

# JOINT MEETING OF THE GREATER MANCHESTER COMBINED AUTHORITY AND AGMA EXECUTIVE BOARD

**DATE:** Friday, 30 January 2015

**TIME:** 12 noon

**VENUE:** Thomas de Trafford Conference Room  
Trafford Town Hall  
Talbot Road  
Stretford  
Manchester  
M32 0TH

## AGENDA

1. **APOLOGIES** - attached
2. **CHAIR'S ANNOUNCEMENTS AND URGENT BUSINESS**
3. **DECLARATIONS OF INTERESTS** - attached  
To receive declarations of interests in any item for discussion at the meeting. A blank form for declaring interests has been circulated with the agenda; please ensure that this is returned to the GMIST Officer at the start of the meeting.
4. **MINUTES OF THE JOINT GMCA AND AGMA EXECUTIVE BOARD MEETING HELD ON 19 DECEMBER 2014** - attached  
To consider the approval of the minutes of the Joint GMCA and AGMA Executive Board held on 19 December 2014 as a correct record.
5. **FORWARD PLAN OF STRATEGIC DECISIONS** - attached  
Report of Julie Connor, Head of the Greater Manchester Integrated Support Team.
6. **BUDGETS**
  - a. **AGMA AND GMCA BUDGET FOR NON TRANSPORT FUNCTIONS 2015/16 AND REVENUE BUDGET MONITORING UPDATE 2014/15** - attached  
Report of Richard Paver, AGMA and GMCA Treasurer.
  - b. **PSR DEVELOPMENT FUND : DOMESTIC ABUSE FUNDING** - attached  
Report of Sean Harriss, Chief Executive, Bolton Council.
  - c. **GREATER MANCHESTER FIRE & RESCUE AUTHORITY REVENUE BUDGET 2015/16 AND MEDIUM TERM FINANCIAL STRATEGY** – to follow  
Report of Steve McGuirk, County Fire Officer & Chief Executive.
  - d. **GREATER MANCHESTER WASTE DISPOSAL AUTHORITY BUDGET 2015/16 AND BEYOND** - attached  
Report of Carolyn Wilkins, Chief Executive, Oldham Council.

D.Hall  
GMCA and AGMA Secretary

Agenda Contact:  
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**Further Information**

For copies of papers and further information on this meeting please refer to the website  
[www.agma.gov.uk](http://www.agma.gov.uk)

**JOINT MEETING OF THE GREATER MANCHESTER COMBINED AUTHORITY  
AND AGMA EXECUTIVE BOARD**

**30 JANUARY 2015**

**APOLOGIES**

Part 5A, sections 3.1 and 3.2 of the constitution of the GMCA states that:-

- 3.1 Each Constituent Council shall appoint one of its elected members to be a Member of the GMCA.*
- 3.2 Each Constituent Council shall appoint another of its elected members to act as a Member of the GMCA in the absence of the Member appointed under sub-paragraph 3.1 above ("the Substitute Member")*

The following members and substitutes were confirmed at the Annual General meeting of the Authority on 27 June 2014.

Any substitute attending today is requested to confirm his/her attendance under this item.

	GMCA Member	GMCA Substitute
Bolton	Cllr C Morris	Cllr L Thomas
Bury	Cllr M Connolly	Cllr R Shori
Manchester	Cllr R Leese	Cllr S Murphy
Oldham	Cllr J McMahon	Cllr J Stretton
Rochdale	Cllr R Farnell	Cllr P Williams
Salford	Mr I Stewart	Cllr D Lancaster
Stockport	Cllr S Derbyshire	Cllr I Roberts
Tameside	Cllr K Quinn	Cllr J Taylor
Trafford	Cllr S Anstee	Cllr M Young
Wigan	Cllr P Smith	Cllr D Molyneux

Donna Hall  
AGMA Secretary



## GMCA & AGMA Executive Board Meeting on 30 January 2015

### Declaration Of Councillors' Interests in Items Appearing on the Agenda

**NAME:** \_\_\_\_\_

Minute Item No. / Agenda Item No.	Nature of Interest	Type of Interest
		Personal / Prejudicial / Disclosable Pecuniary
		Personal / Prejudicial / Disclosable Pecuniary
		Personal / Prejudicial / Disclosable Pecuniary
		Personal / Prejudicial / Disclosable Pecuniary
		Personal / Prejudicial / Disclosable Pecuniary
		Personal / Prejudicial / Disclosable Pecuniary



**MINUTES OF THE JOINT MEETING OF THE  
GREATER MANCHESTER COMBINED AUTHORITY AND THE  
AGMA EXECUTIVE BOARD HELD ON 19 DECEMBER 2014 AT  
BOLTON COUNCIL**

BOLTON COUNCIL	Councillor Cliff Morris
BURY COUNCIL	Councillor Mike Connolly
MANCHESTER CC	Councillor Richard Leese
OLDHAM COUNCIL	Councillor Jim McMahon
ROCHDALE MBC	Councillor Richard Farnell
SALFORD CC	Ian Stewart
STOCKPORT MBC	Councillor Sue Derbyshire
TAMESIDE MBC	Councillor Kieran Quinn
TRAFFORD COUNCIL	Councillor Sean Anstee
WIGAN COUNCIL	Councillor Peter Smith (in the Chair)

**JOINT BOARDS AND OTHER MEMBERS IN ATTENDANCE**

TfGMC	Councillor Andrew Fender
GMFRSA	Councillor David Acton
GMWDA	John Bland
Police and Crime Commissioner	Tony Lloyd

**OFFICERS IN ATTENDANCE**

Howard Bernstein	GMCA Head of Paid Service
Liz Treacy	GMCA Monitoring Officer
Richard Paver	GMCA Treasurer
Sean Harriss	Bolton Council
Mike Kelly	Bury Council
Carolyn Wilkins	Oldham Council
Steve Rumbelow	Rochdale MBC
Jim Taylor	Salford CC
Eamonn Boylan	Stockport MBC
Steven Pleasant	Tameside MBC
Theresa Grant	Trafford Council
Office of the Police and Crime Commissioner	Adam Allen

Peter Fahy	GM Police
Dave Newton	TfGM
Andrew Lightfoot	GM PSR
Simon Nokes	New Economy
Julie Connor	)
Rebecca Heron	) Greater Manchester
Sylvia Welsh	) Integrated Support Team
Kerry Bond	)

**91/14 APOLOGIES**

Donna Hall and Jon Lamonte.

**92/14 DECLARATIONS OF INTEREST**

None received.

**93/14 MINUTES OF THE JOINT GMCA AND AGMA EXECUTIVE BOARD MEETING – 28 NOVEMBER 2014**

**RESOLVED/-**

To approve the minutes of the Joint GMCA and AGMA Executive Board meeting held on 28 November 2014 as a correct record.

**94/14 FORWARD PLAN OF STRATEGIC DECISIONS**

**RESOLVED/-**

To note the Forward Plan.

**95/14 GREATER MANCHESTER MENTAL HEALTH STRATEGIC PARTNERSHIP BOARD**

Members received a report from Tony Lloyd, Police and Crime Commissioner providing an update in relation to the work that has been undertaken in partnership, to support improvements to the arrangements for mental health and policing across Greater Manchester. In particular it draws on the links to the drivers of Public Service Reform.

**RESOLVED/-**

To support the declaration and the work that is being undertaken at a Greater Manchester level in relation to the Mental Health Crisis Care Concordat.

**96/14 COMMUNITY RISK INTERVENTION TEAMS**

Members received a report from Steve McGuirk, GMFRS County Fire Officer and Chief Executive providing an overview of the 'Prevention' journey for Greater Manchester Fire and Rescue Service; detailing how it has transformed its offer to, and exceeded the expectations of, our communities. It also provides an update on



progress towards the introduction of Community Risk Intervention Teams across Greater Manchester.

**RESOLVED/-**

1. To note the content of the report.
2. To support the phased introduction of the Community Risk Intervention concept across the ten Boroughs of Greater Manchester.
3. To support the exploration of appropriate means to ensure sustainable delivery of the concept beyond the period covered by funding from the Fire Transformation Fund.

**97/14 EXCLUSION OF PRESS AND PUBLIC**

**RESOLVED/-**

That under section 100 (A)(4) of the Local Government Act 1972 the press and Public should be excluded from the meeting for the following item of business on the grounds that this involves the likely disclosure of exempt information, as set out in paragraph 3, Part 1, Schedule 12A, Local Government Act 1972 and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

**98/14 SECTION 48 GRANTS PROGRAMME 2015/18**

Members received a report from Sir Howard Bernstein, GMCA Head of Paid Services providing an update on applications received for the new AGMA Grants programme and to agree successful list of organisations

**RESOLVED/-**

1. To note information on applications received.
2. To agree the final list of organisations to be funded in the 2015 to 2018 programme, subject to the following:
  - i. the application received from Oldham Coliseum Theatre be approved subject to robust governance arrangements being put in place including the transition to a new Trustee model.
  - ii. that all organisations be advised as soon as possible after a decision has been made as to whether or not their application was successful.
  - iii. to emphasise to the successful applicants that the AGMA grant funding is guaranteed for Year 1 only, and that years 2 and 3 are subject to AGMA budget availability.
  - iv. the Statutory Functions Committee continues to monitor the funded organisations, ensuring the spread of impact is carefully assessed.

Chair



**JOINT GREATER MANCHESTER COMBINED AUTHORITY  
& AGMA EXECUTIVE BOARD MEETING**

**Date:** 30 January 2015

**Subject:** Forward Plan of Strategic Decisions of the Joint GMCA and AGMA Executive Board Meeting

**Report of:** Julie Connor, Head of GM Integrated Support Team

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**1. INTRODUCTION**

1.1 At their meeting on 24 June 2011, the GMCA agreed procedures for developing a Forward Plan of Strategic Decisions for the Authority, in line with the requirements of the GMCA's constitution. The latest such plan is attached as the Appendix to this report.

