

Date: 25 October 2019

Subject: GMCA Revenue Update 2019/20

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

PURPOSE OF REPORT

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

RECOMMENDATIONS:

GMCA are requested to;

1. Note the Mayoral General forecast revenue outturn position for 2019/20 which shows an underspend against budget of £1.6 million.
2. Note the Mayoral General – Fire forecast revenue outturn position for 2019/20 which shows an underspend against budget of £2.378 million.
3. Note the Mayoral General – Fire forecast does not incorporate the potential outcomes of the decision making process on the Programme for Change Outline Business Case.
4. Note the GMCA General budget forecast revenue outturn position for 2019/20 which shows an underspend against budget of £0.177 million.
5. Note the Transport forecast revenue outturn position for 2019/20 which is in line with budget.
6. Note the GM Waste forecast revenue outturn position for 2019/20 which is in line with budget.
7. Note the TfGM forecast revenue outturn position for 2019/20 as at paragraph 4.1.
8. Approve the increase to the GMCA General budget of £11.167 million as detailed in paragraphs 3.7 – 3.14.
9. Approve the budget Virement of £0.18 million from budgeted GM Housing Investment Fund surpluses to facilitate the new Housing Delivery Team.

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

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

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

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

Number of attachments included in the report: 0

BACKGROUND PAPERS:

Report to Greater Manchester Combined Authority: 'GMCA Revenue Update 2019/20' 26 July 2019.

Report to Greater Manchester Combined Authority: 'GMCA Revenue Outturn 2018/19' 28 June 2019.

Report to Greater Manchester Combined Authority: 'Mayoral General Budget and Precept' 15 February 2019.

Report to Greater Manchester Combined Authority: 'Transport Revenue Budget' 15 February 2019.

Report to Greater Manchester Combined Authority: 'GMCA Revenue General Budget' 15 February 2019.

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution		No
EXEMPTION FROM CALL IN		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		N/A
GM Transport Committee	Overview & Scrutiny Committee	
N/A	N/A	

1. INTRODUCTION

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

2. SUMMARY POSITION

- 2.1 The summary Outturn position for the year ending 31 March 2020 shows an underspend against budget of £2 million. Forecasts have been updated following information received since the last budget report in July 2019. The table below details the position:

Function / Service	Approved Budget 2019/20 £000	Revised Budget 2019/20 £000	Forecast Outturn 2019/20 £000	Outturn Variation 2019/20 £000
Mayoral General	29,111	29,111	27,511	(1,600)
Mayoral General - GM Fire & Rescue	113,866	113,866	111,488	(2,378)
GMCA General	157,906	169,073	168,896	(177)
Transport	247,065	247,065	247,065	-
Waste	174,634	174,634	174,634	-
Total GMCA and Mayoral General	722,582	733,749	729,594	(4,155)
<u>Memorandum Item</u>				
TfGM	160,700	168,400	168,400	-

3 BUDGET UPDATE AND VARIATION ANALYSIS

Mayoral General Budget

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

Mayoral General – GM Fire and Rescue

- 3.2 The revenue outturn position is an underspend of £2.378m against the budget set for the Fire and Rescue Service based on the decision of the Fire Brigades Union to withdraw their support for Pre-Arranged Overtime from 14th October 2019, this will be monitored and any changes will be factored into future calculations of forecasts.
- 3.3 Employees Pay and Pensions is a forecast underspend of £2.487m. This forecast is based on the current strength figures across GMFRS with the addition of 2% increase from July for pay award, however, negotiations are on-going which may result in a further increase.
- 3.4 There are budget pressures relating to Business Rates and Transport costs totalling £0.1 million, which will be monitored throughout the year.

GMCA General Budget

- 3.5 The outturn position for year ending 31 March 2020 shows an underspend of £0.177 million which is predominantly in relation to increased income from temporary investments of £0.3 million. This has been offset by additional costs in relation to the GMS Strategic Narratives project and transitional costs in respect of changing network / mobile phone providers.

