

Greater Manchester Combined Authority

Date: 24th June 2022

Subject: GMCA Provisional Revenue Outturn 2021/22

Report of: Councillor David Molyneux, Portfolio Lead for Resources
Steve Wilson, GMCA Treasurer

Purpose of Report

This report is to inform members of the Greater Manchester Combined Authority provisional revenue outturn for 2021/22.

Recommendations:

The GMCA is requested to:

1. Note that Mayoral General Budget provisional revenue outturn position for 2021/22 is breakeven after transfer to earmarked reserves;
2. Note the GMCA General Budget provisional revenue outturn position for 2021/22 is breakeven after transfer to earmarked reserves;
3. Note that the Mayoral General – GM Fire & Rescue provisional revenue outturn position for 2021/22 is £1.970m underspend after transfer to earmarked reserves which is planned to be transferred to the Fire & Rescue Capital Programme Reserve;
4. Note the Waste and Resourcing provisional revenue outturn position for 2021/22 is breakeven after transfers from earmarked reserves and agreed return of levy and reserves to Districts;
5. Note the GMCA Transport provisional revenue outturn position for 2021/22 is underspend of £11.9m which is planned to be transferred to Transport Capital Programme Reserve;
6. Note the TfGM provisional revenue outturn position for 2021/22 is breakeven;
7. Note that the Government has extended the statutory deadline for the publication of the 2021-22 draft accounts by two months to 31st July 2022;
8. Note that the final position is subject to the submission of the audited accounts to be finalised by 30th November 2022 and to be reported to the GMCA Audit Committee prior to the deadline.

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Equalities Impact, Carbon and Sustainability Assessment:

No decisions are included in this report.

Risk Management

An assessment of major budget risks faced by the authority are carried out quarterly as part of the reporting process – there are no specific risks identified with the 2021/22 provisional outturn position.

Legal Considerations

There are no specific legal implications with regards to the 2021/22 budget update.

Financial Consequences – Revenue

Revenue consequences are set out in the main body of the report relating to the 2021/22 provisional outturn.

Financial Consequences – Capital

There are no specific capital implications contained in this report.

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

N/a

Background Papers

GMCA 12th February 2021 – Budget Reports 2021/22

GMCA 11th February 2022 – GMCA Revenue Update Quarter 3

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?

No

GM Transport Committee

N/a

Overview and Scrutiny Committee

N/a

1. INTRODUCTION

- 1.1 The purpose of this report is to provide the 2021/22 provisional revenue outturn position in relation to the Mayoral budget, GMCA General Budget, GM Fire and Rescue, Waste and Resources and Transport, including Transport for Greater Manchester (TfGM).
- 1.2 As in the previous two years the Government has extended the statutory deadline for the publication of the 2021-22 draft accounts by two months to 31st July 2022. The GMCA is working to a timetable to complete the single entity draft accounts by 30th June 2022 with the external audit of the accounts expected to take place in September/October 2022. The statutory deadline for submission of audited accounts has been extended to 30th November 2022 which will be reported to the GMCA Audit Committee prior to the deadline.
- 1.3 It should be noted that this report is a draft of the expected outcome of the 2021/22 financial position, ahead of the audit of the Statement of Accounts, however it is not anticipated that there will be any significant changes.
- 1.4 The table below shows the summary of the provisional outturn position for budgets in this report.

2021/22 Summary	Original/Approved Budget			Provisional Outturn			Variance		
	Exp	Income	Total	Exp	Income	Total	Exp	Income	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
GMCA General	259,765	-259,765	0	259,765	-259,765	0	0	0	0
Mayoral General	126,749	-126,749	0	126,427	-126,427	0	-322	322	0
GM Fire & Rescue	112,173	-112,173	0	113,176	-115,146	-1,970	1,003	-2,973	-1,970
Waste & Res	162,402	-162,402	0	162,402	-162,402	0	0	0	0
Transport	246,426	-246,426	0	234,503	-246,426	-11,923	-11,923	0	-11,923
<u>Memorandum</u>									
TfGM	173,680	-173,680	0	176,930	-176,930	0	3,250	-3,250	0

2. GMCA GENERAL BUDGET

- 2.1 The approved GMCA General Budget for 2021/22 was £224.044m, which has been revised during the year to reflect additional external funding received to £259.765m. The provisional outturn is a breakeven position after transfer between earmarked reserves for externally funded programmes of work.

