

Date: 12<sup>th</sup> July 2024

Subject: GMCA Revenue Outturn 2023/24

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

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## **PURPOSE OF REPORT**

This report is to inform members of the Greater Manchester Combined Authority provisional revenue outturn for 2023/24.

## **RECOMMENDATIONS:**

The GMCA is requested to:

1. Note the Mayoral General Budget provisional revenue outturn position for 2023/24 is breakeven after planned transfer to earmarked reserves.
2. Note the GMCA General Budget provisional revenue outturn position for 2023/24 is £2.1m which will be transferred to earmarked reserve.
3. Note the Mayoral General – GM Fire & Rescue provisional revenue outturn position for 2023/24 is breakeven after a transfer of revenue funding to capital.
4. Note the Waste and Resourcing provisional revenue outturn position for 2023/24 is breakeven after a transfer from reserve of £18.7m.
5. Note the GMCA Transport and TfGM provisional revenue outturn positions for 2023/24 are breakeven after transfers between earmarked reserves.
6. Note the final position is subject to the submission of the audited accounts to be reported to the GMCA Audit Committee.

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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 – the risks are identified within the report.

**Legal Considerations** – There are no specific legal implications with regards to the 2023/24 budget update.

**Financial Consequences** – Revenue – The report sets out the provisional outturn position for 2023/24.

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

Number of attachments included in the report: 0

**BACKGROUND PAPERS:**

GMCA Budget Reports – 10<sup>th</sup> February 2023

GMCA Revenue Update Quarter 1 - 2022/23 – 28<sup>th</sup> July 2023

GMCA Revenue Update Quarter 2 – 2022/23 – 27<sup>th</sup> October 2023

GMCA Revenue and Capital Budget Reports – 9<sup>th</sup> February 2024

GMCA Revenue Update Quarter 3 – 2023/24 – 9<sup>th</sup> February 2024

**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

**Bee Network Committee**

N/A

**Overview and Scrutiny Committee**

N/A

## 1. INTRODUCTION

- 1.1 The purpose of this report is to provide the 2023/24 provisional revenue outturn position in relation to the GMCA General, Mayoral, GM Fire and Rescue, Waste and Resources and Transport, including Transport for Greater Manchester (TfGM).
- 1.2 It should be noted that this report is a draft of the expected outcome of the 2023/24 financial position, ahead of the audit of the Statement of Accounts, however it is not anticipated that there will be any significant changes. The statutory deadline for submission of audited accounts is 31<sup>st</sup> May 2025 which will be reported to the GMCA Audit Committee prior to this deadline. This extended deadline is part of the government's recovery phase intended to restore timely audits for local government bodies.
- 1.3 The table below shows the summary of the provisional outturn position for budgets in this report.

Summary 2023/24 Provisional Outturn	Approved Budget			Provisional Outturn			Variance from Budget		
	Exp	Income	Total	Exp	Income	Total	Exp	Income	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>GMCA General</b>	245,584	-	0	274,818	-	-2,120	29,234	-31,354	-2,120
		245,584			276,938				
<b>Mayoral</b>	139,738	-	0	129,133	-	0	-10,605	10,605	0
		139,738			129,133				
<b>GMFRS</b>	130,308	-	0	131,011	-	0	702	-702	0
		130,308			131,011				
<b>Waste</b>	169,023	-	0	149,719	-	0	-19,304	19,304	0
		169,023			149,719				
<b>Transport inc:</b>	311,898	-	0	367,463	-	0	55,565	-55,565	0
		311,898			367,463				
Transport (TfGM)	307,413	-	0	295,210	-	0	-12,203	-47,797	-60,000
		247,413			295,210				

## 2. GMCA GENERAL BUDGET

- 2.1 The original budget for 2023/24 for the GMCA Revenue General budget approved in February 2023 was £245,584m. Throughout the financial year as part of the quarterly update reports the budget has been revised to reflect changes in funding.
- 2.2 The provisional outturn position for 2023/24 is an underspend of £2.1m which we're seeking to transfer to reserve to support implementation of the Trailblazer Devolution deal. This is a net underspend following transfer to Retained Business Rates reserve to provide £1.7m to support 2024/25 approved schemes as per business rates update paper in March 24. The position reflects significant additional income earned from interest on short term deposits resulting from an increase in interest rates and cash balances.
- 2.3 The table below shows the original expenditure and income budgets approved in February 2023, the forecast outturn at quarter 3 reported in February 2024, the provisional outturn for 2023/24 and the variance compared to the original budget.

