

**Manchester City Council
Report for Resolution/Information**

Report to: Resources and Governance Scrutiny Committee – 21 June 2018

Subject: Greater Manchester Combined Authority (GMCA) – Governance and Budget Update

Report of: Chief Executive to the GMCA and Treasurer to the GMCA

Summary

The attached report provides an update on the 2018/19 budgets for the Combined Authority together with the implications for Manchester City Council.

Recommendations

Members are asked to note the report.

Wards Affected: All

Alignment to the Our Manchester Strategy Outcomes (if applicable)

Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	With a focus on economic growth and regeneration the GMCA provides investment to grow and sustain the region's economy and in so doing benefit GM residents
A highly skilled city: world class and home grown talent sustaining the city's economic success	The GMCA has specific responsibilities for work and skills, enhancing the opportunities available to residents across the region.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The GMCA leads on a number of reform initiatives intended to support individuals and families to make a positive contribution to the City and wider GM.
A liveable and low carbon city: a destination of choice to live, visit, work	Supporting environment and low carbon initiatives across GM, the Combined Authority seeks to improve energy efficiency, reduce carbon emissions and improve air quality across the region
A connected city: world class infrastructure and connectivity to drive growth	Transport is a central function of the GMCA providing support for the transport infrastructure planning, development and delivery across the region.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

GMCA, 26 January 2018, Suite of Budget Reports 2018/19,
https://www.greatermanchester-ca.gov.uk/meetings/meeting/477/greater_manchester_combined_authority

GMCA, 20 February 2018, Special Budget Report, https://www.greatermanchester-ca.gov.uk/meetings/meeting/507/greater_manchester_combined_authority

AGMA Executive Board, AGMA Budget 2018/19, https://www.greatermanchester-ca.gov.uk/meetings/meeting/500/agma_executive_board

1. Introduction

- 1.1 This report provides information regarding the GMCA budget for 2018/19, together with the financial implications for Manchester City Council.

2. Background

- 2.1 The budget requirements for the GMCA cover three main areas, namely:
- GMCA General Budget – Revenue and Capital
 - Transport Levy
 - Mayoral General Budget

In addition, the Mayor is responsible for determining the PCC budget and precept, following consultation with the Police and Crime Panel. For 2018/19 the Waste levy budget was determined by the Greater Manchester Waste Disposal Authority. From 1st April 2018 the functions have been incorporated into the GMCA.

- 2.2 There is also a separate budget for the costs associated with the Association of Greater Manchester Authorities (AGMA). This is much smaller than in previous years as the majority of budgets previously funded through AGMA contributions have been moved to the GMCA General Budget, including the Greater Manchester Cultural and Social Impact Fund. The relevant AGMA reserves have also transferred to the GMCA as part of the closure of the 2017/18 accounts.
- 2.3 The budgets for the GMCA and AGMA are generally approved at the January meeting of the Combined Authority and the AGMA Executive respectively. However there was a further meeting of the Combined Authority in February 2018 to update the Mayoral General Budget and precept for changes to Council tax bases etc, as provided by the Districts, and estimated reserves.
- 2.4 Funding for the GMCA is obtained from a number of sources but is predominantly through District Contributions, use of reserves and grants. The Mayoral General Budget is mainly funded through a Mayoral Precept which came in to effect from 1 April 2018 following the election of the GM Mayor in May 2017.

3. GM Budgets 2018/19

- 3.1 Details of the GM budget reports for 2018/19 are published on the GMCA website and attached as Appendices as listed below:
- Appendix 1 – GMCA/Mayoral General Budgets – Budget Overview
 - Appendix 2a – Mayoral General Budget and Precept Proposals 2018/19
 - Appendix 2b – Mayoral General Budget and Precept Proposals 2018/19 (Revised February 2018)
 - Appendix 3 – GMCA Transport Revenue Budget 2018/19

- Appendix 4 – GMCA Economic Development and Regeneration Budget 2018/19
 - Appendix 5 – GMCA Transport, Housing and Economic Development and Regeneration Capital Programme 2017/18 - 2020/21
 - Appendix 6 – AGMA Budget 2018/19
- 3.2 The budget overview report in Appendix 1 details the principles which underpin the budget and the functions applicable to each budget area. The priorities are in accordance with the refreshed Greater Manchester Strategy 'Our People, Our Place' which was published in October 2017.
- 3.3 The Mayoral General Budget covers:
- Fire and Rescue
 - Spatial development strategy
 - Compulsory Purchase of Land
 - Mayoral Development Corporations
 - Development of transport policies
 - Local Transport Plan
 - Grants to bus service operators
 - Grants to constituent councils
- 3.4 The Mayoral General Budget totals £49.916m net in 2018/19 and is funded through a precept on the Council Tax set for each GM District. For Manchester this totals £7.676m. The basic tax amount at Band D is £67.95. The level of precept for the Mayor, in addition to the £59.95 for Fire and Rescue functions, is £8 per Band D property and will raise £5.9m. The Fire part of the budget is also supported through Revenue Support Grant, Business Rates Top Up grant and a 1% share of the locally collected business rates.
- 3.5 The main priorities for the GMCA Economic Development and Regeneration budget, which excludes the Transport Levy, are summarised below:
- Strategy, Research and Policy
 - Cultural and Social Impact Fund
 - Planning, Housing, Land and Property Strategy
 - Great Places
 - Cultural and Social Impact Fund
 - Work and Skills
 - Support for Investment (Core, Housing and Low Carbon)
 - MIDAS and Marketing Manchester
 - Public Service Reform
 - Contribution to GM H&SC
 - GM Productivity Programme
 - Other Costs and Priorities.
- 3.6 The Economic Development and Regeneration Budget totals £48.824m. The overall contribution of the 10 Districts to the GMCA budget totals £8.848m which represents 18.1% of the total funding available to spend on GM priorities. The remainder being met through specific grants, reallocation to

other sources, contributions from earmarked reserves including a share of business rates and other income.

- 3.7 The underlying Transport Levy of £192.473m¹ for 2018/19 consists of the base budget of £196.4m adjusted for net movements to the Mayoral precept. The Levy is fully funded from District contributions.
- 3.8 In 2018/19 there was also a one-off adjustment of £87.980m. This was the reversal of a refund made to Districts in 2017/18 and which gave them with the financial capacity to provide additional resources to the Waste Disposal Authority to facilitate savings against the Waste Disposal contract. To meet this cost in 2018/19, the Waste Disposal Authority is able to reduce its levy on Districts. The additional funding in to the Transport Levy will replenish the transport reserves which had been used temporarily in 2017/18 to meet the corresponding funding gap on the transport budget. Overall there was no impact on the budget of any of the district councils.
- 3.9 The AGMA budget holds the costs of services that work more effectively and efficiently in a single unit covering the wider region; these include trading standards, procurement hub, county records, and the units for archaeology, waste and minerals and ecology. It also includes costs associated with the development of the GM spatial framework (relating to district functions), GM Moving (which is the comprehensive plan to reduce inactivity and improve health outcomes) and support for the Police and Crime Panel.
- 3.10 The AGMA budget is much smaller than previous years with a number of functions now being passed over to the GMCA. District contributions of £0.764m (excluding one-off refunds) represent 65.8% of the overall budget of £1.160m with the majority of the balance being met by a contribution from reserves. There was also a one-off refund to Districts from AGMA reserves of £0.8m in 2018/19.
- 3.11 This year is very much a transitional year as a number of budgets come together under the GM Mayor and the Combined Authority. Savings have been achieved with further service reviews underway which include the rationalisation of back office functions. To date resources have been freed up in the Fire, Transport and Police and Crime Commissioner Budgets.

4. GM Capital Investment

- 4.1 The capital programme for GMCA totals £463.5m in 2018/19 and includes transport, economic development and regeneration and housing. The latter relates predominantly to the Housing Investment Fund which is currently held by the City Council on behalf of Greater Manchester in the absence of borrowing powers for the CA (see paragraphs 4.2 to 4.5 below). The transport programme is delivered through Transport for Greater Manchester and Districts and includes major schemes such as the Metrolink Programme and

¹ This is the revised underlying Transport Levy following the recommendations of the GMCA at its meeting on 26 January. The original underlying Transport Levy of £191.223m was increased to £192.473m due to a decision not to charge for the local concessionary pass.

the A6 to Manchester Airport Relief Road. The attached Appendix 5 details the schemes.

- 4.2 The Chancellor's Autumn Statement 2016 detailed the extension of mayoral combined authority borrowing powers, allowing them to invest in areas such as economic development and regeneration, subject to agreeing a borrowing cap with Her Majesty's Treasury.
- 4.3 The Local Government Act 2003 provide combined authorities with the power to borrow for transport purposes. For Greater Manchester the CA also inherited predecessor organisations borrowing powers for Police, Fire and Waste functions.
- 4.4 The Combined Authorities (Borrowing) Regulations 2018 made on 3 May 2018 provided CAs with the power to borrow money relevant to all the functions specified for the Combined Authorities included within the Local Government Act 2003, which will be dependent on the devolution deals agreed.
- 4.5 Prior to these powers coming in to force the City Council managed the borrowing arrangements for GM in respect of regeneration and economic development including housing. The City Council's current capital programme includes a profiled GM spend of £337m over the four-year period 2017-20 which relates to the Housing Investment Fund, with the exception of £0.5m in respect of the GM Loan Fund.
- 4.6 The GM Fire and Rescue Service capital programme forms part of the Mayoral General budget.

5. Mayoral Capacity Fund

- 5.1 As part of the Autumn Budget 2017 the Government announced funding of £12m over the two years 2018-20 to Combined Authorities with elected Mayors in order to boost the new Mayors' capacity and resource.
- 5.2 Each of the six Mayoral CAs will be eligible to receive up to £1m per annum in 2018/19 and 2019/20 respectively. Applications for funding had to be made to MHCLG detailing how the money will be used to enhance capability and capacity, in particular in relation to the Mayor's priorities.
- 5.3 In line with the Mayoral General Budget report to GMCA in February, funding of £1m from the Mayoral Capacity Fund has been set aside as a contribution to Bus Reform costs in 2018/19 which are largely being met from Earnback grant (£11.5m in total).

6. Financial Implications for the City Council – Revenue Budget Contributions

- 6.1 As one of the 10 District Councils in Greater Manchester, the City Council contributes annually to the costs of the Combined Authority and AGMA. This will include the Transport Levy which is the most significant element. However, certain costs previously funded under the Transport Levy are now a

Mayoral function and are to be funded from the Mayoral precept. There was a corresponding reduction in the Transport Levy charged to Districts.

6.2 Unless unanimously agreed otherwise, the charge to each District for economic development and regeneration is in proportion to their resident population within GM and using mid-year estimates. The only exceptions to using resident population are the historic budgets of MIDAS, where 84% of the funding is split equally between each District with the remaining 16% on a population basis, and Marketing Manchester for which 80% of the funding is split 35% to the City Council and 65% equally amongst the other nine Districts, with the remaining 20% of the total funding shared on a population basis. The transport levy is split on a statutory base i.e, population.

6.3 The costs to Manchester City Council in 2018/19 were as follows:

Activity/Budget	Manchester Contribution/ (Refund) £000
Transport Levy including Mayoral Precept Adjustment ⁽¹⁾ ⁽²⁾	37,445
GMCA	1,668
AGMA	115
Adjustments/Reimbursement of AGMA Reserves (one-off)	(155)

(1) This is the adjusted base levy. In 2018/19 there was also a further sum payable of £17.116m in relation to Manchester's share of an overall adjustments of £87.980m to support savings in the Waste Disposal contract (see also paragraph 3.8).

(2) Overall figure revised to £37.445m from original assumption of £37.202m as per January 2018 report following agreement at January GMCA not to charge for the local concessionary pass

7. Business Rates

7.1 There are two business rates funding streams which may be used to support the priority areas for GM, namely business rates pooling across GM and two of the Cheshire Authorities and the Business Rates 100% Growth Retention Pilot for GM and Cheshire East.

Business Rates Pool

7.2 In 2015/16 the GM districts and Cheshire East formed a Business Rates pool which enabled retention of levy amounts which would otherwise have been paid to Government. In 2016/17 the pool was expanded to include Cheshire West. The pool has continued for 2017/18 and 2018/19.

7.3 To incentivise the levy authorities to be part of the pool the agreement was that the levy payment that would otherwise been passed to Government would be retained and shared as follows. Non-GM authorities (Cheshire East and Cheshire West) would retain 50%, the GM authorities (Trafford and Stockport

were there the levy authorities in GM) retain one third and the balance goes to the Greater Manchester Combined Authority (GMCA).

2015 Greater Manchester and Cheshire East 100% Growth Retention Pilot

- 7.4 This pilot was agreed for three years from 2015/16 and involves GM districts and Cheshire East retaining growth in excess of a stretch target. In 2015/16 the growth was achieved by GM districts and the total receipt (£6m) was split 2% to fire and 98% retained by the GMCA.
- 7.5 Of the amounts generated by GM authorities in 2016/17 GM Fire received their initial 2% with AGMA agreeing that the remaining balance being shared 58% GMCA and 42% to the relevant Local Authority.
- 7.6 In 2017/18, the last year of the 100% Growth Retention, this scheme was absorbed into the 100% Business Rates Retention pilot as below.

Greater Manchester 100% Business Rates Retention Pilot

- 7.7 The move to 100% business rates retention has been piloted from 1 April 2017 in a number of areas including Greater Manchester. It has been agreed that any benefit from the 100% pilot be shared, with a minimum of 50% being retained by Districts and the balance to be retained by GMCA. This will be subject to annual review as part of the budget setting process
- 7.8 GM and the City Council has benefitted through its participation in Business Rates pooling and the retention pilots.
- 7.9 The GMCA budget approved for 2018/19 included proposals to utilise part of their share of levy and growth pilot monies which have been generated in 2016/17 (£3.9m of £8.8m made available) to meet additional priority costs. This includes £2.2m for the *GM Business Productivity and Inclusive Growth Programme* which is the first instalment of an overall £11.1m package over four-year period.
- 7.10 Additional funds will support the activity of *MIDAS² (£200k) and Marketing Manchester (£350k)* which are central to the delivery of the Greater Manchester Internationalisation Strategy. Other supported projects include continuation of the *GM Health and Social Care partnership* to promote and deliver benefits from greater Health and Social Care integration across GM (£600k), *GM Cultural and Social Impact Fund* to supplement the programme which provides funding to properly constituted, not for profit, voluntary organisations, who are committed to providing excellent cultural experiences or work that has significant social impact across the 10 boroughs in Greater

² MIDAS is Manchester's inward investment agency, with a strategic aim to secure significant levels of new investment and employment for the city region. This is achieved through the global business marketing of Manchester, targeting key markets and sectors, and the provision of an extensive, free and confidential package of advice and assistance for location consultants and potential investors

Manchester (£200k), *delivery of the Digital Strategy* to develop and harness digital technology to drive improvements across all areas of the economy and society (£200k), support for 'Age Friendly' activity (£100k) and the Youth Combined Authority (£50k).

- 7.11 It was agreed that the remaining £4.9m of Business Rates income held by GMCA (from 2016/17) should be returned to districts to assist in meeting necessary investment in service delivery. This was redistributed on a pro-rata population basis to ensure the benefits of the pilot are shared across the region. Manchester received £0.953m of this rebate. In addition Manchester retained from the Growth pilot £0.817m representing 42% of the 'Stretch growth' achieved by Manchester in 2016/17.
- 7.12 The GM Business Productivity and Inclusive Growth Programme addresses GM's need to close its productivity gap with the rest of the UK and ensure that all parts of the city region can contribute to, and benefit from, economic growth.
- 7.13 The programme will involve multiple strands of activity under four modules:
- Start-up support: Individual elements covering livelihood businesses, high growth start-ups, and scale up support.
 - Business Growth Programme: This is the largest module and covers:
 - Universal support across Greater Manchester on a light touch basis; and
 - Intensive programmes covering innovation, leadership, business strategy, skills and talent, access to finance, and specialist sector support.
 - Technology Co-Investment Fund: a seed and early stage co-investment fund that will invest in a range of technologies and innovations.
 - Greater Manchester Targeted Programme: An integrated support programme for larger businesses with the greatest potential to grow and improve productivity.
- 7.14 The total programme which also includes Local Growth Fund (LGF) funding is predicted to deliver 1,860 business assists, resulting in around 970 net additional FTE jobs and supporting £96m in net GVA over the course of the project. If the benefits are of the level forecast it would represent a return on the public investment, which is a ratio in line with previous national and local business support evaluation findings. The net cost per job of £23,600 is low compared to the 'normal thresholds' of £40,000 per job for regeneration activity, but it is relatively high compared to MHCLG's analysis of previous business support programmes (which found a typical range of between £6,000 and £20,000 cost per net job). The higher than average net cost per job can be explained by the programme focusing on creating higher productivity, higher wage employment rather than on the volume of jobs, which most business support programmes focus on.
- 7.15 Going forwards the GMCA share of the proceeds derived from the 100% business rates pilot in 2017/18 and 2018/19 are expected to generate

sufficient revenue to meet future commitments for the Productivity Programme and support bus reform.

- 7.16 In addition, the 100% pilot has provided increased flexibility around transport funding, specifically enabling transport capital funds to be utilised as a revenue resource. This had aided funding revenue scheme development costs and switching Local Growth Fund capital to enable revenue projects funded from Local Growth Fund to proceed.

8. Funding Available through GM initiatives to District Councils

- 8.1 As noted previously the GMCA is taking a significant lead role for a number of key regional work areas, working in partnership with the 10 Districts. These include significant areas such as Work and Skills, Public Service Reform, Environment/Low Carbon investment and the Productivity Fund.

- 8.2 There are a number of funding opportunities which exist for the City through being part of GM including building joint funding bids, these include:

- Homelessness prevention programme successful bid for £1.8m for GM from £10m national Social Impact Bond funding to turn around the lives of the most entrenched rough sleepers by getting them into accommodation and addressing their complex needs through personalised support
- ICT full fibre c£25m - To significantly upgrade digital infrastructure and help deliver “full fibre” broadband technology across the region, trigger subsequent private sector investment of up to £200m, and pave the way for 5G mobile technology
- Unaccompanied Adult Asylum Seeker specific GM work c£850k
- Transport capital c£43m across GM
- Highways pot hole funding - £3m overall for GM and the City Council has received an allocation of £439k
- Residual Troubled Families Funds – c£3m per annum until 2019/20.
- Transforming Cities Fund (£243m over 4 years)

9. Conclusion

- 9.1 This report and attached appendices set out the budget for the GMCA and the Mayoral Precept together with summary information regarding the functions provided.

- 9.2 The report provides information on the proportion of the budgets which are met through District contributions and specifically funding from the City Council.