- 3.6 In addition budgets have been updated following information received since the last budget report in July 2019. The table below details the proposed additions to the budget:

	Approved Budget 2019/20 £000	Revised Budget 2019/20 £000	Budget Variation 2019/20 £000
Princes Trust - Future Workforce Fund	-	1,854	1,854
Public Service Reform - Early Years	-	830	830
Public Service Reform - Troubled Families	-	7,739	7739
Additional Growth Hub funding - MHCLG	512	844	332
Rogue Landlord Funding	-	54	54
Work & Skills	2,286	2,264	(22)
Low Carbon 5 year plan	-	200	200
Brexit preparations	-	180	180
Total	2,798	13,965	11,167

Budget Variation Analysis

- 3.7 Princes Trust Future Workforce Fund – GMCA have been awarded £7 million over three years to work with the Princes Trust to deliver a programme targeted at young people not in education, employment or training (NEET’s). The allocation for 2019/20 is £1.854 million.
- 3.8 Public Service Reform – Early Years Funding – funding of £2.1 million from the GM Health and Social Care Partnership towards the Early Years and School Readiness agenda has now been confirmed with £0.8 million expected within 2019/20.
- 3.9 Public Service Reform – Troubled Families – funding has now been confirmed for the 2019/20 allocation. Specific approval for allocations to districts will be brought to a meeting in due course.
- 3.10 MHCLG Growth Hub funding – Additional funding of £0.332 million has been awarded to Growth Hubs to support increased capacity requirements, particularly around EU exit planning and advice.
- 3.11 Rogue Landlord funding – Following the award of £0.128 million in Jan 2019 for rouge landlord funding, a balance of £0.054 has been carried forward into 2019/20.
- 3.12 Work and Skills – Confirmation of final funding allocations for 2019/20 has resulted in a small reduction of £0.02 million.
- 3.13 Low Carbon 5 year plan - following approval in July 2019, to release £1 million from business rates over a three year period for the Low Carbon plan, £0.2 million has been added into the budget for 2019/20.
- 3.14 Brexit preparations - £0.18 million has been awarded to the GMCA to assist with Brexit preparations.

Budget Virement

- 3.15 Following approval by the GMCA in June 2019 for the Housing Delivery Team, approval is now sought to transfer £0.18 million from the budgeted GM Housing Investment Fund surplus to both pay and supplies and services budgets to facilitate the creation of the new team.

Transport

- 3.16 The Outturn position for the year ending 31 March 2020 shows a balanced budget, however any variances in the costs of capital financing will be transferred to the Capital Financing Reserve.

GM Waste

- 3.17 Despite the commencement of the new contracts with Suez from 1 June 2019, there are a number of uncertainties in the financial year 2019/20 and at the current time the outturn position is forecast to be broadly neutral.
- 3.18 Following verification of 2018/19 annual tonnage outturn figures an additional levy adjustment figure has been calculated reflecting the lower/different mix of waste arisings.

4 TRANSPORT FOR GREATER MANCHESTER (TfGM)

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

	Approved Budget 2019/20 £000	Forecast Outturn 2019/20 £000	Outturn Variation 2019/20 £000
Resources			
Total Levy	131,540	131,540	-
Rail Grant	1,860	1,860	-
Utilisation of Surplus / Other Reserves	6,000	6,000	-
Metrolink funding from Revenue / Reserves	10,300	10,300	-
Mayoral General Budget	3,950	3,950	-
Earnback Revenue Grant / Reserves	5,850	5,850	-
Other Grants	1,200	8,900	(7,700)
Total Revenue	160,700	168,400	(7,700)
Call on Resources			
Concessionary Support	73,380	73,380	-
Supported Services	27,610	27,610	-
Accessible Transport	4,910	4,910	-
Operational Costs	48,490	56,190	7,700
Financing	6,310	6,310	-
Total Expenditure	160,700	168,400	7,700
(Surplus)/Deficit	-	-	-

- 4.2 The forecast outturn remains in line with the budgeted breakeven position.
- 4.3 The latest forecast for Other Grants income, and the related expenditure, have been adjusted from those presented to GMCA on 15 February 2019 to include the costs and income with respect to additional or higher levels of grants agreed since the budget was finalised. This includes in particular grant income from Defra and costs of £6 million in relation to funding the development of the Business Case for the Clean Air Plan for GM and £1.7m grant funding for revenue costs incurred in managing and delivering the Mayor's Challenge Fund.

- 4.4 As reported in the original budget, included in 'Utilisation of surplus/other reserves' is £5 million to support scheme development/feasibility work on known GMCA priorities, including the development of potential public transport solutions that will support the city region's growth agenda; the development of a second Transport Fund; and to support the development of the Greater Manchester Spatial Framework and the 2040 Delivery Plan. The current outturn for these costs is in line with budget however, as noted in the Budget report to GMCA on 15 February 2019, should any further releases of funding be required to support this work during the remainder of year, these will be requested from GMCA through the next Quarterly Revenue Monitoring report to GMCA in February 2020 to be drawn down from Transport Reserves already earmarked for that purpose.
- 4.5 All other costs and income are currently forecast to outturn in line with budget.

5 RECOMMENDATIONS

- 5.1 The recommendations appear at the front of this report.