<b>GMCA Revenue General Budget 2023/24 Provisional Outturn</b>	<b>Original Budget</b>	<b>Quarter 3 Forecast</b>	<b>Provisional Outturn</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Expenditure:</b>				
GMCA Corporate	25,781	28,596	28,853	3,071
Election	0	145	170	170
Core Investment Team	1,745	1,603	1,616	-129
Digital	353	5,529	4,709	4,356
Economy	9,746	16,440	15,543	5,797
Environment	1,509	7,538	8,587	7,078
Place	23,446	27,433	29,009	5,563
Public Service Reform	41,884	45,310	46,233	4,349
Work and Skills	141,120	143,554	140,099	-1,021
<b>Total Expenditure</b>	<b>245,584</b>	<b>276,149</b>	<b>274,818</b>	<b>29,234</b>

<b>Funded by:</b>				
Government Grants	188,865	189,172	190,343	1,478
District Contributions	8,603	8,603	8,603	0
Internal Recharges	22,905	24,937	23,476	571
Retained Business Rates	8,014	21,453	20,191	12,177
Reserve				
Earmarked Reserves	5,543	11,362	5,076	-468
Other Income	11,654	20,621	29,249	17,595
<b>Funding</b>	<b>245,584</b>	<b>276,149</b>	<b>276,938</b>	<b>31,354</b>
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>-2,120</b>	<b>-2,120</b>

### Corporate Services

- 2.3 GMCA Corporate Services provide support for the whole of GMCA including Fire and Rescue Service, Police and Crime Commissioner, Waste and Resources and Transport. The Corporate functions include services such as Strategy, Research, ICT, Human Resources, Organisational Development, Finance, Internal Audit and Risk, Commercial Services, Legal and Governance. Funding of GMCA corporate functions is predominantly from recharges within the GMCA and to grants, external funding and District contributions.
- 2.4 The original approved budget for 2023/24 was £25.8m and the 2023/24 gross expenditure was £28.9m. The increase of £3.1m of expenditure on new activities funded from a range of sources such as external income, internal recharges and reserves. New activities include the resilience unit, IFRS 16 related spend and additional roles on research and strategy assisting with devolution and new business partnering roles funded from directorates.

### Core Investment Team

- 2.5 The outturn position on the Core Investment Team shows a decrease of £0.1m compared to the original budget, this is due to lower than expected employee costs as a result of some part year vacancies, it does not impact the overall position for GMCA as surpluses/deficits are transferred to earmarked reserves.

## Digital

- 2.6 The GM Digital team is committed to delivering on the GM Digital Strategy through a three 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.
- 2.7 The 2023/24 original budget for Digital was £0.4m. The Directorate delivers the key programmes such as the GM Digital Strategy, the Digital Platform and the GM One Network. Whilst the outturn position for Digital shows an increase of £4.3m compared to the original budget, the impact on the overall position for GMCA is only £77k. This adverse impact is the result of project delivery costs relating to the Digital Platform Programme exceeding the identified budget. Additional funding realised during the year, £1.55m of Retained Business Rates Funding, £0.6m partner funding relating to the GM One Network, £1.6m of other internal funding/partner contributions and £0.5m from grants.

## Economy

- 2.8 The Economy portfolio leads key groups including the Growth Board, Local Industrial Strategy Programme Delivery Executive, GM Economic Resilience Group and GM Local Enterprise Partnership (LEP).
- 2.9 The 2023/24 approved budget for Economy was £9.7m with actual expenditure for 2023/24 being £15.5m relating to:
- GM Productivity Programme expenditure of £4.8m and GM Local Industrial Strategy (LIS) expenditure of £1.2m both funded from retained business rates.
  - £3.85m relating to Marketing Manchester and MIDAS funded from District Contributions of £1.4m and £2.5m from retained business rates.
  - £1.98m relating to Made Smarter Adoption North West programme fully funded from Government grant.
  - £1.4m for the Economy team funded from a combination of internal recharges, grants and previously and retained business rates.