10. Recommendations

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

Subject: GMCA/Mayoral General Budgets – Budget Overview

Report of: Mayor of Greater Manchester
Richard Paver, Treasurer to GMCA

1. Purpose of Report

1. This report sets out the background to the GMCA General Budget, Transport levy budget and Mayoral General Budget which are set out in the accompanying papers and explains the interconnectivity of the various decisions which need to be taken. The charges on districts and Mayoral General Precept can then be determined within the prescribed time limits.
2. Prior to the GMCA meeting, the AGMA Executive will have considered the AGMA budget for the coming year and will have noted that the majority of budgets previously funded through AGMA contributions has been moved to the GMCA General Budget for 2018/19, including the Greater Manchester Cultural and Social Impact Fund. Likewise the relevant reserves relating to the budgets which have transferred will be moved across to the GMCA as part of finalising the 2017/18 accounts.

2. Recommendations

1. To consider the proposal submitted by the Mayor for the Mayoral General Budget and precept and capital programme (Item 9b) and to decide whether to submit any written comments. If so, to agree the process for agreeing any such submission.
2. To note that final information underpinning the calculation of the Mayoral General budget and precept is unlikely to be available for the meeting and that a further budget meeting has been arranged for 20 February 2018 to give consideration to the final proposals ahead of the Mayor formally determining his budget and precept in time for District Councils to start setting their Council Tax levels.
3. To consider and approve the level of the Transport budget to be funded by a levy on District Councils (Item 9c).
4. To consider and approve the level of the GMCA General budget to be funded through contributions from District Councils and a share of the retained Business Rates (Item 9d).
5. To agree the draft capital programme relating to Transport and other GMCA, non-Mayoral, functions (Item 9e).

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Comments and/or recommendation from the relevant Overview & Scrutiny Committee

Risk Management – Listed in attached reports

Legal Considerations – Listed in attached reports

Financial Consequences – Revenue – Listed in attached reports

Financial Consequences – Capital – Listed in attached reports

BACKGROUND PAPERS:

Listed in attached appendices.

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution (paragraph 14.2) or in the process (paragraph 13.1 AGMA Constitution) agreed by the AGMA Executive Board:		Yes
EXEMPTION FROM CALL IN		
Are there any aspects in this report which means it should be considered to be exempt from call in		NO
TfGMC	Overview & Scrutiny Committee 16 th January 2018	

3. Principles underlying development of Mayoral and GMCA budgets

- 3.1 This is a transitional year for the Combined Authority and Mayoral budgets. A number of different organisational functions have come together, some savings have been made and further work is underway through Service Reviews to identify potential efficiency savings through the rationalisation of back office functions including working with TfGM where appropriate. To date, as a result of consolidation of budgets, resources have been freed up in the Fire, Transport and PCC budgets.
- 3.2 The Government has provided flexibility this year on the level of the Mayoral precept and are aware that the baseline for the precept going forward should not be this year's figure given the ongoing transfer of responsibilities.
- 3.3 This is the first year of a 2-3 year strategy for setting the Mayoral precept baseline. The strategy will enable the precept to be limited this year to finance GMS priorities and to be adjusted in future years as further Mayoral functions come through, including powers over transport expected in a Parliamentary Order later this year. This will enable implementing decisions on bus reform to be financed through the Mayoral precept in future years.
- 3.4 Following the agreement and publication in October of the refreshed Greater Manchester Strategy, GMCA resource is being focused on its delivery. The GMS Implementation Plan, and the agreed actions which it contains, are being directly linked to the GMCA's business plan so that resource is shifted to deliver GMS priorities.
- 3.5 Delivery of the GMS priorities will require the GMCA, Districts, businesses and the voluntary and community sector to work in partnership. The Mayoral precept and GMCA budgets will support key actions in the Implementation Plan, particularly in areas where investment in the Districts can be supported by the GMCA. This includes identified growth and reform priorities such as improving school readiness, tackling homelessness and reducing traffic congestion, and also specific programmes such as the Cultural and Social Impact Fund and delivery of the Digital Strategy.
- 3.6 A key part of the review of budgets and the introduction of the Mayoral precept, has been a thorough review of the resources available at a GM level and identifying options to release monies to be returned to districts to assist in meeting their on-going budget pressures.

4. Update on Government Funding/ Legislation

- 4.1 The provisional RSG Settlement on 19 December 2017 included the following elements relating to the various GMCA/Mayoral budgets:
 - That £12m would be made available for 'Mayoral Capacity' to the 6 Mayoral Combined Authorities to cover a two year period. It is understood that there will be £1m pa. for each Mayoral CA. To date no formal notification of this, or any funding conditions has been received.
 - That no 'notional budget' nor referendum principles would be set for Mayoral General Budgets in 2018/19. For Greater Manchester this means that the

increased referendum limit of 3% which applies to other Fire Authorities will not be applicable to the Fire part of the Mayoral General Budget. Combined Authority Mayors are, therefore, not subject to any limitations on their General budgets or precepts for 2018/19.

- That the 100% business rates pilot for GM districts and the GMCA would continue for 2018/19.

4.2 The outstanding Parliamentary Order which will give wider borrowing powers to match the full range of GMCA functions is currently about to start the Parliamentary process and should be in place before the end of the financial year. In particular this will allow the £300m Housing Investment Fund to transfer from Manchester to the GMCA for the start of the new financial year. The implications of this are reflected in both the revenue and capital budgets for 2018/19.

4.3 There is a further Transport Order which would cover increased Mayoral responsibilities including bus reform. This is currently at the early stage of discussion with Government officials and hence the various budgets are being prepared on the basis of the current split of responsibilities and particularly, that costs incurred in assessing and implementing 'bus reform' options are a GMCA responsibility and cannot be funded from a Mayoral precept in 2018/19.

5. Content and Interrelationships between budgets

5.1 The current scope of the Mayor's General Budget will cover the following:

- Fire
- Transport Strategy including Local Transport Plan development and monitoring
- Administration of Bus Service Operators Grant
- Spatial Development Strategy
- Mayoral Development Corporations
- Earnback funding for Mayoral and non-Mayoral functions
- Mayor's own costs and direct support (less part which falls on PCC budget)
- Allocation of the GMCA overheads in respect of support to the Mayor and his functions
- Grants to District Councils

5.2 The overall GMCA 'central budget' is made up of historic budgets for economic development, regeneration and elements of housing and has been enhanced for 2018/19 by:

- The current AGMA S48 Cultural grants budget
- Elements relating to the Public Sector Reform previously under AGMA
- Elements of the previous PCC and Fire Service budgets which have been consolidated into single GMCA functions e.g. communications, ICT, HR, Finance (although appropriate recharges are made to PCC and Mayoral General Budgets)

- Transferring New Economy staff to GMCA from 1st April 2017 which has meant that the previous New Economy contributions of £694,000 has been replaced by a more detailed budget covering staff and other spend, earned income and recharges to other GMCA functions for particular projects.

5.3 The various Orders covering the GMCA functions provide for which are Mayoral and which fall to the GMCA as a whole. This, in turn, determines how such costs are funded such that:

- Mayoral General budget – funded from Mayoral precept and /or statutory charge/ contributions from Districts, but not Transport levy. Fire funding is part of the Mayoral precept, but also receives Revenue Support Grant, business rates income and top up grants.
- Earnback – again a Mayoral fund which can be spent on non-Mayoral functions with the agreement of the Mayor / GMCA including commitments made by GMCA prior to the Mayoral election.
- GMCA budget – funded from district contributions, to be supplemented by a share of the retained business rates income.
- Transport levy budget – funded from district contributions but excludes elements falling under the Mayoral General budget.

6. Conclusion

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

- The Mayor's proposal to determine and issue a precept of £68.95 (Band D) in relation to his General functions. In so far as updated information is received from district councils or Government then there will be a need to reconsider the detailed budget and statutory calculations at the GMCA meeting on 20 February.
- Contributions from district councils in relation to the Transport Levy and GMCA costs
- The non-Mayoral capital programme, with the Fire capital programme being considered as part of the Mayoral General budget.

Date: 26th January 2018
Subject: Mayoral General Budget and Precept Proposals
Report of: Andy Burnham, Mayor of Greater Manchester

PURPOSE OF REPORT

To set out my proposals for the Mayoral General Budget and precept for 2018-19 for consideration by the members of the GMCA.

Unique amongst Mayoral Combined Authorities, the proposals being made include a significant element for the Fire Service which had previously fallen to the GM Fire and Rescue Authority to determine.

In a parallel process, I have made a proposal relating to my PCC functions to the Police and Crime Panel last week which has been agreed. This was to increase the PCC component by £12 (Band D) being the maximum permissible without requiring a referendum.

RECOMMENDATIONS:

Members are recommended:

1. To consider my proposal to set an overall Mayoral General Precept of £68.95 (Band D) comprising of £59.95 for functions previously covered by the Fire and Rescue Authority precept (no change) and £9.00 for other Mayoral General functions and the detailed budget calculations which support that level of precept;
2. To note that the proposal for the Mayoral General Precept for 2018/19 is the start of a 2-3 year strategy for setting the Mayoral precept baseline which will be adjusted in future years as further Mayoral functions are granted;
3. To note my proposal to allow £11.5 million of Earnback grant to be used to support GMCA costs relating to bus reform;
4. To note, and comment on the;
 - i. detailed budget proposed for the Fire and Rescue Service,
 - ii. the use of the reserves, to support the revenue and capital budgets and the assessment by the Treasurer that the reserves as at March 2019 are adequate,
 - iii. the proposed capital programme and proposals for funding,
 - iv. the 2019-20 medium term financial position which reflects the final year of the 4 year funding settlement set by Central Government.
5. To note and comment on the detailed budget proposals for other Mayoral functions;

6. To consider whether they would wish to submit any written comments to the Mayor in line with the legal process and timetable described in this report; and
7. To note that at its meeting on 20 February there will be revised budgets submitted, consistent with the precept proposals, to reflect final tax base and collection fund calculations and the final Revenue Support Grant settlement.

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Risk Management – An assessment of the potential budget risks faced by the authority are carried out quarterly as part of the monitoring process. Specific risks and considerations for the budget 2018/19 in so far as they relate to the Fire Service are detailed in Appendix 2.

Legal Considerations – See appendix 1 of the report.

Financial Consequences – Revenue – The report sets out the planned budget strategy for 2018/19.

Financial Consequences – Capital – Proposals for Fire and Rescue Services capital spend are set out in Appendix 2.

BACKGROUND PAPERS:

Corporate Issues & Reform Overview & Scrutiny Committee – GMCA Budget Update 2018/19 – 16 January 2018

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution (paragraph 14.2) or in the process (paragraph 13.1 AGMA Constitution) agreed by the AGMA Executive Board:		Yes
EXEMPTION FROM CALL IN		
Are there any aspects in this report which means it should be considered to be exempt from call in?		No
TfGMC	Overview & Scrutiny Committee	
	16 January 2018	

1. BUDGET CONTENT AND PROCESS

1.1 The functions of the GMCA which are currently Mayoral General functions are

- Fire and Rescue
- Spatial development strategy
- Compulsory Purchase of Land
- Mayoral development corporations
- Development of transport policies
- Preparation, alteration and replacement of the Local Transport Plan
- Grants to bus service operators
- Grants to constituent councils
- Decisions to make, vary or revoke bus franchising schemes

1.2 The sources of funding for Mayoral costs, to the extent that they are not funded from other sources, are a precept or statutory contributions (not Fire). A precept can be issued by the Mayor to District Councils as billing authorities. The precept is apportioned between Districts on the basis of council tax bases and must be issued before 1st March.

1.3 Constituent councils can make statutory contributions to the Mayor in respect of Mayoral functions where authorised by a statutory order but they require at least 7 members of the GMCA (excluding the Mayor) to agree (Fire cannot be met from statutory contributions).

1.4 In terms of timetables, the Mayor must before 1 February notify the GMCA of his draft budget in relation to the following financial year. The draft budget must set out the proposed spending and how the Mayor intends to meet the costs of his General functions.

1.5 The GMCA must review the draft budget and may make a report to the Mayor on the draft. The Authority must make such a report before 8 February and must set out whether it would approve the draft budget in its current form or make alternative recommendations. If no such report is made before 8 February then the draft budget shall be deemed to be approved.

1.6 A full, legal, description of the process is attached at Appendix 1

2. PROPOSED MAYORAL GENERAL BUDGET

2.1 Attached at Appendix 2 are the proposals in relation to the Revenue and Capital Budgets for the Greater Manchester Fire and Rescue Service and the medium term Financial Strategy.

2.2 In particular, it is proposed that the previous level of precept (£59.95) is continued in so far as providing a level of budget support to the service budget. In addition income from Business rates, both a share of the income collected by District Councils and a 'top up' grant, is received and a reducing amount of Revenue Support Grant.

- 2.3 At the present time both Council tax and business rates income is subject to confirmation by District Councils, and estimates of RSG and business rates 'top up' grant will be confirmed in the final settlement. At this stage it is clear that the 'top up' grant will change due to technical factors linked to the 2017 revaluation adjustments.
- 2.4 In relation to non-Fire functions then apart from precept income, there are funds relating to the 'Mayoral Capacity' funding and Earnback. For the former, indications are that there will be £1m received for each of 2018/19 and 2019/20. At the time of writing there has not been an official confirmation of this or any conditions that might be attached to such monies.
- 2.5 Until the election of the Mayor, Earnback resources were for the GMCA to allocate but since that date further allocations (beyond decisions already taken by the GMCA) are Mayoral decisions but can be spent on non-Mayoral functions subject to approval of both the GMCA and the Mayor.
- 2.6 In terms of the Earnback budget for 2017/18 and 2018/19 the proposed usage and profile of income and spend are as follows:

	2017/18 £000	2018/19 £000
<u>Earnback Revenue Summary</u>		
Balance of Earnback revenue b/fwd	(2,348)	(8,221)
Earnback revenue grant	(9,000)	(12,000)
Trafford Metrolink Capital Financing Costs	3,102	5,326
Cycling and Walking Commissioner	25	25
Bus Reform	-	11,500
Women Against State Pension Increase Concessionary Fares	-	2,000
Closing Revenue Balance	(8,221)	(1,370)
<u>Earnback Capital Summary</u>		
Earnback capital grant	(21,000)	(18,000)
SEMMM's A6 MARR	21,000	18,000
Closing Capital Balance	-	-

- 2.7 In relation to the level of the precept to be levied additional to the ongoing £59.95 for Fire and Rescue functions, then it is proposed that this is set at £9.00 per Band D property, which will raise (on the latest estimated tax band) £6.589 million. When taken with the estimated Mayoral Capacity Funding this will give overall funding of £7.6 million to be allocated as follows:

	£000
Direct Mayoral and Support Costs	732
Spatial Development Strategy	643
Cost of Administering Grants to Bus Operators	50
Transport, Policy and Strategy	3,900
Other Mayoral priorities	2,265
Total	7,589

- 2.8 Although I am required to set a precept specifying the Band D Charge, by far the majority of properties, 83%, in Greater Manchester will be required to pay less than this amount. The following table outlines the amounts to be paid by each band and the proportion of properties which fall into each band.

	A	B	C	D	E	F	G	H
Costs for Band (excluding fire)	£6	£7	£8	£9	£11	£13	£15	£18
Proportion of Properties %	46.0	19.5	17.3	9.1	4.7	2.0	1.2	0.0

- 2.9 Appendix 4 sets out the various calculations and the amounts of Council Tax for each band.

3. RESERVES

- 3.1 Apart from Earn back, all reserves which currently exist are derived from the previous reserves of the former Fire and Rescue Authority. Taking account of the budget proposals outlined in this paper the estimates for 2018/19 are as follows:

Mayoral General Reserves	Projected Balance as at 31-Mar-18 £000	Transfer in/(out) 2018/19 £000	Projected Balance as at 31-Mar-19 £000
General Balances	15,225	(8,517)	6,708
Transformation Reserve	-	3,000	3,000
Capital Reserve	8,246	(8,246)	-
Partnership Reserve	127	(127)	-
Insurance Reserve	1,738	-	1,738
Greater Manchester Fire Reserve	131	-	131
Fire Restructuring Reserve	418	-	418
Fire Grant Unapplied Reserve	2,400	(2,400)	-
Business Rates Reserve	1,920	-	1,920
Earnback	8,221	(6,851)	1,370
Total	38,426	(23,141)	15,285

- 3.2 Having reviewed the basis of the historic Fire Authority assessment of the General Reserve, the Treasurer is able to recommend that £3m of the previous minimum level of £9m can be moved to a separate Transformation Reserve. The amount had previously been held against the risk of a loss on Treasury activities, and in the wider GMCA, the proportion of such risk that would fall to the Mayoral General budget, as currently constituted is minimal. Given the current scale of activities falling on the General budget, the level of reserves held is felt to be appropriate.

4. BUDGET SUMMARY 2018/19

	Gross Expenditure £000	Gross Income £000	Estimate £000
Fire Service Budget	101,795	2,023	99,772
Other Mayoral General Budget	7,589	1,000	6,589
Capital Financing Charges	13,024	-	13,024
Interest on revenue balances		30	(30)
Contribution from balances and reserves			(16,163)
Budget Requirement	122,408	3,053	103,192
Localised Business Rates		10,334	(10,334)
Business Rate Baseline		20,900	(20,900)
Revenue Support Grant		19,938	(19,938)
Section 31 Grant		602	(602)
Collection Fund surplus		945	(945)
Precept requirement	122,408	55,772	50,473

5. LEGAL ISSUES

- 5.1 In coming to decisions in relation to the revenue budget the Mayor has various legal and fiduciary duties. The amount of the precept must be sufficient to meet the Mayor's legal and financial commitments, ensure the proper discharge of its statutory duties and lead to a balanced budget.
- 5.2 In exercising its fiduciary duty the Mayor should be satisfied that the proposals put forward are a prudent use of the Mayor'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)

- 5.3 The Local Government Finance Act 2003 requires the Chief Finance Officer to report to the Mayor on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Mayor has a statutory duty to have regard to the CFOs report when making decisions about the calculations.
- 5.4 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Mayor 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 Mayor 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.
- 5.5 Under Section 114 of the Local Government Finance Act 1988, where it appears to the Chief Finance Officer that the expenditure of the Mayoral General budget 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 Chief Finance Officer has a duty to make a report to the Mayor.

- 5.6 The report must be sent to the GMCA's External Auditor and the Mayor/GMCA 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 GMCA is prohibited from entering into any new agreement which may involve the incurring of expenditure (at any time) by the GMCA, except in certain limited circumstances where expenditure can be authorised by the Chief Finance Officer. Failure to take appropriate action in response to such a report may lead to the intervention of the External Auditor.

Reasonableness

- 5.7 The Mayor 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

- 5.8 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 Mayor will be responsible has been undertaken and the key risk identified are as follows.
- 5.9 The budgets for 2018/19 include efficiency savings which are considered achievable and will be monitored against budget on a regular basis.

Appendix 1: Legal requirements, Mayoral Precept – General Component

- 1.1 The Finance Order sets out the process and the timetable for determining the general component of the precept.

