

GREATER MANCHESTER COMBINED AUTHORITY

Date: 9 February 2024

Subject: Paper C - GMCA General Revenue Budget 2024/25

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

PURPOSE OF REPORT

The report sets out the Greater Manchester Combined Authority (GMCA) General Revenue Budget for 2024/25. The proposed local authority contributions to be approved for 2024/25 of £8.5m are included within the report together with the consequential allocations to the individual Councils. The contribution has been frozen for a further year and includes a reduction of £99k in relation to a withdrawal of the contribution to MIDAS from Rochdale Council.

RECOMMENDATIONS:

The GMCA is requested to consider the recommendations below:

1. Approve the budget relating to the Greater Manchester Combined Authority functions excluding transport and waste in 2024/25 as set out in section 2 of this report.
2. Approve local authority contributions of £8.5 million as set out in section 5 of this

report.

3. Approve the use of reserves as set out in section 6 of the report.

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Equalities Implications: N/A

Climate Change Impact Assessment and Mitigation Measures: N/A

Risk Management – An assessment of the potential budget risks faced by the authority are carried out quarterly as part of the annual financial planning process and quarterly monitoring process.

Legal Considerations – See section 7 of the report.

Financial Consequences – Revenue – The report sets out the planned budget strategy for 2024/25.

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

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

BACKGROUND PAPERS:

Report to Greater Manchester Combined Authority: GMCA General Budget 2023/24 – 10 February 2023

Report to Greater Manchester Combined Authority: Revenue Update 2023/24 – 27th October 2023

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? N/A

Overview & Scrutiny Committee - 7th February 2024

1. INTRODUCTION AND BACKGROUND

- 1.1 This report provides details of the proposed Greater Manchester Combined Authority (GMCA) Revenue General budget for 2024/25. The budgets for Mayoral activities including Fire and Police, Transport and Waste services are reported separately.
- 1.2 The GMCA General Budget is made up of the Corporate Service directorate and programme directorates which lead on specific areas of work, the majority of which are funded by government grants:
- Corporate Services
 - Core Investment Team
 - Digital
 - Economy
 - Environment
 - Place
 - Public Service Reform
 - Education, Work and Skills
- 1.3 The 2024/25 GMCA General budget reflects the latest position for GMCA taking account of devolved funding, specific grant funding and new cost pressures such as pay and price inflation. GMCA will achieve a balanced budget for the year ahead, and will ensure activities achieve value for money, add value and drive progress against priorities set out in the GMCA Corporate Plan.
- 1.4 The GM Council contributions in relation to the GMCA General budget are set out in section 5 and Appendix 3 to the report. The reserves are detailed within section 6 of the report including planned utilisation in 2023/24 and 2024/25. The Authority's legal obligations and the responsibility of the Treasurer to the Combined Authority (CA) are also set out in section 7 of the report.
- 1.5 The GMCA General proposed budget for 2024/25 is £275.284m which is an increase of £29.600m compared to 2023/24 original budget which is fully funded

from additional resources. The report provides information on the GMCA corporate budget in Section 3 and programme budgets in Section 4. The table below summarises the overall proposed 2024/25 GMCA General revenue budget compared to the 2023/24 original budget approved by GMCA in February 2023.

Total GMCA General Revenue Budget	Original Budget 2023/24	Proposed Budget 2024/25	Change
Expenditure	£000	£000	£000
GMCA Corporate Services	25,782	31,226	5,444
Digital	353	2,873	2,520
Economy	9,746	4,960	-4,786
Environment	1,509	3,071	1,562
Place	23,446	55,511	32,065
Public Service Reform	41,884	39,691	-2,193
Education, Work and Skills	141,120	131,245	-9,875
Core Investment Team	1,745	2,553	808
Mayoral Election	0	4,055	4,055
Total Expenditure	245,585	275,185	29,600
Government Grants	-188,866	-204,848	-15,982
District Contributions	-8,602	-8,503	99
Internal Recharges	-22,905	-30,841	-7,936
Retained Business Rates (approved)	-8,014	-10,531	-2,517
Earmarked Reserves	-5,543	-7,221	-1,678
Other Income	-11,655	-13,242	-1,587
Total Funding	-245,585	-275,185	-29,600
Net Expenditure	0	0	0

2. FINANCIAL PLANNING FOR FURTHER DEVOLUTION

- 2.1 In March 2023, GM agreed a new 'Trailblazer' deeper devolution deal with the Government. Central to this deal was a commitment to reforming how the Government provides funding to GM by creating a new 'Single Settlement' in the next Spending Review period. Alongside the November 2023 Autumn Statement, the Government published a "Memorandum of Understanding" (MoU) on the forthcoming GMCA and West Midlands Combined Authority Single Settlements.
- 2.2 Currently, each devolved responsibility or programme is funded separately, funding cannot be moved between programmes, and each programme often has its own monitoring or accountability requirements. The Single Settlement will address this by creating a single funding settlement for a core set of responsibilities. The MoU

published alongside the Autumn Statement sets out further details about how this will operate in practice.