**2. RECOMMENDATIONS**

2.1 GMCA and AGMA Executive Board members are invited to note, comment and suggest any changes they would wish to make on the latest Forward Plan of Strategic Decisions for the Joint GMCA and AGMA Executive Board; attached to this report.

**3. CONSTITUTIONAL BACKGROUND AND ARRANGEMENTS AGREED BY EXECUTIVE BOARD ON 24 JUNE 2011**

3.1 Under AGMA's constitution – as revised by the Operating Agreement which set up the GMCA – there is the following requirement:-

*13. Forward Plan*

*13.1 The Board will produce a forward plan in accordance with the requirements of section 22 of the Local Government Act 2000.*

3.2 The requirements of section 22 of the 2000 Act were set out in regulations made by the Secretary of State in 2001. In summary they require

- preparation of a plan covering 4 months, starting on the first day of the month
- a monthly revision of the plan
- publication of the plan fourteen days before it would come in to effect
- the plan to state
  - (i) the issue on which a major strategic decision is to be made;
  - (ii) the date on which, or the period within which, the major strategic decision will be taken;
  - (iii) arrangements for any consultation to be made before the decision is taken
  - (iv) how anyone can make representations on the matter and the date by which any such representations must be made; and
  - (v) a list of the documents to be submitted when the matter is considered

## 4 FORWARD PLAN: CONSTITUTIONAL REQUIREMENTS

4.1 In summary the Secretary of the Joint GMCA and AGMA Executive Board meeting is required to:-

- prepare a plan covering 4 months, starting on the first day of the month
- to refresh this plan monthly
- to publish the plan fourteen days before it would come in to effect
- state in the plan
  - (i) the issue on which a major strategic decision is to be made;
  - (ii) the date on which, or the period within which, the major strategic decision will be taken;
  - (iii) how anyone can make representations on the matter and the date by which any such representations must be made; and
  - (iv) a list of the documents to be submitted when the matter is considered

4.2 Key decisions are defined as being those which are likely:-

- a. to result in the local authority incurring expenditure which is, or the making of savings which are, significant having regard to the local authority's budget for the service or function to which the decision relates; or
- b. to be significant in terms of its effects on communities living or working in an area comprising two or more wards or electoral divisions in the area of the local authority.

In further guidance issued by the Secretary of State local authorities are required to

*"agree as a full council limits above which items are significant. The agreed limits should be published."*

4.3 The constitution is also quite specific about the matters which would need to be included within the Forward Plan:-

- any matter likely to result in the GMCA and AGMA Executive Board incurring significant expenditure (over £1 million), or the making of significant savings; or
- any matter likely to be significant in terms of its effects on communities living or working in the area of the Combined Authority.

plus the following more specific requirements:-

1. a sustainable community strategy;
2. a local transport plan;
3. approval of the capital programme of the GMCA and TfGM and approving new transport schemes to be funded by the Greater Manchester Transport Fund;
4. other plans and strategies that the GMCA may wish to develop;
5. the preparation of a local economic assessment

6. the development or revision of a multi-area agreement,
  7. the approval of the budget of the GMCA;
  8. the approval of borrowing limits, the treasury management strategy and the investment strategy;
  9. the setting of a transport levy;
  10. arrangements to delegate the functions or budgets of any person to the GMCA;
  11. the amendment of the Rules of Procedure of the GMCA;
  12. any proposals in relation to road user charging
- 4.3 All the matters at 1-12 above require 7 members of the Joint GMCA and AGMA Executive Board to vote in favour, except those on road user charging, which require a unanimous vote in favour
- 4.5 The attached plan therefore includes all those items currently proposed to be submitted to the Joint GMCA and AGMA Executive Board over the next 4 months which fit in with these criteria. Members should be aware that:-
- Only those items considered to fit in with the above criteria are included. It is not a complete list of all items which will be included on the Joint GMCA and AGMA Executive Board agendas
  - Items listed may move dependent on the amount of preparatory work recorded and external factors such as where matters are dependent on Government decisions; and

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**JOINT GREATER MANCHESTER COMBINED AUTHORITY  
& AGMA EXECUTIVE BOARD MEETING**

**FORWARD PLAN OF STRATEGIC DECISIONS  
1 FEBRUARY 2015 – 31 MAY 2015**

The Plan contains details of Key Decisions currently planned to be taken by the Joint Meeting of the Greater Manchester Combined Authority and AGMA Executive Board; or Chief Officers (as defined in the GMCA and AGMA constitution) in the period between 1 February 2015 and 31 May 2015.

Please note: Dates shown are the earliest anticipated and decisions may be later if circumstances change.

If you wish to make representations in connection with any decisions please contact the contact officer shown; or the offices of the Greater Manchester Integrated Support Team (at Manchester City Council, P.O. Box 532, Town Hall, Manchester, M60 2LA, 0161-234 3124; [info@agma.gov.uk](mailto:info@agma.gov.uk)) before the date of the decision.

<b>KEY DECISION /CONTACT OFFICER/CONSULTATION DETAILS</b>	<b>ANTICIPATED DATE OF DECISION &amp; DOCUMENTS TO BE CONSIDERED</b>	<b>DECISION TAKER</b>
<b>Greater Manchester Spatial Framework</b>  Wider Leadership Team Lead Officer – Eamonn Boylan  Contact Officer: Chris Findley	TBC	GMCA& AGMA Executive Board

**JOINT GREATER MANCHESTER COMBINED AUTHORITY  
& AGMA EXECUTIVE BOARD MEETING**

Date: 30 January 2015

Subject: AGMA and GMCA Budget for Non Transport Functions 2015/16 and Revenue Budget Monitoring Update 2014/15

Report of: Richard Paver, AGMA and GMCA Treasurer

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## **PURPOSE OF REPORT**

The report sets out the revenue budget for both the Association of Greater Manchester Authorities (AGMA) and the Greater Manchester Combined Authority (GMCA) Non Transport functions for 2015/16. It also includes the forecast outturn position for 2014/15.

The proposed charges in respect of both the AGMA and GMCA functions (excluding transport) to be approved for 2015/16 are included within the report together with the recommended allocations to the District Councils of Greater Manchester.

## **RECOMMENDATIONS:**

Members are requested to:

- (i) note the report and the current AGMA revenue outturn forecast for 2014/15 which is projecting an underspend of £617,000 after contributions to earmarked reserves ;
- (ii) note and approve the planned change in usage relating to the carry forward approved for the GM Energy Advice Service and totalling £236,000 as detailed in paragraphs 2.8 and 2.10 of the report;
- (iii) note and approve the revisions to the AGMA revenue budget plan 2014/15 as identified in paragraphs 2.11 to 2.14 of the report'
- (iv) note the report and the current GMCA revenue outturn forecast for 2014/15 which is projecting an underspend of £48,000 after contributions to earmarked reserves;
- (v) approve the budget relating to the AGMA and GMCA functions (non transport) in 2015/16 as set out in section 4 of this report;
- (vi) in consultation with the LEP Board, note and approve the allocation of the LEP grant for 2015/16 totalling £500,000, as detailed in paragraph 4.15 of the report, which proposes £250,000 towards costs associated with the devolution agreement relating primarily to research, intelligence and policy development and £250,000 to support the Spatial Framework and Housing Investment Fund (TopCo);
- (vii) approve the charges on the GM District Councils to support the GMCA functions (non transport) in 2015/16 of £4.019 million as set out in Appendix 3 to this report;

- (viii) approve the charges to the GM District Councils in support AGMA functions for 2015/16 of £6.264 million as set out in Appendix 4 to this report, noting that this excludes items billed directly from lead districts;
- (ix) delegate authority to the Treasurer to determine the budget allocation between AGMA and GMCA within the overall approved budget following the finalisation of the statutory order as noted in paragraph 4.18 - 4.19 of the report;
- (x) note and approve the position on reserves as identified in section 6 of the report;
- (xi) approve the use of reserves in 2015/16 as detailed in the report; most notably section 6 of the report;
- (xii) delegate authority to the Treasurer to transfer funding between AGMA and the GMCA to be met from approved budgets or reserves as required in support of approved activities.

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## **CONTACT OFFICERS:**

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Name: Janice Gotts  
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Name: Amanda Fox  
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## **BACKGROUND PAPERS:**

Report to Greater Manchester Combined Authority - Revenue Budget 2014/15 to 2015/16 – 31<sup>st</sup> January 2014

Report to AGMA Executive – Revenue Budget 2014/15 to 2015/16 – 31<sup>st</sup> January 2014

Report to Greater Manchester Combined Authority – Revenue Budget Monitoring Update 2014/15 - 25<sup>th</sup> July 2014

Report to AGMA Executive – Revenue Budget Monitoring Update 2014/15 - 25<sup>th</sup> July 2014

Report to Greater Manchester Combined Authority – Revenue Budget Monitoring Update 2014/15 – 31<sup>st</sup> October 2014

Report to AGMA Executive – Revenue Budget Monitoring Update 2014/15 – 31<sup>st</sup> October 2014



## 1. INTRODUCTION

- 1.1 The report provides forecast outturn figures in relation to the non transport elements of the AGMA and GMCA budgets in 2014/15 based on the position as at the end of December 2014 and details the proposed budget for 2015/16.
- 1.2 The charges to Districts in relation to the AGMA and GMCA functions (non transport) are set out in section 5 and Appendices 3 and 4 to the report.
- 1.3 The reserves are detailed within section 6 of the report including planned utilisation in 2014/15 and 2015/16.
- 1.4 The Authority's legal obligations and the responsibility of the Treasurer to the Combined Authority are also set out in more detail in the report.

## 2 AGMA

### FORECAST OUTTURN 2014/15

- 2.1 The current forecast outturn position for AGMA is showing an underspend of £617,000 which predominantly relates to additional income received for Public Service Reform and uncommitted investment funds. The table below summarises the position with a detailed breakdown set out in Appendix 1.

