growth ambitions across Greater Manchester.
- 9.6 To facilitate this DCLG have provided a £300 million loan to provide the up-front funding.
- 9.7 Forecasts drawdowns for 2019/20 currently stand at £113.5 million, however it should be noted that the forecast will be subject to change once specific loans are approved and the timing of payments confirmed.
- 9.8 Forecasts for 2020/21 – 2021/21 currently stand at £118.8 million.

Growth Deal – Economic Development and Regeneration Projects

Skills Capital (Round One)

- 9.9 The Skills Capital (Round One) allocation is to be used supporting colleges and adult education facilities invest in capital infrastructure. There are currently six approved schemes being delivered or have now completed. The forecast for 2019/20 is £1.5 million as per the previous forecast and will bring this element of the programme to a close.

Skills Capital (Round Two and Three)

- 9.10 £63 million has been allocated to Skills Capital under rounds 2 and 3 of the Growth Deal. It is proposed that the allocation will deliver four strands of investment as follows;
- Large Redevelopment of Further Education
 - Priority Sectors
 - Smaller Investment Projects
 - Digital Skills
- 9.11 The forecast for 2019/20 is currently £7.8 million compared to the previous forecast of £23.2 million. The variance is primarily due to drawdowns being confirmed following full approval of schemes.
- 9.12 Forecast spend for 2020/21 currently stands at £30 million.

Life Sciences

- 9.13 The GM&C Life Sciences Fund is a seed and early stage venture capital fund targeting life sciences businesses located in the Greater Manchester and Cheshire & Warrington region. The forecast for 2019/20 is £1.5 million compared to the previous forecast of £2.6 million. The variance is primarily due to drawdowns being confirmed following full approval of loans and investments.
- 9.14 Forecast spend for 2020/21 currently stands at £1.5 million.

International Screen School Manchester

- 9.15 This project by Manchester Metropolitan University provides a new £35 million facility on the Oxford Road campus and aims to be operational by mid-2021. The forecast spend for 2019/20 is £2.2 million compared with the previous forecast of £2.78 million. The variance is due primarily to rephrasing of the forecast cashflow following submission of more detailed cost plans.
- 9.16 Forecast spend for 2020/21 currently stands at £9.5 million.

Pankhurst

- 9.17 The LEP Board have approved a full business case for £5m of Local Growth Fund (LGF) investment in the University of Manchester to support the establishment of the Christabel Pankhurst Institute for Research in Health, Technology and Innovation ('the Pankhurst Institute'). This £5m of LGF investment will be matched by £7.2m of additional capital investment. £13.4m of revenue match will also be provided, resulting in a total project value of over £25m. The Pankhurst Institute will be a new Institute which will exploit the University of Manchester's strengths in advanced materials, digital technology and precision medicine

to drive health benefit, business growth, productivity-gain and employment in Greater Manchester (GM), filling a critical gap in the GM health innovation ecosystem. The Pankhurst Institute will create a complete and robust translational pathway. Research and early translation activities of the Institute will be located in a refurbished and extended building on the University campus (the NatWest building), and later-stage translational and business engagement activities will be located in the CityLabs 4.0 development.

- 9.18 The forecast for 2019/20 is nil compared with the previous forecast of £0.5 million. The variance is due primarily to rephrasing of the forecast cashflow following submission of more detailed cost plans.
- 9.19 Forecast spend for 2020/21 currently stands at £3 million.

Cyber Innovation Hub

- 9.20 This project proposes to fit out and purchase IT equipment for the hub with Manchester City Council as the delivery partner. The forecast spend for 2019/20 is currently nil as per the previous forecast, with the £5 million spend anticipated over the next two years, however this could change once timescales for full approval are confirmed.

Investment Fund Loans

- 9.21 Following approval at the July GMCA, a number of Investment Fund loans totaling £18 million have now been included as part of the Local Growth Fund (LGF). The current forecast is £9.3 million compared with the previous forecast of £15.3 million due to expected drawdowns being confirmed for the year.
- 9.22 Forecast spend for 2020/21 currently stands at £7.8 million.