- 2.3 The MoU does not set the amount of funding allocated to GMCA or the outcomes to be delivered in return. These will be decided at, and following, future Spending Reviews. There will be a further decision point in Spring 2024 where additional annexes to the MoU will be agreed between GMCA and Government. These will include:
- The formulae to determine the GMCA allocative share of funding (where this isn't already known);
 - The provisional process for setting the outcomes framework (i.e. the measures, not the numerical targets);
 - Further detail on the spending controls the Government will employ for the Settlement, including detail about how arrangements for flexibility across financial years will operate.
- 2.4 The next Spending Review, likely in Autumn 2024, is when the amount of funding allocated to GMCA through the Single Settlement will be confirmed, using the process set out in the MoU. The Settlement itself then 'goes live' in April 2025 and the financial implications of this will be reflected in the GMCA budget process for 2025/26.
- 2.5 As part of the devolution deal the continuation of the 100% business rates retention arrangements for 10 years. The MOU for this agreement comes into effect from 1 April 2024 and will be in place for the financial years 2024-25 to 2033-34 inclusive with the aim to:
- Support the long-term financial and economic sustainability and economic growth of the combined authority;
 - Support devolution strategy and Levelling Up objectives across local government;
 - Provide more control of income and strengthen local accountability, whilst recognising that risk comes with reward and deeper devolution comes with strong accountability.

- 2.6 Alongside the 10-year business rates retention arrangements, government and Greater Manchester aim to designate for 2024-25 up to 3 'Growth Zones' within the Greater Manchester area. These sites will retain growth above an agreed baseline for a period of 25 years, exempt from a system-wide reset of business rates baselines. The Growth Zones are in addition to 2 Investment Zones and existing Enterprise Zones.
- 2.7 The 2024/25 GMCA budget reflects initial planning for resourcing the capacity and skills requirements to deliver the devolution deal within the GMCA. For 2024/25 the financial implications of this will be met through earmarked reserves in anticipation of recurrent resources being made available through the single settlement and retained business rates.

3. CORPORATE SERVICES BUDGET

- 3.1. The GMCA Corporate functions include senior management, finance, audit, commercial, digital services, people services, procurement and contracts, legal and governance, information governance, business support, strategy, research, communications and engagement and resilience.
- 3.2 GMCA does not receive any direct government funding to fund corporate functions. Expenditure is met from a combination of recharges to Fire and Rescue, Police and Crime and GMCA devolved programmes (where possible), GM local authority (district) contributions and external income.
- 3.3 The proposed Corporate Services budget for 2024/25 is £31.2m which is an increase of £5.4m compared to 2023/24. The changes are in relation to:
- Additional programme and external income funded staffing mainly relating to Strategy & Research, Communication and Engagement, Management Trainees, Tootal Building and Resilience Unit transfer from MCC of **£2.4m**.
 - Increase in corporate overhead recharge of **£1.4m** to reflect 2024/25 estimated pay and price pressures including:
 - Pay Inflation - 3% anticipated pay award (£1m)
 - Non Pay pressures – (£0.4m)

- Increase to corporate overhead recharge of **£1.6m** for Other unavoidable pressures in relation to:
 - Digital - Cyber systems and capacity and specialist infrastructure engineers (£500k);
 - Microsoft licences increased cost (£600k);
 - People Services (HR/OD), professional visa sponsorship, training and development and Greater Jobs system, commercial social value capacity, management trainees (£500k);

3.4 The table below sets out the Corporate Services original budget for 2023/24 and proposed budget for 2024/25. Appendix 1 provides a breakdown of the 2024/25 budget for each of the Corporate Services functions.

GMCA General Revenue Budget Corporate Budgets	Original Budget 2023/24	Proposed Budget 2024/25	Change
Expenditure	£000	£000	£000
Senior Management	697	793	96
GM Resilience	324	1,253	929
Strategy & Research	3,431	4,218	788
Comms, Media & Engagement	1,575	2,076	501
Digital	4,632	6,228	1,597
Finance, Audit & Commercial	4,092	4,415	324
Legal, Info Gov, Demo & Bus Supp	4,092	4,115	23
HR/OD inc Mgt Trainees	3,906	4,742	837
Land and Property	1,394	1,466	72
Ttotal	1,641	1,918	278
Total Expenditure	25,782	31,226	5,444
Internal recharge	-17,387	-24,818	-7,431
Fees, charges and other income	-2,540	-419	2,121
Grant Income	-64	-215	-151
Retained Business Rates (approved)	0	-343	-343
Earmarked Reserves	-810	-450	360
District contribution	-2,725	-2,725	0
Deposit interest	-2,256	-2,256	0
Total Funding	-25,782	-31,226	-5,444
Net Expenditure	0	0	0