<b>Revised Revenue Budget 2014/15</b>				
<b>AGMA Units / Functions</b>				
	<b>Original Budget 2014/15 £000</b>	<b>Revised Budget 2014/15 £000</b>	<b>Forecast Outturn 2014/15 £000</b>	<b>Outturn Variance 2014/15 £000</b>
<b>Resources Available</b>	<b>6,858</b>	<b>16,733</b>	<b>16,733</b>	<b>-</b>
<b>Calls on Resources:</b>				
Support to Commissions	865	915	854	(61)
AGMA Units	3,957	3,957	3,907	(50)
<b>New Priorities</b>				
Public Service Reform (inc Development Fund)	1,000	10,532	7,073	(3,459)
Low Carbon Hub	292	292	292	-
Green Deal	-	343	343	-
Procurement Hub / Spend Pro	159	159	159	-
Other AGMA Investments and Priorities	585	535	-	(535)
GM Spatial Framework	-	-	110	110
<b>TOTAL</b>	<b>6,858</b>	<b>16,733</b>	<b>12,738</b>	<b>(3,995)</b>
<b>Contribution to Earmarked Reserves</b>				<b>3,378</b>
<b>Net Underspend</b>				<b>617</b>

- 2.2 **Support to Commissions – Police and Crime Panel Support** – A proportion of this budget is available for specific project activities each year, due to the Home Office grant of £64,000 being available once again and other funding streams being accessed, it is currently anticipated that there will be a surplus of £61,000, however it should be noted that any additional project activity will impact on the underspend.
- 2.3 **AGMA Units - Section 48 Grants** - The Section 48 Grant programme is reporting an underspend of £50,000. In addition to the main programme of agreed grants there is a small running cost budget that will not be utilised.
- 2.4 **Public Service Reform (PSR) inc the PSR Development Fund** – Overall there is a forecast underspend of £3,459,000 due to underspends on both the PSR main revenue account and the Development Fund. Within the PSR main revenue budget there is a projected underspend of £81,000 which has arisen due to a number of posts within the team not being filled for the time periods anticipated, with a number of the secondments starting later than expected and others ending early. During the course of the year the devolution agreement has meant that some of the projected underspends have been reallocated to support the GM priorities and the work required to fulfil our commitments within the agreement. These priorities will also need to feed into the team roles for the coming year.
- 2.5 It is currently anticipated that there will be £3,378,000 remaining in the PSR Development Fund by 31 March 2015. Grant monies will be utilised in the first instance where grant conditions place time restrictions on the expenditure. Any other uncommitted funding will be placed within reserves and carried forward subject to member approval (see also paragraphs 2.15, 6.3 and 6.4).
- 2.6 **Other AGMA Investments and Priorities** - At the present time the budget has no approved commitments resulting in a forecast underspend of £535,000..
- 2.7 **GM Spatial Framework** – Members have approved that the GM Spatial Framework will be a statutory joint development plan document. Whilst a significant amount of resource will be provided “in-kind”, there will be some external costs incurred. It is currently anticipated that £110,000 will be required within 2014/15.

## **BUDGET UPDATE 2014/15**

### **Greater Manchester Energy Advice Service (GMEAS)**

- 2.8 AGMA Executive at its meeting on 27 June 2014 approved a carry forward request of £343,000 from GMEAS to be brought in to the budget for 2014/15. It was proposed to use the funding to support marketing of the new Green Deal programme, lead generation, data and intelligence, procurement of a CRM system and supply chain support.
- 2.9 However the landscape around Green Deal has changed significantly in the last 12 months making both delivery of the scheme and the achievement of income targets challenging. Whilst some £107,000 of the carry forward has been used as approved, GMEAS is now proposing to use the remaining £236,000 to support the shortfall against operational budgets and planned income targets and seeks member approval to vire the carry forward budget accordingly.

- 2.10 A report will be presented to the February meeting which will evaluate the long term future of this service.

### **Troubled Families 2**

- 2.11 Following the submission of a GM Wide Troubled Families 2 bid, AGMA has received £4,080,000 which has subsequently been distributed to Districts. Members are requested to note and approve the adjustment to the budget in 2014/15.

### **Mental Health and Employment pilot (Transformation Challenge Award)**

- 2.12 Greater Manchester has been awarded £2.600 million from a separate TCA fund specifically designed to support Mental Health provision. In GM this will be used to support ESA claimants, where mental health is a barrier to employment, move into sustainable employment. This recognises the links between worklessness and mental health and will aim to improve integration through a key worker style approach.
- 2.13 Whilst the money will be received in 2014/15 it is envisaged that only £500,000 will be utilised within this financial year, with the remaining £2.100 million being carried forward within the PSR Development Fund Reserve.
- 2.14 Members are requested to note and approve the increase to the PSR Development Fund budget in 2014/15 of £2.600 million and the potential spend of £500,000 with the unspent balance of £2.100 million to be held within the PSR Development Fund Reserve.

### Contribution to AGMA Earmarked Reserves 2014/15

- 2.15 The projected revenue outturn includes a contribution of £3.378 million to the AGMA earmarked PSR Development Fund of which £2.100 million relates to the unspent TCA fund for Mental Health provision (see paragraph 2.13 above) and £1.278 million to the underspend against previous allocations in to the Fund from districts and the Police and Crime Commissioner.

## **3 GMCA – NON TRANSPORT FUNCTIONS - FORECAST OUTTURN AND BUDGET UPDATE 2014/15**

- 3.1 The forecast outturn for the GMCA functions (non transport) budgets for the year ending 31 March 2015 is an underspend of £48,000 after contributions to earmarked reserves. The table below summarises the position with a detailed breakdown attached at Appendix 2.

<u>GMCA Revenue Outturn 2014/15</u>	<b>Approved Budget</b> 2014/15 £000's	<b>Forecast Outturn</b> 2014/15 £000's	<b>Forecast Variance</b> 2014/15 £000's
<b>Resources Available</b>	<b>(45,289)</b>	<b>(45,394)</b>	<b>(105)</b>
<b>Calls on Resources:</b>			
<b>GMCA Functions (non-transport)</b>			
New Economy	757	757	-
MIDAS	1,225	1,225	-
Marketing Manchester	384	384	-

<b>GMCA Revenue Outturn 2014/15</b>	<b>Approved Budget 2014/15</b>	<b>Forecast Outturn 2014/15</b>	<b>Forecast Variance 2014/15</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Core Investment Team	1,511	1,211	(300)
Low Carbon Investment Team	500	400	(100)
Housing Investment Team (Top-Co)	-	100	100
Planning & Housing Commission	303	303	-
Manchester Family Secondments	183	173	(10)
14-19 Contributions	66	66	-
Public Service Reform	-	74	74
Regional Growth Fund - RCCO	33,136	27,156	(5,980)
City Deal	3,843	1,780	(2,063)
Youth Contract	2,383	1,031	(1,352)
LEP Priorities	661	421	(240)
Other Grant Funded Schemes	122	122	-
Alliance Project - Textiles	115	115	-
GMCA Running Costs	100	100	-
<b>Total Call on Resources</b>	<b>45,289</b>	<b>35,418</b>	<b>(9,871)</b>
<b>Contribution to Earmarked Reserve Net</b>			<b>9,928</b>
			<b>48</b>

- 3.2 Currently a significant proportion of the GMCA running costs are funded through the transport levy, which is part of a separate report on this agenda. The increased activity of non transport functions and priorities suggest that this allocation should be realigned in future years. This will have no impact on the overall charge to Districts.

### **GMCA Non Transport Functions**

#### Resources

- 3.3 Short Term Deposit Interest is forecast to be £179,000 which has arisen as a result of various grants being paid to GMCA in advance. The estimate contains approximately £41,000 for RGF deposits, which will be transferred to a ring-fenced RGF reserve as per grant conditions. The remaining £138,000 will be transferred to general GMCA reserves.
- 3.4 RGF / GPF Arrangement Fees and Interest – As per grant conditions income earned from arrangement fees or interest received on the loans is to be either recycled for further investment or used to administer the scheme. Any unused income will be transferred to specific reserves. The current income estimate indicates that £1,604,000 will be transferred at year end.
- 3.5 The budgeted use of reserves in respect of the Youth Contract are expected to be lower than anticipated resulting in a reduction to overall resources. The corresponding underspend on Youth Contract can be seen within the table above.

#### Use of Resources

- 3.6 The Core Investment Team is currently predicting an underspend of £300,000 as a result of lower running costs.

- 3.7 The Low Carbon Investment Team is forecasting an underspend of £100,000 as a result of lower running and staffing costs. For 2014/15 this budget has been funded from the Growing Places Revenue grant, the lower call on this reserve will be detailed in section 6 of the report (Reserves).
- 3.8 Resources will be required to establish and administer the Housing Investment Fund agreed with Government as part of the Devolution Agreement. At present it is envisaged that administration costs will be offset by top slicing interest (currently assumed as 1.5%) of the £300 million fund. Negotiations are currently underway with Government to confirm this arrangement. It should be noted that it is likely that the fund will be administered by the GMCA but the loans will be held by a host authority given the GMCA's restrictions relating to borrowing outside of transport related activities.
- 3.9 There is an additional requirement to establish a housing investment vehicle (TopCo) to support the development and delivery of schemes to be supported by the fund. TopCo will lead or assist local partners in the 'project development' phase of potential Fund projects, proactively seeking and supporting the identification and development of a pipeline of potential schemes around GM through joint work with districts, landowners (public and private), developers and others. Estimated costs are £100,000 for 2014/15.
- 3.10 There is a minor underspend on the Manchester Family Secondments budget of £10,000 due to staff movement. This underspend is not ring-fenced and will form part of the general transfer to reserves.
- 3.11 Following the GMCA appointment to the post of Public Service Reform Director, funds will be transferred over from AGMA to the GMCA to cover any associated costs. Both the funding and associated costs are now reflected in the table above.
- 3.12 The forecast outturn position for RGF loans / grants shows the currently approved expenditure for the year. It should be noted that whilst the draw down of the remaining funds from CLG will take place within 2014/15, the expenditure profile will span two financial years. The total amount of funds, £30m RGF 2 and £35m RGF 3, will be drawn down by the GMCA in Jan 2015 and Feb 2015 respectively.
- 3.13 The Regional Growth Fund has conditionally approved, under the GM Investment Framework, funding for 56 projects. The projects are projected to create / safeguard over 6,030 jobs with 2,264 achieved to date. The grant funds are paid to projects on a defrayed basis and therefore can be drawn down over a period of two years with any in year underspending transferred to the earmarked reserve. Spend in previous years of £16.519 million has been paid to projects and a further £27.156 million is committed for 2014/15. As per the grant conditions, the RGF 3 funds will be spent by May 2015 and RGF 2 by March 2016.
- 3.14 In January 2013 the Greater Manchester Apprenticeship Hub agreed a delivery plan detailing work underway and plans to grow the market for apprenticeships in GM utilising City Deal funding. Since then a number of projects have been commissioned and commenced delivery. In May 2014 the Apprenticeship Hub undertook a refresh of the delivery plan for 2014/15 to focus on activity required and identify gaps in provision, in order to achieve the Apprenticeship Hub's strategic objectives, the refreshed plan has been approved by the Skills and Employment partnership.
- 3.15 The City Deal grant relating to the Apprenticeship Hub and Tax Incentive pilot, is drawn down from the Skills Funding Agency once certain milestones have been

achieved and evidenced. The projects are progressing well, however actual expenditure will be defrayed over a two-year period with any underspends being transferred to earmarked reserves.