Stage 1

- 1.2 The Mayor must before 1st February notify the GMCA of the Mayor's draft budget in relation to the following financial year.
- 1.3 The draft budget must set out the Mayor's spending and how the mayor intends to meet the costs of the Mayor's general functions, and must include "the relevant amounts and calculations"
- 1.4 "The relevant amounts and calculations" mean:-
- (a) estimates of the amounts to be aggregated in making a calculation under sections 42A, 42B, 47 and 48;
 - (b) estimates of other amounts to be used for the purposes of such a calculations;
 - (c) estimates of such a calculation; or
 - (d) amounts required to be stated in a precept

Stage 2

- 1.5 The GMCA must review the draft budget and may make a report to the Mayor on the draft.
- 1.6 Any report:-
- (a) must set out whether or not the GMCA would approve the draft budget in its current form; and
 - (b) may include recommendations, including recommendations as to the relevant amounts and calculations that should be used for the financial year
- 1.7 The Mayor's draft budget shall be deemed to be approved by the GMCA unless the authority makes a report to the Mayor before 8th February.

Stage 3

- 1.8 Where the GMCA makes a report under 1.5, it must specify a period of at least 5 working days within which the Mayor may:-
- (a) decide whether or not to make any revisions to the draft budget; and
 - (b) notify the GMCA of the reasons for that decision and, where revisions are made, the revised draft budget

Stage 4

- 1.9 When any period specified by GMCA under 1.8 has expired, the GMCA must determine whether to:-
- (a) approve the Mayor's draft budget (or revised draft budget, as the case may be), including the statutory calculations; or
 - (b) veto the draft budget (or revised draft budget) and approve the Mayor's draft Budget incorporating GMCA's recommendations contained in the report to the Mayor in 1.5 (including recommendations as to the statutory calculations).
- 1.10 The Mayor's draft budget (or revised draft budget) shall be deemed to be approved unless vetoed within 5 working days beginning with the day after the date on which the period specified in 1.8 expires.
- 1.11 Any decision to veto the Mayor's budget and approve the draft budget incorporating the GMCA's recommendations contained in the report to the Mayor in 1.5 must be decided by a two-thirds majority of the members (or substitute members acting in their place) of the GMCA present and voting on the question at a meeting of the authority (excluding the Mayor).
- 1.12 Immediately after any vote is taken at a meeting to consider a question under 1.9, there must be recorded in the minutes the names of the persons who cast a vote for the decision or against the decision or who abstained from voting.

Report of the Mayor

Greater Manchester Fire and Rescue Service Revenue and Capital Budgets for 2018/19

Executive Summary

Greater Manchester Fire and Rescue Authority was abolished on 7th May 2017, and the Fire and Rescue Service is now a function of the Mayor. The Fire and Rescue Service is part of the Mayoral General Budget. This report sets out the Fire and Rescue Service budget requirements.

Mayor General Budget – Fire

In December I announced my intention to postpone some elements of the Integrated Risk Management Plan (IRMP) for a period of 12 months, including the proposed reduction in the number of appliances operating out of specific stations across Greater Manchester. In financial terms the current year underspend of £5.5- £6m is being used to fund overtime at time plus half for an initial 6 month period to firefighters to allow crewing levels to be achieved (£2.6m) and to put on hold the withdrawal of pumps for 12 months (£3.24m). In addition, as the service continues to have a significant number of vacancies, the current attraction and recruitment efforts are to be enhanced to bring numbers closer to establishment.

Financial Strategy

	2018/19
	£000
Fire Service Budget	98,022
Pay and price inflation	1,560
Savings	(1,140)
Cost pressures and variations	1,330
Capital Financing Charges	13,024
Interest on balances	(30)
General Reserves	(5,517)
Use of capital reserves	(10,646)
Net Service Budget	<u>96,603</u>

Funded by:

Revenue Support Grant	19,938
Localised Business Rates	10,334
Baseline funding	20,900
Section 31 grants	602
Precept income (at £59.95 Band D)	43,884
Collection Fund surplus/deficit	945
	<u>96,603</u>

Pay award for operational staff is included at 2% for 2018/19. The pay award for 2017/18 for operational staff has not yet been finalised but 1% was paid in December at the

Employer's request to date. Pay award for support staff is included at 2%. Fees and charges have been increased in line with inflation, with the pay related charges increased by 2%.

Sharing of overall GMCA costs has delivered savings for GMFRS (£0.5m) who are providing a number of support services across a wider base of users. Likewise, the new governance arrangements will deliver savings in Member's Allowances.

Tax base

The Districts in Greater Manchester are required by regulations published under the Local Government Finance Act 1992 to calculate a Council Tax Base. Fluctuations in the tax base have a direct impact upon the final budget position of the Service. For 2018/19 there is an increase in the tax base of 8,808 which results in additional funding of £528k.

Surpluses/Deficits on Collection Funds – Non recurring

Each District is required to calculate its estimated position for Council Tax and Business Rates in the form of a surplus or a deficit on the Collection Fund. The share for GMFRS is calculated as part of this process. Estimates at the time of report writing are £0.945m.

Share of Retained Business Rates

The Local Government Settlement 2017/18 included the introduction of the 100% retention of Business Rates for pilot authorities, including Greater Manchester. The pilot authorities each retain 100% of locally raised Business Rates, of which 99% is retained by the local authority and 1% retained by the Greater Manchester Combined Authority in respect of GMFRS.

The level and outcomes of appeals is a volatile area, and there is very little information available concerning the levels of appeals relating to the 2017 RV list, therefore it is unclear what the financial impact may be. Section 31 grants for Small Business Rates Relief and Multiplier are assumed to continue at their current levels.

IRMP and Efficiency Plan

Between 2009/10 and 2015/16 £28m has been saved in cumulative terms, amounting to a 25 per cent reduction in the service budget. Savings have been made through reductions in the number of firefighters, increased collaboration, and reductions to support staff and senior management, revisions to firefighter shift and crewing arrangements, improved procurement, the reduction of ill health retirements and through sustainability and energy conservation.

In the Autumn Statement 2015, the Government announced GMFRS would face reductions of £14m by 2020. In response to this an Efficiency Plan was produced setting out how the reduction could be achieved evenly over the four years allowing the reduction to be managed with the least impact on local communities. The Plan set out reductions the number of frontline firefighters over the four years and the impact this would have on the number of fire engines available and on the response times for our communities. It is updated to reflect any additional cost pressures and funding received; it now requires savings of £15.7m over the four year period, due to changes in assumptions around pay and funding factors such as Collection Fund and tax base, as set out in this report.

In December I announced my intention to postpone some elements of the Integrated Risk Management Plan (IRMP) for a period of 12 months, including the proposed reduction in the number of appliances operating out of specific stations across Greater Manchester. This means that planned savings of £3.24m will not be delivered in 2018/19. Underspends in 2017/18 will be used to fund this shortfall, and the underpinning requirement for savings will move into 2019/20 (Appendix 1).

At the same time, I commissioned further work on the IRMP to assess the implications for fire cover across Greater Manchester, and to develop an alternative savings plan to deliver the required savings.

Council Tax

The previous Medium Term Financial Strategy did not assume an increase in future precept beyond the increase in 2017/18, therefore, in relation to the Mayoral General Budget, specifically Fire, I propose that the present level of precept relating to the Fire Service remains at its current level (£59.95 at Band D).

Capital Programme

Capital Programme requirements are reviewed to ensure that fire stations, training facilities, fire engines and equipment remain fit for purpose to deliver an efficient and effective service. The following table sets out the latest position.

Scheme	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
New Fire Stations	864	-	-	-
Premises (other)	2,528	1,696	1,010	1,010
IT Schemes	414	1,000	150	150
Vehicles and Equipment	3,587	7,968	3,095	325
Total	7,394	10,664	4,255	1,485

Nationally there is no funding for capital for the Fire and Rescue Service, and therefore the Capital Programme has been funded from a Capital Reserve over the last few years, with revenue underspends used to supplement the Capital Reserve.

Reserves and balances

The level of balances held is a key part of a sustainable medium term financial strategy and there is an ongoing assessment of risk which is set out in the table below. It should be recognised that this is not a precise science but a reflection of risks that may occur and the content and scale of each risk is regularly reviewed during the year.

	Actual Reserve Balances 31/03/2017 £000	Forecast Reserve Balances 31/03/2018 £000	Forecast Reserve Balances 31/03/2019 £000	Forecast Reserve Balances 31/03/2020 £000
General Balances	14,461	15,225	6,708	5,943
Capital Reserve	11,473	8,246	-	-
Capital Grants Reserve	1,087	-	-	-
Partnership/CYP reserve	127	127	-	-
Project reserve	244	-	-	-
Insurance & Risk Management Reserve	2,488	1,738	1,738	1,738
Earmarked Reserve	5,312	131	131	131
Restructuring	418	418	418	418
Unspent Grants Reserve	3,670	2,400	-	-
Business Rates Reserve	1,710	1,920	1,920	1,920
TOTALS	40,990	30,205	10,915	10,150

Strategic Risks

The following is a list of known issues which may impact upon the medium term financial strategy but which cannot be quantified with any precision at the present.

- Delivery of sufficient savings to meet the requirements of the Efficiency Plan, and dependent on availability resources to deliver a change programme of this scale.
- The next period of Actuarial review for the Firefighters pension schemes is being carried out from 2016/17- any impact to the Employers contribution rates from 2019/20 (Firefighter's scheme) will be concluded as part of these reviews.
- Potential fall out of external and partnership income. The key specific area is the income received for Children and Young People's activities and the Prince's Trust programmes.
- Emergency Services Mobile Communications Project (ESMCP) – a national project to procure and replace the Emergency Services Network. Transitional Funding is being made available from CLG but there may be some compliance costs that are not funded as part of the project.
- Any changes required following the Kerslake Inquiry, Grenfell Inquiry and the Adrian Thomas Review.
- Any additional budget pressures relating to our proposed Attraction Strategy have not yet been factored into the revenue budget.
- Any Business Continuity Arrangements that require funding which are not part of the Base Budget.
- As no capital grants are available to Fire and Rescue Authorities, future schemes in our Capital Programme will be funded by a combination of revenue underspends and borrowing. The costs associated with additional borrowing will have to be met from the Revenue Budget.
- There will also be the impact of the Business Rates revaluation and the risk of new appeals from this.
- Risks highlighted on the Fire Risk Register which are being actively addressed or monitored.

Fire-fighters Pension Account

For information Appendix 3 gives details of the movements and the position on the Pension Account for 2018/19. This is consistent with the pension estimate submitted to the Home Office in September 2017 which forms part of their annual national pension forecasting exercise and is the basis of the top up grant calculation 80% of which will be paid to the Service in July 2018.

Proposed Efficiency Plan

Description	Financial Year				TOTAL ANNUAL SAVING DV £000s
	2016/17 £000s	2017/18 £000s	2018/19 £000s	2019/20 £000s	
REQUIRED CUMULATIVE SAVINGS	5,297	10,282	11,863	15,669	
CUMULATIVE ONGOING SAVINGS IDENTIFIED BELOW	4,071	6,506	7,646	14,904	
SHORTFALL COVERED BY RESERVES IN YEAR	1,226	3,776	4,217	765	
<u>Reduction in Cost Pressures</u>					
Pay Cost Pressures	30	50	50	50	180
	30	50	50	50	180
<u>Service Budget Savings</u>					
Firefighter Posts	2,400	920	0	0	3,320
Firefighters Pension Scheme Employers Contribution	117	64	86	82	349
Alternative Savings Plan				4,520	4,520
Additional Savings Required due to Pay Award Budget				1,600	1,600
Sustainability- Utilities	150				150
Sustainability- Fuel	150				150
People	123	77			200
Corporate Support	377	209			586
Prevention & Protection Directorate Review	200	350			550
Review of Non Pay Budgets	250			221	471
Members Allowances			150		150
Management Challenge		765	354	480	1,599
Support Service Recharge Reductions			500		500
Income Target- Apprenticeships				300	300
	3,767	2,385	1,090	7,203	14,445
<u>Capital Financing Saving</u>					
Non Pay- Capital Financing	274			5	279
	274	0	0	5	279
Total Saving Required	4,071	2,435	1,140	7,258	14,904

					TOTAL USE OF RESERVE S
Use of Reserves	0	0	3,240		3,240
Required use of General Balances	1,226	3,776	977	765	6,744
Total Use of Reserves	1,226	3,776	4,217	765	9,984

Summary of Fire-Fighters Pension Account 2018/19

Expenditure Head	Original Estimate 2017/18 £000	Original Estimate 2018/19 £000	Variation £000
Pensions Payments	49,833	51,390	1,557
Other Pension Costs	-	-	-
Employers contributions	(6,540)	(6,312)	228
Pension Receipts	(5,234)	(5,253)	(19)
Ill Health contributions from revenue budget	(286)	(340)	(54)
Inward transfers from other pension schemes	(20)	(100)	(80)
Total Net Expenditure to be met by Top-up Grant	37,753	39,385	1,632
Top-up Grant	(37,753)	(39,385)	(1,632)
Total Pension Account	-	-	-

Analysis of Significant Variations

The 2018/19 estimates above correspond to the forecast submitted to CLG in September 2017.

Pensions Payments

The level of Basic Pension was assessed at that time using the latest information available combined with an inflationary uplift as advised by CLG of 2.6% from April 2018.

Ill Health

Ill health expenditure is charged to the Revenue Account with a transfer to the Pension Account based on actual Ill health retirements. The estimated charge is based on an estimate of four ill health retirements during 2018/19 plus the annual chargeable cost of those that have actually retired since 2016/17.

Top up Grant

The Top up Grant has been adjusted to fund the increase in costs shown above.

**CALCULATION OF AGGREGATE AMOUNTS UNDER SECTION 42A (2) AND (3)
OF THE LOCAL GOVERNMENT FINANCE ACT 1992 (UPDATED IN THE
LOCALISM ACT 2011)**

	Gross Expenditure £000	Gross Income £000	Estimate £000
Fire Service Budget	101,795	2,023	99,772
Other Mayoral General Budget	7,589	1,000	6,589
Capital Financing Charges	13,024	-	13,024
Interest on revenue balances		30	(30)
Contribution from balances and reserves			(16,163)
Budget Requirement	<u>122,408</u>	<u>3,053</u>	<u>103,192</u>
Localised Business Rates		10,334	(10,334)
Business Rate Baseline		20,900	(20,900)
Revenue Support Grant		19,938	(19,938)
Section 31 Grant		602	(602)
Collection Fund surplus		945	(945)
Precept requirement	<u>122,408</u>	<u>55,772</u>	<u>50,473</u>

CALCULATION OF TAX BASE

The Tax Base is the aggregate of the Tax Bases calculated by the District Councils in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992. These are currently estimated as;

<u>District</u>	<u>Council Tax Base</u>
Bolton	74,822
Bury	52,850
Manchester	112,965
Oldham	55,666
Rochdale	53,537
Salford	65,187
Stockport	93,361
Tameside	59,786
Trafford	76,045
Wigan	87,787
Total	<u>732,006</u>

AMOUNTS OF COUNCIL TAX FOR EACH BAND

	A	B	C	D	E	F	G	H
Costs for Band (Including fire)	£45.96	£53.62	£61.28	£68.95	£84.27	£99.59	£114.92	£137.90

CALCULATION OF BAND D EQUIVALENT TAX RATE

NET EXPENDITURE	122,408,000
LESS: - FUNDING	<u>70,990,000</u>
	51,418,000
ADJUSTED FOR ESTIMATED SURPLUS (-)/DEFICIT ON	(945,000)
	<u>50,473,000</u>
NET BUDGETARY REQUIREMENT TO BE MET BY COUNCIL	<u>50,473,000</u>
NET BUDGETARY REQUIREMENT	<u>50,473,000</u>
AGGREGATE TAX BASE	732,006
BASIC TAX AMOUNT AT BAND 'D'	£68.95

Date: 20th February 2018
Subject: Mayoral General Budget
Report Of: Mayor of Greater Manchester

1 Purpose of Report

- 1 The report sets out the Mayor's revised proposals for the Mayoral General Budget (including Fire and Rescue) and seeks approval for the Mayoral General Precept for 2018/19.

The report recommends the setting of the Revenue Budget for 2018/19 as required under Section 42A of the Local Government Finance Act 1992 (updated in the Localism Act 2011) and the precepts and relevant levels of Council Tax required under sections 40, 42B and 47 of the Act.

2 Recommendations

- 2 i. To approve the Mayor's revised General budget and precept for 2018/19 set out in Appendices A and B together with the calculation of the precepts and Council Tax rates set out in Appendices A to E.
- ii. To approve the resolutions as set out in the report.

Contact Officers

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Comments and/or recommendation from the relevant Overview & Scrutiny Committee

Risk Management	The report sets out the adequacy of reserves to manage financial risks
Legal Considerations	Detailed legal considerations were set out in the Mayoral General Budget and Precept report 9(b), to the GMCA, 26 January 2018
Financial Consequences – Revenue	The report details the Mayoral General budget
Financial Consequences – Capital	The revenue consequences for the approved Fire and Rescue capital programme are included in the Revenue budget

BACKGROUND PAPERS:

Reports to GMCA meeting 26 January 2018: Reports 9(a) Budget Overview and 9(b) Mayoral General Budget and Precept proposals.

TRACKING/PROCESS

Does this report relate to key decision, as set out in the GMCA Yes
Constitution (paragraph 14 of Part 5B)

1 Introduction

- 1.1 At the meeting of the Greater Manchester Combined Authority on 26 January 2018 the Mayor's proposed budget and precept were considered in detail and agreement in principle given.
- 1.2 At the time of writing that report the position on District Council tax bases and surpluses or deficits on Collection Funds together with the position on the Authority's share of the Retained Business Rates was not all available as the deadline for part of this information was 31 January. These figures have now been received and are showing an improvement over that previously reported, together with an increase in the forecast reserves at end 2017/18. It is proposed to use these further resources to reduce the proposed Mayoral General precept by £1 to £67.95 (Band D).

2 Updates since Budget Report

- 2.1 The tax base is used in the calculation of how much money will receive from the precept levied. Each Council is required by regulations published under the Local Government Finance Act 1992 to calculate a Council Tax Base. The tax base for each Council is shown in Appendix C. There has been an increase in the tax base of a further 2,264 which results in additional funding of £0.177m.
- 2.2 Each Council is required to calculate its estimated position for Council Tax and Business Rates in the form of a surplus or a deficit on the Collection Fund. This is the account that records all council tax and business rates receipts. The share for Fire and Rescue, being what would have been due to the previous Fire and Rescue Authority, is calculated as part of this process. In addition to this, Fire and Rescue receives 1% of retained business rates income. The updated figures show an additional surplus of £0.030m and increased income from business rates (including Section 31 grants) of £0.154m.
- 2.3 A detailed review of Fire non-pay budgets in 2017/18 has identified an under-spend of £0.5m which will fall into General Reserves at year end. It is now proposed to utilise these in 2018/19.
- 2.4 The budget summary at Appendix A incorporates the above information and shows the estimated position upon the general fund balances.
- 2.5 Following approval in principle to the proposed Mayoral General Budget and Precept, full details were shared with the Greater Manchester Chamber, being a representative body for Greater Manchester businesses. A subsequent follow up meeting was held with the Chief Executive of the Chamber to provide explanations and further information. Any feedback received will be reported to the meeting.

