

Date: 26 July 2019

Subject: GMCA Revenue Update 2019/20

Report of: Cllr David Molyneux, Portfolio Holder - Resources
Richard Paver, Treasurer to GMCA

PURPOSE OF REPORT

To inform GMCA of the 2019/20 forecast revenue outturn position as at the end of June 2019.

RECOMMENDATIONS:

GMCA are requested to;

1. Note the Mayoral General forecast revenue outturn position for 2019/20 which shows an underspend against budget of £1.6 million;
2. Note the Mayoral General – Fire forecast revenue outturn position for 2019/20 which shows an underspend against budget of £1.8 million;
3. Note the Mayoral General – Fire forecast does not incorporate the potential outcomes of the decision making process on the Programme for Change Outline Business Case;
4. Note the GMCA General budget forecast revenue outturn position for 2019/20 which is in line with budget;
5. Note the Transport forecast revenue outturn position for 2019/20 which is in line with budget;
6. Note the GM Waste forecast revenue outturn position for 2019/20 which is in line with budget;
7. Note the TfGM forecast revenue outturn position for 2019/20 as at paragraph 4.1;
8. Approve the increase to the Mayoral General – Fire budget of £0.8 million as detailed in paragraph 3.8;
9. Approve the increase to the GMCA General budget of £24.6 million as detailed in paragraphs 3.9 – 3.27;

<u>BOLTON</u>	<u>MANCHESTER</u>	<u>ROCHDALE</u>	<u>STOCKPORT</u>	<u>TRAFFORD</u>
<u>BURY</u>	<u>OLDHAM</u>	<u>SALFORD</u>	<u>TAMESIDE</u>	<u>WIGAN</u>

10. Approve the increase to the Transport budget of £5 million as detailed in paragraph 3.29, following confirmation of grant balances in earmarked reserves;
11. Approve the adjustment to the Transport Levy as detailed in paragraphs 3.30 – 3.33, following the Transport Order approval in April 2019;
12. Note and agree that grants payable to Districts will be reduced by the same value of the Transport levy adjustment;
13. Approve the refunds to Districts in regards to Waste as detailed in paragraph 3.35; and
14. Approve the disbursement of £0.85 million between the 10 Districts for the Controlling Migration Fund as detailed in paragraph 5.1.

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

Legal Considerations – There are no specific legal implications with regards to the 2019/20 budget update.

Financial Consequences – Revenue – The report sets out the forecast outturn position for 2019/20.

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

Number of attachments included in the report: 0

BACKGROUND PAPERS:

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		No
EXEMPTION FROM CALL IN		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		N/A
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

1. INTRODUCTION

- 1.1 The report details the GMCA forecast revenue outturn position for 2019/20, covering Mayoral General Budgets (Including GM Fire & Rescue), GMCA General Budgets, Transport, GM Waste and Transport (TfGM). It provides an analysis of the additions to the approved budget and significant variances in year compared to planned spend.

2. SUMMARY POSITION

- 2.1 The summary Outturn position for the year ending 31 March 2020 shows an underspend against budget of £3.4 million. Budgets have been updated following information received since the last budget report in February 2019. The table below details the position:

Function / Service	Approved Budget 2019/20 £000	Revised Budget 2019/20 £000	Forecast Outturn 2019/20 £000	Outturn Variation 2019/20 £000
Mayoral General	28,386	29,111	27,511	(1,600)
Mayoral General - GM Fire & Rescue	113,064	113,866	112,064	(1,802)
GMCA General	133,202	157,906	157,906	-
Transport	242,083	247,065	247,065	-
Waste	174,634	174,634	174,634	-
Total GMCA and Mayoral General	691,369	722,582	719,180	(3,402)
<u>Memorandum Item</u>				
TfGM	160,700	160,700	160,700	-

3 BUDGET UPDATE AND VARIATION ANALYSIS

Mayoral General Budget

- 3.1 The Outturn position for the year ending 31 March 2020 shows an underspend of £1.6 million against budget following updated forecasts for the use of the Bus Services Operators Grant (BSOG). The budget has also been updated for the items detailed below.

Spatial Development Strategy

- 3.2 A request to carry forward £0.2 million from Mayoral General reserves in relation the Spatial Development Strategy has been submitted, the reason for the proposed carry forward is that a number of studies were planned to be conducted during 2018/19, to the value of £200K.