- 3.16 Greater Manchester has been awarded £5.8m by DWP in order to test an innovative delivery model for supporting young people that are long term unemployed. Oldham MBC on behalf of the GMCA have undertaken a procurement exercise and commissioned a lead provider to deliver the flagship project. Project delivery commenced on 1st October 2014 and the budget profiles for 2014 reflect the lead providers profiled expenditure and contract management and administration.
- 3.17 The LEP priorities budget of £661,000 is forecast to underspend by £240,000 as a result of other funding streams to support the EU Strategic planning being utilised in the first instance due to time constraints. It is proposed, subject to member approval that the £240,000 be carried forward for use within 2015/16. Once approved the budget will be adjusted for 2015/16.

Contribution to GMCA Earmarked Reserves 2014/15

- 3.18 The projected revenue outturn includes the following transfers to earmarked reserves totalling £9.928 million:

• RGF Deposit Interest	£0.041 million
• RGF / GPF Arrangement Fees	£0.385 million
• RGF Loan Interest	£1.045 million
• GPF Interest	£0.174 million
• RGF 2 & 3 Grant (see para 3.13)	£5.980 million
• City Deal (see para 3.15)	£2.063 million
• LEP Priorities (see para 3.17)	£0.240 million

**4 BUDGET STRATEGY 2015/16**

- 4.1 The overall position for 2015/16 can be summarised as follows in the table below:

	<b>2015/16 £'000</b>
<b>Resources Available:</b>	
Contributions from Districts	10,283
Contributions from Reserves - Earmarked	32,009
Contributions from Reserves - General	893
Government Grants	13,899
External Income and Contributions	952
<b>Total Resources</b>	<b><u>58,036</u></b>
<b>Calls on Resources:</b>	
<b>Manchester Family</b>	
New Economy	707
MIDAS	1,144
Marketing Manchester	356
Manchester Family Secondments	183
<b>AGMA/GMCA Units/Functions</b>	
Section 48 Grants	3,331
Planning & Housing Team	304
Police and Crime Research	219

	<b>2015/16 £'000</b>
Police and Crime Panel Support	122
County Records Office	266
Specialist Trading Standards Unit	77
GM Archaeology Service	105
Waste and Minerals Unit	88
Ecology Unit	121
Procurement Hub (exc funding direct from Partner Orgs)	160
<b>Public Service Reform</b>	
Public Service Reform	1,000
Public Service Reform - Development Fund	3,378
Transformation Challenge Award	12,400
<b>New Priorities/Programmes</b>	
Core Investment Team	1,649
Low Carbon Investment Team	500
Low Carbon Hub (inc Environment budget)	256
GM Spatial Framework	450
Housing Investment Fund - (Top-Co)	500
Regional Growth Fund - RCCO	21,324
<b>Other Grant Funded Areas</b>	
City Deal	4,279
Youth Contract	3,630
<b>Other Costs</b>	
GM Integrated Support Team (GMIST)	667
GMCA Running Costs	475
AGMA / GMCA Non-Recurring Costs	345
<b>Total Call on Resources</b>	<b>58,036</b>

- 4.2 The resource review of all AGMA / GMCA budgets and priorities for 2015/16 has been undertaken. The underlying principle of the review is to ensure that funded activities meet the objectives of the Greater Manchester Strategy, maximise value for money and that resources are identified to meet new investment priorities, whilst recognising that districts are facing significant budget reductions.

### **Non Transport Functions**

#### Basis of Apportionment of Costs

- 4.3 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. Appendices 3 and 4 detail the apportionment of costs across the Districts.
- 4.4 The basis of apportioning the Manchester Family group budgets between Districts is set out below:

- MIDAS – Each District pays to MIDAS an equal Contribution
- Marketing Manchester – 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.
- New Economy – Funding is split on a population basis.

4.5 The remaining functions, with the exception of those listed below, are apportioned to Districts on a population basis.

- Police and Crime Research – Historic funding split 17% Manchester City Council and the remaining 83% split equally to the remaining nine Districts
- 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) – Procurement Hub (exc Spend-Pro) - each District pays an equal Contribution, Spend Pro funding split equally over nine Districts (excluding Manchester).

#### Manchester Family – New Economy, MIDAS and Marketing Manchester

4.6 The Manchester Family group currently receive a total of £2.234m from District contributions each year. The contributions cover New Economy, Marketing Manchester and MIDAS. As with other functions the Manchester Family core budgets have made a saving of 12.4% over the last two years to fund new priorities.

#### Other Non-Recurring costs

4.7 Following the resource review it is anticipated that there could be one-off employee expenses incurred as a result of staff reduction / realignment. It is proposed that £345,000 is set aside within AGMA reserves to accommodate such costs.

### **Devolution Related Requirements**

#### GM Spatial Framework and Housing Investment Fund

4.8 Costs of the GM Spatial Framework (GMSF) are estimated at £1.5 - £2 million over four years commencing 2014. Plans are currently being drawn up to assess what services and resources can be provided “in-kind”, however it is likely that there will be some external costs that will need to be funded, including those in relation to software and information systems to manage the evidence database, statutory consultation processes, and an independent sustainability appraisal, along with other external expertise to develop particular elements of the GMSF. For 2015/16 it is anticipated the £450,000 will be required and it is proposed that these costs will be funded from existing funding streams and LEP Grant.

#### Housing Investment Fund

4.9 Resources will be required to establish and administer the Housing Investment Fund agreed with Government as part of the Devolution Agreement. At present it is envisaged that administration costs will be offset by a top slice of interest (currently estimated as 1.5%) of the £300 million fund. Negotiations are currently taking place with Government to confirm this arrangement. It should be noted that the fund may need to be administered by a host authority given the GMCA’s restrictions relating to borrowing outside of transport related activities.



- 4.10 There is a requirement to establish a housing investment vehicle to support the development and delivery of schemes to be supported by the fund. TopCo will lead or assist local partners in the ‘project development’ phase of potential “Fund” projects, proactively seeking and supporting the identification and development of a pipeline of potential schemes around GM through joint work with Districts, landowners (public and private), developers and others. Estimated costs include £500,000 for 2015/16 which it is proposed will be funded from existing funding streams including the LEP Grant.

#### Devolution Implementation Costs

- 4.11 It is anticipated that there will be costs of £475,000 (£405,000 of which are non recurring) associated with supporting the Devolution Agreement process, including changes required to the statutory order. These costs will cover support from legal services including external counsel, finance and audit as well as costs in relation to recruitment, communications, research, intelligence and policy development
- 4.12 It is proposed that these costs will be funded from general reserves and existing funding streams including £250,000 of LEP Grant.

#### Transformation Challenge Award

- 4.13 Greater Manchester has been awarded £12.4m following a successful bid to the national DCLG Transformation Challenge Award (TCA) Fund. This funding will be included within the GM Development Fund and will support the delivery of reform activity, including the scale up to meet the commitments within the reform aspects of the Devolution Agreement.

### **Summary of Devolution Related Requirements and Funding Streams**

- 4.14 The table below summarises the new devolution related requirements in 2015/16 together with the proposed funding streams available. The budget strategy assumes full utilisation of the LEP grant totalling £500,000 in 2015/16 together with the remaining uncommitted budget of £377,000 in respect of other AGMA priorities. It is proposed that any unfunded costs will be met from general reserves.

<b><u>Devolution related requirements</u></b>	<b>Budget 2015/16 £000</b>
<b>Resources Available:</b>	
LEP Grant 2015/16	500
Other AGMA Priorities & Investments	377
TCA Grant	12,400
<b>Total Resources</b>	<b>13,277</b>
<b>Calls on Resources:</b>	
GM Spatial Framework	450
Housing Investment Fund (TopCo)	500
Implementation Costs	475
TCA Associated Costs	12,400
<b>Total Call on Resources</b>	<b>13,825</b>
<b>Call on Reserves</b>	<b>548</b>

- 4.15 It is proposed that the LEP Grant of £500,000 in 2015/16 is used to fund £250,000 of costs associated with the devolution agreement, relating primarily to research, intelligence and policy development, with the remaining £250,000 used to support the Spatial Framework and Housing Investment Fund (TopCo).

- 4.16 It should also be noted that discussions are ongoing around further GM funding streams, such as the proposed Housing Investment Fund of c£300 million, and once the position is clearer the budget will be updated to reflect the changes required and brought to members for approval in future reports.