3 Council Tax and Precept

- 3.1 Using the additional income set out above, the Mayor proposes to reduce the previously proposed General Mayoral precept by £1.00 at Band D, and proposes to determine and issue a precept of £67.95 (Band D) in relation to these functions, comprising £59.95 for Fire and Rescue Service and £8 for other Mayoral General Functions.

4 Payment of Precepts

- 4.1 There has been no proposal from any Council to change the schedule of 12 equal payments to be made on the 23rd of each month (or next banking day). The payments made will include an element of retained business rates.

5 Earnback/Mayoral Capacity Fund

- 5.1 The previous budget report identified a balance of £1.370m as at March 2019. Since that time details of the Mayoral Capacity Fund have been received. Each of the six Mayoral CAs will be eligible to receive £1m per year for 2018/19 and 2019/20. The funding has to be applied for to MHCLG and such applications are to show how the funding will be used to enhance capability and capacity, in particular, how this will deliver the Mayor's priorities.
- 5.2 It is proposed that the £1m of funding is used towards the £11m Bus Reform costs in 2018/19 leaving an increased balance of £2.370m of Earnback. This approach has been discussed with MHCLG officials who feel it meets the criteria to access the grant.

6 Reserves and Balances

- 6.1 The Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the estimates and adequacy of reserves and balances. This provides Members with the information necessary for them to make the relevant decisions. Having reviewed the reserve position, the Treasurer is able to recommend that £3.1m of the previous minimum level of general balances can be moved to a separate Transformation Reserve.

6.2 The table below shows the anticipated position on balances and reserves.

	Estimated Balances as at 31/03/2018 £m	Updated Estimate of balances as at 31/03/19 £m
General Balances	11.19	6.71
Transformation Reserve	-	3.10
Capital Reserve	8.25	-
Partnership Reserve	0.13	-
Insurance Reserve	1.74	1.74
Earmarked Reserve	4.67	0.13
Fire Restructuring Reserve	0.42	0.42
Fire Grant Unapplied Reserve	2.40	-
Business Rates Reserve	1.92	1.92
Earnback	8.22	2.37
Total	38.93	16.39

7 Approval of the Revenue Budget for 2017/18, Council Tax rates and precepts

7.1 Leaders are now invited:

- To approve the revised Mayoral General budget for 2018/19 set out in Appendix A together with the calculation of the precepts and Council Tax rates set out in Appendices A to E; and
- To approve the following resolutions:

8 Budget, Council Tax and Precept Resolutions

8.1 The GMCA hereby approve the revised Revenue Estimates in accordance with the summary now submitted for 2018/19 (Appendix A and B).

8.2 It be noted that the GMCA has calculated the amount of 734,596 as its Council Tax base for the year 2018/19, being the aggregate of the tax bases calculated by the Districts (Appendix C) in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 made under Section 31B (3) of the Local Government Finance Act 1992.

8.3 The GMCA hereby approve the following amounts to be calculated in accordance with Sections 42A to 49 of the Local Government Finance Act 1992:

- a) **£166,103,969** being the aggregate of the amounts which the Authority estimates for the items set out in Section 42A (2) (a) to (d) thereof (Appendix B)
- b) **£116,188,150** being the aggregate of the amounts which GMCA estimates for the items set out in Section 42A (3) (a) to (b) thereof (Appendix B)
- c) **£49,915,819** being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by GMCA, in accordance with Section 42A (4A) of the Act, being its General component Council Tax requirement for the year (Appendix B)
- d) **£67.95** being the amount at (c) above divided by the amount at 8.2 above, calculated by GMCA, in accordance with Section 42B(1) of the Act, as the general component basic amount of its Council Tax for the year (Appendix D)

e) Valuation Bands

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>
<u>£45.29</u>	<u>£52.84</u>	<u>£60.39</u>	<u>£67.95</u>	<u>£83.05</u>	<u>£98.15</u>	<u>£113.24</u>	<u>£135.90</u>

Being the amounts given by multiplying the amount at (d) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in Band D, calculated by the Authority, in accordance with Section 47(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- f) The Amounts (precepts) payable by each Billing Authority are detailed in Appendix E, calculated as being the amounts given by multiplying the amount at (d) by the tax bases calculated by Districts in accordance with Section 31B of the Act adjusted for surpluses and deficits on District Collection Funds.
- g) The amounts due from each Billing Authority will be adjusted for surpluses and deficits on District Collection Funds and shares of Business Rates (Appendix E)

Appendix A

Mayoral General Budget

Revenue Budget Summary 2018/19

	Original Estimate 2017/18 £'000	Original Estimate 2018/19 £'000
Fire Service Budget	98,022	99,772
Other Mayoral Budget	-	6,611
Capital Financing Charges	5,600	13,024
Interest on Revenue Balances	- 30	- 30
Contribution to/from(-) Revenue Balances and Reserves	- 6,003	- 16,559
Net Expenditure	97,589	102,818
Funded by:-		
Revenue Support Grant	22,536	19,938
Baseline Funding	19,985	20,900
Localised Business Rates	10,033	10,164
Collection Fund Surplus / Deficit (-)	1,077	975
Precept Income	43,356	49,916
Section 31 Grant	602	925
Total	97,589	102,818
Revenue balances at 1 April	14,461	11,185
Planned usage for the year	- 3,276	- 4,477
Revenue balances at 31 March	11,185	6,708

APPENDIX B

MAYORAL GENERAL BUDGET

	Gross Expenditure 2018/19 £'000	Gross Income 2018/19 £'000	Estimate 2018/19 £'000
Mayoral Budget	153,080	46,697	106,383
Capital Financing Charges	13,024	-	13,024
Interest on Revenue Balances	-	30	- 30
	166,104	46,727	119,377
Contribution from Balances and Reserves		16,559	- 16,559
Budget Requirement	166,104	63,286	102,818
Business Rate Baseline		20,900	- 20,900
Localised Business Rates		10,164	- 10,164
Revenue Support Grant		19,938	- 19,938
Section 31 Grant		925	- 925
Collection Fund Surplus		975	- 975
Precept Requirement	166,104	116,188	49,916
	Note 1.	Note 2.	Note 3.

Note 1. This figure represents the aggregate of the amounts estimated for the items set out in Section 42A (2) (a) to (d) of the Local Government Finance Act 1992

Note 2. This figure represents the aggregate of the amounts estimated for the items set out in Section 42A (3) (a) to (b) of the Local Government Finance Act 1992

Note 3. The figure represents the General Component Council Tax requirement being the difference between gross expenditure and gross income. (Section 42 A (4A) of the Local Government Finance Act 1992).

APPENDIX C

CALCULATION OF TAX BASE

The Tax Base is the aggregate of Tax Bases calculated by the District Councils in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations.

District	Council Tax Base
Bolton	74,822
Bury	52,850
Manchester	112,965
Oldham	55,666
Rochdale	53,537
Salford	65,187
Stockport	93,361
Tameside	60,914
Trafford	76,045
Wigan	89,249
Total	734,596

APPENDIX D

**CALCULATION OF GENERAL COMPONENT BASIC RATE OF COUNCIL TAX
(BAND D)**

NET EXPENDITURE	UNDER SN 42A (4)	£102,818,161
LESS:-	Funding (Including S31 grant)	£51,927,314
		£50,890,847
	BOLTON	-7,745
	BURY	-107,283
	MANCHESTER	-700,872
	OLDHAM	13,672
	ROCHDALE	-77,560
	SALFORD	-8,005
	STOCKPORT	-41,723
	TAMESIDE	-57,286
	TRAFFORD	81,937
	WIGAN	<u>-70,163</u>
	Total	-975,028

**NET BUDGETARY REQUIREMENT TO BE MET BY COUNCIL TAX
£49,915,819**

GENERAL COMPONENT	49,915,819
COUNCIL TAX REQUIREMENT	734,596
BASIC TAX AMOUNT AT BAND 'D'	£67.95

APPENDIX E

**CALCULATION OF AMOUNT PAYABLE BY EACH BILLING AUTHORITY
(CALCULATIONS UNDER SECTION 48 (2) OF THE ACT.)**

District	Tax Base	Basic Amount	Precept	Surplus/ Deficit (-)	NDR Rate Retention	Net Payment
		£. p	£	£	£	£
Bolton	74822	£67.95	5,084,155	7,745	793,695	5,885,595
Bury	52850	£67.95	3,591,157	107,283	469,543	4,167,983
Manchester	112965	£67.95	7,675,971	700,872	3,248,211	11,625,054
Oldham	55666	£67.95	3,782,505	-13,672	535,536	4,304,369
Rochdale	53537	£67.95	3,637,839	77,560	580,849	4,296,248
Salford	65187	£67.95	4,429,457	8,005	904,883	5,342,345
Stockport	93361	£67.95	6,343,894	41,723	809,370	7,194,987
Tameside	60914	£67.95	4,139,113	57,286	525,503	4,721,902
Trafford	76045	£67.95	5,167,258	-81,937	1,540,631	6,625,952
Wigan	89249	£67.95	6,064,470	70,163	756,289	6,890,922
Total	734596		49,915,819	975,028	10,164,510	61,055,357

APPENDIX F

Schedule of Precept Payment Dates 2018/19

Greater Manchester Combined Authority

Month	Precept Date	
Apr-2018	23/04/2018	Monday
May-2018	23/05/2018	Wednesday
Jun-2018	25/06/2018	Monday
Jul-2018	23/07/2018	Monday
Aug-2018	23/08/2018	Thursday
Sep-2018	24/09/2018	Monday
Oct-2018	23/10/2018	Tuesday
Nov-2018	23/11/2018	Friday
Dec-2018	24/12/2017	Monday
Jan-2019	23/01/2019	Wednesday
Feb-2019	25/02/2019	Monday
Mar-2019	25/03/2019	Monday

Date: 26 January 2018

Subject: GMCA Transport Revenue Budget 2018/19

Report of: Andy Burnham, Mayor of Greater Manchester
Richard Paver, Treasurer to GMCA

PURPOSE OF REPORT

The report sets out the transport related Greater Manchester Combined Authority (GMCA) budget for 2018/19.

The proposed Transport Levy to be approved for 2018/19 is included within the report together with the consequent allocations to the District Councils of Greater Manchester.

RECOMMENDATIONS:

Members are recommended to:-

1. note the issues which are affecting the 2018/19 transport budgets as detailed in the report;
2. not agree the proposal for the introduction of an annual charge of £12 for access to the Local Concessionary scheme;
3. note the consultation process which has been undertaken by officers with the Transport Levy Scrutiny Panel; approve the proposals recommended by Scrutiny as set out in this report, other than the proposal noted at recommendation two above and note that the proposal is now for a total levy for 2018/19 of £196.373 million, plus a one-off adjustment of £87.98 million in relation to a refund from districts of transport reserves which were refunded to them in 2017/18, less a reduction of £3.9 million in relation to the costs to be met from the Mayoral General budget to take the levy to be charged to £280.453 million;
4. approve the GMCA budget relating to transport functions funded through the levy, as set out in this report and amended in line with recommendation two, for 2018/19;
5. note that the planned increases of around 1.8% and 1.57% with respect to the Greater Manchester Transport Fund will be deferred;
6. approve a Transport Levy on the district councils in 2018/19 of £280.453 million as detailed above, apportioned on the basis of mid year population as at June 2016;
7. approve the use of £11.5 million of Earnback revenue grant for use on GMCA transport functions;
8. approve the use of reserves in 2018/19 as detailed in section 5; and
9. note and approve the position on reserves as identified in the report.

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BACKGROUND PAPERS:

Report to GMCA - GMCA Transport Revenue Budget 2017/18 and Transport Revenue Budget Monitoring Update 2016/17 – 27 January 2017

Report to Greater Manchester Combined Authority – GMCA Revenue Outturn 2016/17 – 28 July 2017

Report to Joint Committee – AGMA / GMCA Revenue Budget Monitoring 2017/18 – 28 July 2017

Report to Greater Manchester Combined Authority – GMCA Revenue Budget Monitoring 2017/18 – 27 October 2017

Report to Corporate Issues & Reform Overview and Scrutiny Committee – GMCA Budget Update – 16 January 2018

TRACKING/PROCESS	
Does this report relate to a major strategic decision, as set out in the GMCA Constitution (paragraph 14.2) or in the process (paragraph 13.1 AGMA Constitution) agreed by the AGMA Executive Board:	Yes
EXEMPTION FROM CALL IN	
Are there any aspects in this report which means it should be considered to be exempt from call in?	No
TfGMC	Overview & Scrutiny Committee – 16 January 2018

Risk Management – An assessment of major budget risks faced by the authority are carried out quarterly as part of the reporting process – no risks have been identified in this quarter. For risk management in relation to budget setting, please refer to section 6 of the report.

Legal Considerations – There are no specific legal implications with regards to the 2018/19 budget update, however please refer to section 6 of the report for budget setting considerations.

Financial Consequences – Revenue – The report sets out the proposed budget for 2018/19.

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

1 INTRODUCTION

- 1.1 The report provides details of the proposed budget for 2018/19.
- 1.2 The report sets out the Transport Levy proposals for 2018/19 following review by the GMCA Transport Levy Scrutiny Panel. The budget tables have been presented on the basis of all recommendations being agreed.
- 1.3 The allocation to Districts in relation to the Transport Levy is set out in paragraph 3.7 and Appendix 1 of the report.
- 1.4 The Authority's legal obligations and the responsibility of the Treasurer to the Combined Authority are also set out in more detail later in the report.

2 TRANSPORT REVENUE BUDGET 2018/19

- 2.1 The overall position for 2018/19 can be summarised as follows in the table below:

	2018/19
Resources Available:	£'000
Transport Levy	279,203
Mayoral General Precept	3,950
Government Grants	12,525
Contrib. from earmarked Reserves	21,816
Other Income	2,925
Total Resources	<u>320,419</u>
Calls on Resources:	
Gross Grant to TfGM	134,934
TfGM Funded Finance Costs	<u>(13,089)</u>
Grant Paid to TfGM	121,845
Other Grants	1,435
Re-Instatement of Capital Programme Reserve	87,980
Scheme Development Costs	6,000
Bus Reform	11,500
Additional Concessionary Scheme (para 3.9)	2,000
GMCA Traffic Signals	3,822
<u>Capital Financing Costs</u>	
- Levy Funded	55,604
- GMCA Funded from Reserves/Revenues	5,326
- GMCA Funded from Other Income	2,925
- TfGM Funded from Reserves/Revenues	17,948
- TfGM Funded from Efficiencies	3,271
Transport Related Costs - Marketing Manchester	27
GMCA Corporate Core Costs	736
Total Call on Resources	<u>320,419</u>

3 PROPOSED GMCA TRANSPORT LEVY 2018/19

- 3.1 Following Transport Scrutiny Panel discussions it is proposed that the 'underlying' Transport Levy for 2018/19 will be unchanged at £195.123 million, before the adjustments referred to at paragraphs 3.4 – 3.6 below. The outstanding, previously planned increases of 1.8% and 1.6% for the Greater Manchester Transport Fund (GMTF) have been reviewed again during the Scrutiny process and, following this review, it has been agreed that these increases can be further deferred to a future period. This represents a saving on the Levy Budget of £6 million in 2018/19.
- 3.2 The Transport Levy is distributed across the Districts based on mid-year population as at June 2016. An analysis of amounts payable by each District in 2018/19 is shown at Appendix 1 and on the following page.
- 3.3 As was the case in 2017/18, in addition to the Transport Levy, it is anticipated that earmarked reserves will be utilised to fund a number of other activities. These additional activities are set out in Section 5.

Mayoral Precept

- 3.4 In 2018/19 certain costs which have previously been funded from the Transport Levy are now a Mayoral function and will need to be funded by a Mayoral Precept or Statutory Charge. This includes, in particular, the costs associated with developing, updating and delivering the Local Transport plan. The costs, which are budgeted to be £3.9 million in 2018/19, are to be funded from the Mayoral General budget in 2018/19 and there will be a corresponding reduction in the Transport Levy.

GM Waste Levy

- 3.5 In 2017/18 additional resources were required by the GM WDA in order to facilitate savings in the waste contract. In order to assist districts in meeting those costs the Transport levy was reduced by £87.98 million on a one off basis to give them the necessary financial capacity and this resulted in a substantial call on transport reserves.
- 3.6 GM WDA are now in a position to reduce their levy on districts and subsequently allow the transport levy to be increased in order to reinstate its reserves. As the transport levy is calculated on a population basis using updated figures each year the AGMA budget makes provision for adjustments to negate the impact on individual districts of any population changes.

Proposed GMCA Transport Levy 2018/19 per District

3.7 The table below details two options for the proposed levy charges per district;

District	2017/18	2018/19	2018/19	2018/19	2018/19	2018/19	Levy Change	
	Transport Base levy £000	Transport Base levy £000	Mayoral Precept Adjustment £000	Underlying GMCA Transport Levy £000	GM Waste Levy Adjustment £000	Adjusted Transport Levy £000	£000	%
Bolton	19,937	19,856	(397)	19,459	8,953	28,412	8,475	42.51%
Bury	13,301	13,232	(264)	12,968	5,966	18,934	5,633	42.35%
Manchester	37,542	37,961	(759)	37,202	17,116	54,319	16,777	44.69%
Oldham	16,341	16,322	(326)	15,996	7,359	23,355	7,014	42.92%
Rochdale	15,164	15,161	(303)	14,858	6,836	21,693	6,529	43.06%
Salford	17,388	17,444	(349)	17,096	7,865	24,961	7,573	43.55%
Stockport	20,441	20,378	(407)	19,971	9,188	29,159	8,718	42.65%
Tameside	15,695	15,653	(313)	15,340	7,058	22,398	6,703	42.71%
Trafford	16,516	16,459	(329)	16,130	7,421	23,551	7,035	42.59%
Wigan	22,798	22,658	(453)	22,205	10,216	32,421	9,623	42.21%
Total	195,123	195,123	(3,900)	191,223	87,980	279,203	84,080	43.09%

3.8 In addition to the Transport Levy, it is anticipated that earmarked reserves and Earnback grant will be utilised to fund certain capital financing costs and other devolution and scheme development related costs for 2018/19.

4 TfGM BUDGET STRATEGY 2018/19

4.1 The budget presented relates to the TfGM element of the Transport Levy budget.

4.2 As in the previous year there are a number of additional, significant activities that TfGM is delivering on behalf of GMCA. Again, as in 2017/18, due to the scale and nature of these activities it will not be possible to fund all of these costs from the core Levy. The main activities in this regard are set out below along with a forecast of the required reserves and Earnback revenues utilisation in 2018/19.