2.2 The most significant variance was an overspend of £165k on the Public Service Reform (PSR) Directorate, in relation to unfunded posts and expenditure against income from received in 2020/21 which has been met by variances in other business areas compared the budget funding from within GMCA.

2.3 The table below provides a summary of the position.

GMCA Provisional Outturn 2021/22	Original Budget	Revised Budget	Provisional Outturn	Variance (Over/ - Under Spend)
	£000	£000	£000	£000
Digital	1,674	3,784	3,782	-3
Economy	18,954	26,573	26,547	-26
Environment	2,697	3,235	3,140	-96
Place	7,941	7,842	7,754	-88
Public Service Reform	21,993	34,443	34,608	165
Work and Skills	140,406	151,417	151,372	-45
GMCA Corporate	26,580	29,070	29,162	93
GM Election	3,800	3,400	3,400	0
Net Expenditure	224,044	259,765	259,765	0

3. MAYORAL GENERAL BUDGET

3.1 The provisional outturn position for the Mayoral budget in 2021/22 is breakeven after transfer to earmarked reserves.

3.2 The original expenditure budget in 2021/22 approved on 12th February 2021 was £126.749m and the provisional expenditure to the end of 2021/22 is £126.427m, which is an underspend of £322k. relating to:

- Additional income of £110k received in 2021/22 towards the A Bed Every Night (ABEN) scheme. This underspend has been earmarked to support the ABEN planned budget in 2022/23.
- Our Pass and Care Leavers concessionary pass underspend of £137k based on take-up during 2021/22.
- Mayoral priorities underspend of £56k mainly in relation to Equalities Panels.
- Underspend of £19k against Mayoral general budget, particularly relating to

travel expenses.

3.3 The underspend is offset by:

- A shortfall in income to support the Our Pass pilot from colleges of £850k following the pandemic. This has been funded by use of Mayoral reserve of £583k and underspends set out above.

3.4 The table below provides a breakdown of the position:

Mayor's Provisional Outturn 2021/22	Original Budget	Provisional Outturn	Variance (Over/- Under Spend)
	£000	£000	£000
Mayoral General budget	1,249	1,230	-19
Transport Budget	106,250	106,250	0
Our Pass / Care Leavers concessionary travel	16,750	16,613	-137
A Bed Every Night	1,950	1,840	-110
Other	550	494	-56
Total Mayoral Priorities	19,250	18,947	-303
Total Expenditure	126,749	126,427	-322
Funded by:			
Mayoral Precept/Collection Fund	-18,463	-18,357	106
Bus Service Operator Grant	-13,100	-13,151	-51
Mayoral Capacity Grant	-1,000	-1,000	0
Statutory Charge to local authorities	-86,700	-86,700	0
Transfer from Reserve	-6,636	-7,219	-583
External Income	-850	-1	849
Total Income	-126,749	-126,427	322

4. MAYORAL - GM FIRE AND RESCUE

4.1 The approved GM Fire and Rescue Service (GMFRS) budget for 2021/22 was £112.173m. The provisional outturn position is an underspend of £1.970m.

4.2 The most significant expenditure variance relates to employees pay and pensions which is an underspend of £1.315m. The pay underspend is mainly attributable to the number of uniformed posts being lower than the budgeted establishment. The recruitment strategy seeks to increase headcount up to budgeted establishment

numbers within 2022/23. Pre-arranged overtime has been included, costs associated to Covid-19 has been calculated and funded through the remaining grant.