### **Use of General Reserves to support Budget Strategy 2015/16**

- 4.17 It is proposed that £893,000 of general reserves are used to support budget strategy in 2015/16 as below;

<b>Use of reserves to support budget strategy 2015/16</b>	<b>£</b>
Support for Devolution agreement as per paragraph 4.14	548,000
Other non-recurring costs as per paragraph 4.7	345,000
<b>Total use of reserves required</b>	<b>893,000</b>

### **Budget Allocation between AGMA and the GMCA**

- 4.18 Whilst the overall budget for AGMA and the GMCA in 2015/16 is shown above in paragraph 4.1 it is acknowledged that the distribution of budget responsibility between AGMA and the GMCA will be dependent upon the finalisation of amendments to the GMCA statutory order following the announcement of the devolution agreement.
- 4.19 It is proposed, therefore, that members delegate authority to the Treasurer to determine the budget allocations between AGMA and the GMCA within the overall approved budget and in accordance with the statutory order.

## **5 Charges to Districts**

- 5.1 The proposed charge to each District is detailed in Appendices 3 and 4 and summarised in the table below:

<b>District</b>	<b>Billed by GMCA 2015/16 £000</b>	<b>Billed by AGMA 2015/16 £000</b>	<b>Billed Directly* £000</b>	<b>TOTAL CHARGE £000</b>
Bolton	402	642	68	1,112
Bury	313	449	50	812
Manchester	705	1,145	115	1,965
Oldham	352	533	58	943
Rochdale	337	502	55	894
Salford	363	558	61	982
Stockport	407	652	70	1,129
Tameside	345	520	57	922
Trafford	355	539	56	950
Wigan	440	724	77	1,241
<b>Total</b>	<b>4,019</b>	<b>6,264</b>	<b>666</b>	<b>10,949</b>
Contributions from Other Sources	31,079	16,674	135	<b>47,888</b>
<b>Grand Total</b>	<b>35,098</b>	<b>22,938</b>	<b>801</b>	<b>58,837</b>

\* not included within GMCA/AGMA Revenue Accounts

## **6 Reserves – AGMA/GMCA**

- 6.1 The increase in non transport related funding within AGMA and the GMCA has resulted in an increase of £9.213 million in the level of reserves anticipated at 31 March 2015 as detailed in the table below:

<b>AGMA &amp; GMCA Non Transport Reserves</b>	<b>Actual Balance as at 01-Apr-14 £000</b>	<b>Transfer in/(out) 2014/15 £000</b>	<b>Projected Balance as at 31-Mar-15 £000</b>	<b>Transfer in/(out) 2015/16 £000</b>	<b>Projected Balance as at 31-Mar-16 £000</b>
<b>Revenue Reserves</b>					
County Records Office	68	-	68	-	68
Public Service Reform - Development Fund	-	3,378	3,378	(3,378)	-
Growing Places Revenue Grant	2,175	(984)	1,191	(259)	932
LEP Funding	132	108	240	-	240
Regional Growth Fund 2 and 3	15,344	5,980	21,324	(21,324)	-
City Deal	3,543	2,063	5,606	(3,280)	2,326
Youth Contract	5,800	(1,031)	4,769	(3,630)	1,139
RGF / GPF Interest and Arrangement Fees	229	1,604	1,833	2,829	4,662
RGF Deposit Interest	46	41	87	(87)	-
General AGMA Reserves	1,776	617	2,393	(893)	1,500
General GMCA Non Transport Reserves	205	48	253	-	253
<b>Capital Reserves</b>					
Growing Places Fund	32,204	(8,422)	23,782	(8,153)	15,629
Capital Receipts - RGF Loan Repayments	65	1,721	1,786	339	2,125
Capital Receipts - GPF Loan Repayments	-	4,090	4,090	-	4,090
<b>TOTAL</b>	<b>61,587</b>	<b>9,213</b>	<b>70,800</b>	<b>(37,836)</b>	<b>32,964</b>

\* Balance as at 1 April 2014 adjusted for approved allocation of funds carried forward totalling £486,000

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

### Revenue Reserves

#### **Public Service Reform Development Fund**

6.3 The Development Fund was established in 2014. The high level objectives of the funds are to support the GM Strategy (GMS) vision of sustainable economic growth in which all residents are connected to the opportunities created by that growth, and deliver the Growth and Reform Plan objectives:

- Closing the gap between public spending and total tax take by 2020;
- GM's growth rate matching the South East, adding £3.7bn to economic output;
- reducing levels of worklessness by 12%, narrowing the gap to the UK average by 1 percentage point;
- health – decreasing mortality rates by 18%, double the trend rate and,
- improving early years so that GM meets the national average on the proportion of children who start school assessed as being ready for school

6.4 The balance on the reserve at the end of 2014/15 is £3.378 million which includes £2.100 million of unspent Mental Health Grant as reported in paragraphs 2.12 and 2.13 of the report together with a further underspend of £1.278 million against the Fund from previous contributions into the fund primarily from districts and the Police and Crime Commissioner. It is envisaged that the reserve will be fully utilised in 2015/16.

## **Growing Places Revenue Grant**

- 6.5 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. During 2014/15 £984,000 was used to support the work of the GM Core Investment Team which works to promote economic development through facilitating appropriate Capital (loan) investment in enterprises across the region. In 2015/16 it is envisaged that a further £259,000 will be required towards the work of the team leaving a projected balance of £932,000 as at 31 March 2016.

## **LEP Funding**

- 6.6 Funding of £132,000 will be utilised in 2014/15 to support building capacity in transport. There is also an anticipated contribution of £240,000 to the reserve in 2014/15 resulting from a forecast underspend against the EU strategic planning programme (see paragraph 3.17 of the report). It is expected that a carry forward request will be submitted to the LEP Board in due course to utilise these funds in 2015/16.

## **Regional Growth Fund (RGF) 2 and 3**

- 6.7 The grant allocations for RGF2 and RGF3 will enable the GMCA to support projects and programmes which can lever in private sector investment to create economic growth and sustainable employment within Greater Manchester. RGF must be fully committed within an agreed timescale ending March 2015, with actual defrayment of funds taking place by May 2015 for RGF 3 and March 2016 for RGF 2. As such it is anticipated that the fund balance of £21.324 million will be spent in full by 31 March 2016.

## **RGF / GPF Interest and Arrangement Fees**

- 6.8 Interest on loans and Arrangement fees earned through the facilitation of loan agreements. It is anticipated that a net £1.604 million will be achieved in 2014/15 and £2.829 in 2015/16. 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. Once cashflow estimates have been confirmed for the use of the recycled funds, the reserves position will be updated.

## **RGF Deposit Interest**

- 6.9 It is a condition of the RGF funding the any interest earned on unspent balances is ring-fenced to RGF related schemes and spent within the timescales of the RGF grant conditions. The table reflects the use of these funds within 2015/16. It is envisaged that further deposit income will be received within 2015/16, however the calculation of interest is dependant on the timing of outflows from the fund. The reserves balance will be updated as part of the quarterly update to members once cash forecasts have been confirmed.

## **City Deal**

- 6.10 The City Deal grant relating to the Apprenticeship Hub and Tax Incentive pilot, is drawn down from the Skills Funding Agency dependent on the achievement of milestones. The projects are progressing well, however actual expenditure will be defrayed over a two-year period with any underspends being transferred to earmarked reserves. The reserve is expected to increase by £2.063 million to £5.606 million in 2014/15. However in 2015/16 it is forecast the £3.280 million of the balance will be utilised.

### **Youth Contract**

- 6.11 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; there is a planned programme of investment over the timeline for the grant. It is anticipated that £1.031 million will be spent in 2014/15 with a further £3.630 million being spent in 2015/16 resulting in a balance of £1.139 million by 31 March 2016.

### **General AGMA Reserve**

- 6.12 The AGMA general reserve is funded through contributions from the AGMA revenue account either planned or as a result of general underspending. The forecast underspend against the revenue account in 2014/15 is £617,000 which will increase the level of reserves to £2.393 million as at 31 March 2015. The budget strategy in 2015/16 includes the planned utilisation of £893,000 of reserves (see paragraph 4.17) leaving a balance of £1.500 million as at 31 March 2016. There may be in year requests for utilisation of the reserve which will affect this forecast.

### **General GMCA Reserve**

- 6.13 The GMCA general reserve is funded through contributions from the GMCA revenue account either planned or as a result of general underspending. The forecast underspend against the revenue account in 2014/15 is £48,000 which will increase the level of reserves to £253,000 as at 31 March 2015. This is not expected to change in 2015/16 as part of the planned budget strategy, however, there may be in year requests for utilisation of the reserve which will affect this forecast.

### Capital Reserves

#### **Growing Places Fund**

- 6.14 The Growing Places Fund has three overriding objectives:
- to generate economic activity in the short term by addressing immediate constraints;
  - to allow Local Enterprise Partnerships (LEPs) to prioritise infrastructure needs, empowering them to deliver their economic priorities; and
  - to establish sustainable recycled funds so that funding can be reinvested.

The majority of the GPF will be used to provide up front capital investment to help stimulate economic development. Funding can be recycled as developments are completed.

- 6.15 Loan activity from the Fund is forecast as £8.422 million in 2014/15 resulting in a balance of £23.782 million as at 31 March 2015. A further £8.153 million has currently been approved for defrayment within 2015/16, leaving a balance of £15.629 million within the fund as at 31 March 2016, however it should be noted that that the balance will be subject to change as and when new loans are approved.

### **Capital Receipts – GPF/RGF Loan repayments**

- 6.16 Loan repayments in respect of both GPF and RGF are held within a reserve until they are required to be recycled in to further loan investment. The forecast balance on the reserve as at 31 March 2015 is £5.876 million. It is currently anticipated that a further £6.867 million will be repaid within 2015/16, with £6.528 million being utilised to fund projects. On this basis the reserves will increase by a further £339,000 in 2015/16 to reach £6.215 million as at 31 March 2016. Estimates on futures years use of capital receipts have been based on known cash flows to date and it should be noted that these figures are subject to the timing of new projects coming through the approval and due diligence process and could therefore be subject to change.