LGBT+ Centre

- 9.23 The Proud Trust provides services to LGBT+ young people across Greater Manchester and the North West of England from its hub at the LGBT+ Centre, located on Sidney Street in central Manchester. The Centre was established in 1988, in co-operation with Manchester City Council, and was the first fully publicly funded 'LGBT centre' in Europe. The Centre is currently in a state of disrepair and lacks the space to accommodate the numbers of young people the Proud Trust wish to work with, or act as a true community hub.
- 9.24 The current forecast is £0.1 million compared with £0.45 million. The variance is due primarily to rephrasing of the forecast cashflow following submission of more detailed cost plans.

10 WASTE

- 10.1 The capital programme for the Waste function has been separately reported within the Waste Budget & Levy Medium Term Financial Plan 2023/24.

11 GM FIRE AND RESCUE

11.1 The capital programme for the GM Fire and Rescue function has been separately reported within the Mayoral General Budget and Precept Proposals.

12. FUNDING REQUIREMENTS

12.1 The capital programme over the next three years, results in a borrowing requirement of £307.7 million. Provision has been made in the revenue budget for the associated financing costs.

12.2 The estimated funding profile for the forecast spend in financial year 2020/21 is as follows:

	£m
Borrowing	43.159
Integrated Transport Block	15.675
Cycle City Ambition Grant	2.334
Clean Bus Fund	3.590
Joint Air Quality Unit - Early Measures	1.267
Revenue Contributions	27.540
Transforming Cities Grant	56.860
Stockport Town Centre Access	2.305
Growth Deal	77.609
Earn-back Capital Grant	5.538
DCMS Full Fibre Grant	17.800
Capital Receipts (RGF / GPF)	5.000
Capital Receipts (HIF)	90.729
Other	2.500
Total	351.906

13. RECOMMENDATIONS

13.1 Approval of the recommendations contained at the front of this report will authorise the capital programme detailed in Appendix A.