4.3 This section also includes the key points and actions agreed from the two meetings that have been held with the GMCA Transport Budget Scrutiny Panel.

Devolution

4.4 The impacts of the GM Devolution deal agreed with Government in November 2014 on GMCA transport budgets will continue to have a number of significant impacts on the activities of TfGM and therefore its future budgets as set out below:

- Additional Activities already implemented: TfGM has already taken on responsibility for the management of the Highways Key Route Network. These costs are being

absorbed within the standstill Levy due to the ongoing delivery of efficiency savings in TfGM operational budgets;

- Bus Reform: In accordance with the Bus Services Act 2017, the GMCA has instructed TfGM to carry out an assessment of a proposed franchising scheme. As part of this assessment, some of the planned activities that TfGM will undertake in 2018/19 will include the following:
 - Preparation of a business case detailing its assessment of a proposed franchising scheme alongside other realistic options for improving bus services across Greater Manchester;
 - Obtaining a report from an independent auditor on its assessment of a proposed franchising scheme in advance of carrying out a public consultation;
 - Subject to the approval of the GMCA, carrying out a public consultation process on the GMCA's behalf on its assessment of a proposed franchising scheme; and
 - Publishing a report on the outcome of the consultation, which will then be considered by the GMCA prior to the Mayor deciding whether or not to use the powers available to him under the Bus Services Act 2017 to introduce a bus franchising scheme.
 - Based on current proposals, the costs of these activities in 2018/19 are forecast to be c£11.5 million. The Mayor has agreed to this cost being met from Earnback monies.
- Rail Station 'Case for Change': In March 2017 TfGM submitted its 'Case for Change' to Government which included its proposals for the Devolution of Rail Stations. In light of feedback received from industry stakeholders, TfGM is developing proposals for working in partnership with operators and other industry stakeholders at a number of GM rail stations, including those stations in Town Centre Challenge Fund locations. The full scope and costs of further developing this work is currently uncertain, however an initial drawdown of £0.5 million is requested from Transport Reserves, to progress this work. A further report will be presented to the GMCA once there is more clarity on the proposed scope and costs of the work.

Transport Scheme Development

- 4.5 It was noted during discussions with Scrutiny that TfGM is continuing to incur significant revenue costs to support scheme development/feasibility work on known GMCA priorities, including the development of potential public transport solutions that will support the city region's growth agenda; the development of a second Transport Fund; and to support the development of the Greater Manchester Spatial Framework. In the 2017 autumn budget GM made a submission to HM Treasury for funding of up to £56 million for the continuation of this work and the development of a second Transport Fund, however, no revenue funding was received.
- 4.6 In previous reports to GMCA (March 2016 and January 2017) a total of £10.5 million of funding was requested to fund Scheme Development work. To date this has been funded from a combination of Transport Reserves and Earnback funding. A further release of £5.5 million is requested from Transport Reserves in 2018/19 to allow for

this work to be continued in order to support the Greater Manchester Spatial Framework and the broader GM growth agenda.

Transport Fund

- 4.7 As noted above, following further work on the projections and discussions with Scrutiny it was agreed that the remaining planned increases (of around 1.8% and 1.6%) for the Greater Manchester Transport Fund (GMTF) will again be deferred to future years.

Concessionary Support

- 4.8 Following the expiry of the previous three year fixed cost arrangements with the major operators, which expired at March 2017, agreements have been made for reimbursement for 2017/18 and 2018/19. The expected impact of these agreements has been reflected in the budget.
- 4.9 In October 2017 GMCA approved the introduction of an extension to Local Concessionary Scheme to allow women in Greater Manchester born between October 1953 and November 1954 to participate in the Local Concessionary Scheme. This will be introduced in April 2018 and the cost in 2018/19, which will be funded from Earnback Revenue, is estimated to be up to c£2.0 million, with overall estimated costs of £2.8 million.
- 4.10 Due to the cost pressures of operating the Scheme within the TfGM budget, The GMCA Transport Budget Scrutiny Panel agreed to consider the introduction of a charge for access to the existing Local Concessionary Scheme. If agreed under these proposals an annual charge would be introduced of around £12 which would allow those eligible under the Scheme to access the local concessions on Metrolink and Rail. There will be no charge to access the English National Concessionary Travel Scheme which relates to off peak travel of bus. This change, which if approved, and after finalising a full Equality Impact Assessment and appropriate liaison with operators, would be introduced during 2018/19, is estimated to raise c. £1.5 million in a full year and would contribute towards the costs of the Scheme. TfGM have the power to charge for the Scheme pursuant to the authority granted by the Transport Act 1968, and the Transport Act 1985.
- 4.11 £1.5 million of the existing Concessionary Travel Reserve is budgeted to be used in 2018/19 to part fund concessionary support costs.

Supported Bus Services

- 4.12 In recent years the Supported Services budget has been reduced by over 20%. In the main these savings have been delivered from efficiency savings and service reductions rather than service removals. However there have been cuts to some services which have no longer been deemed to represent value for money, in particular in respect to patronage and cost.
- 4.13 During the Scrutiny discussions the current funding for the Manchester Metroshuttle; and the Ring and Ride services were also considered and the savings targets detailed

below were agreed, subject to consultation, as required, as part of achieving an overall standstill Levy position.

- 4.14 It was agreed that the funding for the Manchester Metroshuttle service be reduced by £0.2 million on an annualised basis (£0.1 million in 2018/19) from targeted savings in the delivery of the service. It was also agreed that the grant to GMATL to fund Ring and Ride services be reduced by £0.3 million, with savings to be delivered from a combination of efficiency savings and increases in certain fares. The Scrutiny Panel also requested that the provision of accessible transport services by different organisations across GM be further reviewed in order to ensure that the services are being delivered as effectively and efficiently as possible.
- 4.15 Scrutiny also agreed that the fares and charges on certain products or services that TfGM sells, including fares on schools services and Local Link, and Departure Charges, all be subject to increases in line with inflation.

Other costs and Budget pressures

- 4.16 It was noted in the Scrutiny process that the amount of funding available to continue the active travel and travel choices activities that have been supported by the 'Local Sustainable Transport Fund'; 'Sustainable Travel Transition Year' funding; and, in 2017/18 'Cycling and Walking Fund' monies of c£2.5 million per annum is expected to reduce in future years. This DfT funding is currently limited to £0.640 million in 2018/19. This funding supports assistance to support access to work, including for job seekers, travel planning and cycling and walking. Should the level of funding from DfT not be increased beyond that which has currently been made available for 2018/19, further work will be required to assess alternative funding sources, and / or savings will need to be made in other costs to enable these activities
- 4.17 A number of other budget pressures were noted as follows:
- Costs of supporting the new and enhanced facilities provided in recent years, including the transport interchange delivered as part of the Bolton Town centre development;
 - Costs of extending services in a number of areas including extending the operating hours of the TfGM Control Room to operate 24/7; operating and managing an enlarged asset base; operating and maintaining an increased traffic signal network; and increasing the provision of safety and security for passengers (including e.g. CCTV);
 - Costs of inflation on both staff, and other operating costs.
- 4.18 In total the matters referred to at 4.16 and 4.17 above add additional costs pressures of c£5.9 million into the base budget which, in the absence of additional funding, will need to be met through additional savings and efficiencies in operating costs, including the generation of additional commercial income.
- 4.19 The Scrutiny Panel also noted risks in a number of other areas including:
- Currently unknown costs for the work connected with developing and implementing plans to address Air Quality. It was noted that the Budget assumption is that these costs will be funded by grants, outside of the Transport Levy, including from the Joint Air Quality Unit (JAQU);

- Ongoing development of Congestion Plan interventions. Following the consultation on Congestion in late 2017 (the 'Congestion Conversation'), TfGM is currently reviewing responses and developing plans for managing Congestion. Whilst some of these plans would be able to be accommodated within existing TfGM and Local Authority Budgets, any incremental costs, which are forecast to be c£1.5 million in 2018/19 will need to be funded through alternative sources;
- As noted above, the limited scheme development funding, in the context of development aspirations for the Greater Manchester Spatial Framework and a further Transport Fund. This will limit the scale and the pace at which these schemes can be developed;
- Programme and cost risk associated with Bus Reform; and
- The lack of revenue funding to support the development of new capital schemes.

4.20 Taking into account the above the Scrutiny Panel proposed that:

- Proposed additional efficiency savings of £4.2 million be included in the TfGM budget for 2018/19;
- The actions noted above in relation to the consideration of a charge for the access to the local concessionary scheme, which is put forward for consideration by the GMCA; increases to TfGM fares; the reduction in funding for the Manchester Metroshuttle service and for Ring and Ride services all be agreed subject to, where applicable, consultation;
- A proposal to commence charging for use of Electric Vehicle charging points was agreed. To date the costs of this service, including electricity supplied, which are c. £0.2 million per annum, have been fully funded from TfGM's budget;
- The Transport Levy for 2018/19 remains unchanged from 2017/18 at £195.123 million, plus a one-off adjustment of £87.98 million in relation to a refund from districts of transport reserves which were refunded to them in 2017/18, less a reduction of £3.9 million in relation to costs met from the Mayoral General budget, taking the levy to be charged to £279.203 million; and
- The remaining previously agreed increases for the Greater Manchester Transport Fund would be deferred again and would be reviewed in future years.

TfGM Proposed Budget 2018/19

4.21 Based on the proposals above the TfGM budget for 2018/19 would be as follows:

Resources	2017/18 Budget £m	2018/19 Budget £m	Variance £m
Total Levy	126.22	119.92	(6.30)
Rail Grant	1.86	1.86	-
Utilisation of surplus/other reserves	9.90	1.50	(8.40)
Metrolink funding from Revenue / Reserves	8.73	9.88	1.15
Mayoral General budget	-	3.95	3.95
Earnback Revenue Grant / Reserves	9.00	13.50	4.50
Other Grants	1.15	1.06	(0.09)
Total Revenue	156.86	151.67	(5.19)

Call on Resources			
Concessionary Support	65.72	67.18	1.46
Supported Services	27.11	27.11	-
Accessible Transport	4.91	4.61	(0.30)
Operational Costs	49.73	43.38	(6.35)
Financing	9.39	9.39	-
Total Expenditure	156.86	151.67	(5.19)
Surplus/(Deficit)	-	-	-

4.22 There are a number of risks to the proposed budget, including increases in supported bus services costs resulting from price increases and bus service deregistrations; the ability to deliver the continuing challenging efficiency savings targets; and the ability to manage the additional costs of the activities referred to in section 6 within agreed budgets and reserves.

4.23 The main elements of the proposed budget are considered further below.

Resources

4.24 The amount of Transport Levy which is allocated to TfGM reduces mainly due to the introduction of a Mayoral General Precept and a higher budgeted utilisation of TfGM Metrolink reserves in 2018/19. This is in line with the forecast increase in Metrolink net revenues and the strategy for the GMTF whereby all Metrolink net revenues are 'ring fenced' to meet the financing costs of the GMTF including the repayment of borrowings.

4.25 The Rail grant is used to contribute towards the costs that TfGM incurs on rail related activities.

4.26 The level of funding from reserves is budgeted to reduce primarily due to the use of Earnback revenues to fund the costs for Bus Reform in 2018/19, as described in section 5. This is offset slightly by a higher contribution from Metrolink reserves in 2018/19.

4.27 The decrease in funding from other grants reflects the forecast timing of the drawdown of the remaining grant funding, including in particular the reduced amount of external funding for 'Active Travel and Travel Choices' work in 2018/9.

Concessionary support costs

4.28 The concessionary reimbursement budget includes the cost of the English National Concessionary Travel Scheme (ENCTS) and the local Concessionary scheme. The ENCTS is a statutory scheme and TfGM cannot mitigate these costs other than seeking to manage its risk by agreeing multi-year fixed price deals where appropriate.

4.29 The budget includes an allowance for the forecast cost of the introduction of an extension to Local Concessionary Scheme to allow women in Greater Manchester born between October 1953 and November 1954 to participate in the Local Concessionary Scheme. This is planned to be introduced in April 2018 and the cost in 2018/19, which will be funded from Earnback Revenue in 2018/19, is estimated to be up to c. £2.0 million.

Supported Services costs

4.30 The budgets for the two years prior to 2016/17 included savings of £7.1 million (c. 20% of previous budget) from procurement and other efficiencies in the delivery of Subsidised Services. As previously reported these have been delivered from the following areas:

- Efficiency savings including in the procurement of contracts;
- Commercialising existing subsidised services;
- Reducing service frequencies, whilst maintaining the network; and
- Additional efficiencies in service delivery and service reduction, including night services.

4.31 The budget for 2018/19 has been retained at the same overall level, however this means that further efficiency savings will be required in order to fund any cost inflation and any incremental cost of commercial deregistration's, which have been increasing in particular in the second half of the current financial year.

Accessible Transport Costs

4.32 The grant payable to GMATL in the proposed budget will be up to £4.3 million in 2018/19. As noted above in the discussions with Scrutiny, it was agreed that a saving of £0.3 million be made in the grant for 2018/19 which will be delivered from a combination of efficiency savings and fares increases.

Operational costs

4.33 Operational costs include the costs of operating and maintaining the TfGM owned bus stations, travel shops and other infrastructure, and the costs of the support functions.

4.34 The budget includes an assumption that Bus Station Departure Charges will increase by 2p from April 2018, which represents additional income of up to c£0.1 million. This represents an increase of 3.0% (which is in line with December CPI) and will be used to offset the increasing costs of operating bus stations.

4.35 As in previous years the budget includes very challenging targets for savings in operational and support costs and the generation of additional commercial income. These are required in order that TfGM can deliver the additional activities requested by GMCA within a standstill budget. Also, as noted above, it is proposed that the costs of further additional activities, including in relation to Devolution and future scheme development, will be funded from sources other than the Levy, including Transport Reserves and Earnback Revenues.

5 RESERVES

- 5.1 An analysis of the forecast and budgeted movements in transport related reserves for 2017/18 and 2018/19 is set out below:

Transport Related Reserves

GMCA Transport Reserves	Actual Balance as at 01-Apr-17	Transfer in/(out) 2017/18	Projected Balance as at 31-Mar-18	Transfer in/(out) 2018/19	Projected Balance as at 31-Mar-19
Earmarked Revenue Reserves					
Capital Programme Reserve - GMCA	105,838	(87,502)	18,336	80,216	98,552
Integrated Ticketing Reserve - GMCA	12,500	-	12,500	-	12,500
Revenue Grants Unapplied Reserve - GMCA	2,648	(2,288)	360	(360)	-
Concessionary Fares Reserve - TfGM	8,003	(1,000)	7,003	(1,500)	5,503
Property Reserve - TfGM	9,400	(500)	8,900	(500)	8,400
Metrolink Reserve - TfGM	7,800	(1,730)	6,070	(1,300)	4,770
Joint Road Safety Group Reserve - TfGM	5,600	(1,810)	3,790	(2,000)	1,790
General Revenue Reserves					
General Reserve - TfGM	6,140	-	6,140	-	6,140
General Reserve - GMCA	4,883	-	4,883	-	4,883
	162,812	(94,830)	67,982	74,556	142,538

General Reserve

- 5.2 Current good practice states that reserves should be maintained at an appropriate level as determined by a detailed business risk review. The forecast balance on the General Reserve at 31 March 2018 is £11.023 million.
- 5.3 A risk analysis has been undertaken which demonstrates that based on the risks facing the organisation (which have increased as a result of the establishment of the GMTF, and the related capital programme of over £2 billion), the current level of reserves have been assessed as appropriate.
- 5.4 The key risks and issues impacting on the revenue budget are summarised below:
- capital programme costs and delivery;
 - ability to deliver the additional responsibilities, in particular Devolution related activities, within current resources;
 - additional cost pressures on the subsidised bus network and on operating costs; and
 - the ability to deliver the incremental efficiency savings.
- 5.5 TfGM and GMCA hold other reserves as set out in the following paragraphs.

Capital Programme Reserve

- 5.6 GMCA and TfGM hold certain reserves which are primarily ring-fenced to pay for and manage the risks of delivering their ongoing capital programme. These reserves are revenue reserves and can be used for capital and revenue purposes, including repaying capital and interest on borrowings. TfGM is responsible for delivering a capital programme of public transport investment and infrastructure, during the period to 2019 totalling over £2 billion. The programme includes trebling the size of the Metrolink network, including the Trafford Line extension; the construction of new transport interchanges; the bus priority schemes; rail schemes and the introduction of a smart card to operate across all transport modes. The forecast annual capital expenditure in 2018/19 is budgeted to be circa £248 million.
- 5.7 The current forecast balance on the Capital Programme Reserve at 31 March 2018 is approximately £18.336 million, however this figure includes the Waste Levy adjustment as detailed in paragraph 3.5 and will be reinstated during 2018/19. The forecast balance on the Capital Programme Reserve is consistent with the work undertaken in relation to financing costs which have informed the Scrutiny process.
- 5.8 There is projected to be significant utilisation of reserves in the next 5-10 years due to combined demands of financing the Capital Programme, costs of Devolution and costs of future capital scheme development.
- 5.9 Specifically for 2018/19 it is anticipated that a net £80.216 million will be put into the Capital Programme Reserve, which is broken down as follows;
- £87.98 million – to be reinstated back into the reserve as per paragraph 5.7;
 - (£6 million) – to meet the costs of Scheme Development costs and work on rail stations devolution; and
 - (£1.764 million) – to meet capital financing commitments.
- 5.10 The optimum mix of reserves utilisation and borrowings will be determined by the GMCA Treasurer, prior to the closure of the relevant years' accounts.

Integrated Ticketing Reserve

- 5.11 The Integrated Ticketing Reserve funded from a third party contribution will be used over a period of time to contribute towards the development and delivery of integrated, including smart, ticketing schemes.

Revenue Grants Unapplied Reserve

- 5.12 This relates to grants received ahead of expenditure, mainly in relation to the Local Sustainable Transport Fund and HS2 Growth Strategy. It is currently envisaged that the reserve will be fully utilised by the end of 2018/19.

Concessionary Fares Reserve

- 5.13 A reserve is held to cover specific costs including:
- costs of fixed deal arrangements with the larger bus operators;
 - forecast costs of reimbursing other operators;
 - costs of renewing existing National Concessionary Travel Passes (cards only valid for five years); these costs were funded by central government when introduced in April 2008; and
 - other costs including concessionary travel data collection and 'smart' related costs, which would otherwise be funded from the Levy.
- 5.14 The forecast balance of the reserve at 31 March 2018 is £7 million with a further £1.50 million anticipated to be used within 2018/19.

Property Reserve

- 5.15 The Property Reserve is held for financing the historic costs for the TfGM building at 2 Piccadilly Place. The budgeted movements in 2017/18 and 2018/19 relates to forecast proceeds from property ring fenced for the financing of 2 Piccadilly Place, offset by amortisation costs.