4. PROGRAMME BUDGETS

- 4.1 The programme directorates are focused on delivering key areas of work largely funded through a significant number of Government grants, supported by funding from previously approved retained business rates growth, reserves and external income.
- 4.2 The confirmation of Government funding varies considerably depending upon the nature of the grant. Some programmes have confirmed or indicative funding over a longer term period and others operate with short term grant funding confirmed on an annual basis. As such financial planning for GMCA programmes is restricted to the information available at the time of setting the budget for the following year and will be updated throughout the financial year as part of the quarterly financial update reports.
- 4.3 In addition the programme budget includes:
- The planned expenditure on the Mayoral election in May 2024 of £4.1m funded from retained business rates in the absence of any alternative funding source.
 - The Core Investment Team budget of £2.6m for the running cost of the team and a contribution towards Corporate Service overhead which is fully funded from investment interest.
- 4.4 A description of the directorate programmes which make up the proposed budget for 2024/25 is provided in the table and paragraphs below:

Programme Budgets	Original Budget 2023/24	Proposed Budget 2024/25	Change
Expenditure	£000	£000	£000
Digital	353	2,873	2,520
Economy	9,746	4,960	-4,786
Environment	1,509	3,071	1,562
Place	23,446	55,511	32,065
Public Service Reform	41,884	39,691	-2,193
Education, Work and Skills	141,120	131,245	-9,875
Core Investment Team	1,745	2,553	808
Mayoral Election	0	4,055	4,055
Total Expenditure	219,803	243,959	24,156
Government Grants	-188,802	-204,633	-15,831
District Contributions	-5,877	-5,778	99
Internal Recharges	-5,518	-6,023	-505
Retained Business Rates (approved)	-8,014	-10,187	-2,173
Earmarked Reserves	-4,733	-6,771	-2,038
Other Income	-6,859	-10,567	-3,708
Total Funding	-219,803	-243,959	-24,156
Net Expenditure	0	0	0

4.5 Digital

4.5.1 The GM Digital team is committed to delivering on the GM Digital Strategy through a multi-year approach set out in the GM Digital Blueprint. GM Digital collaborates across the GM digital system which includes industry, universities, health, Voluntary, Community and Social Enterprise (VCSE) sector to create opportunities, maximise outcomes and generate inward investment.

4.5.2 The proposed 2024/25 budget for Digital is **£2.9m** which relates to:

- The GM One Network Project will create a single active network infrastructure across a large proportion of public sector organisations, enabling network services across Greater Manchester to be provided more efficiently, securely, and flexibly. The GMCA is the lead body for the delivery of this scheme, other partner organisations include TfGM, Bury Council, Oldham Council, Rochdale Council and Stockport Council. The **£2.4m** expenditure in 2024/25 will be funded by recharge to partners as set out in the collaboration agreement.

- GM Digital Platform supported by recharges to a number of external organisations and specific projects across GMCA Directorates of **£0.3m**.
- GM Connect and programmes with **£0.2m** funded from earmarked reserves.

4.5.3 Further considerations on funding for Digital programmes in 2024/25 will be included in a later report to GMCA.

4.6 Economy

4.6.1 The Economy Directorate supports key groups including the Economy Board, Local Industrial Strategy Programme Delivery Executive, GM Economic Resilience Group and GM Business Board.

4.6.2 Key priorities for 2024/25 include the continued delivery of commitments in the Greater Manchester Strategy and Local Industrial Strategy programmes, including to support the Foundational Economy and Leadership and Management, alongside the work of Innovation GM and the delivery of the Innovation Accelerator. The Greater Manchester Economic Resilience Dashboard is a quarterly item at each meeting of the GMCA providing live data about the economic issues affecting GM residents, particularly the impacts of the Cost of Living crisis. The dashboards are also presented to the Business Board so that business leaders can respond to the issues and changes in the local economy.

4.6.3 The proposed 2024/25 budget for Economy is **£5m**, which includes:

- **£0.9m** for the GM Productivity Programme and GM Local Industrial Strategy programmes, both of which are funded from previously agreed retained business rate growth. Further business rates funding will be required to continue programmes in full in 2024/25, including for the Foundational Economy Innovation Fund, Innovation Greater Manchester and development of the Low Carbon sector.
- **£1.3m** relating to Marketing Manchester and MIDAS funded from District Contributions of £1.3m. This is a reduction of £0.1m compared to 2023/24 as Rochdale Council has withdrawn its contribution for MIDAS.

- **£1.8m** relating to Made Smarter Adoption North West programme fully funded from Government grant.
- **£0.4m** for the Business Growth Hub funded by a grant received by the Department for Business and Trade.
- **£200k** for the Cricket Strategy funded from previously agreed retained business rates growth.
- **£300k** for the Economy team funded from a combination of internal recharges.

