

Date: 12 February 2021

Subject: Budget Paper D - GMCA Revenue General Budget 2021/22

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

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#### **PURPOSE OF REPORT**

The report sets out the Greater Manchester Combined Authority (GMCA) General budget for 2021/22. The proposed District Council contributions to be approved for 2021/22 of £8.603m are included within the report together with the consequent allocations to the District Councils. This is a reduction of £437k on the contribution for 2020/21.

#### **RECOMMENDATIONS:**

The GMCA is requested to:

1. Approve the budget relating to the Greater Manchester Combined Authority functions excluding transport and waste in 2021/22 as set out in section 2 of this report;
2. Approve District Contributions of £8.603 million as set out in section 3 of this report;
3. 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 2020/21 - 27 November 2020.

Report to Greater Manchester Combined Authority: Revenue Update 2020/21 - 25 September 2020.

Report to Greater Manchester Combined Authority: GMCA General Budget 2020/21 - 14 February 2020.

<b>TRACKING/PROCESS</b>		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution		Yes
<b>EXEMPTION FROM CALL IN</b>		
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	
	9th February 2021	

## **1. INTRODUCTION AND BACKGROUND**

- 1.1 This report provides details of the proposed Greater Manchester Combined Authority (GMCA) Revenue General budget for 2021/22. This budget includes all services and functions and reflects the organisation structure implemented in early 2020 and the key funding sources which support the activities of the combined authority (CA). The budgets for Mayoral activities including Fire and Police, Transport and Waste services are reported separately.
- 1.2 The proposed 2021/22 GMCA General budget reflects the outcome of the Spending Review 2020 and the impact of the Covid-19 pandemic on resources available to the CA. Financial strains and pressures arising from the pandemic will be a reality that the GMCA, along with all other public agencies, will be faced with for this year and many following. Settlements from Government for the coming years are likely to be lower than previous years, and less likely to be multiyear settlements than we have seen previously. The GMCA will achieve a balanced budget for the year ahead, and will ensure activities achieve value for money, add value and drive progress against priorities, supporting Greater Manchester within the current and future context of a more challenging financial envelope.
- 1.3 During 2020/21 a review of GMCA core budgets and reserves enabled the authority to release non-recurrent resources of £4.7m to provide additional support during the pandemic. For 2021/22 the CA has identified savings of £1.568m of which £437k will be deducted from District Contributions in 2021/22 and £1.132m will be applied to meet spending pressures and priority developments within the CA.
- 1.4 GM local authorities retain an element of business rates (BR) under the existing 100% BR retention pilot scheme as part of the Greater Manchester devolution agreement. The GMCA general budget for 2020/21 was approved on the basis of GMCA having available £35m (50% share) of retained BR for 2020/21, together with existing BR reserves to support investment into GM priorities.
- 1.5 During 2020 there was a need to review planned activities and re-prioritise the use of the retained BR resource to meet the financial challenges for GM brought by the pandemic. This resulted in the £35m BR retention anticipated in the 2020/21 budget being removed and a return of £16.7m of the existing BR reserve to GM local authorities. The 2021/22 budget reflects the decisions made by the GMCA at the meeting on 27<sup>th</sup> November 2020 on use of planned investment of the remaining BR reserve held by GMCA.
- 1.6 The charges to Districts in relation to the GMCA General budget are set out in section 3 and Appendix 2 to the report. The reserves are detailed within section 4 of the report including planned utilisation in 2020/21 and 2021/22. The Authority's legal obligations and the responsibility of the Treasurer to the Combined Authority (CA) are also set out in section 5 of the report.

## 2. PROPOSED BUDGET 2021/22

2.1 The proposed budget for 2021/22 in relation to the GMCA Revenue General budget is summarised in the table below. A detailed breakdown of the budget is provided in Appendix 1:

<b>GMCA General Budget</b>	<b>2020/21 Approved Budget</b>	<b>2021/22 Proposed Budget</b>	<b>Budgeted FTEs</b>
	<b>£'000</b>	<b>£'000</b>	
<b>Expenditure</b>			
GMCA Corporate	19,303	20,706	272.6
Work and Skills	117,498	140,406	74.0
Economy	20,306	18,763	11.9
Environment	2,678	2,697	21.5
Place Making	15,863	14,005	57.0
Public Service Reform	25,235	21,993	20.5
Digital	4,432	1,674	20.3
Other	3,800	3,800	
<b>Total Expenditure</b>	<b>209,115</b>	<b>224,044</b>	<b>477.8</b>
Government Grants	139,725	153,046	
District Contributions	9,040	8,603	
Internal Recharge of GMCA Running Costs	16,380	17,000	
Earmarked reserves - Business Rates	18,111	24,569	
Earmarked Reserves - Other	12,409	7,104	
Other Income	13,450	13,721	
<b>Total Resources</b>	<b>209,115</b>	<b>224,044</b>	