Metrolink Reserves

- 5.16 TfGM Metrolink reserves relates largely to historic reserves which have been retained for specific purposes. The balance will be used, to fund the capital financing costs for the capital programme, in line with the approved financial strategy.

Joint Road Safety Group Reserve

- 5.17 The Greater Manchester Joint Road Safety Group operates as part of TfGM. The forecast and budgeted movements represent the net income generated from the delivery of driver improvement training offset by the cost of investments in road safety schemes.

6 LEGAL ISSUES

- 6.1 In coming to decisions in relation to the revenue budget the Authority has various legal and fiduciary duties. The amount of the transport levy 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.
- 6.2 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)

- 6.3 The Local Government Finance Act 2003 requires the Chief Finance Officer 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.
- 6.4 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.
- 6.5 Under Section 114 of the Local Government Finance Act 1988, where it appears to the Chief Finance Officer 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 Chief Finance Officer has a duty to make a report to the Authority.
- 6.6 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 Chief Finance Officer. Failure to take appropriate action in response to such a report may lead to the intervention of the Authority's Auditor.

Reasonableness

- 6.7 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

- 6.8 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 and the key risk identified are as follows;
- For anticipated borrowings current market interest rate forecasts have been used. While these costs have been budgeted, there remains a risk that until the costs are fixed actual costs may exceed budget. This risk is mitigated by the specific Capital Programme Reserve.
 - The budgets for 2018/19 include potential pressure areas, particularly within the TfGM controlled budgets. The budgets are however considered achievable and will be monitored against budget on a regular basis.
 - The complex nature of the significant capital developments being undertaken to enhance and extend the transport network is another key risk area. Whilst these projects and programmes are subject to rigorous management and governance arrangements and each contains an appropriate level of risk allowance and contingency, there remains an inherent financial risk with any project or programme of this size.
 - Ability of District Councils to make additional levy payments in forth-coming years to reinstate the Capital Financing Reserves.

7 RECOMMENDATIONS

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

MID YEAR 2016 POPULATION FIGURES	Basis of Apportionment	BOLTON 283,115 £	BURY 188,669 £	MANCHESTER 541,263 £	OLDHAM 232,724 £	ROCHDALE 216,165 £	SALFORD 248,726 £	STOCKPORT 290,557 £	TAMESIDE 223,189 £	TRAFFORD 234,673 £	WIGAN 323,060 £	TOTAL DISTRICT CHARGES £
Transport Levy	Population	28,412,132	18,933,962	54,318,690	23,355,121	21,693,335	24,961,009	29,158,977	22,398,232	23,550,714	32,420,830	279,203,000
TOTAL CHARGE		28,412,132	18,933,962	54,318,690	23,355,121	21,693,335	24,961,009	29,158,977	22,398,232	23,550,714	32,420,830	279,203,000

Date: 26 January 2018

Subject: GMCA Economic Development and Regeneration Revenue Budget 2018/19

Report of: Andy Burnham, Mayor of Greater Manchester
Richard Paver, Treasurer to GMCA

PURPOSE OF REPORT

The report sets out the Economic Development and Regeneration related Greater Manchester Combined Authority (GMCA) budget for 2018/19.

The proposed District Council contributions to be approved for 2018/19 is included within the report together with the consequent allocations to the District Councils.

RECOMMENDATIONS:

Members are recommended to:-

10. approve the budget relating to the GMCA Economic Development and Regeneration functions in 2018/19 as set out in section 2 of this report;
11. approve District Contributions of £8.848 million as set out in section 3 of this report;
12. delegate authority to the Chief Executive and Portfolio Leader for Health and Social Care to determine the appropriate grant to the Greater Manchester Health and Social Care Partnership of up to £0.6 million;
13. approve increases to the level of funding to MIDAS £0.2 million and Marketing Manchester £0.35 million, subject to confirmation that these additional sums are matched by private sector contributions; and
14. note that £4.9 million of Business Rates Income is to be retained by District Councils and shared on a pro-rata population basis.

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BACKGROUND PAPERS:

Report to Joint Committee – AGMA / GMCA Non Transport Revenue Budget 2017/18 and Budget Monitoring Update 2016/17 – 27 January 2017

Report to Greater Manchester Combined Authority – GMCA Revenue Outturn 2016/17 – 28 July 2017

Report to Joint Committee – AGMA / GMCA Revenue Budget Monitoring 2017/18 – 28 July 2017

Report to Greater Manchester Combined Authority – GMCA Revenue Budget Monitoring 2017/18 – 27 October 2017

Report to Corporate Issues & Reform Overview and Scrutiny Committee – GMCA Budget Update – 16 January 2018

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution (paragraph 14.2) or in the process (paragraph 13.1 AGMA Constitution) agreed by the AGMA Executive Board:		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 AGMA Scrutiny Pool on the grounds of urgency?		No
TfGMC	Overview & Scrutiny Committee – 16 January 2018	

Risk Management – An assessment of the potential budget risks faced by the authority are carried out quarterly as part of the monitoring process. Specific risks and considerations for the budget 2018/19 are noted in section 4 of the report.

Legal Considerations – See section 4 of the report.

Financial Consequences – Revenue – The report sets out the planned budget strategy for 2018/19.

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

2 INTRODUCTION

1.5 The report provides details of the proposed budget for 2018/19.

1.6 The charges to Districts in relation to the GMCA Economic Development and Regeneration functions are set out in section 2 and Appendix 1 to the report. It should be noted that various functions have transferred from AGMA to GMCA and as such any increase in GMCA contributions are as a result of those amounts and not related to any growth in the budget.

- 1.7 The reserves are detailed within section 4 of the report including planned utilisation in 2017/18 and 2018/19. A number of these reserves have transferred from AGMA alongside the transfer of functions.
- 1.8 The Authority's legal obligations and the responsibility of the Treasurer to the Combined Authority are also set out in section 4 of the report.

2 GMCA ECONOMIC DEVELOPMENT AND REGENERATION BUDGET 2018/19

- 2.1 The Economic Development and Regeneration budget was reviewed as part of the 2018/19 budget strategy and was subject to a scrutiny process.

Priorities and Pressures 2018/19

- 2.2 There are a number of potential budget priorities and pressures 2018/19 and these are listed in the table below:

Budget Pressures	£000
Continuation of Funding	
GM Health Devolution	600
MIDAS	200
Marketing Manchester	350
Greater Manchester Strategy Pressures	
GM Cultural and Social Impact Fund	200
GM Productivity Programme MGC (£11m total cost)	2,236
GM Digital Strategy	200
GM Age friendly activity	100
Youth Combined Authority	50
TOTAL	3,936

GM Health Devolution

- 2.3 Funding of £0.6 million has been requested for 2018/19 to assist with the funding for the Partnership Team and initial delivery of the Health & Social Care Strategy.
- 2.4 The Greater Manchester Health and Social Care Partnership Team is the group of people who came together on April 1, from the former Health and Social Care devolution team and the former NHS England Greater Manchester Team. The purpose of the team is to ensure Greater Manchester delivers on its vision and strategic objectives.
- 2.5 The team will support and facilitate the full engagement of the clinical, professional and managerial leadership across all GM organisations to recognise that the transformation is led by the system and that organisations lead collaboration within their localities and across GM as part of mainstream business.

- 2.6 Work has commenced on establishing a sustainable medium term funding strategy to underpin a new Target Operating Model. This work will be concluded in the early part of the next financial year.

MIDAS / Marketing Manchester

- 2.7 The implications of Brexit and other developments may require further investment in inward investment and marketing. Initial proposals include a request for further funding of £0.2 million for inward investment (MIDAS) and £0.35 million for Marketing (Marketing Manchester).
- 2.8 The activity of MIDAS and MM is central to the delivery of the Greater Manchester Internationalisation strategy which was formally approved in September 2016. The strategy sets out ambitious targets to achieve by 2020 with MIDAS and Marketing Manchester supporting all of these and taking a lead role in:
- Increasing GM's proportion of UK FDI from 3.5% currently to 5%. This would be worth up to an additional £300 million investment up to 2020.
 - Creating an additional £64 million of visitor spend to 2020.
 - Building our international brand and reputation through a range of mechanisms including the monitoring recognised global city indexes.
- 2.9 Continuation of funding will be subject to confirmation of GMCA contributions being matched.

GM Cultural and Social Impact Fund

- 2.10 The GM Cultural and Social Impact Fund has replaced the S48 grant programme previously administered through AGMA. Following a full review and application process a further £0.2 million is being proposed for 2018/19 in addition to the base budget of £2.3 million as detailed in the report elsewhere on the agenda. This is a two year program, so this will also require additional funding in 2019/20.

GM Productivity Programme

- 2.11 With the ambition that GM will be recognised as one of the best places in the UK to start up, develop and grow business, fostering the spirit of entrepreneurship a GM Productivity Programme has been approved by leaders.
- 2.12 Manchester Growth Company will lead on the work totalling £47 million over a four year programme with funding sought from the GMCA, LGF and ERDF sources.
- 2.13 The GMCA ask is £11.1 million of which £2.236 million is requested within 2018/19.
- 2.14 The LGF ask is £15 million of which £4.880 million is requested within 2018/19.
- 2.15 Both funding requests were approved at the GMCA meeting dated 24 November 2017.

Digital Strategy

- 2.16 With the ambition that GM is recognised as top 5 European digital city region, with strengths around: E Commerce, Cyber Security, Media/ Creative, Data Analytics a GM Digital Strategy will be developed.
- 2.17 It is currently anticipated that £0.2 million will be required in 2018/19.

GM Youth Combined Authority

- 2.18 In order to achieve the ambitions of the GMS it is proposed that a Youth Combined Authority is set up, at a cost of £0.05 million per annum with GMCA agreeing to provide 1st year funds.
- 2.19 The Youth Combined Authority will:
- Advise the Mayor and GMCA on key issues and concerns of young people, and provide solutions
 - Provide a critical voice and scrutinise the work of the Mayor and GMCA
 - Undertake specific pieces of work, such as developing the Opportunity Pass and Curriculum for Life

- 2.20 The Youth Combined Authority's membership will consist of 40 young people: 20 representatives from local authority youth councils and 20 from other youth groups across the city-region. Each member will serve for up to two years.

General Corporate Costs

- 2.21 General corporate costs (including 2018/19 pay awards) have resulted in a budgetary pressure of £0.361 million, predominately with regards to finalising accommodation costs following the move into Churchgate House, legal support and the anticipated 2018/19 pay award.
- 2.22 It should be noted that the increased costs are being covered in the majority by external income sources.

Funding Proposals 2018/19

Business Rates Income

- 2.23 There are potentially two existing Business Rates funding streams that may support the growth and reform aspirations of the GMCA.
- 2.24 There has been agreement with the District Councils as to the sharing of benefits which flow from the Business rates pooling arrangements and the Business Rates Growth pilot. Arising out of monies generated in 2016/17 up to £8.8 million has been made available for use at GM level.
- 2.25 It is anticipated that £3.936 million will be utilised to part-fund the pressures listed with paragraph 2.2 above with the remainder being retained by District Councils and shared on a pro-rata population basis.

Transfer of Costs to the Mayoral Precept

- 2.26 At the time the 2017/18 budget was set the GM Mayor was not elected. For that first year District Councils met the costs associated with the Mayor through the GMCA budget.
- 2.27 As part of the 2018/19 budget setting process costs of £0.731 million have been attributed to the Mayor and these costs will be funded from the Mayoral General budget going forwards.
- 2.28 It is anticipated that a small proportion to will need to be retained to cover GMCA running costs with the balance of £0.670 million being reflected in lower contributions from District Councils.

Proposed Economic Development and Regeneration Revenue Budget 2018/19

- 2.29 Taking in to account the priorities, pressures and revised funding streams as detailed previously in the report the proposed budget for 2018/19 in relation to GM economic Development and Regeneration budgets is summarised in the table below:

	2018/19
	£'000
Resources Available:	
District Contributions	8,848
Reallocation of Common Costs	8,628
Government Grants	9,881
Contrib. from earmarked Reserves - Business Rates	3,936
Contrib. from earmarked Reserves - Other	11,250
Other Income	6,281
Total Resources	48,824
Calls on Resources:	
Senior Management - Chief Executives	589
Resilience	128
Strategy, Research and Economic Advice	2,346
Business, Innovation and Enterprise Policy (Including ESIF Support)	494
Cultural and Social Impact Fund	3,500
Great Places	570
Planning and Housing	273
Land and Property Strategy	245
Work and Skills (Including Work & Health Programme)	10,108
Environment and Low Carbon	397
Core & Low Carbon Investment	1,651
Housing Fund Investment	2,746
MIDAS	1,223
Marketing Manchester	727
Public Service Reform (Including Troubled Families grant and GM Connect)	5,205
GM Health Devolution	600
GM Productivity Programme (Including Local Growth Funding)	7,116
GM Digital Strategy	200
GM Age friendly activity	100
GM Youth Combined Authority	50
Corporate Costs	10,556
Total Call on Resources	48,824

8 CHARGES TO DISTRICTS

Basis of Apportionment of Costs to District Authorities

- 8.1 In relation to the Non Transport functions the Combined Authority Order provides that the Constituent Councils must meet the GMCA's costs reasonably attributable to the exercise of these 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 Order provides flexibility to deal with the apportionment of costs in respect of the functions. Appendix 1 details the apportionment of costs across the Districts.
- 8.2 The basis of apportioning historic MIDAS and Marketing Manchester budgets between Districts is set out below:
- MIDAS – 84% of the funding is split equally between each District with the remaining 16% being split on a population basis.
 - Marketing Manchester – For £0.350 million of the funding the recharge is split on the following basis - 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 will be met from retained business rates.
- 8.3 The remaining functions are apportioned to Districts on a population basis.
- 8.4 The proposed charge to each District is detailed in Appendix 1 and summarised in the table below:

District	Billed by GMCA 2018/19 £000
Bolton	890
Bury	634
Manchester	1,668
Oldham	754
Rochdale	709
Salford	797
Stockport	910
Tameside	728
Trafford	759
Wigan	999
Total	8,848
Contributions from Other Sources	39,976
Grand Total	48,824

9 RESERVES

9.1 An analysis of the forecast and budgeted movements in transport related reserves for 2017/18 and 2018/19 is set out below:

GMCA Economic Development & Regeneration Reserves	Actual Balance as at 01-Apr-17 £000	Transfer in/(out) 2017/18 £000	Projected Balance as at 31-Mar-18 £000	Transfer in/(out) 2018/19 £000	Projected Balance as at 31-Mar-19 £000
Earmarked Revenue Reserves					
Business Growth Hub	1,950	(1,950)	-	-	-
Business Rates Pool & Growth Retention Scheme	6,841	(2,905)	3,936	(3,936)	-
Growing Places Revenue Grant	1,554	-	1,554	-	1,554
LEP Funding	613	(52)	561	(100)	461
City Deal	3,341	(1,031)	2,310	(2,310)	-
Youth Contract	2,683	(700)	1,983	(1,983)	-
Careers & Enterprise Grant	88	(88)	-	-	-
GM Skills for Employment Pilot	20	(20)	-	-	-
One Public Estate	575	(216)	359	(359)	-
Adult Education Budget	45	(45)	-	-	-
LGF Capital / Revenue Switch	-	20,000	20,000	(6,880)	13,120
RGF / GPF Interest & Arrangement Fees	6,188	1,500	7,688	-	7,688
RGF Deposit Interest	113	-	113	-	113
General Revenue Reserves					
General GMCA ED&R Reserves	2,150	(67)	2,083	-	2,083
TOTAL	26,161	14,426	40,587	(15,568)	25,019

9.2 Further information on the reserves is provided in the following paragraphs.

Business Growth Hub

9.3 Within 2015/16 the Authority agreed to match fund the Business Growth Hub so that significant bids for ERDF could be submitted. ERDF funding has now been awarded, however delays in the awarding of contracts has caused a delay in the spend profile with £1.950 million being carried forward for utilisation within 2017/18.

Business Rate Pool and Growth Retention Scheme

9.4 As detailed in paragraphs 2.23 – 2.25 it is anticipated that the income from these income streams will be utilised to support the pressures and priorities of the GMCA.

Growing Places Revenue Grant

9.5 In 2012/13, the GMCA was allocated one-off revenue funding of £2.828 million to fund costs associated with the administration of the Growing Places Fund (Capital) Grant. This has been previously used to support activity within the Core Investment and Low

Carbon Investment teams, however at present there are no commitments against the remaining balance of £1.554 million.

LEP Funding

- 9.6 It is currently anticipated that £0.052 million will be utilised from reserves in 2017/18 leaving a balance of £0.561 million for use in future years to support the on-going EU strategy activity with £0.100 million expected to be utilised within 2018/19.

City Deal

- 9.7 The City Deal grant relating to the Apprenticeship Hub transferred to the Department for Education in early 2016 (previously administered by the Skills Funding Agency). This resulted in a delay to the programme until all funding was received. This has resulted in an anticipated balance as at 31 March 2018 of £2.310 million which is then expected to be utilised within 2018/19.

Youth Contract

- 9.8 Greater Manchester has been awarded £5.800 million by DWP to test a delivery model for supporting young people that are long term unemployed. The funding was received in March 2014 and project delivery commenced on 1st October 2014; Good progress has been made on the scheme however the full extent of the budget has not been utilised. Agreement has been reached with the Cabinet Office to utilise the remaining £1.983 million within 2018/19.

One Public Estate

- 9.9 Various tranches of One Public Estate grant have been awarded with a multi themed program of works in place. It is anticipated that any remaining balances will be used within 2018/19

Careers and Enterprise, GM Skills for Employment Pilot and Adult Education Budget

- 9.10 A number of grants were awarded to the Authority late in 2016/17, with the expectation that spend would not occur until 2017/18. These funding streams have now been utilised and it is not anticipated that any balances will remain as at 31 March 2018.

LGF Revenue / Capital Funding Switch

- 9.11 In 2015-16 GMCA was granted just over £300 million from the national Local Growth Deal (LGF) allocations, subsequent to this a further two rounds of funding have been allocated taking the total funding envelope up to £493.3 million. This funding can only be spent on Capital expenditure.
- 9.12 At the present time the Growth Deal scheme have been capital in nature, however going forwards, particularly on the economic development and regeneration schemes, it is becoming apparent that in order to meet the Greater Manchester Strategy priorities some of the schemes will be more revenue based rather than capital.
- 9.13 The GMCA currently receives revenue funding that is currently used to support capital spend on Highways and the Local Transport Plan. By utilising this funding to support

the revenue Growth Deal schemes, the equivalent amount of LGF funding will be used to top up the funding on Highways and Local Transport Plan capital expenditure. Accounting adjustments will be made as part of closing the 2017/18 accounts.

- 9.14 Current forecasts indicated that a total of £20 million will be required, of which £6.880 million will be drawn down within 2018/19.