Therefore in setting the budget for 2019/20 £800K was considered to be correct. However, towards the very end of the year those studies, which support the overall plan development, did not progress in 2018/19 and will now be required in 2019/20.

- 3.3 If there is a need to proceed with Detailed Development Plans (DDP) rather than the Spatial Development Strategy, a budget adjustment with AGMA may be appropriate.

Opportunity Pass

- 3.4 Following approval for the Opportunity Pass costs to be funded from Mayoral reserves, current estimates show that £0.725 million will be required in 2019/20 and £0.3 million per annum thereafter for the period of the pilot.

Mayoral General – GM Fire and Rescue

- 3.5 The outturn position for year ending 31 March 2020 is currently showing an underspend of £1.8 million, however it should be noted that this forecast does not incorporate the potential outcomes of the decision making process on the Programme for Change Outline Business Case. Amendments to the forecasts will be made to reflect the impact of decisions.
- 3.6 Employees Pay and Pensions is a forecast underspend of £1.9 million. The pay underspend is mainly attributable to the number of uniformed posts being lower than the establishment figure of 1430 posts throughout the year. There has been a lower take up of interim/pre-arranged overtime than previously anticipated which also contributes to the underspend position.
- 3.7 There are budget pressures relating to Business Rates and Transport costs totalling £0.1 million, which will be monitored throughout the year.
- 3.8 The gross budget has also increased by £0.8 million as a result of increased pension top-up grant being received from the Home Office, to match increased spend.

GMCA General Budget

- 3.9 The outturn position for year ending 31 March 2020 shows an overall balanced position, however budgets have been updated following information received since the last budget report in February 2019. The table details the revised position with the variations detailed below:

	Approved Budget 2019/20 £000	Revised Budget 2019/20 £000	Budget Variation 2019/20 £000
Made Smarter Grant	-	7,225	7,225
Environment and Low Carbon	443	875	432
Solar PV Initiative	-	100	100
Core Investment (Inc. HIF)	3,499	8,019	4,520
Ageing Better	202	262	60
GM Health Devolution	-	600	600
Digital Strategy	-	510	510
Work & Skills	2,264	2,286	22
Self-Employment Pilot	-	480	480
Skills Capital	-	2,952	2,952
Work & Health Programme	10,611	12,077	1,466

Working Well – Early Help	2,300	2,124	(176)
Working Well – Specialist Employment	1,000	96	(904)
Adult Education Budget	57,638	58,334	696
City Deal Tax Incentives	-	1,785	1,785
Digital Skills	-	1,920	1,920
Fast Track Digital Work	-	2,930	2,930
Resilience	34	120	86
Total	77,991	102,695	24,704

Budget Variation Analysis

- 3.10 Made Smarter Grant – The Authority has been awarded £20 million for the Made Smarter grant over a three year period. For 2019/20 it is forecast that £7.2 million will be defrayed.
- 3.11 Environment and Low Carbon – Funding from a variety of sources totalling £0.4 million has been awarded to the team for specific project work.
- 3.12 Solar PV Initiative – Following approval at the June GMCA meeting, the Solar PV Initiative has now been included within the budget. The project will be a collective purchasing initiative across all ten Districts to support the Green Summit aspiration of becoming carbon neutral by 2038. £0.1 million has been requested, funded from retained business rates reserves.
- 3.13 Core Investment Team (Including HIF) – A full review of the team budget has been carried out, particularly what income is expected throughout the year, with resources totalling £8 million expected. Use of the funding includes costs associated with a new delivery team (subject to approval via the resources committee in July), any surplus funding will be taken to earmarked reserves for future years use.
- 3.14 Ageing Better – Expected use of reserves has reduced by £0.02 million and additional income of £0.08 million has been identified to support the team.
- 3.15 GM Health Devolution - It was identified in 2018/19 that many of the posts would be required to be extended for a further year to support the work of the enabler function teams (digital, estates, comms and transformation finance) and to ensure a smooth transition to enduring structure for the partnership team from 2020/21 onwards. A further £0.6 million has been requested, funded from retained business rates reserves.
- 3.16 Digital Strategy - In 2017 the Mayor set out the ambition for GM to be a top 5 European digital city region with broad support from businesses, academia and public sector. An extraordinary amount has occurred since then and the creative, digital and tech sector is the fastest growing in sector in GM, at a value to our economy of approximately £5BN GVA and generating 5,000 plus high value jobs a year. The GM Digital Strategy and work in support of its delivery is broad and spans multiple organisations. Work is underway on a refreshed strategy which more effectively encompasses delivery activity with a collective budget of over £45 million. For 2019/20 it is anticipated that £0.5 million will be required, funded from retained business rates reserves.
- 3.17 Work & Skills – a minor budget adjustment of £0.02 million in relation to further Careers and Enterprise grant awarded.
- 3.18 Self-Employed Pilot – The Authority has been awarded £10 million to carry out a Self-Employed Pilot, the pilot will be procured with an anticipated go live date later in the year.

