

Date: 28 June 2019

Subject: GMCA Revenue Outturn 2018/19

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

PURPOSE OF REPORT

This report is to inform members of the Greater Manchester Combined Authority revenue outturn for 2018/19.

RECOMMENDATIONS:

1. Note that the Mayoral General revenue outturn position for 2018/19 shows a favourable position of £1.1 million after transfers to Earmarked reserves;
2. Note that the Mayoral General – GM Fire & Rescue revenue outturn position for 2018/19 shows a favourable position of £0.4 million after transfers to Earmarked reserves;
3. Note the GMCA General Budget revenue outturn position for 2018/19 which shows a favourable position of £0.6 million after transfers to earmarked reserves;
4. Note the GMCA transport revenue outturn position for 2018/19 is in line with budget after transfers to earmarked reserves;
5. Note the Waste outturn position for 2018/19 which is in line with budget after transfers to earmarked reserves;
6. Note the TfGM revenue position for 2018/19 is in line with budget after transfers to earmarked reserves;
7. Approve the transfer (to) / from Earmarked Reserves as set out in section 5 of the report which are incorporated in the annual accounts;
8. Note that the final outturn position is subject to the completion of the annual external audit to be finalised by 31 July 2019 which will be reported to the GMCA Audit Committee at its meeting in July; and
9. Note that appropriate adjustments to the 2019/20 budget will be brought forward in due course.

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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 2018/19 budget update.

Financial Consequences – Revenue – The report sets out the outturn position for 2018/19.

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: 'Revenue Update 2018/19' 15 February 2019.

Report to Greater Manchester Combined Authority: 'Revenue Update 2018/19' 26 October 2018.

Report to Greater Manchester Combined Authority: 'Revenue Update 2018/19' 27 July 2018.

Report to Greater Manchester Combined Authority: 'Mayoral General Budget' 20 February 2018.

Report to Greater Manchester Combined Authority: 'GMCA / Mayoral General Budget Overview': 26 January 2018.

Report to Greater Manchester Combined Authority: 'Mayoral General Budget and Precept proposals' 26 January 2018.

Report to Greater Manchester Combined Authority: 'GMCA Revenue Transport Budget' 26 January 2018.

Report to Greater Manchester Combined Authority: 'GMCA Economic Development & Regeneration Revenue Budget 2018/19' 26 January 2018.

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

1. INTRODUCTION

- 1.1 The report details the GMCA revenue outturn position for 2018/19, covering Mayoral General Budgets (Including GM Fire & Rescue), GMCA General Budget, Transport (Including TfGM) and Waste.

2. SUMMARY POSITION

- 2.1 The summary Outturn position for the year ending 31 March 2019 shows an underspend against budget of £2.2 million after transfers to earmarked reserves. The table below details the position:

Function / Service	Approved Budget 2018/19 £000	Outturn 2018/19 £000	Outturn Variation 2018/19 £000
Mayoral General	20,751	19,640	(1,111)
Mayoral General - GM Fire & Rescue	160,230	159,810	(420)
GMCA General Budget	57,051	56,416	(635)
Transport	324,305	324,305	-
Waste	197,347	197,347	-
Total GMCA and Mayoral General	759,684	757,518	(2,166)
Memorandum Item			
TfGM	158,860	158,860	-

3. VARIATION ANALYSIS

Mayoral General Budget

- 3.1 The Outturn position for the year ending 31 March 2019 shows an underspend after transfers to/(from) earmarked reserves of £1.1 million. This is in relation to lower than anticipated costs for the GM Spatial Development Plan and A Bed Every Night.

Mayoral General – GM Fire and Rescue

- 3.2 The outturn position for the year ending 31 March 2019 shows an underspend after transfers to/(from) earmarked reserves of £0.4 million.
- 3.3 The pay underspend is mainly attributable to the number of uniformed posts being lower than the establishment figure of 1430 posts throughout the year, however part of this underspend will fund interim overtime and pre-arranged overtime.

- 3.4 For non-pay, the part year effect of a number of budget savings from the line by line budget review undertaken as part of Programme for Change have now been reflected. This is offset by budget pressures in a number of areas including business rates and some planned savings required in 2018/19, which may not be delivered in year, as they are now incorporated within Programme for Change.

GMCA General Budget

- 3.5 The outturn position for the year ending 31 March 2019 shows an underspend after transfers to/(from) earmarked reserves of £0.6 million.
- 3.6 This is predominately a mix of staffing underspends due to vacancies and external deposit interest being earned on temporary investments.

Transport

- 3.7 The outturn position for the year ending 31 March 2019 shows a balanced budget after transfers to/(from) earmarked reserves.

Waste

- 3.8 The outturn position for the year ending 31 March 2019 shows a balanced budget after transfers to/(from) earmarked reserves.