- £1.2m for Economy Business Rates programme's such as Economic Legal Advice, Business Angels, Journey to net zero and Bee net zero.
- Other expenditure totaling £1.0m against government grants confirmed during the financial year:
  - Local Enterprise Partnership core funding of £0.250m from Department for Housing, Levelling Up and Communities (DHLUC);
  - Innovation Accelerator seed corn funding of £0.4m from Department for Science, Innovation and Technology (DSIT) to support research in key growth opportunities identified in the GM Local Industrial Strategy;
  - Department for Business, Energy, and Industrial Strategy (BEIS) funding for National Cluster Co-ordination undertaken by the Business Growth Hub of £0.4m;
  - £0.3m from Data Accelerator funded from Department for Housing, Levelling Up and Communities (DHLUC).

## Environment

- 2.10 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.
- 2.11 The 2023/24 original approved budget for Environment was £1.5m with actual expenditure for 2023/24 being £8.6m. The increases relate to new investment from retained business rates growth agreed in July 2023 and Mayoral reserve funding for 'Greener' schemes totaling £4.2m and an additional £3m external funding to support decarbonisation and other environment related programmes.

Expenditure in 2023/24 relates to:

- Green Spaces Fund – expenditure of £2m to support projects that enhance local green spaces or create new ones where they are most needed.
- District Low Carbon programme (Renewables and Retrofit) – expenditure of £1.6m to support Districts to deliver their Climate Emergency Declarations



through upscaling the delivery of conurbation wide carbon reduction programmes.

- IGNITION project – grant funded expenditure of £1.2m to develop innovative financing solutions for investment in GM's natural environment, to help increase the city regions resilience against the increasingly extreme impacts of climate change.
- Local Energy Advice Demonstrator (LEAD)– Grant funded expenditure of £1m to test new and innovative approaches to providing in-person energy efficiency and clean heating advice to Greater Manchester residents, targeting hard-to-reach consumers and hard-to-treat homes, predominantly in urban areas.
- Five Year Environment Plan - expenditure of £0.6m to provide capacity to bid for capital and revenue funds, undertake research, communication, training, convene and co-ordinate delivery of the 5YEP utilizing GM's unique Mission Based Approach
- Natural Course – expenditure of £0.4m relating to an EU-funded LIFE Integrated Project to improve and protect the water quality of the North West over a ten year period.
- Other Environment projects with expenditure of £0.9m such as Local Nature Recovery Strategies, Sustainable Consumption and Production and Energy Innovation Agency.

## Place

- 2.12 Place Directorate focuses on the development of individual places and all the elements that support 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.
- 2.13 The 2023/24 original approved budget for Place was £23.4m with actual expenditure being £29.0m. The increase relates to expenditure on activity identified within 23/24 that has been funded by additional grant income and investment from retained business rates. Expenditure in 2023/24 relates to:

- UK Shared Prosperity programme - expenditure of £17.0m for the second year of the core programme focusing on investment in 'Communities and Place' and 'Local Business' interventions to boost pride in place.
- Cultural and Social Impact Fund of £4.3m the majority of which was funded from a GM local authorities' contribution and supported by retained business rates growth.
- Local Enforcement Pathfinder, expenditure of £1.1m, this is a new programme to improve enforcement in the private rented sector across Greater Manchester.
- The GM Delivery Team supports the delivery of GM's housing delivery objectives and priorities, this was a cost of £0.6m funded from earmarked reserves.
- Create Growth programme funded by Department of Culture, Media and Sport (DCMS) of £0.4m to support creative organisations in the region with a bespoke business support programme to attract investment to grow their business sustainably.
- Other Place Directorate expenditure totaling £5.6m in relation to the Planning and Housing team and Business, Innovation and Enterprise policy funded from a combination of local authority contributions, grant funding and internal recharges, this included activity in areas such as Good Landlord Scheme, Growth Locations and Flood Risk Management.

