

Date: 31 July 2020

Subject: GMCA Provisional Revenue Outturn 2019/20

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

PURPOSE OF REPORT

This report is to inform members of the Greater Manchester Combined Authority provisional revenue outturn for 2019/20.

RECOMMENDATIONS:

The GMCA is requested to:

1. Note that Mayoral General Budget provisional revenue outturn position for 2019/20 is an underspend of £1.356 million which is proposed to be transferred to Bus Service Operator Grant earmarked reserve
2. Note that the Mayoral General – GM Fire & Rescue provisional revenue outturn position for 2019/20 is an underspend of £2.664m after planned use of £3.529m of General Fund reserve approved as part of the 2019/20 budget. It is proposed that the underspend is transferred back to Fire General Fund.
3. Note the GMCA General Budget provisional revenue outturn position for 2019/20 is an underspend of £1.117m after planned transfers between earmarked reserves. It is proposed to transfer the final balance to General Fund once the accounts are closed and the outturn is confirmed.
4. Note the GMCA transport revenue outturn position for 2019/20 is in line with the break-even budget after planned transfers between earmarked reserves and proposal to meet from Capital Programme earmarked reserve and application of additional external grant funding received
5. Note the Waste outturn position for 2019/20 which is in line with budget after transfers from earmarked reserves;
6. Note the TfGM revenue position for 2019/20 is in line with budget after transfers between earmarked reserves;
7. Note that due to the impact of Covid-19 the Government has extended the statutory deadline for the publication of the 2019-20 draft accounts by three months to 31st August 2020;
8. Note that the final position is subject to the submission of the audited accounts to be finalised by 30th November 2020 and to be reported to the GMCA Audit Committee prior to the deadline.

<u>BOLTON</u>	<u>MANCHESTER</u>	<u>ROCHDALE</u>	<u>STOCKPORT</u>	<u>TRAFFORD</u>
<u>BURY</u>	<u>OLDHAM</u>	<u>SALFORD</u>	<u>TAMESIDE</u>	<u>WIGAN</u>

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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 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: ‘Mayoral General Budget’ 15 February 2019.

Report to Greater Manchester Combined Authority: ‘Revenue Update 2019/20’ 14 February 2020.

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
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

1. INTRODUCTION

- 1.1 The purpose of this report is to provide an update on the GMCA provisional revenue outturn position for 2019/20, covering Mayoral General Budgets (Including GM Fire & Rescue), GMCA General Budget, Transport, including Transport for Greater Manchester (TfGM) and Waste.
- 1.2 Due to the impact of Covid-19 the Government has extended the statutory deadline for the publication of the 2019-20 draft accounts by three months to 31st August 2020. The GMCA is working to a timetable to complete the draft accounts by 31st July with the external audit of the accounts expected to take place in September 2020. The statutory deadline for submission of audited accounts has been extended to 30th November 2020 which will be reported to the GMCA Audit Committee prior to the deadline.

2. SUMMARY POSITION

- 2.1 The provisional outturn position for the year ending 31 March 2020 is currently showing underspend against approved budget of £4.043 million, after planned transfers to/from earmarked reserves. The table below details the position:

Function / Service	Approved Budget 2019/20 £000	Provisional Outturn 2019/20 £000	Outturn Variation 2019/20 £000	Transfer to/(from) Earmarked Reserves £000	Transfer to General Funds £000
Mayoral General	29,111	27,755	(1,356)	1,356	0
Mayoral General - GM Fire & Rescue	113,866	111,202	(2,664)	0	2,664
GMCA General Budget	157,906	156,789	(1,117)	0	1,117
Transport	247,065	248,159	1,094	(1,094)	0
Waste	174,634	174,634	-	-	-
Total GMCA and Mayoral General	722,582	718,539	(4,043)	262	3,781
Memorandum Item TfGM	175,700	175,700	-	-	-

Mayoral General Budget

- 2.2 Mayoral General Budget provisional revenue outturn position for 2019/20 is an underspend of £1.356 million against budget in relation to the Bus Services Operators Grant (BSOG). It is proposed the underspend is transferred to the BSOG reserve.

Mayoral General – GM Fire and Rescue

- 2.3 The Mayoral Fire provisional outturn position is an underspend against budget of £2.664m. The approved budget for 2019/20 included planned use of £3.529m General Fund Reserve. It is proposed that the underspend is transferred back to Fire General Fund Reserve.
- 2.4 The majority of the underspend is in relation to an underspend on pay largely attributable to the number of uniformed posts being lower than the budgeted establishment throughout the year plus additional one off funding from government including:
- Levy Account surplus £0.107m
 - Section 31 business rates grant for prior years under-indexation £0.696m
 - Additional share of S31 business rates grant underpaid (2017/28) £0.112m