### GMCA Corporate

2.2 The proposed GMCA Corporate budgets for 2021/22 totals £20.706m and relates to support for the whole of GMCA including GMFRS, PCC and Waste. The Corporate functions include services such as ICT, HR, Finance, Audit and Procurement, Legal and Governance. Funding of GMCA corporate functions is predominantly from recharges within the GMCA and to grants, external funding and district contributions.

2.3 The proposed budget for 2021/22 reflects savings identified and funding from within GMCA to meet cost pressures of £1.132m in relation to:

- New requirements for information governance, systems development, ICT services and health and safety (£593k);
- Ending of funding from the GM Health and Social Care Transformation Fund (£289k);
- Changes in the planned use of retained Business Rates (£57k) and

- Investment in capacity to support GM priorities, including the influencing the outcome of the Comprehensive Spending Review (£193k).

2.3 The GMCA Corporate budgets have been reviewed to deliver savings to reduce the contribution made from Districts in 2021/22 by £437k. This has included savings from service redesigns in HR and Finance, Audit and Procurement and reduction of two senior posts in Research and Economy together with other workforce efficiencies.

### Digital

2.4 The GM Digital team is committed to delivering on the GM Digital Strategy through a three year approach set out in the GM Digital Blueprint. Activities to deliver on the blueprint have been shaped by the process of developing the one year GM Covid Resilience plan, and will help reach the shared ambition that underpins and enables both the Local Industrial Strategy and the Greater Manchester Strategy.

2.5 GM Digital collaborates across the GM digital system which includes industry, universities, health, Voluntary, Community and Social Enterprise (VCSE) sector to create opportunities, maximise outcomes and generate inward investment. A comprehensive approach to communications and stakeholder engagement supports all the work in the GM Digital Portfolio, ensuring that the successes delivered by the GM Digital Team are shared with on a local, national and global platform.

2.6 The priorities for 2021/2022 include:

- **Smart GM Places:** A range of initiatives which build and leverage GM Digital infrastructure, technical capability and data to enable innovative public services and empower GM citizens and businesses to live successfully, safely and sustainably. Key programmes include Full Fibre Network and One Network for public services as well as a number projects using the Internet of Things and data led innovation to create Smart GM Places.
- **GM Digital Inclusion: Agenda for Change:** This vision for 100% Digital Inclusion in GM will be delivered in collaboration with Industry, localities and VCSE sector by innovating to reduce inequality of digital access and opportunity. Working towards full digital inclusion in Greater Manchester key areas of work include the enabling businesses to get online and the provision of access to devices, connectivity and digital skills for citizens and businesses.
- **Cyber and Digital Security:** A unique, world leading set of collaborative arrangements, establishments, events and projects to support the assurance of safe and secure digital, data and Artificial Intelligence in GM and catalyse inward investment and the creation of employment opportunities. Key projects include the Cyber Security and Trust Catapult, the Cyber Talent Pipeline and the Cyber and Digital Security Innovation Hub.
- **GM Digital Platform:** An extensive programme of projects to develop technical architecture and a range of use cases which re-use the technical capabilities of GM Digital Platform. Key activities include the deployment of digitised Early Years support across GM, continued digital support to the Covid response through the Community

Hub Application and Contact Track and Trace and the support for assessing and implementing digital public services across GM and in support of place based working.

- 2.7 The proposed 2021/22 budgets for Digital is £1.674m, this includes the key programmes of GM Connect, GM Digital Strategy and Local Full Fibre Network. Of this £1.420m is funded from the retained Business Rates reserve and £254k from reserves and other income.