### Public Service Reform

2.14 Public Service Reform (PSR) 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.

2.15 The 2023/24 original approved budget for PSR was £41.9m with actual expenditure for 2023/24 being £46.2m. The majority of the increase relates to additional funding for the Supporting Families Programme and the Homelessness Prevention Strategy. Expenditure in 2023/24 relates to:

- Supporting Families programme of £17.4m continuation of the programme funded from DHLUC grant.
- Homelessness and Rough Sleeping including:
  - A Bed Every Night (ABEN) of £8.7m expenditure funded from Mayoral Precept, partner contributions and Government grant.
  - Housing First programme expenditure of £3.6m funded from Government grant;
  - Rough Sleeper Initiative, Rough Sleeper Accommodation, Community Accommodation, Youth Pathfinder and Refugee Transitions Outcome programmes with expenditure of £9.3m;
- Changing Futures funding of £2.0 million for 2023/24 which is the third year of a three year programme to improve outcomes for adults experiencing multiple disadvantage;
- PSR Directorate and other delivery resources for the overall programme of £2.2m;
- Other programmes including Childrens Services, Children and Young People Plan, School Readiness, Special Educational Needs & Disability, GM Safeguarding Alliance, Ageing Better, Ageing in Place Pathfinder, Creative Health with expenditure totaling £2.8m.

#### Education, Work and Skills

2.16 Education, Skills & Work 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 original 2023/24 budget was £141.1m with actual expenditure for 2023/24 being £140.1m supporting the following programmes:

- The Adult Education Budget (AEB) of £97.2m devolved to GM to support the city-region's residents to develop skills needed for life and work, plus an additional £5.6m for the AEB National Skills Fund Adult Level 3 programme.
- European Social Fund (ESF) Skills for Growth Programme of £8.7m, with 2023/24 being the final of four years of funding to support business growth and deliver an integrated approach to employment and skills.
- Working Well services to support people experiencing or at risk of long-term unemployment, including the Work and Health Programme of £10.3m, the Individual, Placement and Support in Primary Care Programme of £1.1m, Working Well Specialist Employment Support of £0.8m and the Work & Health: Pioneers Programme of £0.5m.
- European Social Fund (ESF) Not in Employment, Education or Training (NEET) prevention/reduction and youth employment programme of £3.7m.
- Delivery of the Skills Bootcamp programme which expended £4.9m in the year and is a tailored offer of skills provision and learning that is aligned to employer needs and directly linked to employment opportunities in priority sectors.
- Self-Employment Pilot of £0.6m to support GM self-employed residents to sustain and grow their business.
- UK Shared Prosperity Fund Adults' Multiply programme with expenditure of £3.8m in year two of the £14.4m allocation over three years.
- Other programmes including Greater Manchester Apprenticeship & Careers Service, Young Person's Guarantee, GM Careers Hub and Digital Skills with expenditure totaling £2.9m.

### **3. MAYORAL BUDGET**

3.1 The provisional outturn position for the Mayoral budget in 2023/24 is breakeven. The approved expenditure budget in 2023/24 was £139.7m and the provisional expenditure to the end of 2023/24 is £129.1m, which is an underspend of £10.6m. The most significant variances relate to:

- Overspend on Mayoral priorities of £0.7m due to the cost of the expansion of emergency accommodation provision, A Bed Every Night (ABEN) which has helped prevent more people sleeping on the streets. As a result, during the winter months Greater Manchester has recorded a significantly lower increase in rough sleeping compared to other parts of England.

- Underspend on Mayoral transport budget of £11.4m the majority of which relates to Bus Reform implementation costs which will be held in reserves until required.

3.2 The underspend is offset by:

- A shortfall in income to support the Our Pass pilot from colleges of £0.9m.
- Reduction in use of reserves due to lower than forecast bus franchising due to a review of cost allocation between capital and revenue.

