

Date: 30<sup>th</sup> July 2021  
Subject: GMCA Revenue Update Quarter 1 - 2021/22  
Report of: Cllr David Molyneux, Portfolio Holder - Resources  
Steve Wilson, Treasurer to GMCA

---

## **PURPOSE OF REPORT**

To inform GMCA of the 2021/22 financial position at the end of June 2021 (quarter 1) and forecast revenue outturn position for the 2021/22 financial year. The report also provides an update on reserves and balances held by GMCA at 31<sup>st</sup> March 2021 and approved use of reserves in the 2021/22 budget.

## **RECOMMENDATIONS:**

1. Approve an increase to Mayoral budget of £283k to be funded from reserves as set out in Section 2.
2. Approve an increase to the GMCA General budget of £21.381m which is fully funded from additional income and use of reserves as set out in Section 3.
3. Approve use of reserves and revenue grants unapplied for GMFRS of £1.077m as set out in Section 4.
4. Note the award of £8.6 million of funding from Department for Transport with respect to the Intra-City Transport Settlement Resource funding for financial year 2021-22, and approve the inclusion of this funding and associated costs in the 2021/22 budget, which will be used alongside the previously approved funding from TCF, for expenditure on the development of a pipeline of infrastructure schemes in Greater Manchester by TfGM and the ten Local Authorities (paragraphs 6.8/6.9).
5. Note the updated budget prepared for implementation of the GM Bus Franchising Scheme in 2021/22 and approve the inclusion of this expenditure and funding in the 2021/22 budget in line with the funding arrangements for Bus Franchising previously approved by GMCA in November 2020 and originally approved in October 2019 (paragraphs 6.10–6.17).

## **CONTACT OFFICERS:**

Name: Steve Wilson, GMCA Treasurer  
Telephone: 07725 481067  
E-Mail: [steve.wilson@greatermanchester-ca.gov.uk](mailto:steve.wilson@greatermanchester-ca.gov.uk)

Name: Rachel Rosewell, GMCA Deputy Treasurer  
Telephone: 07725 481067  
E-Mail: [rachel.rosewell@greatermanchester-ca.gov.uk](mailto:rachel.rosewell@greatermanchester-ca.gov.uk)

Name: Steve Warrener, Finance and Corporate Services Director, Transport for Greater Manchester  
Telephone: 07711 819301

E-mail: [steve.warrener@tfgm.com](mailto:steve.warrener@tfgm.com)

**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 2021/22 budget update.

**Financial Consequences** – Revenue – The report sets out the forecast outturn position for 2021/22.

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

**Equalities Implications:** The report recommendation an increase to the Mayoral budget for tackling inequalities in response to the recommendations of the Independent Inequalities Commission which was reported to GMCA on 25<sup>th</sup> June 2021;

Number of attachments included in the report: 0

#### **BACKGROUND PAPERS:**

##### **Reports to Greater Manchester Combined Authority:**

Bus Reform – 27<sup>th</sup> November 2020

GMCA Budget Reports – 12th February 2021

Bus Reform: Consultation and the GMCA Response - 23 March 2021

A Bed Every Night 2021/22 – 26<sup>th</sup> March 2021

GM Devolved Adult Education Budget Year 1 update and next steps – 26<sup>th</sup> March 2021

Greater Manchester Independent Inequalities Commission – 25<sup>th</sup> June 2021

<b>TRACKING/PROCESS</b>	
Does this report relate to a major strategic decision, as set out in the GMCA Constitution	No
<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?	N/A
TGMC	Overview & Scrutiny Committee
N/A	GM Corporate Issues & Reform 7 <sup>th</sup> September 2021

## 1. INTRODUCTION

- 1.1 The report details the GMCA actual position to 30<sup>th</sup> June 2021 and forecast revenue outturn position for 2021/22, covering Mayoral General Budget, Mayoral GM Fire and Rescue Budget (GMFRS), GMCA General Budgets, GM Waste and Transport including Transport for Greater Manchester (TfGM). It provides an analysis of the significant forecast variances in year compared to approved budget, seeks approval for revisions to the budget and provides details on usable revenue reserves and balances.
- 1.2 The position at Quarter 1 is summarised in the table below with further detail on the variances provided in the report.

