

Greater Manchester Combined Authority

Date: 11 February 2022

Subject: Budget Paper D - GMCA Revenue General Budget 2022/23

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

PURPOSE OF REPORT

The report sets out the Greater Manchester Combined Authority (GMCA) Revenue General Budget for 2022/23. The proposed District contributions to be approved for 2022/23 of £8.603m are included within the report together with the consequent allocations to the individual Councils which is unchanged from 2021/22.

RECOMMENDATIONS:

The GMCA is requested to:

1. Approve the budget relating to the Greater Manchester Combined Authority functions excluding transport and waste in 2022/23 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;

CONTACT OFFICERS:

Name: Steve Wilson, Treasurer to GMCA

Telephone: 07725 481067

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

Name: Rachel Rosewell, Deputy Treasurer

Telephone: 07725 482865

E-Mail: rachel.rosewell@greatermanchester-ca.gov.uk

Equalities Implications: N/A

Climate Change Impact Assessment and Mitigation Measures: N/A

Risk Management – An assessment of the potential budget risks faced by the authority are carried out quarterly as part of the monitoring process. Specific risks and considerations for the budget 2022/23 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 2022/23.

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 2021/22 - 26 November 2021.

Report to Greater Manchester Combined Authority: GMCA General Budget 2021/22 – 12 February 2021.

TRACKING/PROCESS	
Does this report relate to a major strategic decision, as set out in the GMCA Constitution	Yes

EXEMPTION FROM CALL IN		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		
GM Transport Committee	Overview & Scrutiny Committee	
	8th February 2022	

1. INTRODUCTION AND BACKGROUND

- 1.1 This report provides details of the proposed Greater Manchester Combined Authority (GMCA) Revenue General budget for 2022/23. The budgets for Mayoral activities including Fire and Police, Transport and Waste services are reported separately.
- 1.2 The proposed 2022/23 GMCA General budget reflects the latest position for GMCA taking account of devolved funding, specific grant funding and new cost pressures such as National Insurance contributions and pay and price inflation. GMCA will achieve a balanced budget for the year ahead, and will ensure activities achieve value for money, add value and drive progress against priorities set out in the GMCA Corporate Plan.
- 1.3 The District contributions 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 2021/22 and 2022/23. 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 2022/23

- 2.1 The proposed budget for 2022/23 for the GMCA Revenue General budget is £242.621 million summarised in the table below. A detailed breakdown of the budget is provided in Appendix 1:

GMCA General Revenue Budget	2021/22 Original Budget	2022/23 Proposed Budget
Expenditure	£000	£000
GMCA Corporate	26,580	27,320
Digital	1,674	2,597
Economy	18,954	18,499
Environment	2,697	758
Place Making	7,940	6,707
Public Service Reform	21,993	30,961
Education, Work and Skills	140,406	155,779
GM Election	3,800	0
Total Expenditure	224,044	242,621
Government Grants	153,046	180,133
District Contributions	8,603	8,603
Internal Recharges	17,000	18,995
Earmarked Reserves - Business Rates	24,569	16,327
Earmarked Reserves - Other	7,104	3,683
Other Income	13,722	14,879
Total Resources	224,044	242,621

GMCA Corporate

- 2.2 The proposed GMCA Corporate budgets for 2021/22 totals £27.3 million 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 Commercial Services, Legal and Governance and the Core Investment Team. Funding of GMCA corporate functions is predominantly from recharges within the GMCA and to grants, external funding and District contributions.

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. 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.

- 2.5 The proposed 2022/23 budget for Digital is £2.6 million, this includes the key programmes of GM Connect, GM Digital Strategy and Smart Residents Data Exchange Platform, Local Full Fibre Network and GM One Network. Of this £1.4 million is met from previously agreed retained business rates growth and £1.2 million from grants and reserves.