### Economy

- 2.8 Economy supports a variety of economic and business policy related priorities focusing on four key areas:
- Shaping the Economic Vision for GM, working with National Government, partners and stakeholders to influence and align economic priorities and maximise investment across GM;
  - Delivery of the GM Local Industrial Strategy, coordinating cross cutting priorities with partners, delivering specific projects, commissioning programmes, developing business cases and contributing to effective fund management;
  - Analysing and advising on the economic trends of today and tomorrow, led by the evidence, promoting debate and developing new ideas with stakeholders and partners;
  - Supporting portfolio holders and leaders, the GM Local Enterprise Partnership, and other stakeholders to make decisions effectively and appropriately.
- 2.9 The Economy portfolio leads key groups including the Growth Board, Local Industrial Strategy Programme Delivery Executive, GM Economic Resilience Group and GM LEP and has led on the recent CSR submission, bringing together voices and ideas from across the organisation and wider GM system to present an integrated and strategic set of priorities. The implementation of the Local Industrial Strategy is also system wide, with actions delivered by Digital, Education, Work and Skills, Environment, Research and Place Making portfolios as well as partners such as the Growth Company and TfGM.
- 2.10 The priorities for 2021/2022 include:
- Continuing to understand and respond to the impacts of Covid-19 on the Greater Manchester economy;
  - Developing and driving a new model for innovation - 'Innovation GM';
  - Implementing the Leadership and Management programme;
  - Delivering Year 2 of the Local Industrial Strategy Implementation Plan, as well as engaging and influencing the new national Industrial Strategy;
  - Continuing to drive GM's priorities through major fiscal events including the Spring Statement and any further Spending Reviews as well as the forthcoming Devolution White Paper;
  - Delivery of the Made Smarter Pilot and its potential extension.
- 2.11 The proposed 2021/22 budget for Economy is £18.763m, of which £12.199m relates to the GM Productivity Programme and £3.505m to the GM Local Industrial Strategy. Both programmes are funded from the retained Business Rates reserve. The budget includes

£1.596m of District contributions which largely relates to the budgets for Marketing Manchester and MIDAS.

### Environment

- 2.12 Environment is the lead for the implementation of the GM Five Year Environment Plan and delivering housing and public retrofit programmes as part of green economic recovery and progressing the environment plan to continue to reduce carbon emissions and create an improved, more resilient natural environment for socially distanced recreation. The priorities for 2021/22 are as follows:
- Bid for and deliver Green Homes Grant Funding to support retrofit and fuel poverty alleviation;
  - Bid for and support District delivery of Public Sector Decarbonisation Scheme;
  - Undertake research (Carbon Neutral Homes Retrofit) and develop a Retrofit Accelerator;
  - Work with Department for Business, Energy and Industrial Strategy (BEIS) to develop outline business cases for the decarbonisation of heat across sectors;
  - Develop business models for increased investment in managing new and existing parks and green infrastructure, through IGNITION;
  - Promoting the natural environment with local authorities and partners through a common communications strategy and approach;
  - Develop a Local Nature Recovery Strategy to support prioritisation of actions to enhance GM's natural environment for the benefit of biodiversity and people;
  - Deliver a Local Energy Market design and 10 District Plans, identify opportunities for investment;
  - Continue to implement of the Five-Year Environment Plan, with partners, to address wider low carbon, SCP and natural environment priorities.
- 2.13 The proposed 2021/22 budget for Environment is £2.697m which is predominantly funded from government grants and external income totaling £2.267m supported by a small amount of Business Rates reserve, internal recharge and District contributions to support delivery of the priorities set out above.

### Place making

- 2.14 Place making focusses on the development of individual places and all the elements that support prosperous and vibrant places in which GM residents can grow up, live and grow old. This has brought together Housing and Planning, Land and Property, Culture, Delivery and Infrastructure teams, each of which has a vital role to play in place development. The priorities for 2021/22 are:
- Completion of consultation and adoption of the GM Spatial Framework (GMSF), GM's plan for Home, Jobs and the environment;
  - Continued development of the GM Infrastructure Programme to enable the delivery of developments set out in the GMSF;
  - Implementation of Culture Recovery Plan and Night Time Economy Blueprint – developing approaches to support the wider culture sector that enable them, as far as

possible, to adapt and survive during the current pandemic and lobby for funding for those in the sector that miss out on the national support packages;

- Provision of funding to build new assets under both the Getting Building Fund and Brownfield Housing Fund – ensuring prioritised projects receive the necessary grant funding to start construction, creating jobs that will support the economy in the short term and the platform for business and homes in the longer term, crucial for the recovery from the pandemic; and
- Progressing GM bids for national funding pots (One Public Estate, Public Sector Building Decarbonisation and Social Housing Retrofit) – supporting development of plans that underpin town centre regeneration, unlocking the value of the Public Estate and accessing the funding required to reduce carbon emissions from the built environment.

2.15 The proposed 2021/22 budget for Place Making is £14.005m which includes the Cultural and Social Impact Fund of £4.308m funded by District contributions and Business Rates reserve, Business Investment of £6.374m funded from loan interest and fees and Spatial Development Framework £1.045m funded from the Housing Investment Fund reserve.