Summary 2021/22 Quarter 1	Approved Budget			Forecast Outturn			Variance		
	Exp	Income	Total	Exp	Income	Total	Exp	Income	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Mayoral	126,747	-126,747	0	127,028	-127,028	0	283	-283	0
GMCA General	224,044	-224,044	0	245,876	-245,876	0	21,832	-21,832	0
GMFRS	110,558	-110,558	0	109,618	-110,558	-940	-940	0	-940
Waste	162,402	-162,402	0	161,811	-162,402	-591	-591	0	-591
Transport	246,426	-246,426	0	266,676	-266,676	0	20,250	-20,250	0
<u>Memorandum item</u>									
TfGM	173,680	-173,680	0	193,930	-193,930	0	20,250	-20,250	0

- 1.3 The provisional 2020/21 general and earmarked opening reserves and planned use of reserves in 2021/22 as per the approved budget in February 2021 is summarised in the table below with a further breakdown provided for information in Appendix 1.

Usable Reserves and Balances 2021/22	General Reserves	Other Reserves & Balances		
	Opening Balance 1 April 2021	Opening Balances 01/04/21	2021/22 Planned Use as per approved budget	Projected Balance 31/03/22
	£000s	£000s	£000s	£000s
GMCA	(4,245)	(76,942)	27,733	(49,208)
GMFRS*	(12,093)	(29,229)	8,255	(20,974)
Mayoral	0	(13,630)	6,634	(6,996)
Transport	(1,085)	(164,675)	17,618	(147,057)
Waste	(12,132)	(32,056)	270	(31,786)
<b>Total Revenue Reserves</b>	<b>(29,555)</b>	<b>(316,532)</b>	<b>60,510</b>	<b>(256,021)</b>

\*Note that GMFRS approved use of reserves in 2021/22 is £2.7m for the capital programme and £5.555m for the revenue budget (as per the figure shown in the table at paragraph 4.1 below)

## 2. MAYORAL BUDGET

- 2.1 The Mayoral budget for 2021/22 approved by GMCA in February 2021 is £126.747m. At the end of quarter 1 the forecast position for the Mayoral budget is breakeven.

2.2 The table below summarises the position and shows an increase in forecast expenditure of £283k due additional costs for Mayoral priorities relating to:

- Additional funding of £250K for tackling inequalities in response to the recommendations of the Independent Inequalities Commission which was reported to GMCA on 25<sup>th</sup> June 2021;
- Funding to support 'No Child Goes Hungry' campaign during the April and May school holidays.

2.3 It is proposed to fund £283k of the additional costs from Mayoral reserves.

<b>Mayoral Revenue Monitoring 2021/22</b>	<b>Approved Budget</b>	<b>Actual Quarter 1</b>	<b>Forecast Outturn</b>	<b>Forecast Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Employee Related	457	109	457	0
Supplies and Services	2	1	2	0
Travel Related	32	0	26	-6
Corporate Recharge	756	0	756	0
Mayoral Priorities	19,250	39	19,539	289
Mayoral Transport	106,250	0	106,250	0
<b>Total Expenditure</b>	<b>126,747</b>	<b>149</b>	<b>127,030</b>	<b>283</b>
Mayoral Precept	-18,709	-4,677	-18,709	0
Collection Fund Surplus /-Deficit	855	214	855	0
Collection Fund Compensation	-103	0	-103	0
Local Council Tax Scheme	-504	-502	-504	0
BSOG grant	-13,100	-13,100	-13,100	0
Mayoral Capacity grant	-1,000	-1,000	-1,000	0
Statutory charge	-86,700	-26,010	-86,700	0
Use of Reserves	-6,636	0	-6,919	-283
External Income	-850	0	-850	0
<b>Gross Income</b>	<b>-126,747</b>	<b>-45,075</b>	<b>-127,030</b>	<b>-283</b>
<b>Net Expenditure</b>	<b>0</b>	<b>-44,927</b>	<b>0</b>	<b>0</b>

### **3. GMCA General Budget**

3.1 The 2021/22 budget approved for GMCA in February 2021 was £224.044m funded from recurrent and non-recurrent sources, made up of local precepts and levies, government grants and reserves. The forecast position at the end of quarter 1 is breakeven.