Economy

- 2.6 The Economy portfolio leads key groups including the Growth Board, Local Industrial Strategy Programme Delivery Executive, GM Economic Resilience Group and GM LEP. The team leads on Spending Review submissions to Government for GM, bringing together voices and ideas from across the 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.
- 2.7 The proposed 2022/23 budget for Economy is £18.5 million, which includes:
- £10.3 million for the GM Productivity Programme and GM Local Industrial Strategy programmes, both of which are funded from previously agreed retained business rate growth.
 - £2.150 million relating to Marketing Manchester and MIDAS funded from District Contributions of £1.4 million and £0.75 million from previously agreed retained business rate growth.
 - £4 million relating to Made Smarter Adoption North West programme fully funded from Government grant.
 - £1.8 million for the Economy team funded from a combination of internal recharges, grants and previously agreed retained business rates growth.

Environment

2.8 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 proposed 2022/23 budget for Environment is £0.76 million which is predominantly funded from government grants, recharges and District contributions.

Place making

2.9 Place making focuses 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.

2.10 The proposed 2022/23 budget for Place Making is £6.7 million the majority of which relates to Cultural and Social Impact Fund of £4.4m funded by District contributions and £1.1m of new retained business rates growth agreed by GMCA in September 2021. In addition there is £2.3 million of budget for Business, Innovation and Enterprise Policy, Planning and Housing and Land and Property Strategy funded from a combination of internal recharges and District contributions.

Public Service Reform

2.11 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.

2.12 The proposed 2021/22 budget for Public Service Reform is £31 million, this includes:

- Supporting Families, a continuation of the programme which includes confirmed grant funding of £11.6 million for 2022/23 for local authority delivery of intensive family support and Early Help.
- Homelessness and Rough Sleeping including:
 - A Bed Every Night (ABEN) of £5.850 million funded from Mayoral Precept, partner contributions and Government grant;
 - Housing First programme with funding of £3.2 million funded from Government grant;
 - Rough Sleeper Initiative, Rough Sleeper Accommodation and Community Accommodation programmes with Government grant funding totaling £3.2 million;
 - Homelessness Social Impact Bond of £1.5 million funded from previously agreed retained business rates growth and GMCA reserves.
- Changing Futures funding of £1.8 million for 2022/23 which is the second year of a three year programme to improve outcomes for adults experiencing multiple disadvantage.
- Delivery resources and other programmes including Children and Young People Plan, School Readiness, GM Gambling, Armed Forces plan.

Education, Work and Skills

2.13 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. The proposed 2022/23 budget is £155.8 million to support the following programmes:

- The Adult Education Budget (AEB) of £96.2 million devolved to GM to support the city-region's residents to develop skills needed for life and work, plus an additional £6.7 million for the AEB National Skills Fund Adult Level 3 programme.

- European Social Fund (ESF) Skills for Growth Programme of £22.3 million, 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, including the Work and Health Programme of £9.6 million, Job Entry Targeted Support (JETS) programme of £6.7 million and Working Well Specialist Employment of £0.9 million.
- European Social Fund (ESF) Not in Employment, Education or Training (NEET) prevention/reduction and youth employment programme of £5.3 million.
- Future Workforce Fund of £1 million to focus on supporting the most disadvantaged young people, providing a targeted, flexible and personalized pathway.
- Self-Employment Pilot of £1.5 million to support GM self-employed residents to sustain and grow their business.
- UK Community Renewal Fund of £1.7 million projects following bids approved by Government in November 2021.
- Delivery resources and other programmes including Greater Manchester Apprenticeship & Careers Service, Young Person's Guarantee, GM Careers Hub and Digital Skills.

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 previously been approved by GMCA to be met from retained business rates growth.