## **7 Legal Issues**

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

### **Duties of the Treasurer (Chief Finance Officer)**

- 7.3 The Local Government Finance Act 2003 requires the 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.
- 7.4 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Authority to monitor during the financial year its expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Authority must take such action as it considers necessary to deal with the situation. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves.
- 7.5 Under Section 114 of the Local Government Finance Act 1988, where it appears to the 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.
- 7.6 The report must be sent to the Authority's External Auditor and every member of the Authority and the Authority must consider the report within 21 days at a meeting where it must decide whether it agrees or disagrees with the views contained in the

report and what action (if any) it proposes to take in consequence of it. In the intervening period between the sending of the report and the meeting which considers it, the authority is prohibited from entering into any new agreement which may involve the incurring of expenditure (at any time) by the authority, except in certain limited circumstances where expenditure can be authorised by the 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**

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

### **Risks and Mitigation**

- 7.8 The Treasurer has examined the major assumptions used within the budget calculations and considers that they are prudent, based on the best information currently available. A risk assessment of the main budget headings for which the GMCA will be responsible has been undertaken and the key risk identified are as follows.
- 7.9 The budgets for 2015/16 include efficiency savings which are considered achievable and will be monitored against budget on a regular basis.

## **8 Recommendations**

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

**AGMA FORECAST OUTTURN 2014/15**

<b><u>Revised Revenue Budget 2014/15</u></b>					
<b><u>AGMA Units / Functions</u></b>	Notes	Original Budget 2014/15 £000	Revised Budget 2014/15 £000	Forecast Outturn 2014/15 £000	Outturn Variation 2014/15 £000
<b>Resources Available:</b>					
AGMA Contributions		6,858	6,858	6,858	-
AGMA Reserves		-	486	486	-
Grants & Contributions	1	-	9,389	9,389	-
<b>Total Resources</b>		<b>6,858</b>	<b>16,733</b>	<b>16,733</b>	<b>-</b>
<b>Calls on Resources:</b>					
<b><u>Support to Commissions/New Economy</u></b>					
Police and Crime Research		190	190	190	-
Police & Crime Panel Support		129	129	68	(61)
GM Integrated Support Team (GMIST)		546	596	596	-
<b><u>AGMA Units</u></b>					
County Records Office		203	203	203	-
Section 48 Grants		3,313	3,313	3,263	(50)
Specialist Trading Standards Unit		83	83	83	-
GM Archaeology Service		120	120	120	-
Waste and Minerals Unit		100	100	100	-
Ecology Unit		138	138	138	-
<b><u>New Priorities</u></b>					
Public Service Reform		1,000	1,235	1,154	(81)
Public Service Reform Development Fund	1		9,297	5,919	(3,378)
Low Carbon Hub		292	292	292	-
Green Deal		0	343	343	-
Procurement Hub / Spend Pro		159	159	159	-
Other AGMA Investments and Priorities		585	535	-	(535)
GM Spatial Framework		-	-	110	110
<b>TOTAL</b>		<b>6,858</b>	<b>16,733</b>	<b>12,738</b>	<b>(3,995)</b>
<b>Contribution to Earmarked Reserve</b>					<b>3,378</b>
<b>Net Underspend</b>					<b>617</b>

1. Includes additional Mental Health grant allocation of £2.6 million subject to approval



**GMCA FORECAST REVENUE OUTTURN 2014/15**

<b><u>GMCA Revenue Outturn 2014/15</u></b>	<b>Approved Budget 2014/15 £000's</b>	<b>Forecast Outturn 2014/15 £000's</b>	<b>Forecast Variance 2014/15 £000's</b>
<b>Resources Available:</b>			
<b>GMCA Functions (non-transport)</b>			
Charges to Districts	(3,403)	(3,403)	-
Government Grants	(37,892)	(37,892)	-
Contributions from Reserves (Other Grants)	(2,515)	(1,163)	1,352
Contribution from Reserves (GPF)	(1,084)	(984)	100
Contribution from Reserves (Arrangement Fees)	(65)	-	65
RGF/GPF - Arrangement Fees	(87)	(480)	(393)
Interest on RGF Loans	-	(1,045)	(1,045)
Interest on GPF Loans	(243)	(174)	69
Short Term Deposit Interest	-	(179)	(179)
Other Contributions	-	(74)	(74)
<b>Total Resources</b>	<b>(45,289)</b>	<b>(45,394)</b>	<b>(105)</b>
<b>Calls on Resources:</b>			
<b>GMCA Functions (non-transport)</b>			
New Economy	757	757	-
MIDAS	1,225	1,225	-
Marketing Manchester	384	384	-
Core Investment Team	1,511	1,211	(300)
Low Carbon Investment Team	500	400	(100)
Housing Investment Team (Top-Co)	-	100	100
Planning & Housing Commission	303	303	-
Manchester Family Secondments	183	173	(10)
14-19 Contributions	66	66	0
Public Service Reform	-	74	74
Regional Growth Fund - RCCO	33,136	27,156	(5,980)
City Deal	3,843	1,780	(2,063)
Youth Contract	2,383	1,031	(1,352)
LEP Priorities	661	421	(240)
Other Grant Funded Schemes	122	122	-
Alliance Project - Textiles	115	115	-
GMCA Running Costs	100	100	-
<b>Total Call on Resources</b>	<b>45,289</b>	<b>35,418</b>	<b>(9,871)</b>
<b>Contribution to Earmarked Reserve</b>			<b>9,928</b>
<b>Net</b>			<b>48</b>

## GMCA BUDGETED CHARGES 2015/16

MID YEAR 2013 POPULATION FIGURES GMCA UNITS / FUNCTIONS	Basis of Charge	BOLTON 280,057 £	BURY 186,527 £	MANCHESTER 514,417 £	OLDHAM 227,312 £	ROCHDALE 212,120 £	SALFORD 239,013 £	STOCKPORT 285,032 £	TAMESIDE 220,597 £	TRAFFORD 230,179 £	WIGAN 319,690 £	TOTAL DISTRICT CHARGES £	CONTRIBUTION FROM OTHER SOURCES £	TOTAL FUNDING AVAILABLE £
<b>GMCA CHARGE:</b>														
<b>Manchester Family</b>														
New Economy	Population	72,923	48,569	133,947	59,189	55,233	62,236	74,218	57,440	59,935	83,243	<b>706,932</b>		706,932
MIDAS	Fixed	114,406	114,406	114,406	114,406	114,406	114,406	114,406	114,406	114,406	114,406	<b>1,144,056</b>		1,144,056
Marketing Manchester	Population / Fixed	27,918	25,464	113,188	26,534	26,136	26,841	28,048	26,358	26,609	28,958	<b>356,054</b>		356,054
Manchester Family Secondments	Population	18,877	12,573	34,674	15,322	14,298	16,111	19,212	14,869	15,515	21,549	<b>183,000</b>		183,000
<b>Economic, Regeneration &amp; Development Functions</b>														
Core Investment Team	Population	51,267	34,146	94,170	41,612	38,831	43,754	52,178	40,383	42,137	58,523	<b>497,000</b>	1,152,000	1,649,000
Low Carbon Investment Team	Population	51,577	34,352	94,738	41,863	39,065	44,018	52,493	40,626	42,391	58,876	<b>500,000</b>		500,000
Housing Investment Fund (Top-Co)	Population	25,788	17,176	47,369	20,932	19,533	22,009	26,247	20,313	21,196	29,438	<b>250,000</b>	250,000	500,000
Planning & Housing Team	Population	27,336	18,207	50,211	22,187	20,705	23,330	27,821	21,532	22,467	31,204	<b>265,000</b>	39,000	304,000
GM Integrated Support Team (GMIST)	Population	4,848	3,229	8,905	3,935	3,672	4,138	4,934	3,819	3,985	5,534	<b>47,000</b>		47,000
GMCA Running Costs	Population	7,221	4,809	13,263	5,861	5,469	6,163	7,349	5,688	5,935	8,243	<b>70,000</b>	405,000	475,000
<b>Economic, Regeneration &amp; Development Grants</b>														
Regional Growth Fund	N/A	0	0	0	0	0	0	0	0	0	0	<b>0</b>	21,324,000	21,324,000
City Deal	N/A	0	0	0	0	0	0	0	0	0	0	<b>0</b>	4,279,000	4,279,000
Youth Contract	N/A	0	0	0	0	0	0	0	0	0	0	<b>0</b>	3,630,000	3,630,000
<b>TO BE BILLED BY GMCA</b>		<b>402,161</b>	<b>312,930</b>	<b>704,871</b>	<b>351,840</b>	<b>337,347</b>	<b>363,003</b>	<b>406,907</b>	<b>345,434</b>	<b>354,575</b>	<b>439,973</b>	<b>4,019,042</b>	<b>31,079,000</b>	<b>35,098,042</b>