2.16 On 31<sup>st</sup> July 2020 the GMCA approved the authority entering into Brownfield Land Fund Agreement with MHCLG for £81m over a five year period. Subsequently GMCA has received allocation of £1.943m in revenue grant funding to support activity related to the delivery of the Brownfield Housing Fund. The funding will be need to be utilised by 31<sup>st</sup> March 2022 for the administration of the capital grant and accelerating the delivery of Brownfield Housing sites.

#### Public Service Reform

2.17 Public Service Reform supports reform, innovation and social policy development across GM with the overarching objective of addressing inequality and improving outcomes for all residents across the city-region. It is made up of a number of thematic strands with lead responsibilities that include Early Years, Children and Young People, Troubled Families, Homelessness and Rough Sleeping; Asylum and Refugees, Armed Forces and Veterans, Gambling Harm Reduction and the GM Ageing Hub. The service performs a cross-cutting role across GM in collaboration with localities, other public service organisations and the voluntary, community and social enterprise (VCSE) sector to drive the implementation of unified public services for the people of Greater Manchester. The key priority for 2021/22 will be to support the delivery of the GM Living with Covid plan.

2.18 The proposed 2021/22 budget for Public Service Reform is £21.993m, this includes:

2.19 A Bed Every Night (ABEN) of £6.124m funded from Mayoral Precept, non-recurrent external contributions and MHCLG Rough Sleeper Initiative bid. ABEN has developed from a winter programme to a year round commitment that is critical to ensuring that there is accommodation available to anyone who is rough sleeping. During 2020/21 GMCA has been working with local authorities to develop a sustainable funding model to reduce reliance on non-recurrent funding by maximising the use of Housing Benefit welfare



contributions and more formal alignment with the Rough Sleeper Initiative. In 2021/22 there will be a small realisation of this, with further changes planned for 2022/23.

- 2.20 A continuation of the Troubled Families programme which had been due to end in March 2021 was confirmed as part of the 2020 Spending Review. This includes expected grant funding of £10.772m for 2021/22 which will provide continuation of funding to GM local authorities. District contributions, reserves and internal recharges support the costs of School Readiness, GM Gambling and other reform programmes.
- 2.21 Greater Manchester Housing First three year pilot commenced in 2019/20 with the aim of rehousing more than 400 people who are homeless or at risk of being homeless across Greater Manchester. There is planned spend of MHCLG funding held in reserve of £3.155m in 2021/22 which relates to grant payments to housing providers working in partnership across GM.

#### Education, Work and Skills

- 2.22 Education, Skills & Work works in partnership with local authorities, partners and businesses to deliver and performance manage programmes that support people to enter, progress and remain in work. Priorities include:
- Helping young people to fulfil their potential
  - Capitalising on high-growth sectors
  - Tackle inequalities and delivers inclusive growth
  - Maintaining quality and consistency in GM approach;
  - Providing system leadership, challenge and support
- 2.23 The proposed 2021/22 budget support the priorities above and includes funding for the following programmes:
- The Adult Education Budget of £93.8m devolved to GM to support the city-region's residents to develop skills needed for life and work;
  - European Social Fund (ESF) Skills for Growth Programme of £16.2m, part of £40m over three years to support business growth and deliver an integrated approach to employment and skills;
  - Working Well services to support people experiencing or at risk of long term unemployment, this includes the Work and Health Programme of £8.6m, Job Entry Targeted Support (JETS) programme of £9.1m and Early Help Programme of £2.2m;
  - Future Workforce Fund of £2.2m to focus on supporting the most disadvantaged young people, providing a targeted, flexible and personalized pathway;
  - Self-Employment Pilot of £4m to support GM self-employed residents to sustain and grow their business.

#### Greater Manchester Mayoral Election

- 2.24 The postponed GM Mayoral election is scheduled to place in May 2021. Whilst some costs will be shared due to local elections taking place, it is anticipated that a budget of at least £3.8m will be required in 2021/22. The authority will continue to lobby government for

financial support on the basis that Police and Crime Commissioner Elections are centrally funded by the Home Office.

### 3. BASIS OF APPORTIONMENT OF COSTS TO DISTRICTS

3.1 Constituent Councils have to meet the GMCA's costs which are reasonably attributable to the exercise of its functions. The amount payable by each Council is determined by apportioning the costs between the Councils in such proportions as they (unanimously) agree or, in default of such agreement, in proportion to the resident population. The 2011 Order provides flexibility to deal with the apportionment of costs in respect of the functions. Appendix 2 details the apportionment of costs across the Districts.