<b>Mayoral Budget 2023/24 Provisional Outturn</b>	<b>Original Budget</b>	<b>Quarter 3 Forecast</b>	<b>Provisional Outturn</b>	<b>Budget Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Mayor's Office	526	526	668	142
Corporate Recharge	826	826	826	0
Mayoral Priorities	3,050	4,050	3,715	665
Mayoral Transport	135,336	135,336	123,924	-11,412
<b>Gross Expenditure</b>	<b>139,738</b>	<b>140,738</b>	<b>129,133</b>	<b>-10,605</b>
<b>Funded by:</b>				
Mayoral Precept	-25,193	-25,193	-25,180	13
Collection Fund Surplus /-Deficit	-1,059	-1,059	-896	163
Bus Support Operators grant	-13,150	-13,150	-13,151	-1
Mayoral Capacity grant	-1,000	-1,000	-1,000	0
Statutory charge	-86,700	-86,700	-86,700	0
Use of Reserves	-11,786	-12,786	-2,205	9,581
External Income	-850	-850	0	850
	-			
<b>Total Funding</b>	<b>139,738</b>	<b>-140,738</b>	<b>-129,133</b>	<b>10,605</b>
<b>Net expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### 4. GM FIRE AND RESCUE

4.1 The 2023/24 budget for GM Fire and Rescue Service (GMFRS) set in February 2023 was approved at £130.156m and, at quarter 1, was revised to £130.308m to reflect

the changes in collection fund figures provided by Districts following the budget setting period. The draft outturn position is an underspend of £487k prior to a transfer of revenue funding to capital. The table below provides a summary of the position:

<b>GM Fire &amp; Rescue Service 2023/24 Provisional Outturn</b>	<b>Approved Budget</b>	<b>Forecast Quarter 3</b>	<b>Provisional Outturn</b>	<b>Provisional Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Expenditure:</b>				
Employees	98,779	98,237	98,327	-453
Indirect Employees	1,887	1,940	2,036	149
Premises	6,645	7,425	7,431	786
Transport	2,470	2,411	2,577	106
Supplies & Services	10,594	10,303	10,398	-196
Support Services	8,272	8,272	7,465	-807
Government Grants	-1,168	-1,404	-1,309	-141
Tfr to/from Provision	0	0	0	0
Other Grants & Contributions	-365	-210	-65	300
Customer & Client Receipts	-1,730	-2,035	-2,752	-1,022
Capital Financing Costs	2,082	1,356	1,359	-723
Revenue Contribution to	0	0	757	757
Capital Outlay				
Tfr to Earmarked Reserve	2,841	3,243	4,786	1,945
<b>Total Expenditure</b>	<b>130,308</b>	<b>129,539</b>	<b>131,011</b>	<b>702</b>
<b>Funded by:</b>				
Localised Business Rates	-10,743	-10,743	-10,717	26
Baseline Funding	-43,275	-43,275	-43,544	-269
Section 31 - Business Rates	-1,296	-1,296	-1,296	0
Section 31 - Pension Related	-7,707	-7,707	-7,327	381
Precept Income	-5,605	-5,605	-5,605	0
Collection Fund Deficit	-60,433	-60,433	-60,433	0
Trf from Earmarked Reserve	-479	-479	-505	-26

<b>Total Funding</b>	<b>-130,308</b>	<b>-</b> <b>130,151</b>	<b>-131,011</b>	<b>-702</b>
<b>Net Expenditure</b>	<b>0</b>	<b>-612</b>	<b>0</b>	<b>0</b>

- 4.2 Employees pay and pensions is an underspend of £453k based on vacancies remaining at the year end. Costs include pay award, Bear Scotland v Fulton, pre-arranged overtime and detachments. Pre-arranged overtime and detachments are utilised to provide flexibility for training and maintaining ridership plus estimates of new starters based on the firefighter recruitment strategy. Indirect employee costs is broadly in line with budget with a minor variance mainly in relation to detached duty mileage payments. These costs are closely monitored and links to ensuring training can be accessed whilst maintaining fire cover.
- 4.3 Premises related expenditure is an overspend of £786k predominantly in the area of repairs and maintenance, including transfers from capital to revenue where spend does not meet capital spend criteria. The information supporting this area of spend is being utilised to understand the needs against the estates strategy capital programme.
- 4.4 Transport costs are £106k higher than budget due to increased lease costs of vehicles. Lease costs will cease within 2024/25 on receipt of purchased vehicles.
- 4.5 Supplies, services and other expenditure is at an underspend of £196k. Included in the budget is an expected increase in costs for contract renewals not all of which was required within the financial year but has been maintained to provide for future increases.
- 4.6 Following the 2022/23 capital outturn position, the attributable capital financing costs were re-calculated resulting in an underspend of £723k.
- 4.7 Revenue contributions to capital outlay is made up of two elements, the transfer of income from partner agencies for the use of GMFRS buildings and the final outturn position of an underspend of £487k.