- 4.2 Indirect employee allowances is an underspend of £333k. The underspend is mainly in relation to insurance and reduced cost of other training expenses in year.
- 4.3 Premises Related expenditure is an underspend of £812k mainly attributable to a reduction in business rates expenditure. This includes one off rebates following valuations of the Estate and recurring savings which are being factored into the budget planning for 2022/23 onwards.
- 4.4 Transport budgets have underspent by £89k which is a small reduction in the previously reported underspend due to travel costs increasing in line with the easing of national restrictions and internal hybrid working arrangements. Supplies, services and other expenditure is forecast at an overspend of £462k, mainly due to a requirement to top up provisions and planned capital expenditure having to be met from revenue budgets.
- 4.5 Support Services budget incorporates the central recharges received from the wider Combined Authority. Further charges for specific additional support from HROD for the whole-time firefighter recruitment and selection process and communications for various projects and strategies outside of central recharges have been forecast which result in an overspend of £148k.
- 4.6 Capital Financing has an underspend of £0.698m due in part to the impact of the revised Minimum Revenue Provision policy.
- 4.7 Income has underachieved by £111k mainly due to loss of income as a result of Covid-19 which has been covered by remaining grant via a drawdown from reserve.
- 4.8 The transfer reserves of £5.005m is £3.657m greater than the original budget the majority of which relates to addition relief grant funding transferred to reserves to support the Collection Fund position in 2022/23.

4.9 The overall position of an underspend of £1.970m is planned to be transferred to Capital Fund Reserve to support the Capital Programme and reduce the borrowing requirement in future years.

4.10 The table below provides a summary of the position:

GMFRS Provisional Outturn 2021/22	Original Budget	Provisional Outturn	Variance (Over/Under Spend)
	£000	£000	£000
Employees	86,501	85,186	-1,315
Indirect Employees	1,812	1,479	-333
Premises	4,897	4,086	-812
Transport	2,260	2,172	-89
Supplies & Services	8,699	9,161	462
Support Services	7,469	7,617	148
Government Grants	-768	-1,465	-698
Other Grants & Contributions	-215	-110	105
Customer & Client Receipts	-2,237	-1,533	704
Capital Financing Costs	2,406	1,579	-827
Trf to Earmarked Reserves	1,349	5,006	3,657
Total Expenditure	112,173	113,176	1,003
Localised Business Rates	-10,297	-10,297	0
Baseline funding	-40,353	-40,353	0
Section 31 - Business rates related	-2,594	-2,537	56
Section 31 - Pension related	-5,605	-5,605	0
Extended Retail Relief Grant	0	-2,249	-2,249
Covid Additional Relief Fund	0	-703	-703
Precept income	-50,041	-50,041	0
Collection Fund surplus/deficit	5,236	5,236	0
Local Council Tax Support	-1,349	-1,347	2
Trf from Earmarked Reserve	-7,171	-7,249	-78
Total Funding	-112,173	-115,146	-2,972
Net Expenditure	0	-1,970	-1,970

5. WASTE AND RESOURCES

5.1 The levy for the Waste and Resources service was set in February 2021 for a total of £162.402m represented by expenditure of £162.672m and a use of reserves of £270k.

5.2 The revenue outturn for 2021/22 is shown below:

Waste & Resources Provisional Outturn 2021/22	Original Budget	Provisional Outturn	Variance (Over/ -Under Spend)
	£000	£000	£000
Operational Costs	105,023	74,661	-30,362
Operational Financing	48,860	47,447	-1,383
Office Costs	6,190	4,533	-1,657
Non-Operational Financing	2,629	1,005	-1,624
Total Budget	162,672	127,646	-35,026
Levy Adjustment 2020/21	0	262	262
Levy Adjustment 2021/22	0	-10	-10
To/(From) Reserves	-270	34,504	34,774
Levy	162,402	162,402	0

5.3 Key differences between the budget and outturn figure are:

5.3.1 The budget was set using forecast levels of District delivered waste amounting to 861,000 tonnes of waste. The volumes of waste delivered by Districts was the same but with variances in the types of waste delivered. Lower amounts than forecast were received in biowaste, street sweepings and trade, and higher than forecast in residual, commingled and paper/card waste streams.