3.2 The table below provides a breakdown of the GMCA budget and the forecast outturn position at Quarter 1:

<b>GMCA General Budget 2021/22</b>	<b>Approved Budget</b>	<b>Actual Quarter 1</b>	<b>Forecast Outturn</b>	<b>Forecast Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Directorate</b>				
Digital	1,674	617	1,674	0
Economy	18,763	2,426	20,738	1,975
Environment	2,697	581	2,943	246
Place	7,631	2,450	7,724	93
Public Service Reform	21,993	4,400	21,997	4
Work and Skills	140,406	28,102	158,335	17,929

GMCA Corporate	27,080	4,501	28,665	1,585
GM Election	3,800	102	3,800	0
<b>Gross Expenditure</b>	<b>224,044</b>	<b>43,178</b>	<b>245,876</b>	<b>21,832</b>
<b>Funding</b>	<b>-224,044</b>	<b>-129,408</b>	<b>-245,876</b>	<b>-21,832</b>
<b>Net Expenditure</b>	<b>0</b>	<b>-86,230</b>	<b>0</b>	<b>0</b>

3.3 Since the 2021/22 budget was approved in February 2021 there have been changes to planned expenditure for the Economy, Work and Skills and GMCA Corporate Directorates. Overall this is an increase to the GMCA budget of £21.832m which is fully funded from additional income and reserves as set out below. The GMCA is requested to approve an increase to the 2021/22 GMCA General budget to £245.876m.

3.4 For the Economy Directorate there is an increase in planned spend of £1.975m in relation to:

- Department for Business, Energy & Industrial Strategy (BEIS) funding of £664k for the Peer Network programme delivered for Greater Manchester by the Business Growth Hub;
- £600k for Marketing Manchester and £200k for MIDAS as part of £2.250m three-year programme funded from retained Business Rates, approved by GMCA on 27<sup>th</sup> November 2020;
- £469k for Industrial Strategy funded from the £3.8m from retained Business Rates, previously approved by GMCA;
- £42k other minor budget variances.

3.5 For the Work and Skills Directorate an increase to planned spend of £17.929m. The majority of this is in relation to the following programmes:

- £5.653m for the Adult Education Budget (AEB) National Skills Fund Adult Level 3 which was reported to GMCA in March 2021 as part of the GM Devolved AEB update report;
- £1.638m from European Social Fund (ESF) Youth Guarantee Programme. Funding of £11.850m awarded by ESF to be spent up to December 2023. A further report will be brought GMCA to seek approval for delegation to proceed with procurement for delivery to commence later in 2021;
- £476k from Department for Education for Retrofit Bootcamp;
- £500k from Department for Education for Digital Bootcamp.

3.6 In addition there is funding held in reserve from 2020/21 of £5.960m for AEB, £2.946m for Working Well and £935k for Work & Health Programme which has now been included in the projected spend for 2021/22 to allow continued focused activity coming out of the COVID-19 pandemic. Other budget variances result in a reduction of £179k in planned spend, particularly in relation to ESF Skills for Growth savings from staffing.

3.7 For the GMCA Corporate Directorate there is an increase in planned spend of £1.585m in relation to COVID-19, such as the temporary mortuary, homelessness provision, personal protective equipment, communications etc that will be funded from resource from GM local authorities, NHS and GMCA reserves.

3.8 There are smaller changes for the Environment Directorate and Place Directorate with an increase in funding of £246k for Great Places largely in relation to the

National Lottery Funding and a £93k transfer from reserves for the Creative Industry Scale Up.

- 3.9 For the Public Service Reform Directorate there is a shortfall of funding from Ministry for Housing, Communities and Local Government (MHCLG) for the Rough Sleeper Initiative of £500k which was planned for the A Bed Every Night 2021/22 reported to GMCA on 26<sup>th</sup> March 2021. The breakeven position above reflects a proposal to fund this shortfall from the Mayoral priority reserve created from the 2020/21 underspend on the Opportunity Pass.

#### 4. MAYORAL GENERAL – GM FIRE AND RESCUE SERVICE

- 4.1 The 2021/22 budget for GM Fire and Rescue Service (GMFRS) in February 2021 was £110.558m. The forecast revenue outturn position at quarter 1 is an underspend of £940k. The table below provides a summary of the position:

<b>GMFRS Budget 2021/22</b>	<b>Approved Budget</b>	<b>Actual Quarter 1</b>	<b>Forecast Outturn</b>	<b>Forecast Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Employees	86,991	20,532	86,875	-115
Indirect Employees	1,711	-15	1,600	-111
Premises	4,932	644	4,859	-73
Transport	2,283	377	2,087	-196
Supplies & Services	8,897	2,489	8,464	-433
Support Services	7,587	-1	7,596	9
Capital Financing Costs	90	0	90	0
Government Grants	-768	-274	-768	0
Other Grants & Contributions	-2,244	-75	-2,244	0
Customer & Client Receipts	-2,586	-388	-2,606	-20
<b>Total Service Budget</b>	<b>106,893</b>	<b>23,289</b>	<b>105,953</b>	<b>-940</b>
Capital Financing Costs	2,316	0	2,316	0
Transfer to Earmarked Reserve	1,349	0	1,349	0
<b>Total Expenditure</b>	<b>110,558</b>	<b>23,289</b>	<b>109,618</b>	<b>-940</b>
Funded by:				
Localised Business Rates	-10,297	-2,574	-10,297	0
Baseline funding	-40,353	-10,895	-40,353	0
Section 31 - Business rates related	-3,942	-634	-3,942	0
Section 31 - Pension related	-5,605	-5,605	-5,605	0
Precept income (at £59.95 Band D)	-50,041	-12,510	-50,041	0
Collection Fund surplus/deficit	5,236	132	5,236	0
<b>Total Funding</b>	<b>-105,003</b>	<b>-32,087</b>	<b>-105,003</b>	<b>0</b>
<b>Transfers from Reserves</b>	<b>-5,555</b>	<b>0</b>	<b>-5,555</b>	<b>0</b>
<b>Net Expenditure</b>	<b>0</b>	<b>-8,798</b>	<b>-940</b>	<b>-940</b>

- 4.2 GMFRS requires the use of reserves as listed below, for which, approval is sought to increase the budget. One off costs to be incurred during 2021/22 were identified and transfers to reserves were included in the 2020/21 outturn report to fund these costs.

<b>Planned transfers from reserves</b>	<b>£000</b>
<b>Earmarked reserves</b>	
Estates Facilities	157
Littleborough Station	16
Training Plan	332
Prevention Campaigns	24
<b>Total Earmarked reserves</b>	<b>529</b>
<b>Revenue Grants Unapplied:</b>	
Building Risk Review	76
Grenfell Infrastructure	97
Pension Admin Grant	113
Protection Board Accreditation Grant	66
Protection Uplift Grant	157
Waking Watch Relief Grant	41
<b>Total Revenue Grants Unapplied</b>	<b>548</b>
<b>Total Reserves and Grants</b>	<b>1,077</b>

#### Employee Related

- 4.3 Employees pay and pensions is a forecast underspend of £115k. This forecast is based on the current strength figures across GMFRS with the addition of 1.5% increase from July for pay award. The pay award budget was set at 0%, however, the increase is being absorbed through vacancies.
- 4.4 The forecast also includes expected costs of future new recruit cohorts throughout the financial year. The figures do not include any assumptions of future leavers, however, the Service are expecting that the forecast will reduce from that currently reported as a result due to high numbers of leavers, which will be updated in future reports.
- 4.5 The pay underspend is mainly attributable to the number of uniformed posts being lower than the budgeted establishment. The recruitment strategy seeks to increase headcount up to budgeted establishment numbers by September 2022. Pre-arranged overtime has been included in the forecast based on average cost to date for the hours required to maintain ridership. This cost is expected to reduce as the number of personnel increases which will be factored into future forecasts.

#### Non-pay related

- 4.6 Indirect Employee Allowances position is an underspend of £111k. The underspend is mainly in relation to a reduction in mileage costs for detachments.

- 4.7 Premises Related expenditure is currently forecast to budget, with the exception of business rates, however, further information is being gained to inform forecasts in this area. The forecast for business rates of £73k underspend reflects the information currently received and the Service are working with property consultants to quantify the one off in-year rebate relating to previous years.
- 4.8 Transport Related forecast is an underspend of £196k based on costs incurred to date, however, travel costs may increase in line with the easing of national restrictions.
- 4.9 Supplies, Services and Other Expenditure is forecast at an underspend of £433k including savings identified in year which will be reinvested if pressures arise during the financial year.
- 4.10 Support Services budget incorporates the central recharges received from the wider Combined Authority. This indicates that the actual recharges will be in line with budget with the exception of an identified resource requirement for the whole-time firefighter recruitment and selection process.

#### Income

- 4.11 Income is expected to overachieve by £20k which is in relation to the disposal of vehicles. Other elements of income will be closely monitored to identify any further variances.

