

GMCA Budgets  
Corporate Issues & Reform Overview &  
Scrutiny  
Committee Training  
13 August 2019

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# CONTENT

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1. Scope of GMCA budgets
2. Governance
3. Detailed budgets and funding
4. Capital spending
5. Cash Flow
6. Internal and external audit
7. Annual cycle – identifying the issues to probe

# GMCA Budgets

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GMCA is single legal entity, (GMP & TfGM separate legal entities)

Revenue and capital budgets total circa £2bn

But separate budgets for

- PCC
- Mayoral General
- Transport Levy (+ statutory charge from 2020/21)
- Waste Disposal Levy
- GMCA 'core budget'
- [AGMA]

Scope of responsibilities and budgets is unique (PCC, Fire, Waste)

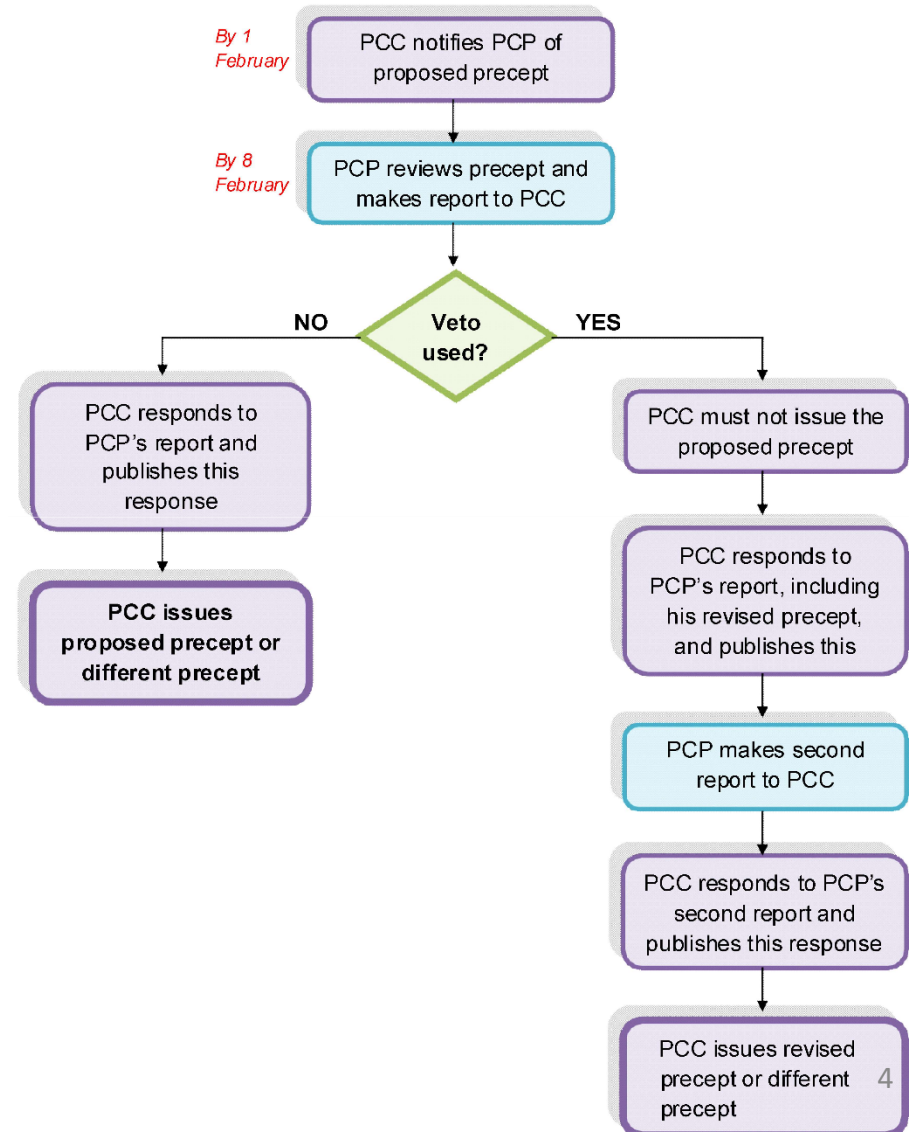
# Governance

## PCC

Mayoral decision post consultation with Police and Crime Panel (10 district representatives plus 2 independent members)