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

District	2021/22	2022/23
	£000	£000
Bolton	861	861
Bury	606	606
Manchester	1,640	1,640
Oldham	729	729
Rochdale	692	692
Salford	795	795
Stockport	877	877
Tameside	701	701
Trafford	729	729
Wigan	973	973
Total	8,603	8,603

4. RESERVES

4.1 An analysis of the forecast and budgeted movements in reserves for 2021/22 and 2022/23 is set out below:

GMCA Reserves and Balances	Closing Balance s 31 March 2021	2021/22 Planned Use	Projected 2021/22 Closing Balance	2022/23 Planned Use	Projected 2021/22 Closing Balance
	£000s	£000s	£000s	£000s	£000s

General Reserve	-4,245	0	-4,245	0	-4,245
Business Rates Growth Pilot & Levy	-33,193	13,884	-19,310	16,327	-2,983
Earmarked Reserves	-25,290	1,618	-23,672	2,427	-21,245
Revenue Grants Unapplied	-18,458	1,065	-17,393	1,256	-16,137
Total GMCA Reserves & Balances	-81,186	16,567	-64,619	20,010	-44,609

General GMCA Reserve

4.2 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 reserve as part of the budget proposals in this report.

Business Rate Pool and Growth Retention Scheme

4.3 This reserve had a balance of £33.2 million at 1 April 2021, which was the remaining balance committed to following decisions taken at GMCA on 27th November 2020. Of the remaining commitments, £13.9 million is planned to be spent in 2021/22 and £16.3 million is included in the budget plan for 2022/23, with the remaining spend in future financial years.

4.4 Due to the unprecedented impact of the COVID 19 Pandemic on the ten GM local authorities the business rates growth accrued in 2020/21 has been retained by the districts. There is expected to be circa £45m business rates growth in 2021/22 and there will be ongoing discussions on the approach to be taken to this funding following confirmation of the final sum. The Government has confirmed the growth retention pilot will continue for one more year so further income may accrue during the 2022/23 financial and again the use of this funding will be the subject of ongoing discussions.

4.5 It is expected that the Government will announce the approach for futures alongside the wider review of business rates and local government funding.

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.

6. RECOMMENDATIONS

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

Appendix 1

GMCA Budget 2022/23	District Contributions	Internal Recharges	Grants	Business Rates Reserve	Other Earmarked Reserves and Balances	Other Income	Total Budget 2022/23
	£000	£000	£000	£000	£000	£000	£000
-							
Senior Management	89	456	0	0	0	134	679
Resilience	0	0	63	122	40	183	408
Strategy	241	625	0	0	79	103	1,047
Research	378	661	75	0	145	469	1,728
Communications	176	993	0	0	0	18	1,187
ICT Technology	491	3,241	0	0	0	166	3,898
Tootal Building	35	402	0	0	0	1,065	1,503
Finance - Accountancy	331	1,537	0	0	0	43	1,911
Commercial Services	251	364	0	0	0	26	642
Internal Audit and Risk	67	349	0	0	0	99	514
Core Investment Team	0	0	0	0	0	6,355	6,355
Legal Services	17	303	0	0	0	0	320
Information Governance	63	585	0	0	0	1,057	1,705
Democratic Services	129	604	0	0	0	50	783
Business Support	238	383	0	0	0	47	667
People Development & Support	45	829	0	0	0	314	1,188
Talent Learning & Resourcing	0	1,203	0	0	0	13	1,217
OD & Culture	0	328	0	0	0	37	365
Safety, Health & Wellbeing	19	343	0	0	0	0	362
Data Accelerator	0	0	704	0	0	0	704
Total GMCA Corporate	2,569	13,344	843	122	263	10,179	27,320
GM Connect	0	95	0	0	171	0	266