### **5. GREATER MANCHESTER WASTE**

- 5.1 The 2021/22 budget for Waste in February 2021 was £162.402m based on November 2020 tonnage information supplied by GM Local Authorities and inflation for the Waste and Resource Management Services (WRMS) and Household Waste Recycling Centre Management Services Contracts (HWRCMS).
- 5.2 The position at quarter 1 is an underspend of £591k. The table below provides a breakdown of the position.

<b>GM Waste Budget 2021/22</b>	<b>Approved Budget</b>	<b>Forecast Outturn</b>	<b>Forecast Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Operational Costs	105,023	105,250	227
Operational Financing	48,830	47,492	-1,338
Office Costs	6,190	6,190	0
Non Operational Financing	2,629	2,640	11
Total Budget	162,672	161,572	-1,100
Levy Adjustment	0	509	509
Use of Reserves	-270	-270	0
Levy	<b>162,402</b>	<b>161,811</b>	<b>-591</b>

- 5.3 Operational costs are showing a overspend due to the inclusion of anticipated additional disposal costs during the modification works period at Longley Lane which was originally budgeted for in 2020/21.
- 5.4 Operational financing is showing an underspend due to lower than budgeted interest rates and slightly lower Minimum Revenue Provision (MRP) due to slight delays in the

capital programme.

- 5.5 Currently there is a forecast levy adjustment payment to Districts of £509k from reduced tonnages. However, it should be noted that this forecast adjustment is based on quarter 1 data only and could be subject to significant variation through the remainder of the year dependent on resident behaviour, further lifting or any re-imposition of COVID-19 restrictions and economic activity. Further updates will be provided throughout the remainder of the year.

## 6. TRANSPORT REVENUE BUDGET

- 6.1 The Transport revenue budget approved by GMCA in February 2021 is £246.426m, which includes funding from the Transport Levy and Statutory Charge, Mayoral precept, grants and reserves. The majority of the Transport revenue budget is paid to Transport for Greater Manchester (TfGM) for transport delivery and the budget approved for 2021/22 was £173.680m. The remainder of the Transport revenue budget is retained by GMCA for capital financing costs for Metrolink and other programmes. The position against the capital financing budget is breakeven.
- 6.2 The table below summarises the original approved budget for TfGM for 2021/22 and the proposed revised budget at quarter 1 of £193.930m, an increase of £20.250m. A commentary on the key changes is provided below the table.

<b>TfGM Revenue Budget 2021/22</b>	<b>Approved Budget</b>	<b>Forecast Outturn</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Expenditure</b>			
Concessionary Support	77,900	76,900	-1,000
Supported Services	32,000	32,000	0
Accessible Transport	3,900	3,900	0
Operational Costs	35,820	37,320	1,500
Clean Air Plan Costs	6,500	4,200	-2,300
GMIP development Costs	7,000	17,900	10,900
Bus Franchising costs	4,250	15,400	11,150
Financing	6,310	6,310	0
<b>Total Expenditure</b>	<b>173,680</b>	<b>193,930</b>	<b>20,250</b>
<b>Funded by</b>			
Levy Allocated to TfGM	-36,380	-36,380	0
Statutory Charge	-86,700	-86,700	0
Mayoral Budget	-18,650	-18,650	0
Rail Grant	-1,900	-1,900	0
Metrolink funding from Revenue / Reserves	-10,800	-10,800	0
Clean Air Plan JAQU grants	-6,500	-4,200	2,300
TCF2 funding for GMIP	-7,000	-9,300	-2,300
ICTF funding for GMIP	0	-8,600	-8,600
Bus Franchising funding	-4,250	-15,400	-11,150
Utilisation of Reserves/other Grants	-1,500	-2,000	-500
<b>Total Funding</b>	<b>-173,680</b>	<b>-193,930</b>	<b>-20,250</b>