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

## AGMA BUDGETED CHARGES 2015/16

MID YEAR 2013 POPULATION FIGURES AGMA UNITS / FUNCTIONS	Basis of Charge	BOLTON	BURY	MANCHESTER	OLDHAM	ROCHDALE	SALFORD	STOCKPORT	TAMESIDE	TRAFFORD	WIGAN	TOTAL DISTRICT CHARGES	CONTRIBUTION FROM OTHERS	TOTAL FUNDING AVAILABLE
		280,057 £	186,527 £	514,417 £	227,312 £	212,120 £	239,013 £	285,032 £	220,597 £	230,179 £	319,690 £	£		
<b>AGMA CHARGE:</b>														
<b>AGMA Units</b>														
Police & Crime Research	Per division	16,323	16,323	30,090	16,323	16,323	16,323	16,323	16,323	16,323	16,326	177,000	42,006	219,006
Police & Crime panel Support	Per division	11,251	11,251	20,740	11,251	11,251	11,251	11,251	11,251	11,251	11,252	122,000		122,000
GM Integrated Support Team (GMIST)	Population	57,766	38,474	106,107	46,887	43,753	49,300	58,792	45,502	47,478	65,941	560,000	59,600	619,600
County Records Office	Fixed	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	210,000	55,922	265,922
Section 48 Grants	Population	343,606	228,852	631,145	278,892	260,253	293,248	349,709	270,653	282,410	392,232	3,331,000		3,331,000
Specialist Trading Standards Unit	Population	7,943	5,290	14,590	6,447	6,016	6,779	8,084	6,256	6,528	9,067	77,000		77,000
GM Archaeology Unit	Population	10,831	7,214	19,895	8,791	8,204	9,244	11,024	8,532	8,902	12,364	105,000		105,000
Waste & Minerals Unit	Population	9,078	6,046	16,674	7,368	6,875	7,747	9,239	7,150	7,461	10,362	88,000		88,000
Ecology Unit	Population	12,482	8,313	22,927	10,131	9,454	10,652	12,703	9,832	10,259	14,248	121,000		121,000
Public Service Reform	Population	103,154	68,704	189,476	83,726	78,131	88,036	104,986	81,253	84,782	117,752	1,000,000		1,000,000
Public Service Reform Development Fund	N/A	0	0	0	0	0	0	0	0	0	0	0	3,378,000	3,378,000
Transformation Challenge Award	N/A	0	0	0	0	0	0	0	0	0	0	0	12,400,000	12,400,000
Low Carbon Hub	Population	26,407	17,588	48,506	21,434	20,001	22,537	26,876	20,801	21,704	30,145	256,000		256,000
Procurement Hub / Spend-Pro	Fixed	16,278	16,278	13,003	16,278	16,278	16,278	16,278	16,278	16,278	16,278	159,505		159,505
GM Spatial Framework	Population	5,880	3,916	10,800	4,772	4,453	5,018	5,984	4,631	4,833	6,712	57,000	393,000	450,000
Other Non-Recurring Costs	N/A	0	0	0	0	0	0	0	0	0	0	0	345,000	345,000
<b>TO BE BILLED BY AGMA</b>		<b>641,998</b>	<b>449,250</b>	<b>1,144,952</b>	<b>533,300</b>	<b>501,992</b>	<b>557,414</b>	<b>652,251</b>	<b>519,462</b>	<b>539,209</b>	<b>723,678</b>	<b>6,263,505</b>	<b>16,673,528</b>	<b>22,937,033</b>

AUTHORITY LEAD PROJECTS	Basis of Charge	BOLTON	BURY	MANCHESTER	OLDHAM	ROCHDALE	SALFORD	STOCKPORT	TAMESIDE	TRAFFORD	WIGAN	TOTAL	CONTRIBUTION FROM OTHERS	TOTAL FUNDING AVAILABLE
		£	£	£	£	£	£	£	£	£	£	£		
Debt Administration Fund	Payments	4,085	2,802	7,778	3,441	3,283	4,102	4,519	3,428	491	5,564	39,493	21,402	60,895
Dig GM	Fixed	4,623	4,623	4,623	4,623	4,623	4,623	4,623	4,623	4,623	4,623	46,230	4,623	50,853
Freedom of Information Officer	Fixed	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	40,000	11,000	51,000
Resilience & Civil Contingency	Population/Fixed	55,577	38,352	98,738	45,863	43,065	48,018	56,493	44,626	46,391	62,876	540,000	98,161	638,161
<b>TO BE BILLED BY LEAD AUTHORITY</b>		<b>68,285</b>	<b>49,777</b>	<b>115,139</b>	<b>57,927</b>	<b>54,971</b>	<b>60,743</b>	<b>69,635</b>	<b>56,677</b>	<b>55,505</b>	<b>77,063</b>	<b>665,723</b>	<b>135,186</b>	<b>800,909</b>

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



**JOINT GREATER MANCHESTER COMBINED AUTHORITY  
& AGMA EXECUTIVE BOARD MEETING**

Date: 30 January 2015  
Subject: PSR Development Fund : Domestic Abuse Funding  
Report of: Sean Harriss, Chief Executive, Bolton Council

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**PURPOSE OF REPORT**

To update Members on the proposals for the use of the funding within the GM Development Fund allocated to support Domestic Abuse and to request formal sign off to the use of the fund in this way.

This element of the fund was contributed by the OPCC and was specifically to support Domestic Abuse where Complex Dependency was a factor.

**RECOMMENDATIONS:**

To agree the proposed use of the Domestic Abuse funding as outlined in the report.

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## Background

The GM Development Fund was established to support reform activity across GM. When the fund was established it was agreed that any proposed spend from the fund would be reported to Leaders for formal sign off and agreement.

Following the establishment of the GM Development Fund to support Public Service Reform activity, the PCC committed £589k to the fund. This was to be used to support Domestic Abuse activity where complex dependency was a factor.

The PCC funding was to be used to support a small number of localities progress activity that could improve domestic abuse services and outcomes for those using them. As a result a bidding process was undertaken where localities were asked to bid for funding to support specific projects within their area. The PCC's office was represented on the group assessing the bids.

In addition to the locality bids, the Domestic Abuse task and finish group discussed the potential use of some of the funding to undertake a piece of work around demand modelling. This would enable us to understand the demand profiles across GM on various services and identify potential ways of reducing overall demand across the public sector in GM enabling issues to be dealt with at a much earlier stage.

This note outlines the proposal for the use of this funding.

## Allocation of Domestic Abuse Funding

Area of funding	Amount
<b>Demand Modelling</b>  The use of i-3 Analytics to undertake demand modelling around domestic abuse cases to understand how we can reduce demand for services and tackle issues at an earlier stage. I-3 Analytics have been used previously to support this type of work in GM particularly focused on troubled families work.	£19,000
<b>Project Manager</b>  Recruitment of a Project Manager to manage the PSR Domestic Abuse work and support the task and finish group	£47,377
<b>Stockport Project</b>  A multi-faceted approach to tackling issues resulting from DA to complement their wider DA strategy: <ul style="list-style-type: none"><li>• A specialist midwife/health visitor to deliver a validated programme (Strengthening Families) for our chaotic, high end</li></ul>	£150,000

<p>families that are extremely high cost.</p> <ul style="list-style-type: none"> <li>• A pregnancy and post-birth outreach worker to offer bespoke preventative support to women with lower level issues who are experiencing domestic abuse and violence and who are pregnant or have had a baby in the last 6 months. This will include educational work across community and health based settings to prevent issues developing.</li> <li>• Parents as Partners, a strengths based, preventative programme delivered to couples and co-parents. Working with both parents, the intervention fosters long lasting change, benefiting children's cognitive, emotional and social development.</li> <li>• A post to oversee the specialist referral of appropriate domestic abuse cases as they present through the Supporting Families Pathway MASH to ensure that incoming workflow is directed as rapidly as possible to the right support.</li> <li>• Commission a pilot for 12 months to work with perpetrators of domestic abuse using strengths based approach.</li> </ul>	
<p><b>Oldham Project</b></p> <p>The funding will be used to develop specific expertise in relation to working with both victims and perpetrators of domestic violence. This will include:</p> <ul style="list-style-type: none"> <li>• Expanding an existing approach whereby PCSOs support the initial engagement with a household the day after a domestic violence incident has been reported. This provides a means to engage the family and determine whether more ongoing support is required via the All Age Early Help Offer.</li> <li>• Providing engagement training to all PCSOs and a number of PCs in the neighbourhood policing teams to support the above activity.</li> <li>• Using techniques such as CBT, helping households address domestic violence through positive change and relationship work. This will focus on developing strategies to enable the victim and perpetrator to manage their relationship effectively and safely to enable them to stay together.</li> <li>• The All Age Early Help model is predicated on a key worker model whereby the key worker provides the majority of the intervention, not just co-ordination, and only refers on to other services when absolutely necessary. This funding will enable Oldham to employ two workers with specific expertise around domestic violence to work alongside these staff who are part of the mainstream All Age</li> </ul>	<p>£88,000</p>

Early Help Offer and undertake skill transfer so that the mainstream staff are able to work with victims and perpetrators of domestic violence.	
<p><b>Manchester Project</b></p> <p>The proposal seeks to implement key strands of Manchester City Council's Delivering Differently programme which seeks to transform the way that domestic violence and abuse services (DV&amp;A) are delivered within the City by moving services from reactive, crisis-point interventions to services that focus on prevention and recovery.</p> <p>The new model takes account of a whole system response to domestic violence and abuse. It assumes that victims and perpetrators will not always know where the front door is and may feel safer to disclose to a friend/family member who seeks help for them</p> <p>The new delivery model for DV&amp;A, which will be delivered through the Delivering Differently programme, will:</p> <ul style="list-style-type: none"> <li>• Be <b>proactive</b> - tackling the root causes of DV&amp;A</li> <li>• Be <b>less complex</b> than the current model</li> <li>• <b>Support and empower</b> victims</li> <li>• <b>Manage</b> the perpetrators</li> <li>• <b>Reduce costs</b> to the whole system</li> <li>• Focus on the <b>adult population</b> whilst being mindful of the need for <b>preventative work</b> with younger people, particularly those aged 11-16 years old</li> </ul>	£100,000
<b>Total</b>	<b>£404,377</b>
<b>Remaining funding</b>	<b>£185,000</b>

The remaining funding will be able to provide further support to other localities and wider rollout of successful approaches following the evaluation of the three projects highlighted above. Discussions on this will be taken to future meetings of the task and finish group and final approval will be requested from Leaders to sign off any further spend.

### **Recommendations**

- Leaders are asked to note the proposed use of the Domestic Abuse funding as outlined above



**JOINT GREATER MANCHESTER COMBINED AUTHORITY  
& AGMA EXECUTIVE BOARD MEETING**

Date: 30<sup>th</sup> January 2015

Subject: Greater Manchester Waste Disposal Authority (GMWDA) Budget 2015/16 and Beyond

Report of: Carolyn Wilkins, Chief Executive, Oldham Council

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**PURPOSE OF REPORT**

To update the Executive Board on proposals for 2015/16 to deliver a GMWDA minus 3% levy increase (as per the three year funding arrangement approved by the Board in January 2014), and to advise that whilst the detail of the numbers has evolved, plans remain on track to deliver the further 0% levy increase in 2016/17.