- 4.8 Income had been overachieved by £862k due increased partnership working on specific schemes such as the Atlas project, Road Safety Partnership and other Prevention schemes. The income achieved also includes recharges for shared use of buildings and apprenticeship levy income.
- 4.9 Transfers to reserves include a one-off £983k benefit of deposit interest attributable to GMFRS, future end point assessment estimate from apprenticeship levy income and earmarked funding towards the Prevention and Protection Digital Transformation project.

## 5. WASTE AND RESOURCES

- 5.1 The levy for the Waste and Resources service was set on in February 2023 for a total of £169.023m represented by expenditure of £170.023m and a use of reserves of £1.000m. The provisional revenue outturn for 2023/24 was net expenditure of £169.023m inclusive of a transfer from reserve of £18.719m. The table below sets out the position:

<b>Waste and Resources Provisional Outturn 2023/24</b>	<b>Approved Budget</b>	<b>Forecast Outturn Quarter 3</b>	<b>Provisional Outturn</b>	<b>Forecast Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Operational Costs	108,555	101,617	94,551	-14,004
Operational Financing	53,731	52,459	50,061	-3,670
Office Costs	7,212	4,696	4,508	-2,704
Non-Operational Financing	525	599	599	74
<b>Total Budget</b>	<b>170,023</b>	<b>159,371</b>	<b>149,719</b>	<b>-20,304</b>
Levy Adjustment	0	503	1,023	1,023
Return to constituent authorities	0	37,000	37,000	37,000
Transfer (from)/to reserves	-1,000	-27,000	-18,719	-17,719
<b>Levy</b>	<b>169,023</b>	<b>169,874</b>	<b>169,023</b>	<b>0</b>



5.2 The budget was set using forecast levels of waste amounting to 1,055,297 tonnes of waste from Districts and Household Waste Recycling Centre (HWRC). The volumes of waste delivered by Districts were as below which includes a forecast figure for February and March 2024. Totals for the year have now been verified but as this happened too late to be included in the Statement of Accounts and Outturn, the forecast figures are shown below.

<b>Districts</b>	<b>Budget 2023/24</b>	<b>Forecast 2023/24</b>	<b>Variance</b>
Residual	372,411	373,249	(838)
Biowaste	204,006	192,820	(11,186)
Commingled	114,010	109,358	(4,652)
Pulpables	76,342	76,158	(184)
Street Sweepings	26,269	27,026	757
Trade Waste	44,770	43,205	(1,565)
<b>Total</b>	<b>838,807</b>	<b>821,818</b>	<b>(16,989)</b>

The variation in the total figures demonstrates the difficulty in predicting tonnages for the year ahead that has persisted since Covid. This is due to residents having variable working patterns between home and office which is affecting waste volumes. This has been further compounded by the cost of living affecting spending and the volume of waste that is generated by each household.

5.3 The Household Waste Recycling Centre (HWRC) tonnages have also continued to be difficult to predict following Covid and economic circumstances but also by the success of the implementation of the van permit policy which has been highly successful in driving illegal trade waste out of the sites. When the budget was set, the full year effect of the scheme was not known so could not be factored into the tonnages used at that time. Subsequent implementation of the scheme has reduced tonnage throughputs significantly at the HWRC sites.

<b>HWRC</b>	<b>Budget 2023/24</b>	<b>Forecast 2023/24</b>	<b>Variance</b>
Dry Recycled	71,440	85,989	14,549
Rubble	18,723	31,101	12,378
Thermal Recovery	127,024	79,674	(47,350)

<b>HWRC</b>	<b>Budget 2023/24</b>	<b>Forecast 2023/24</b>	<b>Variance</b>
Green	14,662	11,939	(2,723)
Residual	5,016	625	(4,391)
<b>Total</b>	<b>216,490</b>	<b>209,328</b>	<b>(7,162)</b>

5.4 The operational variances of £14.0m is made up of:

- Residual Value Contract – share of third-party income from sale of electricity is much reduced from previous years and was lower than budget;
- Waste and Resources Management Services (WRMS) - increase in income from the sale of recyclates, savings in expenditure on residual waste treatment and landfill due to lower tonnages of residual waste, and savings on processing of commingled waste due to lower than budget tonnages;
- Household Waste Recycling Centre Management Services (HWRCMS) has a lower than budgeted residual waste treatment costs due to lower than budgeted tonnages; and
- Biowaste Contracts have savings resulting from lower than budgeted tonnages.