4.7 Environment

4.7.1 Environment is the lead for the implementation of the GM Five Year Environment Plan and delivering housing and public retrofit programmes as part of green economic recovery and progressing the environment plan to continue to reduce carbon emissions and create an improved, more resilient natural environment for socially distanced recreation.

4.7.2 The 2024/25 proposed budget is **£3.1m** relating to the following programmes of work:

- Environment and Low Carbon programme **£1.1m**, funded from a combination of local authority contributions, Public Sector Decarbonisation government grant allocation, internal recharges and previously approved business rates retention allocations.
- Local Energy Advice Demonstration **£1m** has been received from the Department for Energy Security and Net Zero for delivery of Net Zero projects in the North West.
- **£300k** government grant from the Department for Business, Energy, and Industrial Strategy to fund Social Housing Decarbonisation Fund Wave 2.
- Local Nature Recovery Strategy allocation of **£125k** has been received from Department for Environment, Food and Rural Affairs to build on the city region's successful pilot, which concluded in September 2021, to provide fairer access to green space for all.

- Other Environment projects including Natural Course, Woodland Creation Accelerator Fund, Sustainable Consumption and Production funded from external funding totalling **£535k**.

4.8 Place

4.8.1 Place making focuses on the development of individual places prosperous and vibrant places in which GM residents can grow up, live and grow old. This has brought together Housing and Planning, Land and Property, Culture, Delivery and Infrastructure teams, each of which has a vital role to play in place development. The proposed 2024/25 budget for Place Making is **£55.5m** which includes:

- UK Shared Prosperity Fund (UKSPF) **£42.7m** – GMCA has been assigned lead authority for GM and has overall accountability for the funding and how it operates, working closely with Districts and key stakeholders including local MPs in the design and delivery of UKSPF. Following agreement of the GM investment plan, GMCA has been allocated a total of £83.9m over the three-year period 2023/24 – 2025/26. The Place Directorate budget for 2024/25 includes:
 - Supporting Local Business - investment that would support business to thrive, innovate and grow, including any interventions that are best delivered at a larger scale in collaboration with other places, or more locally;
 - Communities and Place – investment to strengthen the social fabric of communities, supporting building pride in place;
 - People and Skills - skills and people related interventions.
- Cultural and Social Impact Fund of **£4.4m** funded by District contributions and Retained Business Rates to support a new approach to cultural investment agreed by the GMCA in October following consultation over the summer 2022.
- GM Delivery team budget of **£1.1m** funded from earmarked reserves and other external income.
- There is **£7.3m** of budget for Business, Innovation and Enterprise Policy, Planning and Housing, Growth Locations, Flood Risk Management and Create

Growth from a combination of external grants, internal recharges, Earmarked Reserves and District contributions.

4.9 Public Service Reform

4.9.1 Public Service Reform supports reform, innovation and social policy development across GM with the overarching objective of addressing inequality and improving outcomes for all residents across the city-region. It is made up of a number of thematic strands with lead responsibilities that include Early Years, Children and Young People, Troubled Families, Homelessness and Rough Sleeping, Asylum and Refugees, Armed Forces and Veterans, Gambling Harm Reduction and the GM Ageing Hub. The service performs a cross-cutting role across GM in collaboration with localities, other public service organisations and the voluntary, community and social enterprise (VCSE) sector to drive the implementation of unified public services for the people of Greater Manchester.

4.9.2 The proposed 2024/25 budget for Public Service Reform is **£39.7m**. The majority of the budget is funded from Government grants supported by partner contributions, previously agreed retained business rates and use of reserves, this includes:

- Through an agreement with Government established in 2017 GMCA has received Supporting Families funding through the GM Reform Investment Fund (RIF) prior to it being distributed to the ten Local Authorities. This agreement with Government which also sees Greater Manchester Local Authorities work towards a collective number of families has helped to ensure that money is being invested in things that allow families to get access to the family support services they need, whilst also freeing up funding to contribute to transformation of services at neighbourhood level. In 2023 the Government provided indicative allocations of £11.6m per year for the Supporting Families programme for the period 2022/23 – 2024/25 with the aim of working with up to 7,297 families by 2023/24 with additional funding for successful family outcomes of £5.8m in 2023/24 a maximum of **£18.7m** which is included in the PSR budget for 2024/25 the majority of which is paid to local authorities.