RGF / GPF Interest & Arrangement Fees

- 9.15 Income is paid to the Authority for interest on loans and arrangement fees earned through the facilitation of loan agreements. The income will be utilised either through reinvestment in loans or in support of the Core Investment Team and the administration of the loans. Loan interest earned on RGF projects must be ring-fenced for RGF related schemes. The balance at the end of 2017/18 is forecast to be £7.688 million.

RGF Deposit Interest

- 9.16 It is a condition of the RGF funding the any interest earned on unspent balances is ring-fenced to RGF related schemes and recycled into funds available. It is not currently confirmed when the income will be drawn down, however once cash flow estimates have been confirmed for the use of the recycled funds, the reserves position will be updated.

General GMCA Reserve

- 9.17 The GMCA general reserve is funded through contributions from the GMCA revenue account either planned or as a result of general underspending. It is currently forecast that £0.067 million will transfer from general reserves within 2017/18 to meet GMCA priorities as approved. The will leave an anticipated balance as at 31 March 2018 of £2.083 million, representing around 5% of the gross expenditure.

10 LEGAL ISSUES

- 10.1 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 Economic Development and Regeneration 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.
- 10.2 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)

- 10.3 The Local Government Finance Act 2003 requires the Chief Finance Officer 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.

- 10.4 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.
- 10.5 Under Section 114 of the Local Government Finance Act 1988, where it appears to the Chief Finance Officer 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 Chief Finance Officer has a duty to make a report to the Authority.
- 10.6 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 Chief Finance Officer. Failure to take appropriate action in response to such a report may lead to the intervention of the Authority's Auditor.

Reasonableness

- 10.7 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

- 10.8 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 and the key risk identified are as follows.
- 10.9 The budgets for 2018/19 include pressures to deliver additional priorities particularly in relation to the Greater Manchester Strategy using existing resources, however this is considered achievable and will be monitored against budget on a regular basis.

11 RECOMMENDATIONS

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

GMCA BUDGETED CHARGES 2018/19														
MID YEAR 2016 POPULATION FIGURES	Basis of Charge	BOLTON	BURY	MANCHESTER	OLDHAM	ROCHDALE	SALFORD	STOCKPORT	TAMESIDE	TRAFFORD	WIGAN	TOTAL DISTRICT CHARGES	CONTRIBUTION FROM OTHER SOURCES	TOTAL FUNDING AVAILABLE
		283,115 £	188,669 £	541,263 £	232,724 £	216,165 £	248,726 £	290,557 £	223,189 £	234,673 £	323,060 £	£		
Senior Management - Chief Executives	Population	12,415	8,273	23,735	10,205	9,479	10,907	12,741	9,787	10,291	14,167	122,000	467,000	589,000
Resilience	Population	-	-	-	-	-	-	-	-	-	-	-	128,000	128,000
Strategy, Research and Economic Advice Business, Innovation & Enterprise Policy (Including ESIF Support)	Population	104,916	69,917	200,580	86,242	80,106	92,172	107,674	82,709	86,965	119,719	1,031,000	1,315,000	2,346,000
Cultural and Social Impact Fund	Population	28,900	19,259	55,252	23,756	22,066	25,390	29,660	22,783	23,955	32,978	284,000	210,000	494,000
Great Places	Population	335,813	223,787	642,012	276,043	256,401	295,023	344,640	264,733	278,354	383,193	3,300,000	200,000	3,500,000
Planning and Housing	Population	-	-	-	-	-	-	-	-	-	-	-	570,000	570,000
Land and Property Strategy	Population	25,135	16,750	48,054	20,661	19,191	22,082	25,796	19,815	20,834	28,681	247,000	26,000	273,000
Work and Skills (Including Work & Health Programme)	Population	14,145	9,426	27,042	11,627	10,800	12,427	14,517	11,151	11,725	16,141	139,000	106,000	245,000
Environment and Low Carbon	Population	12,008	8,002	22,957	9,871	9,168	10,549	12,324	9,466	9,953	13,702	118,000	9,990,000	10,108,000
Core & Low Carbon Investment	Population	18,012	12,003	34,435	14,806	13,752	15,824	18,485	14,199	14,930	20,553	177,000	220,000	397,000
Housing Fund Investment	Population	8,548	5,696	16,342	7,027	6,527	7,510	8,773	6,739	7,085	9,754	84,000	1,567,000	1,651,000
MIDAS	Fixed	-	-	-	-	-	-	-	-	-	-	-	2,746,000	2,746,000
Marketing Manchester	Fixed / Population	102,300	102,300	102,300	102,300	102,300	102,300	102,300	102,300	102,300	102,300	1,023,000	200,000	1,223,000
Public Service Reform (Including Troubled Families grant and GM Connect)	Fixed / Population	27,345	24,970	111,618	26,077	25,661	26,480	27,533	25,838	26,126	28,350	350,000	377,000	727,000
GM Health Devolution	Population	23,609	15,733	45,135	19,407	18,026	20,741	24,229	18,612	19,569	26,940	232,000	4,973,000	5,205,000
GM Productivity Programme (Including Local Growth Funding)	Population	-	-	-	-	-	-	-	-	-	-	-	600,000	600,000
GM Digital Strategy	Population	-	-	-	-	-	-	-	-	-	-	-	7,116,000	7,116,000
GM Age friendly activity	Population	-	-	-	-	-	-	-	-	-	-	-	200,000	200,000
GM Youth Combined Authority	Population	-	-	-	-	-	-	-	-	-	-	-	100,000	100,000
Corporate Costs	Population	-	-	-	-	-	-	-	-	-	-	-	50,000	50,000
	Population	177,167	118,065	338,710	145,633	135,271	155,647	181,824	139,667	146,853	202,164	1,741,000	8,815,000	10,556,000
TO BE BILLED BY GMCA		890,313	634,182	1,668,172	753,655	708,749	797,052	910,496	727,798	758,941	998,641	8,848,000	39,976,000	48,824,000

* Contributions from Other Sources include External Contributions, Grants and Use of Reserves

Date: 26 January 2018

Subject: GMCA Transport, Housing and Economic Development and
Regeneration Capital Programme 2017/18 – 2020/21

Report of: Andy Burnham, Mayor of Greater Manchester
Richard Paver, Treasurer to GMCA

PURPOSE OF REPORT

To present an update in relation to the Greater Manchester Combined Authority capital expenditure programme.

RECOMMENDATIONS:

Members are recommended to:-

15. Approve the revisions to the capital budget as set out in appendix A and detailed within the report;
16. Note the updated 2017/18 capital forecast compared to the previous 2017/18 capital forecast;
17. Approve the capital programme budget for 2018/19 and the forward commitments as detailed in the report and in Appendix A;
18. Note that the capital programme is financed from a mixture of grants (including from DfT), external contributions and long term borrowings;
19. Note that provision has been made in the revenue budget for the associated financing costs of borrowing;
20. Note that the capital programme will continue to be reviewed, with any new schemes which have not yet received specific approval added into the programme at a later date once approval has been sought; and
21. Note that a revised capital programme and Treasury Management Strategy (including prudential indicators), will need to be submitted once the Greater Manchester Waste Disposal Authority joins the GMCA on the 1 April 2018.

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BACKGROUND PAPERS:

Report to Greater Manchester Combined Authority: 'Capital Programme 2016/17 – 2019/20': 27 January 2017.

Report to Greater Manchester Combined Authority: 'Capital Expenditure Update 2017/18': 28 July 2017.

Report to Greater Manchester Combined Authority: 'GMCA Local Growth Deal (1, 2 and 3) Six Monthly Transport Progress Update: 29 September 2017.

Report to Greater Manchester Combined Authority: 'Capital Expenditure Update 2017/18': 27 October 2017.

TRACKING/PROCESS		
Does this report relate to a Key Decision, as set out in the GMCA Constitution or in the process agreed by the AGMA Executive Board		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 AGMA Scrutiny Pool on the grounds of urgency?		No
AGMA Commission	TfGMC	Scrutiny Pool

Risk Management – An assessment of major budget risks faced by the authority are carried out quarterly as part of the reporting process – at the present time a significant proportion of the capital budget is funded through grant. In order to mitigate the risk of monetary claw back the full programme is carefully monitored against the grant conditions and further action would be taken as necessary.

Legal Considerations – There are no specific legal implications contained within the report

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

Financial Consequences – Capital – The report sets out the forecast expenditure for 2017/18 and future years.

INTRODUCTION AND BACKGROUND

- 1.1 The Greater Manchester Combined Authority (GMCA) approved the 2017/18 Capital Programme at its meeting on 27 January 2017. The 2017/18 Capital reforecast was noted at the 27 October 2017 GMCA meeting.
- 1.2 GMCA's capital programme includes economic development and regeneration programmes, housing and the continuation of the programme of activity currently being delivered by Transport for Greater Manchester ("TfGM") and Districts with the latter comprising the following elements:
 - The Greater Manchester Transport Fund ('GMTF');
 - Metrolink Phase 3 extensions;
 - Metrolink renewal and enhancement capital programme;
 - Metrolink Trafford Line Extension;
 - Other capital projects including Interchanges, Smart Ticketing and Cycle City Ambition Grant (CCAG);
 - Growth Deal Major Schemes; and
 - Minor Works (including schemes funded by Integrated Transport Capital Block and Growth Deal).
- 1.3 The 2017/18 Capital Programme is summarised in Appendix A and the major variances are described in this report.
- 1.4 The capital programme over the three year period (2018-2021) as presented will require a long term borrowing requirement of £350.3 million and a further £138.7 million in loans from DCLG for the Housing Investment Fund. Provision has been made in the 2018/19 revenue budget for the associated financing costs. The spending profiles in 2018/19 and future years will remain subject to scrutiny and possible change as part of the continuous review of the capital programme.
- 1.5 The GM Fire and Rescue Service capital programme is detailed in the Mayors proposals for the Mayoral General budget. A programme encompassing all GMCA schemes, including PCC and Fire, will be presented to the meeting on 20 February 2018 to support the Treasury Management strategy.

2. GREATER MANCHESTER TRANSPORT FUND (GMTF)

- 2.1 At its meeting on 12 May 2009, the AGMA Executive agreed to establish a Greater Manchester Transport Fund (GMTF), incorporating prioritised schemes based on delivering the maximum economic benefit (GVA) to Greater Manchester, consistent with positive package level social and environmental outcomes.
- 2.2 The GMTF programme is funded from a combination of grants from the Department for Transport; a 'top slice' from the Greater Manchester Integrated Transport Block (ITB) LTP funding over a period of nine years from 2010/11; and

from a combination of borrowings, to be undertaken by GMCA, and partly from local/third party contributions and local resources (including LTP and prudential borrowings).

- 2.3 The GMCA will repay the borrowings in full by 2045, in part through the application of Metrolink net revenues (being Metrolink revenues, net of operating, maintenance and other related costs); and in part by the application of the annual ring-fenced levy contributions, which will be raised by GMCA, under its levying powers.
- 2.4 The GMCA and TfGM hold certain reserves which are ring-fenced to pay for and manage the risks of delivering their ongoing capital programme. This includes the capital programme reserve which will be utilised as the financing costs (which include both the interest costs and minimum revenue provision with respect to the borrowings, which have been or will be taken out to fund the delivery of the schemes in the GMTF) increase in future years.

Metrolink Programme

2.5 The Metrolink Projects include:

- Phase 3 programme;
- Metrolink Second City Crossing('2CC'); and
- SEMMMs Interface Works;

2.6 The current forecast expenditure for 2017/18 is £12.3 million, compared to the previous forecast of £10.8 million. The variance is due to the phasing of risk allowances.

2.7 The 2018/19 budgeted expenditure is £13.1million.

2.8 The total forecast outturn cost is within the total approved budget.

Metrolink Renewal and Enhancement Capital Programme

2.9 The current forecast expenditure for 2017/18 is £3.3 million, compared to the previous forecast of £2.2 million. The variance is due to the phasing of certain works.

2.10 The 2018/19 budgeted expenditure is £6.2 million.

2.11 The total forecast outturn cost is within the total approved budget.

Bus Priority Programme

2.12 The current forecast for 2017/18 is £4.5 million, compared to the previous forecast of £4.7 million. The variance is primarily due to the phasing of risk allowances.

2.13 The 2018/19 budgeted expenditure is £1.7 million.

2.14 The total forecast outturn cost is within the total approved budget.

Park and Ride

2.15 The current forecast expenditure for 2017/18 is £0.3 million, which is in line with the previous forecast.

2.16 The total forecast outturn cost is within the total approved budget.

2.17 The 2018/19 budgeted expenditure is £0.1 million.

Bolton Town Centre Transport Strategy (BTCTS)

2.18 The current forecast expenditure for 2017/18 is £4.6 million, compared to the previous forecast of £4.2 million. The variance is due to timing differences on the settlement of final accounts. The Bolton Interchange opened to the public on 3 September.

2.19 The 2018/19 budgeted expenditure is £1.4 million.

2.20 The total forecast outturn cost is within the total approved budget.

A6 to Manchester Airport Relief Road

2.21 The SEMMMs A6 to Manchester Airport Relief Road (A6MARR) is part of a package of measures, originally proposed as part of the South East Manchester Multi-modal Study, which offers significant congestion relief benefits to the south of the conurbation and around the Airport and the Airport City Local Enterprise Zone (LEZ).

2.22 Stockport MBC is responsible for the delivery of the A6MARR, which will result in the expenditure largely comprising grant payments to Stockport MBC.

2.23 The current forecast expenditure for 2017/18 is £52.9 million compared to the previous forecast of £57.4 million. The variance is primarily due to the phasing of risk allowances.

2.24 The 2018/19 budgeted expenditure is £23.3 million.

2.25 The total forecast outturn cost is within the total approved budget.

Stockport Town Centre Access Plan

2.26 Stockport MBC is responsible for the delivery of Stockport Town Centre Access Plan, a DfT retained scheme.

2.27 The current forecast expenditure for 2017/18 is £14.2 million, which is in line with the previous forecast.

2.28 The 2018/19 budgeted expenditure is £14.2 million.

2.29 The total forecast outturn cost is within the total approved budget.

3. METROLINK TRAFFORD LINE EXTENSION

3.1 The Metrolink Trafford Line Extension will extend Metrolink as far as the Trafford Centre.

3.2 The current forecast expenditure for 2017/18 is £73.1 million, compared to the previous forecast of £53.2 million. This variance is primarily due to the earlier than anticipated commencement of highways works.

3.3 The 2018/19 budgeted expenditure is £70.5 million.

3.4 Total forecast outturn cost is within the total approved budget.

4. OTHER CAPITAL SCHEMES & PROGRAMMES

4.1 The other capital projects include

- Smart Ticketing;
- Transforming Cities
- Cycle City Ambition Grant 2 (CCAG); and
- Other capital schemes

4.2 The current forecast expenditure for 2017/18 is £4.2 million, compared to previous forecast of £10.6 million. The variance primarily relates to the phasing of works on a number of the CCAG2 schemes, the majority of which are being delivered by the Local Authorities.

4.3 The flagship announcement in the autumn statement for Greater Manchester was in transport with the city region set to receive £243 million over 4 years from the £1.7bn Transforming Cities Fund for transport initiatives. This funding will provide GM the flexibility to make strategic decisions on the priority transport projects to take forward to support delivery of our strategies, and help improve connectivity and reduce congestion in the city region. Further details will be provided once the settlement letter has been received and approvals will subsequently sought once business cases have been assessed.

4.4 The 2018/19 budgeted expenditure for the Other Capital Schemes and Programmes is £25.5 million.

5. GROWTH DEAL MAJORS SCHEMES

5.1 The Growth Deal 1 Majors programme consists of 12 major schemes that are being delivered by TfGM and the Local Authorities. The current forecast expenditure for 2017/18 is £17.9 million, compared to the previous forecast of £17.2 million. The variance is

predominantly as a result of the phasing of certain advance construction works of Wigan Bus Station.

- 5.2 The Growth Deal 3 (GD3) transport schemes were approved to be included within the Capital 2017/18 budget at the 29 September GMCA meeting in the 'GMCA Local Growth Deal (1, 2 and 3) Six Monthly Transport Progress Update' report. The GD3 programme includes a combination of both major and minor schemes. The current forecast expenditure for 2017/18 is £1.2 million, compared to the previous forecast of £1.3 million.
- 5.3 The 2018/19 budgeted expenditure for GD1 £33.9 million and GD3 is £8.7 million.

6. MINOR WORKS

- 6.1 The Minor Works Programme is a combination of schemes being delivered by the Local Authorities and TfGM. The forecast for the Local Authority Schemes have been provided by each Authority.
- 6.2 The programme consists of schemes funded from a combination of Integrated Transport Block (ITB), Growth and Reform 1 (GD1) and Growth and Reform 2 (GD2).
- 6.3 The current forecast expenditure for 2017/18 is £13.4 million, compared to the previous forecast of £17.3 million. The variance is primarily due to delays which have been experienced by a number of scheme promoters in completing the necessary design and development work required to finalise the business cases for these schemes.
- 6.4 The 2018/19 budgeted expenditure is £19.1 million.

7. TRAFFIC SIGNALS

- 7.1 The current forecast is in line with the budget of £2.5 million. All traffic signals are externally funded and the annual amount will fluctuate year on year dependant on the level of new installations and developments.

8. HIGHWAYS MAINTENANCE

- 8.1 The creation of the Greater Manchester Combined Authority's (GMCA) Single Pot was contained within the March 2016 Devolution Deal. The Single Pot provides GM with the ability to move money across policy themes and projects in order to best meet the needs of the GM economy.
- 8.2 Included within the Single Pot is the Highways Maintenance allocations previously paid as ring-fenced Department for Transport grants. Whilst the funding is no longer paid as a grant, an equivalent amount is received as revenue funding through the 100% business rates pilot. The forecast is in line with the funding allocation of £27.2 million.

9. ECONOMIC DEVELOPMENT AND REGENERATION FUNCTIONS

Growing Places Fund (GPF)

- 9.1 The Growing Places Fund (GPF) originally secured by the Combined Authority in 2012/13 totalled £34.5 million of capital funding which is being used to provide up front capital investment in schemes.
- 9.2 The full £34.5 million has now been committed and it is anticipated that £1.2 million will be utilised within 2017/18 with the remaining balance of £1.5 million draw-down within 2018/19.

Recycled RGF / GPF

- 9.3 Both the Regional Growth Fund and Growing Places Fund's loans started to be repaid in 2015/16, with the strategy being that a perpetual fund is created to support businesses and enable growth. Between 2017/18 and 2020/21 it is currently forecast that £55 million will be recycled back out to businesses. It should be noted that the forecast will be subject to change once specific loans are approved and the timing of payments confirmed.

Empty Homes Programme 2015 - 2019

- 9.4 The Authority was awarded £3.5 million in 2015/16 to deliver 232 units. As at 31 March 2017 £0.877 million had been defrayed, with a further £1.766 million forecast to be spent within 2017/18 and the remaining £0.857 million to be spent within 2018/19. The Homes and Communities Agency have agreed that schemes can be completed next financial year which has led to housing provider partners reprofiling spend.

