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).

Contact Officers

Name: Richard Paver, Treasurer to GMCA  
Telephone: 0161 778 7004  
E-Mail: richard.paver@greatermanchester-ca.gov.uk

Name: Amanda Fox, Group Finance Lead (AGMA/GMCA)  
Telephone: 0161 778 7004  
E-Mail: amanda.fox@greatermanchester-ca.gov.uk

Name: Andrea Heffernan, Director of Corporate Support (GMFRS)  
Telephone: 0161 736 5866  
E-Mail: andrea.heffernan@manchesterfire.gov.uk

Name: Steve Warrener, Finance and Corporate Services Director  
Telephone: 0161 244 1025  
E-Mail: Steve.Warrener@tfgm.com

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.

<table>
<thead>
<tr>
<th>TRACKING/PROCESS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>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:</td>
<td>Yes</td>
</tr>
<tr>
<td>EXEMPTION FROM CALL IN</td>
<td></td>
</tr>
<tr>
<td>Are there any aspects in this report which means it should be considered to be exempt from call in</td>
<td>NO</td>
</tr>
<tr>
<td>TfGMC</td>
<td>Overview &amp; Scrutiny Committee</td>
</tr>
<tr>
<td></td>
<td>16th January 2018</td>
</tr>
</tbody>
</table>
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.