- Changing Futures grant funding of **£1.4m** for 2024/25 which is the final year of a three year programme to improve outcomes for adults experiencing multiple disadvantage.
- The Greater Manchester Homelessness Prevention Strategy provides long term vision and cross sector commitment. Tackling homelessness and rough sleeping will continue to be key priorities and policy objectives in 2024/25. In May 2022 government grants of c£30m for the period 2022/23 – 2024/25 were announced. From this funding **£9.7m** is reflected in the 2024/25 proposed budget including Housing First, Rough Sleeping Initiative, Rough Sleeper Accommodation Programme and Community Accommodation Services.
- The A Bed Every Night (ABEN) programme provides key accommodation and support pathway for people who are experiencing rough sleeping, or at imminent risk. ABEN provides for people with no statutory duty of interim accommodation owed them, including those with No Recourse to Public Funds. During 2024/25 the ABEN has a planned cost of **£5.4m** funded from local and national funding, including £0.4m of Rough Sleeping Initiative grant and delivered as one part of a wider system of activity to prevent and relieve rough sleeping.
- During the COVID-19 pandemic GMCA funded from the RIF a 'Youth Homelessness Prevention Pathfinder' to develop a working model that could be procured as a full social outcomes contract. The 'fee-for-service' pathfinder ran from December 2020 to December 2021 and supported an estimated 250 young people at risk of homelessness. The outcome of this led to the design of a larger three-year outcomes based contract (£4.85m) which commenced early in 2022, with the aim of achieving positive outcomes for 1,500 young people. The contract is to be funded from the RIF and local match funding from retained business rates growth funding to provide a proposed budget of **£1.4m** for 2024/25.
- Other programmes such as Children Services, Special Educational Needs and Disabilities, GM Safeguarding Alliance, GM Health Devolution and Media Literacy Taskforce and GM fostering Programme, funded from a combination of grants and external income totalling **£1.1m**.
- PSR Directorate net delivery budget of **£1.2m** funded from partner resources, other external income and recharges.

- Ageing Better budget for 2024/25 is **£0.8m**, this includes 'Ageing in Place' pathfinder which is grant funded up to 2025/26.

4.10 Education, Work and Skills

4.10.1 Education, Work & Skills works in partnership with local authorities, partners and businesses to deliver and performance manage programmes that support people to enter, progress and remain in work. The proposed 2024/25 budget is **£132.1m** to support the following programmes:

- The Adult Education Budget (AEB) of **£97m** devolved to GM to support the city-region's residents to develop skills needed for life and work;
- The AEB National Skills Fund Adult Level 3 programme funding of **£6.6m**;
- AEB Multiply programme of **£5m** in 2024/25 which is part of an allocation of £14m up to 2023-25 to support residents to become more confident with numbers and progress them on in life. It will also increase the number of adults participating in and achieving their Level 2 or equivalent in Maths.
- Department for Education (DfE) Skills Bootcamps funding of **£7.5m** to support adults from diverse groups to retrain and help employers to fill skills shortages. The programme provides the opportunity to build up sector specific skills through fully funded and co-funded flexible courses of up to 16 weeks followed by fast track to a guaranteed interview with a local employer.
- Working Well services to support people experiencing or at risk of long term unemployment, including the Work and Health Programme of **£7m**, the Individual Placement & Support in Primary Care Programme of **£2.5m**, the Work and Health Pioneers Programme of **£1.8m** and Working Well Specialist Employment of **£0.4m**.
- The GM Careers Hub supports the development and delivery of schools' and colleges' careers education programmes, with around 200,000 young people aged 11 to 19 supported by the Hub with funding of **£1.0m** for 2024/25.
- Other programmes and delivery resources totalling **£3.3m** such as Technical Education, Life Readiness and Health & Employment.

5. BASIS OF APPORTIONMENT OF COSTS TO DISTRICTS

- 5.1 Constituent Councils meet the GMCA's costs which are reasonably attributable to the exercise of its functions. The amount payable by each Council is determined by apportioning the costs between the Councils in such proportions as they (unanimously) agree or, in default of such agreement, in proportion to the resident population. The 2011 Order provides flexibility to deal with the apportionment of costs in respect of the functions. Appendix 3 details the apportionment of costs across the GM local authorities (districts).
- 5.2 The basis of apportioning historic MIDAS and Marketing Manchester budgets is set out below:
- MIDAS recharge of £924m – 84% of the funding is split equally between each District with the remaining 16% being split on a population basis. Rochdale Council has withdrawn its contribution of £99k to MIDAS which has been removed from the recharge.
 - Marketing Manchester recharge of £350k - 80% of the funding is split 35% Manchester City Council and the remaining 65% split equally between the other nine Districts, the remaining 20% of the total funding is split on a population basis.
 - Additional funding for both MIDAS and Marketing Manchester has previously been approved by GMCA to be met from retained business rates growth.
- 5.3 The Cultural and Social Impact Fund of £3.3m is unchanged and is allocated on the basis of population. Additional funding of £1.1m has previously been approved by GMCA to be met from retained business rates growth.