5.3.2 The main operational variances are:

	Variance
	£000
Residual Value Contract	-16,113
WRMS Contract	-10,162
HWRCMS Contract	-923
Biowaste Offtake Agreements	-220
Other contract costs	-2,943

5.3.3 The main variances on operational costs are:

- a) Residual Value Contract – increased share of third party income;
- b) Waste and Resources Management Services (WRMS) Contract – increases in the cost of residual waste treated due to increases in residual waste tonnage offset by increased recyclate revenue rebate due to increased priced obtained and slightly higher tonnages of commingled and paper/card;
- c) Household Waste Recycling Centre Management Services (HWRCMS) Contract – lower than budgeted landfill costs; and
- d) Other contract costs – largely a result of an underspend on lifecycle costs with the underspend being moved to the Lifecycle Reserve to be spent in future years.

5.3.4 The main operational financing savings have been derived from lower than anticipated interest costs with rates lower than forecast and some savings on Minimum Revenue Provision (MRP) costs due to capital projects being completed later than anticipated.

5.3.5 The office cost variance is mainly due to underspends on consultancy fees. The underspend has been moved into a reserve for the anticipated spend on providing a response to the National Waste Strategy.

5.3.6 The provisional levy adjustment has been included within the outturn for 2021/22 with a forecast for the month of March 2022 which reflects the changes in tonnages being delivered by Districts. The sum will be confirmed during 2022/23 with an adjustment to reflect the actual position for March 2022. The breakdown per District is detailed below:

	Levy Adjustment
	£000
Bolton	146
Bury	-243
Manchester	732
Oldham	39
Rochdale	-192

Salford	-222
Stockport	88
Tameside	-168
Trafford	-170
TOTAL	10

5.3.7 At the GMCA meeting of 11 February 2022 it was noted that there is an intention to return £10m of reserves as a minimum. This will be a transaction in 2022/23 and as such the £10m held in a GMCA earmarked reserve at 31st March 2022. Approval will be sought to return the reserves in 2022/23 as part of the quarter 1 revenue update report to GMCA in July 2022.

6. TRANSPORT

6.1 The approved Transport budget approved by GMCA in February 2021 was £246.426m, made up of funding from the Transport levy and Statutory Charge and a number of specific grants. Of this a budget of £173.680m was approved for Transport for Greater Manchester (TfGM) and the remainder held by GMCA for capital financing costs.

6.2 The provisional outturn against the overall Transport budget is an underspend of £11.9m. This is made up of:

- £7.1m underspend on capital financing costs following a revision to the Minimum Revenue Provision policy which sets out how the authority pays off an element capital expenditure funded from borrowing each year. The revised policy was approved by GMCA in February 2022 and provides a consistent approach across all element of the GMCA which is prudent and compliant with statutory guidance.
- £4.9m underspend against the budget for interest costs on borrowing which has been deferred due to the authority using its own cash to fund capital expenditure.

6.3 The underspend will be transferred to the Transport Capital Programme Reserve which is in place to fund capital financing costs for Metrolink over the long term. The increase in reserve will support the recovery of Metrolink revenues following the

pandemic as Government funding recovery is expected to cease part way through 2022/23.

Transport for Greater Manchester

- 6.4 The table below summarises the original approved budget outturn position for TfGM in 2021/22. This shows an increase of £3.250 million compared to the original budget. A commentary on the key changes is provided below the table.