Limited by Government precept limitation rules

Process for PCP scrutiny of PCC's proposed precept



## Governance (contd.....)

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### **Mayoral General**

Subject to Scrutiny

Mayor makes proposal to GMCA before 1 February (GMCA 31 January; Scrutiny 21 January)

GMCA makes report to Mayor no later than 8 February, accepting or rejecting Mayor's proposal or making alternative proposal. [If no report from GMCA then proposal deemed agreed]

Mayor brings forward revised proposal; accepted or by 2/3 majority rejected by GMCA – can then adopt their own (GMCA 14 February; Scrutiny 11 February)

Mayoral General Budget to be set no later than 28 February and districts advised of precept.

Possibly limited by Government precept limitation

## Governance (contd.....)

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### **Transport Levy**

Subject to Scrutiny

Subject to agreement by GMCA no later than 15 February (Scrutiny February, possibly January)

Allocated pro-rata population (2 years in arrears)

### **Statutory Charge (Transport)**

Subject to Scrutiny

As from 2020 / 21

By regulations set at £86.7m, allocated pro-rata population

Can be varied by unanimous agreement of 10 CA Members (Leaders)

## Governance (contd.....)

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### **Waste Disposal Levy**

Subject to Scrutiny

Agreement no later than 15 February

GMCA approval excludes Wigan

### **GMCA 'Core Budget'**

Subject to Scrutiny

By agreement of GMCA

Follows levy timetable as incorporated in district budgets

### **AGMA**

Agreed by AGMA; follows GMCA budget timeline

# PCC Budget [information only as sits outside GMCA process]

Precept	2017/18	£162.30	(+£5 Band D)
	2018/19	£174.30	(+£12 Band D)
	2019/20	£198.30	(+£24 Band D)

Fully utilising maximum permitted increase

	2019/20 £m
Employee Related	£536.927
Pensions	£119.926
Premises Related	£32.092
Supplies & Services	£66.663
Agency Payments	£27.917
Transport Related	£6.257
Capital Financing	£11.684
Transfer to/from Reserves	(£2.765)
Specific Grants	(£174.092)
Income & Sponsorship	(£35.560)
<b>Net Budget Requirement</b>	£589.049
Home Office Grant	(£436.468)
Precept/ CT Surplus	(£152.581)
<b>Total Funding</b>	(£589.049)
<b>Surplus / Shortfall</b>	(£0)



# Mayoral General Budget

	£m	
Fire	103.3	
Other Mayoral Budgets	14.2	
Capital Financing (Fire)	7.2	
Contributions from reserves	(9.2)	revenue £3.5m, capital £5.7m
	<b>115.6</b>	
Funded by		
Localised Business Rates	10.3	1% of GM figure
Business Rates top up	39.6	
Govt grant		
• Business Rates compensation	1.4	
• Pension grant	4.8	
Collection fund surplus	1.8	
Precept requirement	57.7	
	<b>115.6</b>	

# Mayoral General Budget (contd.....)

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## If overall budget split

	£m	
Fire	110.5	
Contributions from reserves	(9.2)	
	<b>101.3</b>	
Funded by		
Business Rates	49.9	
Govt grant	6.2	
Collection fund surplus	0.2	
Precept (£59.95)	45.0	unchanged for 2 years
	<b>101.3</b>	

# Mayoral General Budget (contd.....)

<b>Non Fire</b>	<b>£000</b>	
Direct Mayoral and support costs	820	
Spatial Development Strategy	800	
Grants to Bus Operators (BSOG)	13150	
Transport Policy and Strategy	3900	
Mayoral Priorities	416	
Bus Reform – TfGM	1000	
Grants to Districts – Bus Reform & 16-18 concessions	8300	
Bus Reform & 16-18 concessions (grant funded)	5750	
	<b><del>34136</del></b>	
less		
BSOG – Government Grant	13100	
Mayoral Capacity Grant	1000	
“Earnback Grant”	5750	
Collection Fund Surplus	1492	
Precept Requirement (£17)	<b><u>12794</u></b>	(£8 in 18/19. £17 in 19/20)