GMCA General Budget

- 2.5 The provisional outturn position for the year ending 31 March 2020 is an underspend of £1.117m after planned transfers between earmarked reserves. The majority of the underspend relates to surplus deposit interest on temporary investments of £1.152m. It is proposed the final balance of £1.117m is transferred to General Fund reserve.
- 2.6 The table below shows the position compared to Quarter 3

GMCA GENERAL BUDGET OUTTURN 2019/20	FORECAST OUTTURN QTR 3	PROVISIONAL OUTTURN 2019/20
	£000	£000
Strategy and Research	96	217
Communication, Media & PR	9	83
ICT Technology	35	227
Churchgate House	12	191
Finance, Procurement and Audit	-22	-121
Human Resources	-8	-133
External Events	-100	-139
Public Service Reform	-100	-111
Legal, Information Governance & Democratic Services	-66	-212
Covid 19 costs	0	33
Interest on temporary investments	0	-1,152
Other	16	0
Total	-128	-1,117

2.7 **Strategy and Research (£217k overspend)**

At Quarter 3 the Strategy and Research budgets had a forecast overspend of £96k, which has increased to £217k by year end. The overspend is as a result of a service restructure which resulted in salary changes and one off payment for a research post. For 2020/21 the salary changes have been taken into account in the budget.

2.7 **Communication, Media and PR (£83k overspend)**

At Quarter 3 an overspend of £9k was forecast, which increased to £83k by year end due to spend on consultancy. The budget currently has a vacancy and is projected to breakeven for 2020/21.

2.8 **ICT Technology (£227k overspend)**

The final outturn position was an overspend of £227k. The reported overspend at Quarter 3 was £35k after recharging the pressures on data contacts and other procured ICT services across GMCA, the majority of which was to be met by GMFRS. It was agreed at year end to reduce the recharge to GMFRS by £210k which has led to an increase in the ICT overspend at year end.

2.9 Churchgate House (£191k overspend)

The final outturn position was an overspend of £191k, which is an increase from the £12k overspend position forecast at Quarter 3. The majority of the overspend relates to £160k shortfall in occupancy recharges most of which relates to the Health and Social Care Partnership.

2.10 The overspends above have been offset by the following underspends mainly relating to staffing and capacity:

- Finance, Procurement and Audit - £121k
- Human Resources - Training - £133k
- External events - £139k
- Public Service Reform - £111k
- Legal, Information Governance and Democratic Services - £212k

2.11 From the underspends above budget holders have requested the following carry forwards to meet spend in 2020/21 which was planned to take place in 2019/20:

- Procurement – £50K for a contractor to deliver Self Assessment Pilot
- Information Governance - £130k for Records of Processing Activity (RoPA) system.

2.12 In 2019/20 there were £33k of costs relating to measures put in place in response to Covid-19. Funding received from Government has been applied to meet costs in GMFRS .

Transport

2.13 The outturn position for the year ending 31 March 2020 is in line with the break-even budget after planned transfers between reserves approved as part of the 2019/20 budget and subsequent reports to GMCA during 2019/20, and the application of additional external grant income received in the year.

2.14 As was reported to GMCA on 29 May 2020, primarily due to the impact of Covid-19 on patronage levels, the net income for Metrolink for the year to 31 March 2020 outturned £3 million below the amount included in the budget as the contribution to financing costs in the year. GMCA/TfGM has received funding from Department for Transport (DfT), that has funded part of this shortfall, as part of a funding package for Light Rail for the period from mid March to early August 2020. £2 million of the funding is attributable to the period from mid March to 31 March 2020. The remaining overspend will be met from Transport earmarked reserve held by GMCA.

2.15 In late March a new revenue grant for 2019/20 of £19.097m was provided from Department for Transport in support of the Greater Manchester Clean Air Plan. The balance on grant unspent in 2019/20 of £14.261m has been transferred to an earmarked reserve from where it will be fully drawn down in 2020/21.

Waste

- 2.16 The outturn position for the year ending 31 March 2020 shows a balanced budget after planned transfer from earmarked reserves to support implementation of the new contract.

3 TRANSPORT FOR GREATER MANCHESTER (TfGM)

- 3.1 The table below summarises the previous Reforecast presented to GMCA on 14 February 2020 and provisional outturn of income and expenditure of TfGM for 2019/20. After taking account of reserves movements the outturn was in line with the budgeted breakeven position.