<b>Net Expenditure</b>	0	0	0
------------------------	---	---	---

- 6.3 The costs of concessionary reimbursement are currently forecast to outturn slightly below budget, mainly due to lower reimbursement paid in the year to date. Whilst TfGM has, in line with previous Department for Transport (DfT) guidance, continued to reimburse bus operators for concessionary reimbursement in line with pre COVID-19 volumes, adjustments have been made, in line with further DfT guidance, where operated mileage has been less than 100% of pre COVID-19 levels.
- 6.4 The costs of Supported Service and Accessible Transport are currently forecast to outturn in line with budget.
- 6.5 Operational costs are currently forecast to outturn c.£1.5 million higher than the original budget due to the costs of activities which are funded by additional grants and other additional costs incurred, including those with respect to COVID-19.
- 6.6 The costs of completing the Full Business Case for the Clean Air Plan are currently forecast to outturn £2.3 million lower than the original budget due primarily to timing differences. As in previous years, all of these costs are funded by grants from the Government's Joint Air Quality Unit.
- 6.7 As noted in the report on the Transport Budget presented to GMCA on 12 February, in January 2021 GMCA approved, for adoption and publication, the revised Greater Manchester Transport Strategy 2040 and the final version of the Five-Year Transport Delivery Plan (2021-2026) TfGM and the 10 Local Authorities are working to use the interventions identified within the Delivery Plan to continue to develop a pipeline of transport infrastructure to support GM priorities.
- 6.8 In April 2021, the DfT confirmed the award of £8.6m of funding from Intra-City Transport Settlement funding for financial year 2021/22. Alongside the funding of £7m from second tranche of Transforming Cities funding (TCF2) which was approved in the original budget, a carry forward of £2.3m of TCF2 funding from underspend in 2020/21 resulting in a total of £17.9m. This will fund expenditure on the development of a pipeline of transport infrastructures schemes in Greater Manchester by TfGM and the ten Local Authorities.
- 6.9 A development package to utilise this revenue resource has been jointly developed by the GM Delivery Group (TfGM and Local Authorities) and has been endorsed by Directors of Place and Chief Executives. Key development priorities being brought forward from this funding include:
- Requirements to respond to and prepare for HS2, including developing growth strategies and local plans for stations;
  - Rapid Transit development including future Metrolink extensions and development of Tram Train;
  - A significant ramp-up in development resource and activity for the bus programme, including development of the first Quality Bus Transit (QBT) corridors; and
  - A body of development work focused on local "place-based" priorities and growth locations, including local priorities managed directly by Local Authorities.

- 6.10 The Mayoral General Budget included an estimated sum of £4.250m for the revenue costs of Bus Reform in 2021/22. The budget report of 12 February also noted that, if a decision was taken by the Mayor to introduce bus franchising, a further report would be brought to GMCA for approval of the proposed expenditure and funding arrangements to support the implementation of that decision.
- 6.11 On 25 March 2021 the Mayor made his decision to proceed with bus franchising in Greater Manchester. Work has subsequently been undertaken to further develop the 2021/22 budget for the implementation of bus franchising.
- 6.12 The funding arrangements for these costs were set out in the Bus Reform report to GMCA in November 2020. The financial strategy included a total budgeted cost to implement Bus Franchising of £134.5m over the period to 2025/26; and that these costs would be funded from a combination of Earnback, a one-off Local Authority contribution, Business Rates pooling receipts, existing 2019/20 precept for Bus Reform and a requirement from future years' precept.
- 6.13 The total forecast costs and funding sources for the implementation of bus franchising is unchanged from the £134.5m previously reported to GMCA. However, the year on year phasing of the costs and funding sources have been reviewed following the decision taken in March to implement the Franchising Scheme
- 6.14 The revenue funding budget for bus franchising, on a re-phased basis, for 2021/22 is £16.9m and the currently forecast revenue expenditure for 2021/22 is £15.4m.
- 6.15 The forecast expenditure in 2021/22 is in line with the next steps required for the implementation and operation of the franchising scheme following the making of the scheme by the Mayor in March 2021, as set out in the May 2021 *'Bus Reform: The Greater Manchester Franchising Scheme for Buses 2021 - Implementation and Operation'* report to GMCA, include:
- Costs relating to the procurement of local service contracts required for the implementation and operation of tranche 1 of the franchising scheme;
  - Preparatory work necessary to establish, operate and manage the Residual Value mechanism, as set out in the Assessment;
  - Costs relating to the procurement of on-bus equipment, other equipment, and systems and associated services which are necessary for the implementation and operation of the franchising scheme;
  - Allowances for depot and land acquisition financing costs aligned to the depot strategy, as set out in the Assessment; and
  - A quantified risk allowance, in line with the allowance in the Assessment, and as considered appropriate for this stage of development.
- 6.16 Of the currently forecast total expenditure in 2021/22, revenue expenditure of £15.4m is included for approval in the revised budget in the table above.
- 6.17 Approval for capital expenditure of £24.6m is included for approval in the 2021/22 Capital Programme Outturn Report, which is also included on the agenda for this meeting. The currently forecast total capital expenditure of £24.560m includes currently forecast expenditure of £8.9m on 'short life' capital assets, including on-bus equipment, other equipment, and systems and associated services; and currently forecast expenditure of £15.7m on the development and delivery of the depot strategy. The revenue implications of the capital expenditure in 2021/22 is included, as appropriate, in the forecast revenue expenditure of £15.4m.