# Change to Mayoral General Budget

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## 2019 Transport Order

Bus functions became Mayoral function from 2 April

Levy contributions of £86.7m

Became 'Statutory Charge' specified in Regulations

Can be amended by unanimous agreement of 10 GMCA members  
(excluding Mayor)

If no such charge, costs would fall on precept.

# Transport Levy

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	£m	
Set at	195.8	allocated pro-rata population
Plus		
Mayoral General Precept	3.9	
Mayoral Capacity Grant	1.0	
Government Grants		
‘Earnback’	13.1	
Other	13.1	
Use of Reserves	15.2	
Total Transport Resources	<b><del>242.1</del></b>	
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Used to fund		
Grants to TfGM	125.2	
Other Grants	13.6	
Scheme Development	5.5	
Bus Reform	5.8	
16-18 Travel	9.3	
Traffic signals	3.8	
Capital Finance	77.9	
GMCA Core Costs	0.9	
	<b><u>242.1</u></b>	
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# TfGM Budgets

	£m
Levy	131.5
Rail Grant	1.9
Use of Reserve	6.0
Metrolink net revenues	10.3
Mayoral General Budget	3.9
Earnback Grant	5.8
Other Grants	1.2
Use of Reserves	15.2
	<b><del>160.6</del></b>
Used for	
Concessionary support *	73.4
Supported services	27.6
Accessible Transport	4.9
Operational Costs	48.5
Finance costs	6.3
	<b><u>160.6</u></b>

\* Includes £9.3m for part year 16-18 travel concession

# Waste Levy

## Background

PFI termination aimed to deliver £36m saving

### February 2017 expected cost profile

This assumed level of savings was already included in the indicative waste levy figures approved by the WDA prior to its transfer to the GMCA. Without these savings the waste levy would have been significantly higher and needing to grow over the future years not least to reflect the 'generous indexation' adjustment included in the PFI contract.

In February 2017 the following was the modelling of the expected cost profile:

	2017/18	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m	£m
February 2016 projection (net of Reserves)	176.503	189.957	194.718	199.827	204.552
Adjustment for inflation	2.759	5.701	5.663	5.219	5.272
Savings assumed	(9.668)	(5.380)	(28.103)	(36.962)	(36.898)
WDA Levy	169.594	190.278	172.278	168.084	172.926
Additional Levy	77.701	-	-	-	-
Total Levy	247.295	190.278	172.278	168.084	172.926
% increase / (decrease)	53.5%	-23.1%	-9.5%	-2.4%	2.9%

# Waste Levy contd.....

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## Updated by WDA Feb 2018 (post PFI termination)

This was further updated a year later (post PFI termination) with budget requirements as agreed by GMWDA February 2018

	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Total	£174.6m**	£177.7m	£180.5m

\*\*this is levy set by GMCA in February 2019



# Waste Levy contd.....

2019/20 Levy set at £174.6m

Allocated according to 'LAMA' which was revised to reduce district volatility.

The final allocations to Districts produces levy requirements for 2019/20 as below:

	2019/20 Levy forecast in February 2018	2019/20 Levy	Increase /	Decrease
	£m	£m	£m	%
Bolton	20.648	20.662	0.014	0%
Bury	14.143	14.211	0.068	0%
Manchester	31.614	31.514	(0.100)	0%
Oldham	17.945	18.102	0.157	1%
Rochdale	15.969	15.874	(0.095)	-1%
Salford	20.477	20.184	(0.293)	-1%
Stockport	21.388	21.400	0.012	0%
Tameside	15.517	15.460	(0.057)	0%
Trafford	16.932	17.227	0.295	2%
<b>Total</b>	<b>174.633</b>	<b>174.634</b>	<b>0.001</b>	<b>0%</b>