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

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

3.3 The Cultural and Social Impact Fund of £3.3m is unchanged from 2020/21 and is allocated on the basis of population.

3.4 The remaining functions are apportioned to Districts on a population basis. For 2021/22 a reduction of 10% (£436.5k) is proposed as part of this budget which results in a charge of £3.930m.

3.5 The proposed charge to each District is detailed in Appendix 2 and summarised in the table below:

District	2020/21	2021/22
	£000	£000
Bolton	908	863
Bury	650	609
Manchester	1,692	1,639
Oldham	773	730
Rochdale	730	692
Salford	824	787
Stockport	925	878
Tameside	745	702
Trafford	775	731
Wigan	1,018	971
<b>Total</b>	<b>9,040</b>	<b>8,603</b>

#### 4. RESERVES

4.1 An analysis of the forecast and budgeted movements in reserves for 2020/21 and 2021/22 is set out below:

GMCA General Reserves and Balances	Closing Balances 31 Mar 2020	Planned use in 2020/21 Trf (in)/out	Projected Balance 31 Mar 2021	Planned use in 2021/22 Trf (in)/out	Projected Balance 31 Mar 2022
	£000s	£000s	£000s	£000s	£000s
<b>General Reserve</b>	<b>(4,245)</b>	<b>0</b>	<b>(4,245)</b>		<b>(4,245)</b>
<b>Earmarked Reserves</b>					
Growing Places Revenue Grant	(1,554)		(1,554)		(1,554)
Youth Contract	(2,245)	1,446	(799)		(799)
LEP Strategic Plans Funding (LEP)	(562)	288	(274)	173	(101)
City Deal	(1,560)	380	(1,180)	1,168	(12)
One Public Estate	(531)	531	0		0
Social Impact Bond	(197)		(197)		(197)
GM Housing First	(426)	(2,752)	(3,178)	3,145	(33)
Public Service Reform	(6,739)	2101	(4,638)	470	(4,168)
Core Investment Interest & Arrangement Fees	(10,121)		(10,121)		(10,121)
Regional Growth Fund Deposit Interest	(113)		(113)		(113)
Creative Scale Up Project	(1,300)	460	(840)	97	(743)
Business Rates Top Up Grant	(37,128)	263	(36,865)	(2,634)	(39,499)
Business Growth Hub	(323)		(323)		(323)
Business Rates Growth Pilot & Levy	(87,978)	61,372	(26,606)	24,569	(2,037)
GM Connect	(880)	206	(674)	171	(503)
Accommodation Reserve	(700)	700	0		0
Planning & Delivery Fund	(544)	222	(322)	55	(267)
Working Well-Care and Support	(759)		(759)	492	(267)
Other Earmarked Reserves	(1,169)	334	(835)	332	(503)
<b>Total Earmarked Reserves</b>	<b>(154,829)</b>	<b>65,551</b>	<b>(89,278)</b>	<b>28,039</b>	<b>(61,239)</b>
<b>TOTAL</b>	<b>(159,074)</b>	<b>65,551</b>	<b>(93,523)</b>	<b>28,039</b>	<b>(65,484)</b>

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 £2.828m 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 2020 there was

£2.245m of funding left and during 2020/21 there is planned spend of £1.446m with agreed use going forward, most notably a contribution towards the Work and Health programme.

#### LEP Funding

- 4.5 The balance on 1 April 2020 was £562k with a planned use of £288k in 2020/21 and £173k in 2021/22. 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. The balance on 1 April 2020 was £1.560m with an anticipated use of £380k in 2020/21 and further £1.168m in 2021/22.

#### 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 Housing First

- 4.8 Greater Manchester Housing First three year pilot commenced in 2019/20. There is planned spend of MHCLG funding held in reserve during 2020/21 and 2021/22.

#### Public Service Reform

- 4.9 Grants received from a variety of sources make up this reserve such as Troubled Families and Life Chances grants. The balance of the reserves on 1 April 2020 was £6.739m with anticipated £2.101m call against the reserve in 2020/21, including £1.420m for the 'Everyone In' scheme earlier in 2020/21. It is anticipated that £470k will be applied in 2021/22, with the full reserve being applied against future commitments.

#### Core Investment - Interest & Arrangement Fees

- 4.10 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 1 April 2020 was £10.121m.