5.5 The main operational financing savings have been derived from lower than anticipated interest costs due to higher overall interest income within the Authority and some savings on Minimum Revenue Provision (MRP) costs due to capital projects being completed later than anticipated.

5.6 The office cost variance is largely due to the delay in the works for the waste compositional analysis which was due to be funded from reserves. This work will now take place in 2024/25 and the reserve is still available to fund this work, spend on central recharges from wider GMCA functions was slightly lower and employee costs was slightly less than budget due to vacancy gaps between starters and leavers.

5.7 The provisional levy adjustment has been included within the outturn for 2023/24 with a forecast for the months of February and March 2024 which reflects the changes in tonnages being delivered by Districts. The sum will be affected during 2024/25 with an adjustment to reflect the actual position for March 2024.

5.8 At the February 2023 meeting of the GMCA it was approved to return a total of £27m from an underspend in 2022/23. This return happened in 2023/24. A further return of £10m was approved by GMCA in February 2024.

## 6. TRANSPORT

6.1 The Transport revenue budget approved by GMCA in February 2023 was £304.6m, which included funding from the Transport Levy and Statutory Charge, Mayoral precept, grants and reserves. This was revised at quarter one to include additional grant funding taking the budget to £311.9m. The majority of the Transport revenue budget is paid to Transport for Greater Manchester (TfGM) for transport delivery. The remainder of the Transport revenue budget is retained by GMCA for capital financing costs for Metrolink and other programmes.

6.2 The 2023/24 provisional outturn for the Transport budget is breakeven with total expenditure of £367.5m which is an increase compared to budget of £55.6m. The majority of the increase relates to additional grant funding provided to TfGM, offset by an underspend on capital financing costs. The table below shows the provisional outturn compared to original approved budget for the overall Transport budget with further detail on the TfGM provisional outturn later in the section.

<b>Transport Revenue Budget 2023/24 Provisional Outturn</b>	<b>Budget 2023/24</b>	<b>Provisional Outturn 2023/24</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Expenditure:</b>			
<b>Funding to TfGM</b>	<b>232,677</b>	<b>288,274</b>	<b>55,597</b>
<b>GMCA Transport Expenditure</b>			
Other Grants and Expenditure	0	3,257	3,257
GMCA Corporate	1,024	1,040	16
Capital Financing Costs	78,197	74,892	(3,305)
<b>Total GMCA Expenditure</b>	<b>79,221</b>	<b>79,189</b>	<b>(32)</b>

<b>Transport Revenue Budget 2023/24 Provisional Outturn</b>	<b>Budget 2023/24</b>	<b>Provisional Outturn 2023/24</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Total Transport Expenditure</b>	<b>311,898</b>	<b>367,463</b>	<b>55,565</b>
<b>Transport Resources</b>	<b>(311,898)</b>	<b>(367,463)</b>	<b>(55,565)</b>
<b>Total Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>

6.3 The table below summarises the budget for TfGM for 2023/24 and the outturn for the year of with an increase of £47.8m, largely due to the 'grossing up' of certain grant income and costs and additional expenditure on activities which are fully funded from additional grants. A commentary on the key changes is provided below the table.

