

Date: 11 February 2022

Subject: Budget Paper A - GMCA Revenue and Capital Budgets 2022/23
Overview

Report of: Cllr David Molyneux, Portfolio Leader for Resources and Steve
Wilson, Treasurer to GMCA

PURPOSE OF REPORT

This report presents an overview of the proposed GMCA budgets for 2022/23. It summarises the position on the Mayoral General Budget and Precept Proposals, The GMCA General Budget, GMCA Transport budgets including Transport Levy and Statutory Charge and the GM Waste Services Levy.

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

RECOMMENDATIONS:

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

CONTACT OFFICERS:

Name: Steve Wilson, Treasurer to GMCA

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

Name: Steve Warrener, Finance and Corporate Services Director TfGM

E-mail: steve.warrener@tfgm.gov.uk

Name: Rachel Rosewell, Deputy Treasurer to GMCA

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

Equalities Implications: N/A

Climate Change Impact Assessment and Mitigation Measures:

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

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

Financial Consequences – Revenue – The report sets out a summary of the proposed revenue budgets for 2022/23 and medium term financial planning for 2022/23 – 2024/25.

Financial Consequences – Capital – The report sets out a summary of the proposed capital programme for 2021/22 – 2024/25.

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

BACKGROUND PAPERS:

Report to Greater Manchester Combined Authority: 'GMCA Budget Reports' 12th 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 presents an overview of the proposed Greater Manchester Combined Authority (GMCA) budgets for 2022/23. It summarises the position on the Mayoral General Budget and Precept, GMCA General Revenue Budget, GMCA Transport Revenue budget including Transport Levy and Statutory Charge, the GM Waste Service Levy and the Capital Programme 2021/22 – 2024/25.
- 1.2 The report and the attached papers set out the implications of the proposed budgets and the resultant charges on districts and the Mayoral Precept.

2. Principles Underlying development of the Mayoral and GMCA budgets

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

3. Overview of GMCA Budgets

- 3.1 The overall GMCA budgets are made up of a variety of both historic budgets and new budgets relating to the functions provided by the Mayor and the GMCA as a whole.
- 3.2 The various orders under which these functions are provided, determine how such costs are funded such that:

- **Mayoral General Budget** – Funded from the Mayoral precept and statutory charge/contributions from the districts (excluding the transport levy). Fire funding is part of the Mayoral precept but also receives a revenue support grant, business rates income and a top up grant. The Mayoral General budget and precept proposals are detailed in ***Paper B***
- **GMCA Transport Revenue Budget** – This is funded from a contribution from the mayoral budget for statutory mayoral functions include Bus services and from a levy on district budgets for non-mayoral functions in relation to public transport and a contribution to Metrolink financing costs agreed previously as part of the establishment of the Greater Manchester Transport Fund. The budget also includes a number of other grants received in relation to specific activities. The GM Transport Revenue budgets are detailed in ***Paper C***
- **GMCA Revenue General Budget** – This includes the core cost of the Combined Authority funded by district contributions together with functions funded through the retention of business rate growth and central grants funding including the Adult Education grant. The GMCA General budget is detailed in ***Paper D***
- **GM Waste and Resources Service Budget** – This is funded through a levy to the nine GM districts who participate in the GM waste service (Wigan are not part of the waste contract). The contributions are on the basis of an agreed funding mechanism (LAMA). The Waste Budget is set out in ***Paper E***
- **GM Capital Programme** – The required capital programme to support the delivery of the GMCA and Mayoral functions is set out in ***Paper F*** and is funded from a variety of sources including, where required, external borrowing.

3.3 This paper does not present the budget proposals for GM Police or the Police and Crime function. At the meeting on the 31st January 2022, it was noted by the Police, Fire and Crime Panel that the Mayor had considered his proposed increase to the police precept in light of the responses by members of the public to the proposals set out in the consultation which concluded on the 27th January 2022. The Panel approved the Mayor's proposal for a precept increase of £10 per year for a band D property. This will take the Band D police precept to £228.30 per year.

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

i) Mayoral General Budget and Precept Proposals

Paper B sets out the Mayor's proposals for the Mayoral General Budget (including Fire and Rescue) and seeks approval for the Mayoral General Precept for 2022/23. The GMCA is recommended to:

1. To approve the Mayor's General budget for 2022/23 set out in the report together with the calculation of the precepts and Council Tax rates.
2. To approve the Mayoral General Precept to £102.95 (Band D) comprising of £71.20 for functions previously covered by the Fire and Rescue Authority precept and £31.75 for other Mayoral General functions;
3. To approve:
 - i. the overall budget for the Fire and Rescue Service for 2022/23 covered by the Mayoral precept
 - ii. the medium term financial position for the Fire and Rescue Service
4. To approve the use of reserves and the assessment by the Treasurer that the reserves as at March 2022 are adequate;

5. To note that in accordance with legal requirements, the minutes will record the names of those Members voting for or against the Mayor's budget and precept proposals.

ii) GMCA Transport Revenue Budget

Paper C sets out the GMCA Transport Revenue Budget for 2022/23. The funding for core GM transport services remains unchanged for 2022/23. The charge made to GM districts through the district levy therefore remains at the same overall cash level as in 2021/22. Similarly the statutory charge made to districts for Mayoral travel functions also remains the same at £86.7 million as set out in the relevant legislation.