4. TRANSPORT FOR GREATER MANCHESTER (TfGM)

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

	2018/19 Budget £m	2018/19 Outturn £m	Variance £m
Resources			
Total Levy	121.66	119.70	(1.96)
Rail Grant	1.86	1.86	-
Utilisation of other reserves	7.50	5.51	(1.99)
Metrolink funding from Revenue / Reserves	9.33	11.29	1.97
Mayoral Precept	3.95	3.95	-
Earnback Revenue Grant/Reserves	13.50	4.88	(8.62)
Other Grants	1.06	7.15	6.09
Total Revenue	158.86	154.34	(4.52)
Call on Resources			
Concessionary Support	67.18	64.28	2.90
Supported Services	27.11	26.45	0.66
Accessible Transport	4.61	4.61	-
Operational Costs	53.65	52.69	0.96
Financing	6.31	6.31	-
Total Expenditure	158.86	154.34	4.52
Surplus/(Deficit)	-	-	-

- 4.2 The outturn was in line with the budgeted breakeven position, although with lower than budgeted drawdowns from Reserves for the reasons set out below.
- 4.3 The amount of Transport levy allocated to TfGM was £1.96 million lower than budget due to a higher net surplus and subsequent contribution from Metrolink reserves.
- 4.4 The utilisation of other reserves was £2.0 million lower than budget due to lower spend on concessionary reimbursement and lower spend on Scheme Development, the latter due to rephrasing of certain activities into the following financial year.
- 4.5 The utilisation of Earnback Revenue Grant was £8.6 million lower than budget mainly due to lower expenditure on Bus Reform, with a number of activities being rephased into 2019/20.
- 4.6 The outturn for Other Grants income, and the related expenditure, reflects grants received and/or utilised during the year including Highways England Funding for the North West Quadrant Study; expenditure on grants carried forward from 2017/18 into 2018/19 including Sustainable Travel funding; and also relates to additional grant income from Defra in relation to funding the development of the Business Case for the Clean Air Plan for GM.
- 4.7 Concessionary expenditure was lower than budget as a result of lower volumes and therefore lower spend on both the English National Concessionary Travel Scheme and the Women's Concessionary Travel Scheme.

4.8 Operating costs were lower than budget due to lower expenditure on Bus Reform, as described above, offset by higher expenditure on schemes funded by grants awarded during the year or carried forward from the prior year, as described at section 4.5 above.

5. CONTRIBUTION TO EARMARKED RESERVES

5.1 The contribution to specific earmarked reserves is summarised in the table below:

Earmarked Reserves and Balances	Opening Balances 1 April 2018 £000s	Transfers (in)/out £000s	Closing Balances 31 March 2019 £000s
Mayoral General			
Bus Services Operators Grant	-	(1,684)	(1,684)
Total Mayoral General Earmarked Reserves	-	(1,684)	(1,684)
Mayoral General			
Capital Reserve	(10,559)	1,608	(8,951)
Earmarked Budgets Reserve	(4,500)	2,542	(1,958)
Revenue Grants Unapplied	(5,350)	4,289	(1,061)
Insurance Reserve	(2,849)	-	(2,849)
Business Rates Reserve	(2,123)	-	(2,123)
Restructuring Reserve	(418)	-	(418)
Innovation and Partnership CYP	(127)	-	(127)
Projects Reserve	(244)	244	-
Transformation Fund	(500)	(3,104)	(3,604)
Total Mayoral General - GM Fire & Rescue	(26,670)	5,579	(21,091)
GMCA General Budget			
Reform and Investment Fund	(3,182)	396	(2,786)
Youth Contract	(2,438)	27	(2,411)
City Deal	(2,183)	297	(1,886)
GM Trailblazer	(1,734)	-	(1,734)
Growing Places Fund	(1,554)	-	(1,554)
Housing First	-	(1,105)	(1,105)
One Public Estate	(1,033)	379	(655)
Creative Scale Up Project	-	(650)	(650)
Life Chances	(4,789)	(211)	(5,000)
LEP Strategic Plans Funding (LEP)	(474)	(108)	(581)
Planning & Delivery Fund	-	(544)	(544)
Business Rates Top Up	(34,305)	(20,085)	(54,390)
RGF/GPF Interest and Arrangement Fees	(7,441)	(1,475)	(8,916)
GM Connect	(1,850)	727	(1,123)
Churchgate House Accommodation	-	(700)	(700)
Other GMCA General Earmarked Reserves	(2,542)	462	(2,081)
Total GMCA General Budget	(63,525)	(22,589)	(86,114)
Transport			
Earn-back Revenue	(8,227)	(1,953)	(10,180)
Clean Air Plan	(1,003)	(3,224)	(4,227)
Manchester Western Loop	(775)	176	(599)
Integrated Ticketing Reserve	(12,500)	-	(12,500)
Capital Programme Reserve	(14,224)	(85,772)	(99,996)
Business Rates Growth Pilot & Levy	(46,073)	(6,105)	(52,178)
Other Transport Earmarked Reserves	(1,358)	751	(607)
Total Transport Reserves	(84,160)	(96,126)	(180,286)
Waste			
Waste Engagement Activities Reserve	(466)	364	(102)
Waste Disposal Insurance Reserve	(8,604)	(4,090)	(12,694)
Waste Interest Rate Reserve	(2,000)	-	(2,000)
Waste pension Deficit Funding Reserve	(812)	-	(812)
Waste MTFP Funding Reserve	(116,184)	79,824	(36,360)
Waste Optimisation and Efficiency	(5,000)	-	(5,000)
Waste Composition Analysis	(500)	314	(186)
Waste Lifecycle Reserve	(3,911)	-	(3,911)
Total Waste Reserves	(137,477)	76,413	(61,064)