<b>Transport for Greater Manchester Budget 2023/24 Provisional Outturn</b>	<b>Budget</b>	<b>Quarter 3 Forecast</b>	<b>Provisional Outturn</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Expenditure:</b>				
Concessionary Support non Franchised Services	76,254	76,254	77,346	(1,092)
Bus Supported Services including net franchising cost	63,000	67,073	67,049	24
Capped Fares Scheme	13,000	34,000	38,533	(4,533)
Payment of Devolved BSOG	11,750	11,750	6,144	5,606
Accessible Transport	3,700	3,700	3,700	0
Operational Costs	45,697	45,445	39,850	5,595
Traffic signals costs	3,822	3,822	3,822	0
Net Clean Air Plan Costs	9,349	9,200	8,314	886
Scheme Pipeline development Costs	19,800	17,913	12,214	5,699
Bus Franchising implementation costs	15,895	23,400	7,813	15,587

<b>Transport for Greater Manchester Budget 2023/24 Provisional Outturn</b>	<b>Budget</b>	<b>Quarter 3 Forecast</b>	<b>Provisional Outturn</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Metrolink net cost	38,836	26,763	24,115	2,648
Financing	6,310	6,310	6,310	0
<b>Total Expenditure</b>	<b>307,413</b>	<b>325,630</b>	<b>295,210</b>	<b>30,420</b>
<b>Funded by:</b>				
Funding from GMCA	(232,677)	(318,694)	(288,274)	(30,420)
DfT Rail grant	(1,900)	(1,900)	(1,900)	0
Metrolink funded financing costs	(12,836)	(5,036)	(5,036)	0
<b>Total Funding</b>	<b>(247,413)</b>	<b>(325,630)</b>	<b>(295,210)</b>	<b>(30,420)</b>
<b>Net Expenditure</b>	<b>60,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 6.4 As noted above, the forecast outturn has been updated to include the savings and additional income which were delivered in 2023/24 as part of TfGM's 'Financial Sustainability Plan' (FSP). Funding from GMCA has also been updated to reflect additional grant income received from DfT and additional funding from GMCA reserves for Metrolink financing costs (£7.8m).
- 6.5 The costs of concessionary reimbursement outturned slightly higher than budget, after transfers to reserves. TfGM has, in line with previous DfT guidance, continued to reimburse bus operators for concessionary reimbursement in line with pre COVID-19 volumes, adjusted, in line with further DfT guidance, where operated mileage has been less than 100% of pre COVID-19 levels.
- 6.6 The costs of Bus Supported Service including the net costs of franchised services outturned largely in line with the Q2 reforecast.
- 6.7 In June 2023 GMCA approved the continuation of the Capped Fares scheme, with the next review being in summer 2024. This cost outturned at £38m as increases in shadow fares impacted on costs. The costs of the scheme are being funded from Bus Service Improvement Plan (BSIP) funding over the three-year period of this funding.
- 6.8 Payments of Bus Service Operator Grant (BSOG) outturned below budget as services started to be franchised, which offsets the additional costs above. Accessible Transport costs outturned in line with the budget.
- 6.9 £8m of targeted savings in Operating Costs was included in the FSP. These have been delivered in the year. Costs outturned lower than the Q3 forecast largely due to lower spending on activities funded by other grants.
- 6.10 Traffic signal operating costs outturned in line with budget.

- 6.11 The Clean Air Plan costs in the outturn above include all revenue expenditure in the year including on further work to develop the business case; revenue support grants paid as part of the Financial Support Scheme; and the operational costs for the Clean Air scheme. Together these costs outturned at £8.3m. All of these costs are funded by grants from the Government's Joint Air Quality Unit.
- 6.12 The budget for 2023/24 included £19.8m of costs for the further development of GM's pipeline of future transport schemes. This was part funded from the DfT through £4.25m from the Intra-City Transport Settlement funding for financial year 2023/24, in addition to a further £15.55m of previously approved funding from GM's previous award of Transforming Cities funding (TCF2) and CRSTS funding. These costs outturned at £11.9m, with the difference being due to timing differences.
- 6.13 The Mayoral General Budget included an estimated sum of £15.9m for the revenue costs for the implementation plans for the introduction of Bus Franchising. These costs outturned at £7.8m due primarily to a review of the appropriate allocation of these costs between capital and revenue funding sources.
- 6.14 The net operating loss on Metrolink was reduced from the budget and the Q2 outturn to reflect the inclusion of the FSP initiatives, which includes measures to deliver increases in farebox revenues and savings from operational efficiencies. The outturn is £2.6m less than the Q3 reforecast, due primarily to farebox revenues delivered in excess of the FSP plans.

## **6 RECOMMENDATIONS**

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