Housing Investment Fund

- 9.5 The Greater Manchester Housing Fund has been designed to accelerate and unlock housing schemes. It will help build the new homes to support the growth ambitions across Greater Manchester.
- 9.6 To facilitate this DCLG have provided a £300 million loan to provide the up-front funding. At the present time the loan is held by Manchester City Council until such time that the GMCA acquires borrowing powers for its wider functions, which are anticipated for the start of the new financial year. Consequentially existing loans will novate to the GMCA and government will provide funding of circa £180 million in early April.
- 9.7 Forecasts drawdowns for 2018/19 currently stand at £159.5 million, leaving a small balance to be returned to government at year end.

Growth Deal – Economic Development and Regeneration Projects

- 9.8 Skills Capital (Round One) – The Skills Capital (Round One) allocation is to be used supporting colleges and adult education facilities invest in capital infrastructure. There are currently six approved schemes being delivered. The forecast for 2017/18 is £2.2 million and £1.8 million for 2018/19.

- 9.9 Skills Capital (Round 2 and 3) – £71 million has been allocated to Skills Capital under rounds 2 and 3 of the Growth Deal. It is proposed that the allocation will deliver four strands of investment as follows;
- Large Redevelopment of Further Education
 - Priority Sectors
 - Smaller Investment Projects
 - Digital Skills
- 9.10 A three year profile from 2018/19 is shown within the table at appendix A, however this will be subject to change once individual projects have been approved and profiles agreed.
- 9.11 Life Sciences – The GM&C Life Sciences Fund is a seed and early stage venture capital fund targeting life sciences businesses located in the Greater Manchester and Cheshire & Warrington region. The forecast for 2017/18 is £1.1 million in line with budget.
- 9.12 Business Support Digital Capital – The allocation has been used for new investment in digital IT to enhance the support given to businesses. The 2017/18 forecast of £0.3 million is in line with budget and brings the programme to a close.
- 9.13 Graphene Engineering Innovation centre (GEIC) – The forecast for 2017/18 of £2.7 million is in line with budget with a further £2 million forecast for 2018/19.
- 9.14 International Screen School Manchester – this project proposes the building of a new £35 million facility on the Oxford Road campus and aims to be operational by mid-2021 for which the GMCA are providing funding of up to £15 million. The forecast spend is profiled over four years with the forecast for 2017/18 at £1.3 million and £2.8 million for 2018/19, however, this may change following completion of the funding agreement.
- 9.15 Pankhurst Centre - The Pankhurst Centre will be aimed at driving innovation in health, by strengthening the local science asset base. Subject to full business case approval £5 million has been profiled into the capital programme for 2018/19.
- 9.16 Cyber Innovation Hub – This project proposes to fit out and purchase IT equipment for the hub with Manchester City Council as the delivery partner. The forecast spend for 2017/18 is currently £1.6 million with a further £3.4 million profiled over 2018/19 – 2020/21.

10 FUNDING REQUIREMENTS

- 10.1 The capital programme over the next three years, results in a borrowing requirement of £350.3 million and a further £138.7 million in loans from DCLG for the Housing Investment Fund. Provision has been made in the revenue budget for the associated financing costs.

10.2 The estimated funding profile for the forecast spend in financial year 2018/19 is as follows:

	£m
Borrowing - Market Rate	96.286
Borrowing - DCLG (HIF)	138.731
Local Transport Plan (DfT Grant)	15.000
Revenue Contribution - Business Rates	43.375
Transforming Cities Grant	17.000
Stockport Town Centre Access	10.430
Growth Deal	79.030
Earn-back Capital Grant	18.000
HCA - Empty Homes	897
Growing Place Grant	1.486
Capital Receipts (RGF / GPF)	15.000
Capital Receipts (HIF)	20.743
Other	7.500
Total	463.478

11 RECOMMENDATIONS

11.1 Approval of the recommendations contained at the front of this report will authorise the capital programme detailed in Appendix A.

	Forecast 2017/18 £'000	Forecast 2018/19 £'000	Forecast 2019/20 £'000	Forecast 2020/21 £'000	Future years forecast £'000
Greater Manchester Transport Fund	25,063	22,822	107,209	19,363	334,883
Road Schemes (Stockport)					
Stockport Town Centre Access Plan (DfT retained scheme)	14,209	14,226	11,387	-	-
A6 MARR / SEMMMS	52,852	23,304	4,810	8,768	13,297
Stockport Council Schemes total	67,061	37,530	16,197	8,768	13,297
Other Metrolink Schemes					
Trafford Extension	73,087	70,508	69,807	43,988	8,011
Other Metrolink Schemes total	73,087	70,508	69,807	43,988	8,011
Other Capital Schemes					
Wythenshawe Interchange	172	-	-	-	-
Transforming Cities	-	17,000	55,000	72,000	99,000
Other Capital Schemes	1,302	1,314	-	-	-
CCAG 2	2,741	7,235	9,394	-	-
Other Capital Schemes total	4,215	25,549	64,394	72,000	99,000
Growth Deal					
TfGM Majors	15,074	19,862	39,613	86,719	3,322
Local Authorities Majors	2,826	14,001	28,516	1,897	-
Growth Deal 3 TfGM schemes	-	-	6,000	4,000	-
Growth Deal 3 Local Authorities	1,198	8,673	15,021	12,408	-
Growth Deal total	19,098	42,536	89,150	105,024	3,322
Minor Works					
ITB Local Authorities	312	1,770	36	-	-
Growth Deal 1 Local Authorities	734	1,896	975	-	-
Growth Deal 2 Local Authorities	8,687	8,447	5,915	-	-
Growth Deal 2 TfGM Schemes	3,630	6,976	580	326	-
Minor Works total	13,363	19,089	7,506	326	-
Traffic Signals (Externally Funded)	2,500	2,500	2,500	2,500	
Highways Maintenance	27,200	27,200	27,200	27,200	
Total Capital - Transport	231,587	247,734	383,963	279,169	458,513
Growth Deal - Economic Development & Regeneration					
GPF	1,244	1,486	-	-	-
Recycled GF / RGF Capital Receipts	10,355	15,000	15,000	15,000	-
Empty Homes Programme	1,766	897	-	-	-
Housing Investment Fund	-	159,474	75,210	12,112	-
Growth Deal - Skills Capital	2,207	1,780	1,423	-	-
Growth Deal - Skills Capital Round 2 & 3	-	20,000	25,000	26,000	-
Growth Deal - Life Sciences Fund	1,103	6,411	-	-	-
Growth Deal - Business Support - Digital Capital	300	-	-	-	-
Growth Deal - GEIC	2,754	2,046	-	-	-
Growth Deal - International Screen School Manchester	1,300	2,800	8,000	2,900	-
Growth Deal - Pankhurst	-	5,000	-	-	-
Growth Deal - Cyber Innovation Hub	1,600	850	850	1,700	-
Total Capital - Economic Development & Regeneration	22,629	215,744	125,483	57,712	-
Total Capital	254,216	463,478	509,446	336,881	458,513

AGMA EXECUTIVE

Date: 26 January 2018
Subject: AGMA Budget 2018/19
Report of: Andy Burnham, Mayor of Greater Manchester
Richard Paver, Treasurer to AGMA/GMCA

PURPOSE OF REPORT

The report sets out the revenue budget for the Association of Greater Manchester Authorities (AGMA) for 2018/19.

The proposed charges in respect of AGMA to be approved for 2018/19 are included within the report together with the recommended allocations to the District Councils of Greater Manchester.

RECOMMENDATIONS:

Members are requested to:

- (i) approve the budget relating to AGMA functions in 2018/19 as set out in section 3 of this report;
- (ii) approve the adjustment to the district charge to reflect the waste levy adjustment as detailed in section 4 of the report;
- (iii) approve the charges to the GM District Councils in support of the AGMA functions for 2018/19 of £0.764 million as set out in Appendix 1 to this report, noting that this excludes items billed directly from lead districts; and
- (iv) note the position and approve the use of reserves in 2018/19 as detailed in the report, most notably section 5 of the report.

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BACKGROUND PAPERS:

TRACKING/PROCESS		
Does this report relate to a Key Decision, as set out in the GMCA Constitution or in the process agreed by the AGMA Executive Board		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 AGMA Scrutiny Pool on the grounds of urgency?		No
AGMA Commission	TfGMC	Scrutiny Pool
[

Risk Management – An assessment of the potential budget risks faced by the authority are carried out quarterly as part of the monitoring process. Specific risks and considerations for the budget 2018/19 are noted in section 3 of the report.

Legal Considerations – See section 6 of the report.

Financial Consequences – Revenue – The report sets out the out the planned budget strategy for 2018/19.

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

1. AGMA BUDGET 2018/19

- 1.1 The AGMA budget was reviewed as part of the 2018/19 budget strategy and was subject to a scrutiny process.
- 1.2 Following the Mayoral election and further devolution powers that have been granted to the Greater Manchester Combined Authority (GMCA), various functions have been transferred to the GMCA budget, most notably the S48 Grant scheme and Public Service Reform / Troubled Families Grants.
- 1.3 With the exception of the pressures discussed below, all other budgets are on-going and at the same level of 2017-18. A more detailed review of each of these will be carried out to ensure that they are still meeting collective needs and at a minimal cost.

2. BUDGET PRESSURES 2018/19

Spatial Framework

- 2.1 The need for the Spatial Framework budget arises from the elongation of works and the delayed publication of the revised Strategy. The sum of £0.3 million reflects costs that correctly fall on districts and a further budgeted pressure of £0.45 million is included in the draft Mayoral budget for next year. It is currently envisaged that a further sum between £0.1 - £0.15 million will be required from the AGMA budget in 2019/20.

GM Moving

- 2.2 Greater Manchester Moving is the 'comprehensive plan to reduce inactivity and increase participation in physical activity and sport that is aligned to the Greater Manchester Population Health Plan priority themes and wider reform agenda'. Resources of £0.05 million have been requested to extend this work to enable the wider co-investment plan with GM to be finalised.

Funding proposals

- 2.3 AGMA general reserves stand at £1.8 million and it is suggested that these are used to meet the 'one-off' spatial framework costs (£0.45 million) over two years and for GM Moving (£0.05 million).

3. PROPOSED AGMA BUDGET 2018/19

3.1 Taking into account the transfer of functions to GMCA and the pressures detailed above the proposed budget for 2018/19 is summarised in the table below:

	2018/19 £'000
Resources Available:	
Contributions from Districts	764
Contributions from Reserves - General	350
External Income and Contributions	46
Total Resources	1,160
Calls on Resources:	
Procurement Hub	130
Police and Crime Panel	99
County Records	216
Specialist Trading Standards	62
GM Archaeology Service	105
Waste and Minerals Unit	60
Ecology Unit	138
GM Spatial Framework	300
GM Moving	50
	1,160

4. WASTE LEVY ADJUSTMENT

4.1 In 2017/18 additional resources were required by the GM WDA in order to facilitate savings in the waste contract. In order to assist districts in meeting those costs the Transport levy was reduced by £87.98 million on a one off basis to give them the necessary financial capacity and this was funded from transport reserves.

4.2 GM WDA are now in a position to reduce the levy on districts and subsequently allow the transport levy to be increased in order to reinstate its reserves. As the transport levy are calculated on a population basis using updated figures each year, it is proposed that an adjustment is facilitated through the AGMA budget to negate the impact on individual districts of any population changes.

4.3 The table below details the proposed adjustment;

District	2017-18			2018-19			Adjustment £
	Population		Reduction in Levy	Population		Increase in Levy	
	mid yr 2015	%	£	mid yr 2016	%	£	
Bolton	281,619	10.22%	(8,989,617)	283,115	10.18%	8,952,982	36,635
Bury	187,884	6.82%	(5,997,483)	188,669	6.78%	5,966,304	31,179
Manchester	530,292	19.24%	(16,927,557)	541,263	19.45%	17,116,429	(188,872)
Oldham	230,823	8.37%	(7,368,147)	232,724	8.36%	7,359,461	8,687
Rochdale	214,195	7.77%	(6,837,362)	216,165	7.77%	6,835,813	1,548
Salford	245,614	8.91%	(7,840,294)	248,726	8.94%	7,865,494	(25,200)
Stockport	288,733	10.48%	(9,216,704)	290,557	10.44%	9,188,321	28,383
Tameside	221,692	8.04%	(7,076,675)	223,189	8.02%	7,057,934	18,741
Trafford	233,288	8.46%	(7,446,833)	234,673	8.43%	7,421,094	25,739
Wigan	322,022	11.68%	(10,279,329)	323,060	11.61%	10,216,168	63,161
	2,756,162	100%	(87,980,000)	2,782,141	100%	87,980,000	-

5. RESERVES

5.1 The net use of AGMA reserves is forecast to be £10.44 million in 2017/18 with a further £1.15 million utilised in 2018/19 as detailed in the table below:

AGMA Reserves	Actual Balance as at 01-Apr-17 £000	Transfer in/(out) 2017/18 £000	Projected Balance as at 31-Mar-18 £000	Transfer in/(out) 2018/19 £000	Projected Balance as at 31-Mar-19 £000
Earmarked Revenue Reserves					
Public Service Reform - Development Fund	1,879	(1,879)	-	-	-
Public Service Reform - Troubled Families	873	(873)	-	-	-
Public Service Reform - Transformational Challenge Award	4,281	(4,281)	-	-	-
Business Rates Pool & Growth Retention Scheme	3,038	(3,038)	-	-	-
General Revenue Reserves					
General AGMA Reserves	2,154	(369)	1,785	(1,150)	635
TOTAL	12,225	(10,440)	1,785	(1,150)	635

5.2 AGMA general reserves stand at £1.785 million and it is suggested that these are used to meet the 'one-off' spatial framework costs (£0.45 million) over two years and for GM Moving (£0.05 million) and allowing £0.5 million to be retained to fund future AGMA risks / priorities, with the remaining £0.8 million being returned to Districts.

6. LEGAL CONSIDERATIONS

- 6.1 In coming to decisions in relation to the revenue budget the Authority has various legal and fiduciary duties. The amount charged to the Districts in respect of the Authority's AGMA 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.
- 6.2 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)

- 6.3 The Local Government Finance Act 2003 requires the Chief Finance Officer 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 Chief Finance Officer's report when making decisions about the calculations.
- 6.4 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.
- 6.5 Under Section 114 of the Local Government Finance Act 1988, where it appears to the Chief Finance Officer that the expenditure of the AGMA 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 Chief Finance Officer has a duty to make a report to the Authority.
- 6.6 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 Chief Finance Officer. Failure to take appropriate action in response to such a report may lead to the intervention of the Authority's Auditor.

Reasonableness

- 6.7 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

- 6.8 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 and the key risk identified are as follows.

Basis of Apportionment of Costs to District Authorities

- 6.9 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. Appendix 1 details the apportionment of costs across the Districts.
- 6.10 The remaining functions, with the exception of those listed below, are apportioned to Districts on a population basis.
- Police and Crime Panel Support – Historic funding split 17% Manchester City Council and the remaining 83% split equally to the remaining nine Districts
 - County Records Unit – Each District pays an equal Contribution
 - Procurement Hub (Including Spend-Pro) – each District pays an equal Contribution, with the exception of Manchester City Council who do not access the Spend Pro software.

7. RECOMMENDATIONS

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

AGMA DISTRICT CONTRIBUTIONS 2018/19

MID YEAR 2016 POPULATION FIGURES	Basis of Apportionment	BOLTON	BURY	MANCHESTER	OLDHAM	ROCHDALE	SALFORD	STOCKPORT	TAMESIDE	TRAFFORD	WIGAN	TOTAL DISTRICT CHARGES	CONTRIBUTION FROM OTHERS	CONTRIBUTION FROM RESERVES	TOTAL FUNDING AVAILABLE
		283,115	188,669	541,263	232,724	216,165	248,726	290,557	223,189	234,673	323,060				
		£	£	£	£	£	£	£	£	£	£	£	£	£	£
Procurement Hub	Fixed	13,289	13,289	10,400	13,289	13,289	13,289	13,289	13,289	13,289	13,289	130,000	-	-	130,000
Police and Crime Panel	Per division	9,130	9,130	16,830	9,130	9,130	9,130	9,130	9,130	9,130	9,130	99,000	-	-	99,000
County Records	Fixed	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	170,000	46,000	-	216,000
Specialist Trading Standards	Population	6,309	4,204	12,062	5,186	4,817	5,543	6,475	4,974	5,230	7,199	62,000	-	-	62,000
GM Archaeology Service	Population	10,685	7,121	20,428	8,783	8,158	9,387	10,966	8,423	8,857	12,193	105,000	-	-	105,000
Waste and Minerals Unit	Population	6,106	4,069	11,673	5,019	4,662	5,364	6,266	4,813	5,061	6,967	60,000	-	-	60,000
Ecology Unit	Population	14,043	9,358	26,848	11,544	10,722	12,337	14,412	11,071	11,640	16,024	138,000	-	-	138,000
GM Spatial Framework	N/A	-	-	-	-	-	-	-	-	-	-	-	-	300,000	300,000
GM Moving	N/A	-	-	-	-	-	-	-	-	-	-	-	-	50,000	50,000
SUB-TOTAL CHARGE		76,562	64,171	115,240	69,951	67,778	72,050	77,538	68,700	70,207	81,802	764,000	46,000	350,000	1,160,000

AGMA ADJUSTMENTS / REIMBURSEMENT OF RESERVES 2018/19

MID YEAR 2016 POPULATION FIGURES	Basis of Apportionment	BOLTON	BURY	MANCHESTER	OLDHAM	ROCHDALE	SALFORD	STOCKPORT	TAMESIDE	TRAFFORD	WIGAN	TOTAL DISTRICT CHARGES	CONTRIBUTION FROM OTHERS	CONTRIBUTION FROM RESERVES	TOTAL FUNDING AVAILABLE
		283,115	188,669	541,263	232,724	216,165	248,726	290,557	223,189	234,673	323,060				
		£	£	£	£	£	£	£	£	£	£	£	£	£	£
GM Waste Population Adjustment	Population	36,635	31,179	(188,872)	8,687	1,548	(25,200)	28,383	18,741	25,739	63,161	0	-	-	-
Part return of AGMA Reserves	Population	(81,409)	(54,251)	(155,639)	(66,919)	(62,158)	(71,521)	(83,549)	(64,178)	(67,480)	(92,895)	(800,000)	-	-	(800,000)
SUB-TOTAL ADJUSTMENTS / REDUCTIONS		(44,774)	(23,072)	(344,511)	(58,233)	(60,610)	(96,721)	(55,166)	(45,437)	(41,741)	(29,734)	(800,000)	-	-	(800,000)
TOTAL		31,787	41,099	(229,271)	11,718	7,169	(24,671)	22,372	23,263	28,466	52,068	(36,000)	46,000	350,000	360,000