5.4 The proposed charge to each District is detailed in Appendix 3 and summarised in the table below:

Local Authority	2023/24	2024/25	Change
	£000	£000	£000
Bolton	861	872	11
Bury	606	605	-1
Manchester	1,640	1,643	3
Oldham	729	731	2
Rochdale	692	589	-103
Salford	795	819	24
Stockport	877	867	-10
Tameside	701	703	2
Trafford	729	712	-17
Wigan	973	963	-10
Total	8,603	8,504	-99

6. RESERVES

6.1 An analysis of the forecast and budgeted movements in reserves for 2023/24 and 2024/25 is set out below:

GMCA General and Earmarked Reserves	Opening Balances 1 Apr 23	Forecast movement (in)/out 2023/24 Quarter 3	Forecast Closing Balances 31 Mar 24	Forecast movement (in)/out 2024/25 Budget	Forecast Closing Balances 31 Mar 25
	£000s	£000s	£000s	£000s	£000s
GMCA General Reserve	-4,273	0	-4,273	0	-4,273
Business Rates	-45,740	21,453	-24,287	10,531	-13,756
Housing Investment Fund	-11,843	0	-11,843	0	-11,843
Core Investment Team	-9,915	0	-9,915	0	-9,915
Total Investment Reserves	-21,758	0	-21,758	0	-21,758
Total Directorate Reserves	-60,006	11,362	-48,644	7,221	-41,423
Total GMCA Reserves	-131,777	32,815	-98,962	17,752	-81,210

6.2 General GMCA Reserve

The GMCA general reserve is funded through contributions from the GMCA revenue account. The current balance remained at £4.273m at 1st April 2023 with no planned change to this reserve as part of the budget proposals in this report.

6.3 Business Rates Growth

This reserve had a balance of £45.7 million at 1 April 2023 which reflected the GMCA share of business rates growth up to end of 2022/23. Planned use of the reserve in 2023/24 and 2024/25 is based on approvals by GMCA up to March 2023, which would leave a balance in reserve of £24.3m by 31st March 2024 and £13.8m by 31st March 2025. Further proposals will be brought forward to GMCA in relation to GMCA share of expected business rates growth for 2023/24.

6.4 Investment Reserves

Housing and Core Investment reserves totalling £21.8m at 1st April 2023 are not included in the GMCA General budget as they relate to:

- Interest earned on income received in advance will be re-invested within the fund as per grant conditions and arrangement fees may be off set against specific costs associated with the making of the loans.
- Funding to establish revolving investment funds, promoting a long term locally led solution to local infrastructure constraints.
- Interest, arrangement fees and other income earned from loans funded by the funding agreement with Ministry for Homes, Communities and Local Government. The surpluses will be used to support the GM housing strategy.

6.5 GMCA Directorate Reserves

Directorate reserves of £60m at 1st April 2023 relate to unapplied revenue grants and earmarked reserves for programme delivery in future years. Planned use of reserves in 2023/24 and 2024/25 would leave a balance in reserve of £48.6m by 31st March 2024 and £41.4m by 31st March 2025. The most significant reserves relate to:

- Resource to support GM wide budget transformation and efficiency programmes and preparations for the implementation of the GM devolution deal.
- Earmarked funding to manage risk with shared accommodation in the Tootal Building and to develop the repurposing of the building;
- Funds adult further education, community learning and discretionary learner support and Working Well reserve;
- Funding to support School Readiness programmes. Aim to improve early years outcomes and to invest in our early years workforce to ensure they have the right skills and competencies to help children achieve their potential
- Other Public Sector Reform reserves including Reform Investment Fund, Changing Futures Programme. Ageing Well Programme and Youth Pathfinder.

7. LEGAL ISSUES

- 7.1 In coming to decisions in relation to the revenue budget the Authority has various legal and fiduciary duties. The amount of the Transport Levy and the amount charged to the Districts in respect of the Authority's General functions must be sufficient to meet the Authority's legal and financial commitments, ensure the proper discharge of its statutory duties and lead to a balanced budget.
- 7.2 In exercising its fiduciary duty the Authority should be satisfied that the proposals put forward are a prudent use of the Authority's resources in both the short and long term and that they are acting in good faith for the benefit of the community whilst complying with all statutory duties.

Duties of the Treasurer (Chief Finance Officer)

- 7.3 The Local Government Finance Act 2003 requires the Treasurer to report to the Authority on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Authority has a statutory

duty to have regard to the CFOs report when making decisions about the calculations.

- 7.4 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Authority to monitor during the financial year its expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Authority must take such action as it considers necessary to deal with the situation. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves.
- 7.5 Under Section 114 of the Local Government Finance Act 1988, where it appears to the Treasurer that the expenditure of the GMCA incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure, the Treasurer has a duty to make a report to the Authority.
- 7.6 The report must be sent to the Authority's External Auditor and every member of the Authority and the Authority must consider the report within 21 days at a meeting where it must decide whether it agrees or disagrees with the views contained in the report and what action (if any) it proposes to take in consequence of it. In the intervening period between the sending of the report and the meeting which considers it, the authority is prohibited from entering into any new agreement which may involve the incurring of expenditure (at any time) by the authority, except in certain limited circumstances where expenditure can be authorised by the Treasurer. Failure to take appropriate action in response to such a report may lead to the intervention of the Authority's Auditor.