TfGM Revenue Budget Provisional Outturn 2021/22	Approved Budget	Previous Forecast Outturn	Provisional Outturn	Variance (Over/ -Under Spend)
	£000	£000	£000	£000
Expenditure				
Concessionary Support	77,900	77,900	77,900	0
Supported Services	32,000	32,000	32,000	0
Accessible Transport	3,900	3,700	3,700	-200
Operational Costs	35,820	38,620	37,020	1,200
Clean Air Plan Costs	6,500	4,200	4,100	-2,400
Scheme/Pipeline Dev. Costs	7,000	10,000	10,200	3,200
Bus Franchising costs	4,250	5,000	5,700	1,450
Financing	6,310	6,310	6,310	0
Total Expenditure	173,680	177,730	176,930	3,250
Funded by				
Levy Allocated to TfGM	-36,380	-36,380	-36,380	0
Statutory Charge	-86,700	-86,700	-86,700	0
Mayoral Budget	-18,650	-18,650	-18,650	0
Rail Grant	-1,900	-1,900	-1,900	0
Metrolink funding revenue/reserves	-10,800	-10,800	-10,800	0
Clean Air Plan Govt Grants	-6,500	-4,200	-4,100	-2,400
Transforming Cities Fund	-7,000	-1,400	-1,600	-5,400
Intracity Transport Fund	0	-8,600	-8,600	8,600
Bus Franchising funding	-4,250	-5,000	-5,700	1,450
Utilisation of reserves/other grants	-1,500	-4,100	-2,500	1,000
Total Funding	-173,680	-177,730	-176,930	-3,250

- 6.5 The Concessionary Support outturn was in line with budget after transfers to reserves. In line with previous Department for Transport (DfT) guidance, TfGM has

continued to reimburse bus operators for concessionary reimbursement in line with pre COVID-19 volumes. Adjustments have been made, in line with further DfT guidance, where operated mileage has been less than 100% of pre COVID-19 levels. This has led to an underspend in year of £5.9m which has been transferred to reserves and will be used to mitigate the significant cost risks in 2022/23, including in the Concessionary and Supported Services budgets, as government funding support for bus services is due to end in early October 2022.

- 6.6 The Supported Services outturn was in line with budget after transfers to reserves. There was an underspend in the year of £1.75m as certain risks which had been factored into the budget did not emerge in the 2021/22 financial year. However, as for the concessionary budget above, this reserves transfer will be used to mitigate the significant cost risks in the budget in 2022/23, including in the Concessionary and Supported Services budgets, as government funding support for bus services is due to end in early October 2022.
- 6.7 The Accessible Transport outturn was slightly below budget due to lower grants paid to Greater Manchester Accessible Transport Ltd (GMATL) to operate the Ring and Ride Service. This is due to fewer services being operated due to lower patronage during the pandemic.
- 6.8 Operational Costs outturn was £1.2m higher than the original budget due to additional costs incurred on projects funded through specific ring-fenced grants totaling £1m and £200k due to higher costs incurred or lower income received as a result of COVID-19 and higher energy costs, offset against savings in various areas.
- 6.9 Clean Air Plan outturn was £2.4m lower than budget. As in previous years all costs are funded by grants from the Government's Joint Air Quality Unit.
- 6.10 Scheme/Pipeline Development costs relate to a pipeline of Greater Manchester Infrastructure Programme schemes being developed by TfGM and the ten local authorities. Expenditure outturn was £3.2m higher than the original budget due to the phasing of work. As a result of receiving the £8.6 million of Intra City Transport Fund (ICTF) funding in the current year, the unutilised element of the previously approved Transforming Cities Fund 2 (TCF2) funding will be carried forward to enable the further development of the pipeline in future years.

6.11 The outturn expenditure on revenue funded implementation costs for Bus Franchising is £5.7 million, which is £1.45 million higher than the original budget. This is due to the phasing of a number of workstreams.

7. RECOMMENDATIONS

7.1 The recommendations appear at the front of this report.