#### Regional Growth Fund (RGF) Deposit Interest

- 4.11 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, there was a small balance of £113k at 1 April 2020. 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

- 4.12 The Creative Scale up pilot is a £1.3 million scheme to specifically generate business growth within the creative sector. The scheme is now underway with plans to utilize £460k in 2020/21 and further £97k in 2021/22.

#### Business Rates Top-Up Grant – Revenue

- 4.13 The GMCA currently receives revenue funding that is used to support capital spend on Highways and the Local Transport Plan of c£43m annually. The capital financing budget which funds the Capital Programme has a planned revenue contribution from this reserve of £27.5m in 2020/21 and £30m in 2021/22.
- 4.14 This funding also enables flexibility to support the revenue element of capital schemes. For the 2020/21 and 2021/22 approval has been sought to delegate authority to the GMCA Treasurer to make the necessary adjustments between capital funding and revenue reserves to ensure the correct accounting treatment for the planned revenue spend on the following schemes:
- #SafeStreetsSaveLives £4m of revenue spend from MCF as detailed in Capital Update 2020/21 report to GMCA on 27<sup>th</sup> November 2020;
  - Greater Manchester Infrastructure Programme (GMIP) development costs of up to £6.3m in 2020/21 and £7m in 2021/22 as recommended in reports to GMCA on 12<sup>th</sup> February 2021;
  - Mayors Challenge Fund (MCF) delivery costs of up to £1.5 million in 2020/21 and £1.5m in 2021/22 as recommended in reports to GMCA on 12<sup>th</sup> February 2021;
  - Clean Air Delivery cost of £4.3m in 2020/21 and £2.2m in 2021/22 as recommended in reports to GMCA on 12<sup>th</sup> February 2021

#### Business Growth Hub

- 4.15 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 £323k will be in reserves as at 31 March 2021.

#### Business Rate Pool and Growth Retention Scheme

- 4.14 This reserve had a balance of £87.978 at 1 April 2020, of this £20m was returned to Districts early in 2020/21 as previously agreed. As referenced in paragraph 1.5 above, during 2020/21 there has been a review of existing commitments and new proposals for use of the current reserve agreed with GMCA on 27<sup>th</sup> November 2020. This planned spend, together with a further return of £16.7m to Districts leaves a projected balance at 31 March 2021 of £26.606m and at 31 March 2022 of £2.037m.

### GM Connect

- 4.15 Funding was received from the Transformation Challenge award for the GM Connect team. The balance as at 1 April 2020 was £0.880m with a further draw down of £206k expected with 2020/21 and £171k in 2021/22.

### Accommodation

- 4.16 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 £0.7m in 2020/21.

### Planning and Delivery Fund

- 4.17 The Authority received this grant late in 2017/18 and the balance at 1 April 2020 was £0.544m. There is planned spend of £222k in 2020/21 and £55k in 2021/22.

### Working Well – Care and Support

- 4.18 The Working Well – Care and Support scheme has a variety of funds attached to it and a balance of £0.759m at 1 April 2020. Due to the timing and use of other available funds, it is envisaged that the £492k be used in 2021/22.

### Other Earmarked Reserves

- 4.17 A number of grants have been awarded to the Authority for Skills, Low Carbon and Ageing Better activity which has been transferred to earmarked reserve to align with the planned spend over the medium term.

### General GMCA Reserve

- 4.18 The GMCA general reserve is funded through contributions from the GMCA revenue account either planned or as a result of general underspending. The current balance is £4.245m and there is no planned change to this as part of the budget proposals in this report.

## **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 2021/22 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.