## **7. Recommendations**

7.1 Recommendations are included at the front of the report.

## Appendix 1

<b>USABLE REVENUE RESERVES AND BALANCES 2021/22</b>	<b>Opening Balance 01/04/21</b>	<b>2021/22 Planned Use as per approved budget</b>	<b>Projected Balance 31/03/22</b>
	<i>£000s</i>	<i>£000s</i>	<i>£000s</i>
<b>GENERAL RESERVES</b>			
GMCA	-4,245		-4,245
Transport	-1,085		-1,085
Mayoral & GMFRS	-12,093		-12,093
Waste	-12,132		-12,132
<b>TOTAL GENERAL RESERVES</b>	<b>-29,555</b>	<b>0</b>	<b>-29,555</b>
<b>EARMARKED RESERVES AND REVENUE GRANTS UNAPPLIED</b>			
<b>GMCA Earmarked Reserves</b>			
Business Rates Growth Pilot & Levy	-33,193	24,569	-8,624
14-19	-22		-22
2017-18 EX Funding fo the LEP Reserve	-340		-340
Ageing Well	-830		-830
Armed Forces	-6		-6
Business Growth Hub	-323		-323
Churchgate House Accommodation	-700		-700
Digital Bootcamp managment fee	-49		-49
Domestic Energy	-45		-45
Economic Intelligence Gathering	-150		-150
Flexible Public Service Reform	-11	2	-9
GM Age Hub	-38		-38
GM Connect	-693	171	-522
GM Covid Fund	-589		-589
GM Skills for Employment Pilot	0		0
GPF-RGF Interest and Arrangement Fees	-8,892		-8,892
Greater Manchester Resilience Forum	-297		-297
Housing Investment Fund	-10,987	1,000	-9,987
Independent inquality commission	-152	68	-85
Innovate UK (GM LIS)	-8		-8
Local data review	-25		-25
MappingGM Funding	-10		-10
Maternity Mental Health Services/ Perinatal Infant Programme/School Readiness	-53		-53
MHCLG Brexit Preparation	-88	20	-68
NEDO	-17		-17
Oldham Technical Project	-17		-17
Pathways to Talking project contribution	-10		-10
Personal, Health, Social and Economic (PHSE)	-11		-11
Pioneer City	-112		-112
Regional Growth Fund Deposit Interest	-113		-113
Rogue Landlord Funds	-42		-42
Smart Sustems and Heat	-43		-43
Working Well- Trafford	-250	250	0
Working Well-Care and Support	-365	242	-122

<b>GMCA Revenue Grants Unapplied</b>	<b>-58,483</b>	<b>26,322</b>	<b>-32,161</b>
Adult Education Budget Devolution	-4,445		-4,445
Age	-459		-459
BAME-5 Cities Project	-13		-13
Brownfield Fund	-1,551		-1,551
Careers & Enterprise Grant	-38	115	77
Changing Futures Programme	-15		-15
City Deal	-1,128	653	-475
Creative Scale Up Project	-365	97	-268
Digital Funding (Alpha Projects)	-32		-32
GM Trailblazer	-38		-38
Growing Places Fund	-1,554		-1,554
Housing First Pilot	-466	346	-120
LEP Strategic Plans Funding (LEP)	-396	145	-251
Life Chances	-4,715		-4,715
One Public Estate	-367		-367
Planning & Delivery Fund	-447	55	-392
Reform and Investment Fund	-390		-390
Rough Sleeper Initiative	-80		-80
Smarter Cities	-69		-69
Social Impact Bond	-24		-24
Youth Contract	-1,868		-1,868
	<b>-18,458</b>	<b>1,411</b>	<b>-17,047</b>
<b>Total GMCA</b>	<b>-76,942</b>	<b>27,733</b>	<b>-49,208</b>
<b>GMFRS - Earmarked Reserves</b>			
Capital Reserve**	-10,600	2,700	-7,900
Innovation and Partnership CYP	-127		-127
Restructuring Reserve	-418		-418
Business Rates Reserve	-1,605		-1,605
Insurance Reserve	-2,849		-2,849
Arena Insurance	-250	250	0
Estates Facilities	-157		-157
Earmarked Budgets Reserve - Summary			0
EFAD Trainers	-122	122	0
Emergency Response	-234		-234
ICT	-300		-300
Littleborough Funds	-16		-16
MTA Capability	-81	81	0
New Dimensions Grant	-23		-23
People & Organisational Development	-34		-34
PFI Earmarked Reserve	-131		-131
Prevention & Protection	-36		-36
Prevention Campaigns	-24		-24
Safe Drive Stay Alive	-15		-15
TDC Admin	-100	100	0
Training Plan	-332		-332
Transformation Fund	-3,604		-3,604
	<b>-21,057</b>	<b>3,253</b>	<b>-17,804</b>
<b>GMFRS - Revenue Grants Unapplied</b>			
Building Risk (High Rise)	-76		-76
COVID-19	-1,252		-1,252