	Previous Forecast 2019/20 £'000	Current Forecast 2019/20 £'000	Variance 2019/20 £'000	2020/21 Forecast £'000	2021/22 Forecast £'000	2022/23 Forecast £'000	Future years forecast £'000
Greater Manchester Transport Fund	11,413	8,546	(2,867)	15,406	79,865	35,385	353,000
Road Schemes (Stockport)							
Stockport Town Centre Access Plan (DfT retained scheme)	8,325	8,325	-	2,305	-	-	-
A6 MARR / SEMMMS	8,673	5,768	(2,905)	3,927	5,950	3,093	15,560
Stockport Council Schemes total	16,998	14,093	(2,905)	6,232	5,950	3,093	15,560
Other Metrolink Schemes							
Trafford Extension	63,935	80,776	16,841	6,180	6,830	11,507	-
Other Metrolink Schemes total	63,935	80,776	16,841	6,180	6,830	11,507	-
Other Capital Schemes							
Wythenshawe Interchange	-	-	-	-	42	-	-
Other Capital Schemes	1,248	1,222	(26)	-	17	-	-
CCAG 2	2,459	2,519	60	2,334	2,000	1,700	-
TCF - Mayors Challenge Fund	1,375	5,677	4,302	26,730	67,286	53,937	-
TCF - Metrolink Capacity Improvement Programme	30,667	23,084	(7,583)	30,130	21,203	2,610	-
Cycle Safety	-	-	-	-	1,465	-	-
Clean Bus Fund	5,981	2,393	(3,588)	3,590	-	-	-
Early Measures	1,576	790	(786)	1,267	-	-	-
Other Capital Schemes total	43,306	35,685	(7,621)	64,051	92,013	58,247	-
Growth Deal Majors							
TfGM Majors	18,518	18,040	(478)	18,613	50,711	44,528	-
Local Authorities Majors	19,247	18,446	(801)	13,222	1,305	-	-
Growth Deal 3 TfGM schemes	3,438	3,202	(236)	4,011	1,265	-	-
Growth Deal 3 Local Authorities	7,157	5,931	(1,226)	15,398	10,930	-	-
Growth Deal total	48,360	45,619	(2,741)	51,244	64,211	44,528	-
Minor Works							
ITB Local Authorities	674	608	(66)	941	500	-	-
Growth Deal 1 Local Authorities	796	589	(207)	1,424	914	-	-
Growth Deal 2 Local Authorities	4,821	6,333	1,512	4,473	4,918	-	-
Growth Deal 2 TfGM Schemes	2,814	3,427	613	953	876	-	-
Minor Works total	9,105	10,957	1,852	7,791	7,208	-	-
Traffic Signals (Externally Funded)	2,500	2,500	-	2,500	2,500	2,500	
Full Fibre Network	7,100	3,500	(3,600)	21,184			
Highways Capital Maintenance	36,224	36,224	-	27,202	27,202	27,202	
Total Capital - Transport	238,941	237,900	(1,041)	201,790	285,778	182,462	368,560
Recycled GF / RGF Capital Receipts	4,000	8,000	4,000	5,000	5,000	5,000	
Empty Homes Programme	600	600	-				
Housing Investment Fund	117,990	113,498	(4,492)	90,729	28,032		
Growth Deal - Skills Capital	1,530	1,530	-				
Growth Deal - Skills Capital Round 2 & 3	23,200	7,800	(15,400)	30,000	15,340		
Growth Deal - Life Sciences Fund	2,600	1,500	(1,100)	1,500	600		
Growth Deal - International Screen School Manchester	2,780	2,177	(603)	9,533	1,910	1,380	
Growth Deal - Pankhurst	500	-	(500)	3,000	2,000		
Growth Deal - Cyber Innovation Hub	-	-	-	2,200	2,800		
Growth Deal - Investment Fund Loans	15,300	9,284	(6,016)	7,816	1,000		
LGBT Centre	450	112	(338)	338			
Total Capital - Economic Development & Regeneration	168,950	144,501	(24,449)	150,116	56,682	6,380	
Total Capital	407,891	382,401	(25,490)	351,906	342,460	188,842	368,560

GROWTH DEAL MINOR WORKS APPROVALS

The governance arrangements for the Growth Deal Minor Works initiatives provide for the submission of Mini Business Cases; with approval oversight of these Mini Business Cases resting with the GM Transport Strategy Group (TSG) of senior transport officers, with approval for expenditure being sought from GMCA for all schemes with a forecast cost over £0.5 million. The Minor Works scheme over £0.5 million requiring expenditure approval is shown in the table below:

Scheme Promoter	Scheme	Growth Deal funding £'000
Oldham	GD2 Albert Street, Hollinwood Junction	800

Albert Street, Hollinwood Junction (£0.8 million)

The future prosperity of Oldham has a deliberate and clear focus on economic growth and job creation. This is centred on key sites across the borough which includes the Hollinwood Junction site and the Albert Street plot within it. Hollinwood Junction is identified as a Strategic Site for employment and growth in Greater Manchester (Greater Manchester Strategy 2013-2020 Stronger Together).

Hollinwood Junction lies one and a half miles to the south west of Oldham Town Centre on the A62 Oldham Road, the main route into Manchester, at its junction with the M60 (Junction 22) and is highly accessible by various modes. The development of the 12 hectare brownfield site has been master planned and is a strategic priority for Oldham Council given that it offers the opportunity to create a regionally important employment destination at a key gateway into the Oldham borough using brownfield land in Council ownership.

The scheme will address the two key issues which are impeding progress in developing the site by removing a redundant gas holder and infilling the void in the ground that will be left following its' removal and constructing the access into the development site to link it to the existing highway network.

This will deliver direct benefits by:

- Upgrading the existing network, which will make it safer and more accessible for non-motorised and vulnerable road users;
- Improving connectivity for pedestrians and cyclists and linking to new CCAG1 facilities; and
- Bringing 6.3 hectares of brownfield land forward for development.

The scheme is rated high value for money with a Benefit Cost Ratio (BCR) of 2.86.