<b>Appendix 1 GMCA Budget 2021/22</b>	<b>District Contributions</b>	<b>Other Recharge CC's</b>	<b>Internal Recharges</b>	<b>Grants</b>	<b>Business Rates Reserve</b>	<b>Earmarked Reserves</b>	<b>Other Income</b>	<b>Total Budget 2021/22</b>	<b>FTE Posts</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	
-									
Senior Management	89		426	0	0	0	128	<b>643</b>	3.0
Resilience	0		0	0	120	0	0	<b>120</b>	1.0
Strategy	241		614	0	636	68	61	<b>1,619</b>	14.3
Research	378		644	150	169	145	338	<b>1,824</b>	34.0
Communications	176		965	0	135	0	0	<b>1,275</b>	22.0
ICT Technology	488		3,202	0	0	0	169	<b>3,859</b>	41.0
Tootle Building	35		402	0	0	0	1,054	<b>1,492</b>	
Finance - Accountancy	331		1,569	0	0	0	22	<b>1,922</b>	34.1
Contracts and Procurement	251		328	50	0	0	150	<b>779</b>	15.0
Sustainability Initiatives	3		45	0	0	0	66	<b>114</b>	2.0
Internal Audit and Risk	67		403	0	0	0	15	<b>485</b>	7.8
Churchgate Extension	0		0	0	0	0	0	<b>0</b>	
Legal Services	17		292	0	0	0	0	<b>310</b>	1.8
Information Governance	63		673	0	0	0	330	<b>1,065</b>	16.0
Democratic Services	129		570	0	0	0	50	<b>749</b>	12.0
Business Support	238		326	0	0	0	45	<b>608</b>	15.6
LEP Core Capacity	0		0	0	0	0	500	<b>500</b>	
GM Youth Combined Authority	0		0	0	50	0	0	<b>50</b>	
GM Coalition of Disabled People	0		0	0	0	0	50	<b>50</b>	
People Development & Support	109		748	0	0	0	390	<b>1,246</b>	24.0
Talent Learning & Resourcing	-41		964	0	0	0	0	<b>923</b>	17.0
OD & Culture	-22		320	0	0	0	0	<b>298</b>	4.0
Safety, Health & Wellbeing	19		757	0	0	0	0	<b>776</b>	8.0
<b>Total GMCA Corporate</b>	<b>2,569</b>		<b>13,248</b>	<b>200</b>	<b>1,109</b>	<b>212</b>	<b>3,367</b>	<b>20,706</b>	<b>272.6</b>

<b>Appendix 1 GMCA Budget 2021/22</b>	<b>District Contributions</b>	<b>Other Recharge CC's</b>	<b>Internal Recharges</b>	<b>Grants</b>	<b>Business Rates Reserve</b>	<b>Earmarked Reserves</b>	<b>Other Income</b>	<b>Total Budget 2021/22</b>	<b>FTE Posts</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	
-									
GM Connect	0		0	0	0	171	83	<b>255</b>	3.2
GM Digital Strategy	0		0	0	430	0	0	<b>430</b>	7.4
Smart Residents Data Exchange Platform	0		0	0	990	0	0	<b>990</b>	9.7
<b>Total Digital</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>1,420</b>	<b>171</b>	<b>83</b>	<b>1,674</b>	<b>20.3</b>
Business, Innovation and Enterprise Policy	189		70	50	0	0	0	<b>309</b>	4.7
Economic Advice	34		0	0	0	0	0	<b>34</b>	0.2
Economy	0		249	0	0	0	220	<b>469</b>	7.0
MIDAS	1,023		0	0	200	0	0	<b>1,223</b>	
Marketing Manchester	350		27	0	350	0	0	<b>727</b>	
GM Productivity Programme	0		0	0	12,199	0	0	<b>12,199</b>	
GM Local Industrial Strategy	0		0	0	3,477	28	0	<b>3,505</b>	
Creative industry scale up	0		0	0	0	97	0	<b>97</b>	
Cricket Strategy	0		0	0	200	0	0	<b>200</b>	
<b>Total Economy</b>	<b>1,596</b>		<b>346</b>	<b>50</b>	<b>16,426</b>	<b>125</b>	<b>220</b>	<b>18,763</b>	<b>11.9</b>
Environment and Low Carbon	207		122	109	0	0	19	<b>457</b>	7.8
Great Places	0		0	43	0	0	0	<b>43</b>	1.0
Natural Course	0		0	0	0	0	456	<b>456</b>	3.5
GM Local Energy Markets	0		0	135	0	0	0	<b>135</b>	2.8
Ignition	0		0	1,200	0	0	0	<b>1,200</b>	3.5
Five Year Environment Plan	0		0	234	100	0	0	<b>334</b>	3.0
Green Homes Grant	0		0	70	0	0	0	<b>70</b>	
<b>Total Environment</b>	<b>207</b>		<b>122</b>	<b>1,792</b>	<b>100</b>	<b>0</b>	<b>475</b>	<b>2,697</b>	<b>21.5</b>