	Revised Budget £'000	Provisional Outturn £'000	Variance £'000
Resources			
Total Levy/Statutory Charge	131,540	131,540	0
Rail Grant	1,860	1,860	0
Utilisation of surplus/other reserves	9,700	12,300	2,600
Metrolink funding from Revenue / Reserves	10,300	7,300	-3,000
Mayoral Precept	3,950	3,950	0
Earnback Revenue Grant/Reserves	5,750	5,720	-30
Other Grants	12,600	14,000	1,400
Total Revenue	175,700	176,670	970
Call on Resources			
Concessionary Support	75,080	74,680	-400
Supported Services	27,610	27,610	0
Accessible Transport	4,910	4,910	0
Operational Costs	61,790	63,160	1,370
Financing	6,310	6,310	0
Total Expenditure	175,700	176,670	970
Surplus/(Deficit)	-	-	-

- 3.2 The cost of Concessionary Support outturned £0.4 million lower than that included in the Q3 reforecast, with a resultant £1.3 million drawdown from reserves, compared to the £1.7 million drawdown that was included in the Q3 Reforecast. This drawdown is due to a timing difference, between years, in the costs for the 16-18 Concessionary Scheme which was introduced in the year. As previously approved by GMCA, these additional costs will be funded from existing reserves held by TfGM. The timing difference is forecast to reverse in future years.

- 3.3 As noted above, Metrolink funding from Revenue / Reserves outturned £3 million below budget. This funding was offset by the DfT grant and a reserves drawdown as set out at 2.14 above.
- 3.4 The Outturn for Other Grants income, and the related expenditure, was higher than the Q3 forecast, due to higher spend on various projects which was fully funded from other grants.

4 CONTRIBUTION TO EARMARKED RESERVES

- 4.1 The provisional position for specific earmarked reserves is summarised in Appendix 1.

5 RECOMMENDATIONS

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

Appendix 1 - page 1 of 2 Earmarked Reserves and Balances	Opening Balances 1 April 2019 £000s	Transfers (in)/out £000s	Closing Balances 31 March 2020 £000s
Mayoral General			
Bus Services Operators Grant	(1,684)	(1,356)	(3,040)
Total Mayoral General Earmarked Reserves	(1,684)	(1,356)	(3,040)
Mayoral General			
Capital Reserve	(8,951)	4,275	(4,676)
Earmarked Budgets Reserve	(1,958)	895	(1,063)
A Bed Every Night	0	(1,397)	(1,397)
Revenue Grants Unapplied	(1,061)	(674)	(1,735)
Insurance Reserve	(2,849)	0	(2,849)
Business Rates Reserve	(2,123)	30	(2,093)
Restructuring Reserve	(418)	-	(418)
Innovation and Partnership CYP	(127)	-	(127)
Projects Reserve	0	-	-
Transformation Fund	(3,604)		(3,604)
Total Mayoral General - GM Fire & Rescue	(21,091)	3,129	(17,962)
GMCA General Budget			
Reform and Investment Fund	(2,786)	900	(1,886)
Youth Contract	(2,411)	166	(2,245)
City Deal	(1,886)	326	(1,560)
GM Trailblazer	(1,734)	1,734	0
Growing Places Fund	(1,554)	-	(1,554)
Housing First	(1,105)	679	(426)
One Public Estate	(655)	124	(531)
Creative Scale Up Project	(650)	(650)	(1,300)
Life Chances	(5,000)	285	(4,715)
LEP Strategic Plans Funding (LEP)	(581)	19	(562)
Planning & Delivery Fund	(544)	0	(544)
Business Rates Growth Pilot & Levy	(52,404)	(35,574)	(87,978)
RGF/GPF Interest and Arrangement Fees	(8,916)	(1,205)	(10,121)
Housing Investment Fund	0	(7,921)	(7,921)
GM Connect	(1,123)	243	(880)
Churchgate House Accommodation	(700)	0	(700)
Other GMCA General Earmarked Reserves	(2,081)	(3,643)	(5,724)
Total GMCA General Budget	(84,129)	(44,517)	(128,646)

Appendix 1 – page 2 of 2 Earmarked Reserves and Balances	Opening Balances 1 April 2019	Transfers (in)/out	Closing Balances 31 March 2020
	£000s	£000s	£000s
Transport			
Earn-back Revenue	(10,180)	141	(10,039)
Clean Air Plan	(4,227)	(10,034)	(14,261)
Manchester Western Loop	(599)	44	(555)
Integrated Ticketing Reserve	(12,500)	0	(12,500)
Capital Programme Reserve	(99,996)	8,252	(91,744)
Business Rates Top Up (needed for LGF)	(54,390)	17,262	(37,128)
Other Transport Earmarked Reserves	(607)	410	(197)
Total Transport Reserves	(182,498)	16,075	(166,423)
Waste			
Waste Engagement Activities Reserve	(102)	(256)	(358)
Waste Disposal Insurance Reserve	(12,694)	0	(12,694)
Waste Interest Rate Reserve	(2,000)	0	(2,000)
Waste pension Deficit Funding Reserve	(812)	0	(812)
Waste MTFP Funding Reserve	(36,360)	18,811	(17,549)
Waste Optimisation and Efficiency	(5,000)	0	(5,000)
Waste Composition Analysis	(186)	186	0
Waste Lifecycle Reserve	(3,911)	0	(3,911)
Total Waste Reserves	(61,065)	18,741	(42,324)