# GMCA Core Budget

	<b>2019/20</b>
	<b>£'000</b>
<b>Resources Available:</b>	
District Contributions	8,848
Reallocation of Common Costs	11,899
Government Grants	82,704
Contrib. from earmarked Reserves - Business Rates	8,112
Contrib. from earmarked Reserves - Other	14,856
Other Income	6,783
<b>Total Resources</b>	<b>133,202</b>
<b>Calls on Resources:</b>	
Senior Management	611
Resilience	34
Strategy, Research and Economic Advice	2,496
Business, Innovation and Enterprise Policy	476
Cultural and Social Impact Fund	3,509
Great Places	420
Planning and Housing (Including Planning and Delivery Fund)	1,114
Land and Property Strategy (Including One Public Estate)	992
Work and Skills	2,242
Work and Health Programmes	13,911
Adult Education	57,638
Environment and Low Carbon (Including Warm Homes)	2,134
Core Investment (Including Housing Investment)	3,499
MIDAS	1,223
Marketing Manchester	727
Public Service Reform (Including Troubled Families, GM Connect and Children's Review)	9,243
GM LEP funding (Including Business Growth Hubs)	1,013
GM Productivity Programme (Including Local Growth Funding)	9,138
GM Youth Combined Authority	50
GM Ageing Better	202
Homelessness (Including Trailblazer, Social Impact Bond and Housing First)	4,044
Full Fibre Programme	1,400
GM Coalition of Disabled People	50
GM 'Smart Resident' data exchange platform	2,400
LGBT+ Centre	450
Corporate Costs	14,187
<b>Total Call on Resources</b>	<b>133,202</b>

# Core Funding

District	Billed by GMCA 2019/20 £000
Bolton	890
Bury	634
Manchester	1,671
Oldham	753
Rochdale	711
Salford	800
Stockport	907
Tameside	727
Trafford	757
Wigan	998
<b>Total</b>	<b>8,848</b>
Contributions from Other Sources	124,354
<b>Grand Total</b>	<b>133,202</b>

# Business Rates Retention Pilot

	<b>2017/18 Growth £000</b>	<b>% Split %</b>	<b>Business Rates return on Growth £000</b>	<b>Business Rates return on Population £000</b>	<b>Total £000</b>
Bolton	1,651	5.06%	632	1,272	1,904
Bury	-	0.00%	-	847	847
Manchester	9,363	28.69%	3,586	2,436	6,022
Oldham	2,040	6.25%	781	1,044	1,825
Rochdale	2,039	6.25%	781	976	1,757
Salford	4,639	14.21%	1,777	1,122	2,899
Stockport	1,930	5.91%	739	1,300	2,039
Tameside	2,134	6.54%	817	1,001	1,818
Trafford	5,892	18.05%	2,256	1,052	3,308
Wigan	2,950	9.04%	1,130	1,450	2,580
<b>Total</b>	<b>32,639</b>		<b>12,500</b>	<b>12,500</b>	<b>25,000</b>

# Business Rates retained by GMCA

There are a number of specific GM budget priorities for 2019/20 which have been approved for funding from retained Business Rates. These are listed in the table below:

Budget Priorities	£000
<b>Continuation of Funding</b>	
GM Cultural and Social Impact Fund	200
Youth Combined Authority	50
MIDAS	200
Marketing Manchester	350
GM Productivity Programme MGC (£11m total cost)	3,062
LGBT+ Centre	450
GM 'Smart Resident' data exchange platform	2,400
GM Full Fibre (programme and project management)	1,400
<b>TOTAL</b>	<b>8,112</b>