<b>Appendix 1 GMCA Budget 2021/22</b>	<b>District Contributions</b>	<b>Other Recharge CC's</b>	<b>Internal Recharges</b>	<b>Grants</b>	<b>Business Rates Reserve</b>	<b>Earmarked Reserves</b>	<b>Other Income</b>	<b>Total Budget 2021/22</b>	<b>FTE Posts</b>
-	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	
Planning and Housing	217		92	0	357	0	94	<b>759</b>	13.0
Cultural and Social Impact Fund	3,300		0	0	1,000	0	8	<b>4,308</b>	
Land and Property Strategy	157		711	0	0	55	0	<b>923</b>	21.0
Core Investment	0		34	0	0	0	6,340	<b>6,374</b>	18.0
GM Delivery Team (HIF)	0		0	0	0	0	596	<b>596</b>	5.0
Spatial Development	0		0	0	45	0	1,000	<b>1,045</b>	
<b>Total Place Making</b>	<b>3,673</b>		<b>837</b>	<b>0</b>	<b>1,402</b>	<b>55</b>	<b>8,038</b>	<b>14,005</b>	<b>57.0</b>
Childrens Services	0		0	204	0	0	0	<b>204</b>	3.5
GM Health Devolution	0		0	0	312	0	0	<b>312</b>	
Ageing Better	109		0	0	0	6	80	<b>194</b>	3.0
Social Impact Bond - Homelessness	0		0	24	0	0	0	<b>24</b>	
Public Service Reform	404		138	10,772	0	470	68	<b>11,851</b>	13.0
Housing First	0		10	0	0	3,145	0	<b>3,155</b>	1.0
A bed every night	0		2,233	1,500	0	0	2,391	<b>6,124</b>	
Rough Sleeping Initiative	0		0	128	0	0	0	<b>128</b>	
<b>Total Public Service Reform</b>	<b>513</b>		<b>2,381</b>	<b>12,629</b>	<b>312</b>	<b>3,621</b>	<b>2,538</b>	<b>21,993</b>	<b>20.5</b>
Work and Skills	45		67	437	0	250	0	<b>799</b>	9.5
Self Employment Pilot	0		0	4,001	0	0	0	<b>4,001</b>	4.0
Skills Capital	0		0	0	0	258	0	<b>258</b>	2.5
Fast Track Digital Work	0		0	263	0	0	0	<b>263</b>	3.0
Future Workforce Fund	0		0	2,239	0	0	0	<b>2,239</b>	1.0
ESF Neet 10m	0		0	74	0	0	0	<b>74</b>	1.0
Working Well JETS	0		0	9,053	0	0	0	<b>9,053</b>	
Apprenticeship & technical education	0		0	0	0	400	0	<b>400</b>	
Careers & Enterprise	0		0	470	0	115	0	<b>585</b>	13.0
Work & Health Programme	0		0	8,648	0	0	0	<b>8,648</b>	3.5
WW - Early Help	0		0	2,182	0	0	0	<b>2,182</b>	4.0

Adult Education	0		0	93,813	0	0	0	<b>93,813</b>	15.0
City Deal Tax Incentives	0		0	0	0	653	0	<b>653</b>	
WW - Specialist Employment	0		0	1,010	0	242	0	<b>1,252</b>	2.0
ESF Skills for Growth	0		0	16,185	0	0	0	<b>16,185</b>	15.5
<b>Total Education, Work and Skills</b>	<b>45</b>		<b>67</b>	<b>138,376</b>	<b>0</b>	<b>1,918</b>	<b>0</b>	<b>140,406</b>	<b>74.0</b>
<b>GM Election</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>3,800</b>	<b>0</b>	<b>0</b>	<b>3,800</b>	
<b>GMCA Totals</b>	<b>8,603</b>		<b>17,000</b>	<b>153,046</b>	<b>24,569</b>	<b>6,104</b>	<b>14,721</b>	<b>224,044</b>	<b>477.8</b>

## Appendix 2

District Charges 2021/22	Population 2019		GMCA General Budget	Cultural & Social Impact Fund	Marketing Manchester	MIDAS	Total
			£000	£000	£000	£000	£000
Bolton	287,550	10.14%	399	335	27	103	863
Bury	190,990	6.74%	265	222	25	97	609
Manchester	552,858	19.50%	766	643	112	118	1,639
Oldham	237,110	8.36%	329	276	26	100	730
Rochdale	222,412	7.84%	308	259	26	99	692
Salford	258,834	9.13%	359	301	27	101	787
Stockport	293,423	10.35%	407	341	27	103	878
Tameside	226,493	7.99%	314	264	26	99	702
Trafford	237,354	8.37%	329	276	26	100	731
Wigan	328,662	11.59%	455	382	28	105	971
<b>Total</b>	<b>2,835,686</b>	<b>100.00%</b>	<b>3,930</b>	<b>3,300</b>	<b>350</b>	<b>1,023</b>	<b>8,603</b>