TfGM's budget has been managed within the same funding envelope in recent years by making year on year savings from various sources, including a voluntary severance process which was run in the last financial year. This has been very challenging in the context of the additional activities that TfGM has been requested to deliver, the continuing inflationary pressures on budgets, the amount of expenditure which is unavoidable due to it being related to statutory obligations. There are also a number of key uncertainties in relation to the impact of the pandemic on future Metrolink and Bus passenger volumes and revenues and the availability of government Covid recovery funding beyond the end of March 2022.

Whilst Greater Manchester has made real progress in recent years, there is still much work to do to 'level Up' (both at a GM and at a national scale), and to tackle climate change. The key programmes of work outlined in the report include:

- The Bee Network – an integrated 'London Style' transport system
- Bus Service Improvement Plan
- City Region Sustainable Transport Settlement

- Pandemic support and recovery in relation to Metrolink and Bus
- Bus Franchising
- Future Infrastructure Scheme Development for the Greater Manchester Transport Strategy

The GMCA is recommended to:

1. Note the issues which are affecting the 2022/23 transport budgets as detailed in the report;
2. Approve the GMCA budget relating to transport functions of £269.4 million funded through the Transport Levy, Statutory Charge and other funding sources as set out in the report for 2022/23;
3. Approve a Transport Levy on the District Councils in 2022/23 of £105.773 million, apportioned on the basis of mid-year population 2020;
4. Approve a Statutory Charge of £86.7 million to District Councils in 2022/23 as set out in Part 4 of the Transport Order, apportioned on the basis of mid-year population 2020;
5. Delegate authority to the GMCA Treasurer, in conjunction with the TfGM Finance and Corporate Services Director, to make the necessary adjustments between capital funding and revenue reserves to ensure the correct accounting treatment for the planned revenue spend for following schemes:
 - Mayors Challenge Fund 2022/23 project and programme management costs of up to £1.9 million;
 - Active Travel Fund (Round 2) £0.25 million of revenue funding for associated programme management and assurance costs.
6. Approve the proposal to increase fees and charges where applicable, in line with inflation and to approve the increases proposed to Bus stop closure charges.
7. Approve the use of Transport reserves in 2021/22 and 2022/23.
8. Note that the funding for Bus Franchising in 2022/23 is approved as part of the Mayoral Budget 2022-23.

iii) GMCA Revenue General Budget

Paper D 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.

The GMCA is requested to:

1. Approve the budget relating to the Greater Manchester Combined Authority functions of £242.6 million
2. Approve District contributions of £8.603 million.
3. Approve the use of reserves as set out in section 4 of the report.

iv) GM Waste Disposal Budget

Paper E sets out the proposed waste budget for 2022/23 for the nine GM Districts Councils who are part of the GM waste contract. The report sets out the Waste Levy requirement for 2022/23 and highlights the 2021/22 position being an under of £11.4 million, largely driven by changes in the value of recycle prices leading to increased income.

The GMCA is requested to:

1. Note the forecast outturn for 2021/22;
2. Note the proposed 2023/24 Trade Waste rate of £118.30 to allow forward planning by Districts;
3. Note the capital programme for 2022/23 as set out in Appendix A;
4. Note the budget and levy for 2022/23 of £164.8m (1.5% increase);
and
5. Note the risk position set out in the Balances Strategy and Reserves.

v) GM Capital Programme

Paper F sets out the GMCA capital programme for 2021/22 – 2024/25. The GMCA's capital programme includes Economic Development and Regeneration programmes, Waste and the continuation of the programme of activity currently being delivered by TfGM and Local Authorities.

There has been some re-profiling of the 2021/22 programme into future years as the progression of a significant number of schemes has been impacted upon by the pandemic and compounded by global pressures on construction materials availability and associated pricing.

The 2022/23 Capital Programme does not include any of the recently notified £1.07 billion City Region Sustainable Transport Settlement funding (CRSTS), as the programme case was submitted to Government during January 2022, with confirmation of the award currently anticipated by the end of March 2022. The 2022/23 budget will be updated and brought back to GMCA for approval once the final programme has been confirmed. GMCA is requested to:

- a. Note the current 2021/22 forecast of £479.9m compared to the 2021/22 quarter 2 capital forecast of £625.7m; and
- b. Approve the capital programme budget for 2022/23 of £421.5 million and the forward plan as detailed in the report

4. CONCLUSION

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

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

5. RECOMMENDATION

5.1 Recommendations are presented at the front of the paper.