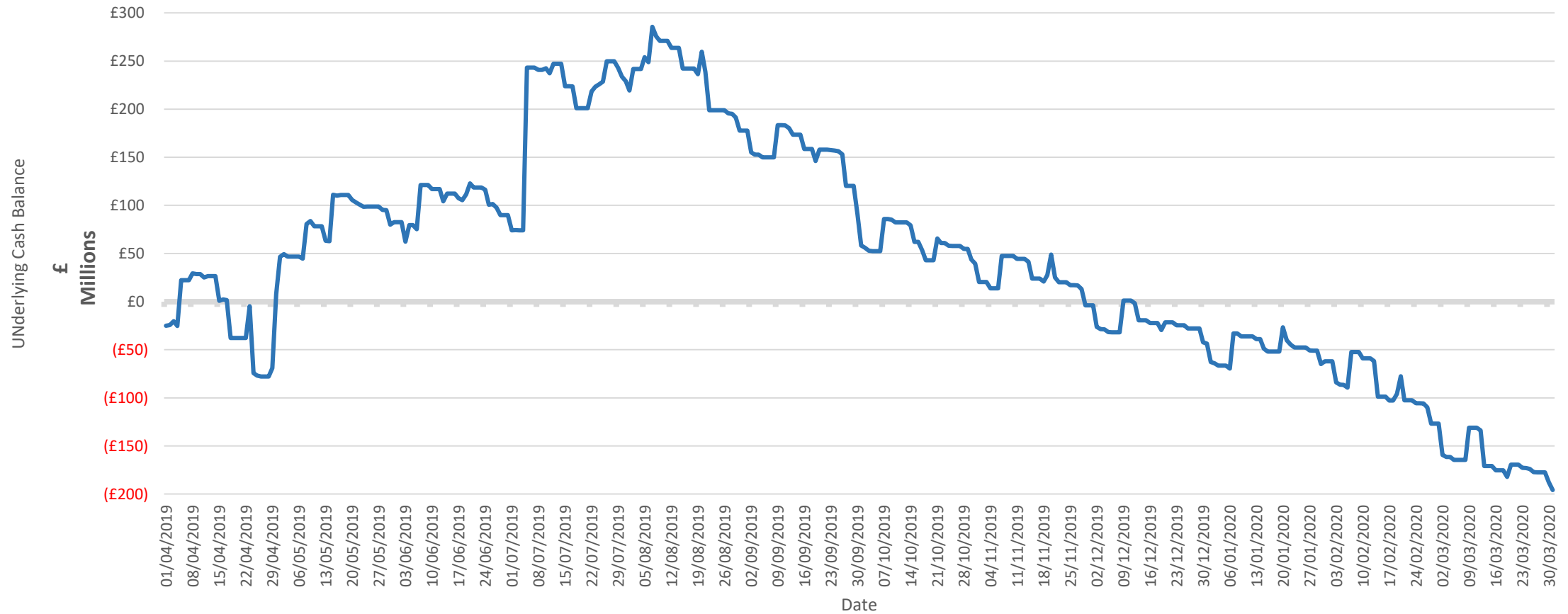
# Capital Budget

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	£m
Transport	230
Economic Development and Regeneration	
• Housing Investment Fund	145
• Other	53
Waste	52
Fire	6
	<u>486</u>
Funding By	
Borrowing	232
Revenue Contributions	
• Transport	38
• Fire	6
Capital Receipts	
• Investments	9
• Housing Investment Fund	67
Grants	132
Contributions re Traffic Signal	2
	<u>486</u>
	<u>          </u>

# Cash Flow

Underlying Cash Position to 31st March 2020 (£m)



# Internal and External Audit

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## Internal Audit

- GMP / Police Fund
- Other GMCA

TfGM Internal Audit jointly managed (shared Head of IA)

GMCA Audit Committee (4 Councillors, 2 Independent Members)

GMP / Police Fund Audit Panel (5 Independent Members)

TfGM Audit Committee ( 3 None Executive Directors)

## External Audit

Mazars

- GMCA
- GMP
- TfGM



# Annual Cycle

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November / December – identify detail budget areas for review

December provisional funding settlement

January 2020 – Draft Mayoral Budget / Precept proposal

– Possibly full range of Capital / Revenue Budgets

February – Final funding settlement

- Final budget proposals for all areas