Reasonableness

- 7.7 The Authority has a duty to act reasonably taking into account all relevant considerations and not considering anything which is irrelevant. This Report sets out the proposals from which members can consider the risks and the arrangements for mitigation set out below.

Risks and Mitigation

- 7.8 The Treasurer has examined the major assumptions used within the budget calculations and considers that they are prudent, based on the best information currently available. A risk assessment of the main budget headings for which the GMCA will be responsible has been undertaken.

8. RECOMMENDATIONS

- 8.1 Detailed recommendations appear at the front of this report.

Appendix 1

Corporate Budget 2024/25	Total Budget 2023/24	Local Authority (District) Contribution	Grant Income	Business Rates Reserve	Earmarked Reserves	Internal Recharges	Other External Income	Total Budget 2024/25
	£000	£000	£000	£000	£000	£000	£000	£000
-								
Senior Management	697	92	0	0	0	562	140	793
Resilience	324	0	215	0	148	699	191	1,253
Strategy	1,237	639	0	243	0	681	0	1,563
Research	2,193	292	0	0	194	2,014	155	2,656
Communications, Media & Engagement	1,575	0	0	100	0	1,955	21	2,076
ICT Technology	4,632	491	0	0	0	5,616	121	6,228
Tootal Building	1,641	0	0	0	0	1,377	541	1,918
Finance - Accountancy	2,378	152	0	0	0	2,122	207	2,481
Commercial Services	1,106	250	0	0	0	961	73	1,284
Internal Audit and Risk	607	86	0	0	0	453	110	650
Legal Services	494	102	0	0	0	343	0	445
Information Governance	1,993	0	0	0	0	950	951	1,901
Democratic Services	853	418	0	0	0	596	0	1,014
Business Support	753	45	0	0	0	658	51	754
HR/OD inc Management Trainees	3,906	0	0	0	108	4,520	114	4,742
Land and Property Strategy	1,394	157	0	0	0	1,309	0	1,466
Total GMCA Corporate	25,782	2,725	215	343	450	24,818	2,675	31,226

Appendix 2

Programme Budget 2024/25	Local Authority (District) Contributions	Government Grants	Other Grants	Business Rates Reserve	Earmarked Reserves	Internal Recharges	Other External Income	Total Budget 2024/25
	£000	£000	£000	£000	£000	£000	£000	£000
GM Digital Strategy	0	0	0	0	130	38	0	168
Smart Residents Data Exchange Platform	0	0	0	0	0	0	340	340
GM One Network	0	0	0	0	0	0	2,365	2,365
Total Digital	0	0	0	0	130	38	2,706	2,873
Economic Advice	34	0	0	0	0	0	0	34
Economy	0	84	0	0	0	223	0	307
Made Smarter Adoption (Phase 2) 22-25	0	1,800	0	0	0	0	0	1,800
MIDAS	924	0	0	0	0	0	0	924
Marketing Manchester	350	0	0	0	0	27	0	377
Business Growth Hub - BIS	0	420	0	0	0	0	0	420
GM Local Industrial Strategy	0	0	0	776	14	99	10	898
Cricket Strategy	0	0	0	200	0	0	0	200
Total Economy	1,308	2,304	0	976	14	349	10	4,960
Environment and Low Carbon	207	244	0	150	264	241	0	1,106
Natural Course	0	17	0	0	0	94	0	111
Five Year Environment Plan	0	0	0	0	0	0	0	0
Green Spaces Fund	0	0	0	0	0	0	0	0
Woodland Creation Accelerator Fund (WCAF)	0	0	145	0	0	0	0	145
Local Nature Recovery Strategy	0	125	0	0	0	0	0	125
Local Energy Advice Demonstrator	0	996	0	0	0	0	0	996
Social Housing Decarbonisation Fund	0	0	0	0	0	0	309	309