GM Digital Strategy	0	0	0	250	0	0	250
Smart Residents Data Exchange Platform	0	0	0	1,190	151	740	2,081
Total Digital	0	95	0	1,440	322	740	2,597
Economic Advice	34	2	0	0	0	0	36
Economy	0	316	664	587	0	220	1,787
MIDAS	1,023	0	0	200	0	0	1,223
Marketing Manchester	350	0	0	550	0	27	927
GM Productivity Programme	0	0	0	7,451	0	0	7,451
GM Local Industrial Strategy	0	25	0	2,727	124	0	2,876
Cricket Strategy	0	0	0	200	0	0	200
Made Smarter Adoption North West	0	0	4,000	0	0	0	4,000
Total Economy	1,407	343	4,664	11,714	124	247	18,499
Environment and Low Carbon	207	200	0	0	0	0	407
Natural Course	0	0	169	0	0	0	169
GM Local Energy Markets	0	0	36	0	0	0	36
Ignition	0	50	71	0	0	0	121
Five Year Environment Plan	0	2	0	0	0	0	2
Green Homes Grant	0	0	22	0	0	0	22
Total Environment	207	252	298	0	0	0	758
Business, Innovation and Enterprise Policy	189	146	0	0	0	0	335
Planning and Housing	217	15	0	0	0	62	294
Cultural and Social Impact Fund	3,300	0	0	1,100	0	8	4,408
Land and Property Strategy	157	754	0	0	61	0	971
Housing Package	0	0	0	0	0	699	699
Total Place Making	3,862	915	0	1,100	61	769	6,707
Childrens Services	0	296	1,049	0	0	53	1,398
GM Health Devolution	0	0	0	0	0	217	217
Equalities	0	350	0	0	0	0	350
Ageing Better	109	10	0	0	37	19	175
Social Impact Bond - Homelessness	0	0	0	751	710	0	1,460
Public Service Reform	404	179	13,528	0	486	67	14,663

Housing First	0	0	3,164	0	0	0	3,164
A bed every night	0	2,650	750	0	0	2,450	5,850
Rough Sleeping Initiative	0	0	2,157	0	0	0	2,157
Rough Sleeper Accommodation Programme	0	0	429	0	0	0	429
What Works for Children's Social Care	0	0	137	0	0	0	137
Special Educational Needs & Disabilities	0	0	0	0	0	15	15
GM Safeguarding Alliance	0	0	16	0	0	0	16
Community Accommodation	0	0	611	0	0	0	611
Total Public Service Reform	513	3,803	21,842	751	1,233	2,821	30,961
Work and Skills	45	15	75	1,200	250	32	1,617
Self Employment Pilot	0	0	1,464	0	33	0	1,497
Skills Capital	0	0	0	0	272	71	343
Fast Track Digital Work	0	0	0	0	44	0	44
Future Workforce Fund	0	0	956	0	0	0	956
ESF Neet 10m	0	0	5,290	0	0	0	5,290
Working Well JETS	0	0	6,709	0	7	0	6,715
Apprenticeship & technical education	0	0	10	0	245	0	255
Careers & Enterprise	0	230	484	0	45	0	759
Youth Contract	0	0	0	0	139	0	139
Work & Health Programme	0	0	9,613	0	0	0	9,613
Adult Education	0	0	96,208	0	0	0	96,208
City Deal Tax Incentives	0	0	0	0	527	0	527
WW - Specialist Employment	0	0	889	0	0	0	889
ESF Skills for Growth	0	0	22,383	0	0	0	22,383
UK Community Renewal Fund	0	0	1,622	0	118	0	1,740
Education and Employability Board	0	0	82	0	0	20	102
AEB -Nat. Skills Fund Level 3 Adult Offer	0	0	6,701	0	0	0	6,701
Total Education, Work and Skills	45	245	152,486	1,200	1,680	123	155,779
GMCA Totals	8,603	18,995	180,133	16,327	3,683	14,879	242,621

Appendix 2

2022/23 DISTRICT CONTRIBUTION

District	Mid-Year Population 2020		GMCA General Budget	Cultural & Social Impact Fund	Marketing Manchester	MIDAS	Total
			£000	£000	£000	£000	£000
Bolton	288,248	10.12%	398	334	27	102	861
Bury	190,708	6.70%	263	221	25	97	606
Manchester	555,741	19.51%	767	644	112	118	1,640
Oldham	237,628	8.34%	328	275	26	100	729
Rochdale	223,659	7.85%	309	259	26	99	692
Salford	262,697	9.22%	362	304	27	101	795
Stockport	294,197	10.33%	406	341	27	103	877
Tameside	227,117	7.97%	313	263	26	99	701
Trafford	237,579	8.34%	328	275	26	100	729
Wigan	330,712	11.61%	456	383	28	105	973
Total	2,848,286	100.00%	3,930	3,300	350	1,023	8,603