Subject to confirmation of go-live dates, it is currently anticipated that £0.5 million will be required within 2019/20.

- 3.19 Skills Capital – Following approval in 2018 to switch capital / revenue resources for Local Growth Fund purposes, it is anticipated that £2.9 million will be utilised within 2019/20 to support the Skills Capital programme of works.
- 3.20 Work & Health Programme - The programme has been live for just over 12 months, further to a re-profiling exercise it is anticipated that the spend for the year will be £12 million - £1.4 million above the budget set in February.
- 3.21 Working Well – Early Help – A re-profiling exercise has indicated a small reduction in budget requirements of £0.2 million.
- 3.22 Working Well – Specialist Support – The programme has been subject to some delays, a result of which the budget has been re-profiled and the budget reduced by £0.9 million.
- 3.23 Adult Education Budget – The budget has been increased by £0.7 million to take into account the additional transition grant available to July 2019 and the actual grant amount paid to the Authority in April 2019 for the period August 2019 – March 2020.
- 3.24 City Deal Tax Incentives – A paper has been approved by the GMCA setting out the plans for the remaining City Deal monies in relation to apprenticeships and skills and careers advice. It is anticipated that £1.8 million will be required within 2019/20 drawn down from reserves.
- 3.25 Digital Skills - Following approval in 2018 to switch capital / revenue resources for Local Growth Fund purposes, it is anticipated that £1.9 million will be utilised within 2019/20 to support the Digital Skills programme of works.
- 3.26 Fast Track Digital Work – The Authority has been awarded £3 million to fast track digital work. It is anticipated that the full budget will be utilised within 2019/20 at the present time.
- 3.27 Chief Resilience Officer - grant funding for this post ended in June 2019 as the 100 Resilient Cities grant was for a two year period only. The full year cost for the continuation of this role (including a small amount for travel, printing, mobile phones etc.) is £0.115 million, pro-rated £0.086 million will be required in 2019/20, funded from retained business rates reserves.
- 3.28 Princes Trust – Whilst the figures have not been included within the budget at the present time as formal confirmation has not yet been received, it is expected that a further £7 million will be awarded to carry out work with the Princes Trust and young people. Once details / profiles have been confirmed formal approval to amend the budget will be sought.

Transport

3.29 The Outturn position for the year ending 31 March 2020 shows a balanced budget, however budgets have been updated following information received since the last budget report in February 2019. The table details the revised position with the variations detailed below:

	Approved Budget 2019/20 £000	Revised Budget 2019/20 £000	Budget Variation 2019/20 £000
Local Sustainable Transport Fund	-	221	221
Smart Cities	-	69	69
Transport Pilot	7	7	-
SEMMS Study	-	9	9
CCAG Evaluation Study	-	44	44
Cycling and Walking to Work Award	-	84	84
Manchester Western Loop T2	464	599	135
GM Clean Air Plan	-	4,227	4,227
Access Fund Active Travel	-	147	147
Cycle and Walking to Work Scheme	-	46	46
Total	471	5,453	4,982

All variations are in connection with grants previously received that are held in ear-marked reserves – subject to approval the amounts quoted above will be included for use within the 2019/20 budget.

3.30 Although not a net budget adjustment funding sources within the transport budget will change as a result of the Transport Order being laid in April 2019, giving the Mayor further powers for transport functions. In February 2019 it was approved that the Transport Levy would increase by £8.3 million, which would be off-set by grants from the Mayor.

3.31 Of the £8.3 million, £6.84 million can now be retained within the Mayoral General Fund which will necessitate a reduction per district in the remaining Transport levy payable, which will be off-set by not receiving Mayoral grants to the same amount.