ECO LA Flex	0	0	0	0	0	0	75	75
Sustainable Consumption and Production	0	0	0	0	0	90	114	204
Total Environment	207	1,382	145	150	264	425	498	3,071
Business, Innovation and Enterprise Policy	189	0	0	0	58	134	0	381
Planning and Housing	217	0	0	0	0	200	165	581
Cultural and Social Impact Fund	3,300	0	0	1,125	0	0	0	4,425
Delivery of the Housing Strategy	0	0	0	0	1,270	0	0	1,270
Voluntary, Community & Social Enterprise	0	0	0	0	0	228	0	228
Net Zero Social Homes	0	0	0	380	0	230	0	610
GM Delivery Team (HIF)	0	0	0	0	1,028	0	79	1,108
UK Shared Prosperity Fund	0	42,658	0	0	0	0	0	42,658
Places for Everyone Development Strategy	0	0	0	104	0	0	0	104
Good Landlord Scheme	0	0	0	0	0	303	0	303
Local Enforcement (Housing) Pathfinder	0	1,029	0	0	0	0	0	1,029
Growth Locations	0	0	0	2,000	0	0	0	2,000
Brownfield Fund (BF)	0	0	0	0	200	0	0	200
Create Growth	0	425	0	0	0	0	0	425
Flood Risk & Integrated Water Management	0	0	0	189	0	0	0	189
Total Place	3,706	44,112	0	3,798	2,557	1,095	244	55,511
Childrens Services	0	0	0	0	0	105	0	105
GM Health Devolution	0	0	0	0	0	0	93	93
Ageing Better	109	0	0	0	0	0	0	109
GM Trailblazer	0	0	0	0	34	314	0	348
Public Service Reform	404	20,177	0	0	407	304	365	21,656
Housing First	0	3,103	0	0	0	0	0	3,103
Ageing in place pathfinder	0	0	775	0	0	0	0	775
Youth Pathfinder	0	0	0	711	711	0	0	1,423
Children & Young People Core costs	0	0	0	0	0	0	275	275
A bed every night	0	0	0	0	28	3,144	2,200	5,372
Rough Sleeping Initiative	0	1,825	0	0	0	0	0	1,825

Rough Sleeper Accommodation Programme	0	639	0	0	19	0	0	658
Special Educational Needs & Disabilities	0	0	0	0	42	0	68	109
GM Safeguarding Alliance	0	0	0	0	0	0	75	75
Community Accommodation Service (CAS)	0	3,657	0	0	108	0	0	3,765
Total Public Service Reform	513	29,401	775	711	1,348	3,867	3,076	39,691
Work and Skills	45	0	0	0	1,151	82	0	1,278
Skills Capital	0	0	0	0	109	0	0	109
Apprenticeship & technical education (legacy tax incentive)	0	0	0	0	374	0	0	374
Careers & Enterprise	0	0	706	0	281	0	0	988
Homelessness Youth Pathfinder	0	0	0	0	0	0	0	0
Work & Health Programme	0	7,029	0	0	0	0	0	7,029
Adult Education	0	96,969	0	0	0	0	0	96,969
City Deal Tax Incentives	0	0	0	497	0	0	0	497
WW - Specialist Employment	0	0	0	0	371	0	0	371
Individual Placement and Support in Primary Care	0	2,520	0	0	0	0	0	2,520
Work & Health Pioneers	0	1,831	0	0	0	0	0	1,831
DfE – Skills Bootcamp	0	7,500	0	0	0	0	0	7,500
Health & Employment	0	0	22	0	171	0	0	194
AEB -National Skills Fund Level 3 Adult Offer	0	6,568	0	0	0	0	0	6,568
AEB - Multiply	0	5,018	0	0	0	0	0	5,018
Total Education, Work and Skills	45	127,434	728	497	2,458	82	0	131,245
Core Investment Team	0	0	0	0	0	167	2,386	2,553
Total Core Investment Team	0	0	0	0	0	167	2,386	2,553
Elections	0	0	0	4,055	0	0	0	4,055
Total Election	0	0	0	4,055	0	0	0	4,055
GMCA Programme Totals	5,778	204,633	1,648	10,187	6,771	6,023	8,919	243,959

Appendix 3

2024/25 Local Authority (District) Contribution	Mid-Year Population 2022		GMCA General Budget	Cultural & Social Impact Fund	Marketing Manchester			MIDAS			Total
					80%	20%	Total	84%	16%	Total	
			£000	£000	£000	£000	£000	£000	£000	£000	£000
Bolton	298,903	10.27%	403	339	20	7	27	86	17	103	872
Bury	194,606	6.68%	263	221	20	5	25	86	11	96	605
Manchester	568,996	19.54%	768	645	98	14	112	86	32	118	1643
Oldham	243,912	8.38%	329	276	20	6	26	86	14	100	731
Rochdale	226,992	7.80%	306	257	20	5	26	0	0	0	589
Salford	278,064	9.55%	375	315	20	7	27	86	16	102	819
Stockport	297,107	10.20%	402	336	20	7	27	86	17	102	867
Tameside	232,753	7.99%	314	264	20	6	26	86	13	99	703
Trafford	236,301	8.12%	319	268	20	6	26	86	13	99	712
Wigan	334,110	11.47%	451	379	20	8	28	86	19	105	963
Total	2,911,744	100.00%	3,930	3,300	280	70	350	774	152	924	8,504