ESMCP	-548		-548
Grenfell Infrastructure	-97		-97
ISAR Grant	-102		-102
New Dimensions Grant	-82		-82
New Risks Program	-181		-181
NNDR Additional S31 Grant	-4,891	4,798	-93
NNDR Compensation Grant	-345	204	-141
Pension Admin Grant	-113		-113
Protection Board Accreditation Grant	-66		-66
Protection Uplift (High Risk)	-157		-157
Revenue Grants Unapplied - Summary	0		0
USAR Grant	-214		-214
Wigan funding - buses for Bury safety centre	-9		-9
WWRF (New Burdens Fund)	-41		-41
	<b>-8,172</b>	<b>5,002</b>	<b>-3,170</b>
<b>Total GMFRS</b>	<b>-29,229</b>	<b>8,255</b>	<b>-20,974</b>
<b>Mayoral Earmarked Reserves</b>			
A Bed Every Night	-2,000	2,000	0
Our Pass Reserve	-7,021	1,884	-5,137
	<b>-9,021</b>	<b>3,884</b>	<b>-5,137</b>
<b>Mayoral Revenue Grants Unapplied</b>			
Bus Services Operators Grant	-4,290	2,750	-1,540
Council Tax Compensation Grant	-319		-319
	<b>-4,609</b>	<b>2,750</b>	<b>-1,859</b>
<b>Total Mayoral</b>	<b>-13,630</b>	<b>6,634</b>	<b>-6,996</b>
<b>Transport Earmarked Reserves</b>			
Capital Programme Reserve	-88,891	6,060	-82,831
Business Rates Top Up (needed for LGF)	-35,483		-35,483
HS2 Growth Strategy	0		0
Integrated Ticketing Reserve	-11,703		-11,703
	<b>-136,077</b>	<b>6,060</b>	<b>-130,017</b>
<b>Transport Revenue Grants Unapplied</b>			
Access Fund- Active Travel	-3		-3
Active Travel Fund	-2,759		-2,759
CCAG Evaluation	-17		-17
Cycle and Walking to Work Scheme 2018-19	0		0
Cycling & Walking to Work	0		0
Earnback Revenue	-22,359	11,558	-10,801
GM Clean Air Plan	-2,921		-2,921
Local Sustainable Transport Fund	-191		-191
Made Smarter	0		0
Manchester Western Loop	-332		-332
SEMMMs Study	-9		-9
Total Transport Pilot Fund	-7		-7
	<b>-28,598</b>	<b>11,558</b>	<b>-17,040</b>
<b>Total Transport</b>	<b>-164,675</b>	<b>17,618</b>	<b>-147,057</b>
<b>Waste Earmarked Reserves</b>			
Waste Composition Analysis	0		0
Waste Engagement Activities Reserve	-753		-753
Waste Interest Rate Reserve	-2,000		-2,000

Waste Lifecycle Reserve	-3,911		-3,911
Waste MTFP Funding Reserve	-11,885	270	-11,615
Waste Optimisation and Efficiency	0		0
Waste pension Deficit Funding Reserve	-812		-812
Waste Disposal Insurance Reserve	-12,694		-12,694
<b>Total Waste</b>	<b>-32,056</b>	270	<b>-31,766</b>
<b>Total Earmarked Reserves &amp; Revenue Grants Unapplied</b>	<b>-316,532</b>	<b>60,510</b>	<b>-256,021</b>