

Date: 14 February 2020

Subject: GMCA Revenue and Capital Budgets 2020/21 – Overview (Budget Paper A)

Report of: Cllr David Molineux, Portfolio Lead for Investment & Resources
Steve Wilson, Treasurer to GMCA

PURPOSE OF REPORT

This report presents an overview of the proposed GMCA budgets for 2020/21. 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:

1. Note the contents of this summary paper

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Equalities Implications: N/A

Climate Change Impact Assessment and Mitigation Measures: N/A

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 – There are no specific revenue considerations contained within the report, however, the revenue budget contains resources to meet the capital costs of the authority. Changes in the capital programme can affect the budget to meet these costs.

Financial Consequences – Capital – The report sets out the forecast expenditure for 2019/20 and future years.

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

BACKGROUND PAPERS:

Report to Greater Manchester Combined Authority: 'Capital Update 2019/20' 25 October 2019.

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

Report to Greater Manchester Combined Authority: 'Capital Programme 2018/19 – 2021/22' 15 February 2019.

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	
	11 February 2020	

1. Introduction and Background

- 1.1 This report presents an overview of the proposed GMCA budgets for 2020/21. 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.
- 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 of Mayor and the GMCA as a whole.
- 3.2 The various orders under which these functions are given, 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, for example activities in relation to the development of the Clean Air Plan and Rail. The GM Transport Revenue budgets are detailed in ***Paper C***
 - **GMCA Revenue General Budget** – This includes the core cost of the CA 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 Disposal 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 their meeting on the 31st January 2020, the Police and Crime Panel unanimously approved the proposal from the Mayor to increase the Police and Crime Mayoral precept by £10 for a band D property. The additional funding raised by the precept, together with additional national funding from central government will support investment in frontline policing including the recruitment of 347 more officers in 2020/21.

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

a) Mayoral General Budget and Precept Proposals

The Mayoral General budget (excluding the Greater Manchester Fire and Rescue Service GMFRS) has a proposed increase of £5.4 million for 2020/21. The increase will deliver the previously agreed continuation of the “Our Pass” pilot into 2020/21, as well as providing £2.6 million for mayoral priorities funding which will contribute to:

- The continuation of the rough sleeper initiative “A Bed Every Night” pilot (£1.5 million)
- A proposed care leavers travel concession (circa £0.55 million)

In addition to the funding raised through the Precept the Mayoral capacity funding from Government of £1 million continues for a further year

The total impact of the proposals is an increase in the mayoral precept for a Band D property of £7.75 (when combined with the GMFRS proposals below the total precept increases by £14 to £90.95 for a Band D property or £10.88 for Band B.)

b) GM Fire and Rescue Service

It is proposed that the GM Fire and Rescue service budget increases to £110.9 million in 2020/21. The increased budget will fund inflationary and other pressures and reduce the previously expected savings requirement from the service.

These plans consider the preliminary findings in relation to the Grenfell inquiry and the incident at “The Cube” in Bolton. In light of these incidents, previous savings plans relating to the reduction of the number of “pumps” from 50 to 48 and changes to the crewing ratios and non-shift duty system have been removed from the 2020/21 budgets, pending further review.

The required increased budget will be funded by a precept increase equal to £6.25 for a Band D property, with central Government funding increasing by 1.6% (When combined with the Mayoral General proposals above the total precept increases by £14 to £90.95 for a Band D property or £10.88 for a Band B).

c) GMCA Transport Revenue Budget

The funding for core GM transport services remains unchanged for 2020/21. The charge made to GM districts through the district levy therefore remains at the same overall cash level as 2019/20. 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 will have to manage a number of inflationary and other cost pressures within this overall funding envelope, absorbing £4.1 million of pressures within its overall budget

The transport budget will also provide for the funding of travel concessions for the next cohort of women affected by the increase in the state pension age (WASPI).

The Mayor’s proposals for his 2020/21 budget also notes that should he make a decision to introduce bus franchising a further report will be brought to the GMCA proposing that an increase in the statutory charge of £17.8 million for 2020/21 will be required to support the implementation of that decision.

d) GMCA Revenue General Budget

The overall GMCA revenue budget is set out in paper D and includes the core costs of the CA and its central programmes. The total budget proposed for the GMCA revenue budget in 2020/21 is £202.6 million. This is funded from the following sources:

- District contributions of £9 million to the core running costs of the CA, including £3.5 million cultural funding and £1.9 million for MIDAS and Marketing Manchester. This funding remains at the same as in 2019/20, with the exception of some services previously funded by districts as part of the AGMA budget.
- Central government grants of £134 million included £90 million funding for Adult Education.
- Funded for individual projects from the retained business rates growth in GM of £17 million.
- Funding from reserves, other income sources and recharges of £42 million.

e) GM Waste Disposal Budget

Paper E sets out the proposed waste budget for 2020/21 for the nine GM districts who are part of the GM waste contract. 2020/21 is the first full year since the implementation of a new service contract following the buy-out of the previous PFI arrangements. The report highlights the savings delivered by the new contract, setting out:

- A total levy requirement for 2020/21 of £167.242 million, which represents a 4.2% average decrease over 2019/20.
- The plan also proposes levy charges of £164.982 million in 2021/22, £168.296 million in 2022/23 and £170.643 million in 2023/24.

f) GM Capital Programme

The final paper, paper F, sets out the GMCA capital programme for 2020/21. The GMCA's capital programme includes Economic Development and Regeneration programmes, Waste and the continuation of the programme of activity currently being delivered by Transport for Greater Manchester ("TfGM") and Local Authorities including the following elements:

- The Greater Manchester Transport Fund ('GMTF');
- Metrolink Phase 3 extensions;
- Metrolink Trafford Park Line Extension;
- Other Metrolink Schemes;
- Transport Interchanges;
- Bus Priority;
- Other capital projects and programmes including those funded from the Transforming Cities, Early Measures, Cycle Safety, and Cycle City Ambition (CCAG 2) Grants
- Growth Deal Major Schemes;
- Minor Works (including schemes funded by Integrated Transport Capital Block and Growth Deal);
- Capital Highways Maintenance, Traffic Signals and Full Fibre programmes;
- Investments including Growing Places, Regional Growth Fund and Housing Investment Fund;
- Economic Development and Regeneration Growth Deal Schemes;

The budgeted capital spend on the areas identified above is £351.9 million for 2020/21 and is funded from a variety sources, as set out in the paper, including grants from central Government, capital receipts and external borrowing. The capital programme over the three-year period (2020-2023) will require a long-term borrowing of £307.7 million. Provision has been made in the revenue budgets for the associated financing costs of this capital programme.

4. Conclusion

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

- The Mayor's final proposal for his General Budget, consistent with a precept of £90.95 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. Recommendations

5.1 Recommendations are presented at the front of the paper.