3.32 The reduction per district based on population data is detailed below and will apply to the reduction in Transport Levy and the grants to each District from the Mayoral General budget;

District	Reduction £
Bolton	696,056
Bury	463,433
Manchester	1,333,152
Oldham	571,285
Rochdale	533,893
Salford	614,232
Stockport	711,286
Tameside	547,726
Trafford	575,523
Wigan	793,414
Total	6,840,000

3.33 Revised Transport Levy figures per District can be found in Appendix 1.

GM Waste

3.34 Despite the commencement of the new contracts with Suez from 1 June 2019, there are a number of uncertainties in the financial year 2019/20 and at the current time the outturn position is forecast to be broadly neutral.

3.35 Following verification of 2018/19 annual tonnage outturn figures an additional levy adjustment figure has been calculated reflecting the lower/different mix of waste arisings. The additional sum will be effected through the 2019/20 revenue account but returned to Districts at the same time as the original projection of £1.881 million.

	Dec-18 £m	2018/19 £m	Additional £m
Bolton	(0.225)	(0.315)	(0.090)
Bury	0.027	(0.230)	(0.257)
Manchester	(0.487)	(0.684)	(0.197)
Oldham	(0.465)	(0.500)	(0.035)
Rochdale	(0.135)	(0.195)	(0.060)
Salford	(0.279)	(0.450)	(0.171)
Stockport	(0.062)	(0.289)	(0.227)
Tameside	(0.094)	(0.123)	(0.029)
Trafford	(0.161)	(0.219)	(0.058)
	(1.881)	(3.005)	(1.124)

4 TRANSPORT FOR GREATER MANCHESTER (TfGM)

4.1 The table below summarises the full year forecast and budget of income and expenditure of TfGM.

	2019/20 Budget	2019/20 Forecast	Variance
Resources	£m	£m	£m
Total Levy	131.54	131.54	-
Rail Grant	1.86	1.86	-
Utilisation of surplus/other reserves	6.00	6.00	-
Metrolink funding from Revenue / Reserves	10.30	10.30	-
Mayoral General budget	3.95	3.95	-

Earnback Revenue Grant / Reserves	5.85	5.85	-
Other Grants	1.20	1.20	-
Total Revenue	160.70	160.70	-
Call on Resources			
Concessionary Support	73.38	73.38	-
Supported Services	27.61	27.61	-
Accessible Transport	4.91	4.91	-
Operational Costs	48.49	48.49	-
Financing	6.31	6.31	-
Total Expenditure	160.70	160.70	-
Surplus/(Deficit)	-	-	-

4.2 At this early stage in the financial year, the forecast outturn remains in line with the budgeted breakeven position, after the Reserves utilisations shown in the table above.

5 CONTROLLING MIGRATION

5.1 The authority has received £850,000 to disburse between the 10 Districts on the following basis detailed below. The grant has been previously reported to the GMCA, however the approval to grant to each authority is now required.

District	No of LAASLO	Funding allocation
Bolton	2.5	125,000
Bury	1	50,000
Manchester	2.5	125,000
Oldham	2	100,000
Rochdale	2.5	125,000
Salford	2	100,000
Stockport	0.5	25,000
Tameside	1.5	75,000
Trafford	0.5	25,000
Wigan	2	100,000
TOTAL	17	850,000

6 RECOMMENDATIONS

6.1 The recommendations appear at the front of this report.

MID YEAR 2017 POPULATION FIGURES	Basis of Apportionment	BOLTON 284,813 £	BURY 189,628 £	MANCHESTER 545,501 £	OLDHAM 233,759 £	ROCHDALE 218,459 £	SALFORD 251,332 £	STOCKPORT 291,045 £	TAMESIDE 224,119 £	TRAFFORD 235,493 £	WIGAN 324,650 £	TOTAL DISTRICT CHARGES £
Transport Levy	Population	19,226,309	12,800,843	36,824,059	15,779,907	14,747,081	16,966,173	19,647,000	15,129,159	15,896,961	21,915,507	188,933,000
TOTAL CHARGE		19,226,309	12,800,843	36,824,059	15,779,907	14,747,081	16,966,173	19,647,000	15,129,159	15,896,961	21,915,507	188,933,000