**RECOMMENDATIONS:**

It is recommended that the Board: -

- a) notes the additional £10.5m cost pressures, over the extended budget period to 2019/20, caused by the impact of the Government's decision to annually inflate Landfill Tax (from April 2015) and the Authority's proposals to fully absorb that increase over the period to 2016/17;
- b) notes that the 2015/16 and 2016/17 levy agreement numbers of minus 3% and zero percent increase remain deliverable;
- c) notes the impact of unwinding of higher support from balances on the percentage levy increase in 2017/18 and 2018/19 financial years (8.1% and 9.9% respectively); and
- d) notes the ongoing work, on improving recycling rates, being undertaken jointly by the GMWDA and districts and that if successful there is some potential to reduce the burden of the Levy upon districts in future years (Section 3).

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## 1. BACKGROUND

- 1.1 At its' 31<sup>st</sup> January 2014 meeting the AGMA Executive Board agreed a three year budget and levy settlement with the GMWDA, over its' Medium Term Financial Plan (MTFP) period to 2016/17, which would see use of c. £23m of Balances/ impact of cost reduction measures (c. £21m per annum) to generate headline levy increases of :-

	<u>% increase</u>	<u>Support from balances £m</u>
2014/15	Zero	1.3
2015/16	Minus 3%	8.9
2016/17	Zero	<u>12.8</u>
		<u>23.0</u>

and noted (in part due to the unwinding of support from Balances – a total of £30m of support to 2017/18) potential annual levy increases over the extended budget period of:-

	<u>% increase</u>	<u>Comment</u>
2017/18	6.1%	Part year Balance Support (£7.0m)
2018/19	6.4%	No Balance Support
2019/20	2.2%	Normative increase based on c. 70% of Contract spend being increased by inflation, as measured by RPIx

## 2. UPDATES TO THE JANUARY 2014 BUDGET FORECASTS

The most significant changes made to budget forecasts cover:-

- 2.1 In March 2014 the Government's Budget saw the Chancellor of the Exchequer announce that Landfill Tax (which reached its' £80 per tonne 'ceiling' from April 2014) would be inflated annually (as measured by the Retail Price Index - RPI) from April 2015. That move had not been expected, as both industry and the Local Government Association (LGA) had submitted strong reports recommending that £80 per tonne ceiling be retained. That policy change will cost around £10.5m over the extended budget period, and as it is a tax, is not covered by the Local Government Settlement's 'new burdens' rule. Fortunately, the move away from landfill being facilitated by our Recycling and Waste Management Contract (the Contract) Private Financial Initiative (PFI) scheme, and the 'our aim is zero waste' initiative, meant the impact was significantly reduced from the 2009 (pre Contract) position.
- 2.2 Districts, working in partnership with the GMWDA, have also during that period worked on increasing recycling rates, which in turn allows the GMWDA to look to generate income from the sale of spare capacity. The financial benefits from Section 101 (Local Government Act 1972) Agreements with Merseyside Recycling and Waste Authority, Wrexham County Borough Council and Blackburn with Darwen Council are therefore included in our forecasts.

- 2.3 An update to the assumptions made in respect of the 'upside' income sharing, at the Runcorn Thermal Power Station (TPS), in respect of electricity and steam. Actual costs of electricity have proved to be significantly lower than forecast in January 2014, and with oil at a 5 year record low of £42 barrel, our updated forward forecasts show a much lower, though still rising, profile. In a full year that increases pressure on the levy by around a further £3.2m per annum (a £0.8m per annum upside is still included in the base budget forecast). Going forward, this remains an area of uncertainty, which will need closely monitoring.
- 2.4 Our final waste facility, a Thermal Power Station at Runcorn, constructed under the Contract's £631m investment scheme was completed around the time this report was finalised. For our ambitions about sustainable waste management, that unfortunately is around 21 months late, but with other facilities also delayed the robust PFI Contract drafting meant we gained financially. In very broad terms the latest delay will lead to around a £9.4m (net) underspend in 2014/15 (which means that the MTFP period can be protected from the short term impact of the landfill tax indexation, as noted in paragraph 2.1).

In projecting that estimated year end underspend additional GMWDA charges of c£2.1m to districts (payable due to higher actual waste deliveries) have not been included. That is due to the proposal by the GMWDA to make a £2.1m in-year refund to districts. Whilst overall that has a £nil impact, at district level impact varies considerably.

- 2.5 Updated 2015/16 inflation (as measured by the Retail Price Index, excluding mortgages – RPIx, as provided for under the Contract) has been included. Our assumption in January 2014 (based on Office of Budget Responsibility (OBR) forecasts) was for a 3.0% increase, which has been updated with the actual 1.7% (December 2014) rate announced on the 13<sup>th</sup> January 2015 (£1.3m improvement).

We have also updated our future year levy projections for RPIx inflation based on updated OBR forward forecasts, announced in December 2014 (as part of the wider Chancellor's Autumn Budget Statement).

2.6 Based on the constituent districts (Waste Collection Authorities (WCA)) December 2014 Inter Authority Agreement (IAA) tonnages, our updated headline levy projections are now :-

	<u>% increase</u>	<u>Support from Balances £m)</u>	<u>Change from January 2014 (levy %/ Balances £m)</u>	<u>Comment</u>
2015/16	minus 3%	14.9	None/+6.0	Levy unchanged
2016/17	zero	20.8	None/ +8.0	
2017/18	8.1%	12.4	+2.0%/+5.4	
2018/19	9.9%	0	+3.5%/ -	Impact of landfill tax, lower inflation, but reduced upside on energy income share, less extra Balances support Increase without any use of balances (i.e. full unwinding) Adjusted inflation assumptions (using OBR updated forecasts)
2019/20	2.8%	0	+0.6%/ -	
2020/21	2.8%	0	n/a	
		<u>44.9</u>	<u>n/a /+18.2</u>	

These projections include all identified efficiency savings (including those planned, but not yet implemented), but not any further austerity savings which may be delivered from increased participation by residents in recycling schemes (see section 3).

2.7 It should be noted, however, that levy increase at individual district level will vary considerably. For example, in 2015/16 the minus 3% headline generates individual requirements which range from a reduction in levy of minus 13.55%, to a levy increase of plus 0.53%. Details of these local impacts are being provided to district Treasurers and Chief Officers, and though they may change (if provisional figures supplied for Council Taxbases (which have to be set by 31<sup>st</sup> January) are updated) any adjustment is not expected to be significant.

### **3 OPPORTUNITIES FOR FURTHER BUDGET REDUCTIONS.**

3.1 During the summer/ autumn of 2014 Leaders set up a Waste Task Group to explore possible further means of reducing the burden of the levy. That identified a number of possible sources of budget reductions, most of which require our residents to become better at recycling.

- 3.2 In 2015/16 therefore the GMWDA will be working closely with constituent districts, and the AGMA Behavioural Change Commission, to implement a range of measures which it is hoped will ensure that by the latter months of 2015/16 the GMWDA will achieve its aspiration of delivering overall recycling levels of 50%. The GMWDA longer term recycling aim (by 2025), is to drive that percentage upto 60%, which remains achievable since over 70% of the content of today's bins is estimated to be recyclable (i.e. at present only around 60% of potential recycling is captured, see Appendix A for further information).
- 3.3 In financial terms the GMWDA estimate that if we can increase recycling, and introduce other measures (which are only possible through taking recycling out of the residual waste stream), further annual savings of around £10m may be possible. At this stage, however, such savings cannot prudently be included in the MTFP, or the extended budget period.

#### **4 BUDGET CHALLENGE**

- 4.1 In accordance with previous years' arrangements the Leaders and Treasurers of Bolton and Stockport were asked to challenge the GMWDA budget. The initial budget challenge process was undertaken as part of the Waste Task Group (section 3 above), and in addition a budget only review meeting took place on the 26<sup>th</sup> November 2014 with Leaders and challenge Treasurers. That was then supplemented by a review, of updated budget figures, in a detailed Officer Challenge session on the 15<sup>th</sup> January 2015. As the proposal before the Executive Board today is confirming delivery of year 2 of the three year agreement (2015/16 minus 3% levy increase) the Challenge process advised that it is supportive of the proposals, and the work set out for future years to identify further potential savings to reduce the burden of the levy increases from 2017/18.

### Overall and WCA Recycling Rates

At a District level, recycling performance shows some significant variability. Set out in the table below are the expected recycling rates, declared by districts in their December 2014 Inter Authority Agreement (IAA) returns:

	Contract Waste Recycling (%)		
	2015/16	2016/17	2017/18
Bolton	39.00	42.43	42.43
Bury	51.06	53.23	53.23
Manchester	33.68	33.68*	33.68*
Oldham	37.12	37.40	37.67
Rochdale	39.44	45.68	45.68
Salford	38.24	38.57	38.96
Stockport	61.73	61.62	61.52
Tameside	39.19	42.33	42.33
Trafford	59.83	59.83	59.83
<b>TOTAL</b>	<b>43.62</b>	<b>45.07</b>	<b>45.12</b>

\* work currently on-going to put in place a programme to increase recycling, with projections likely to increase following implementation.

The Waste Management Strategy sets a target of increasing the level of recycling to 60% by 2025. That remains a viable target, but means that our capture rate (i.e. the amount of recycling collected compared to that that is found in the 4 waste streams, will need to increase from current levels of around 60% to slightly over 80%, as set out below:

	2011 Waste Composition Analysis	2015 estimated composition (update based on national WRAP and Defra data)	2015/16 District projections (from IAA)	2015/16 Estimated Capture Rate
	% (a)	% (b)	% (c)	% (c/b)
Pulpables	22.78	18.47	11.27	61.04
Commingled	17.31	18.04	10.77	59.68
Garden/Food sub total	35.09	36.06	21.59	59.89
<b>TOTAL potentially recyclable</b>	<b>75.18</b>	<b>72.57</b>	<b>43.63</b>	<b>60.13</b>