

**MANCHESTER CITY COUNCIL
REPORT FOR INFORMATION**

Report To: Resources and Governance Overview and Scrutiny Committee -
10 February 2011

Subject: Review of AGMA Funding

Report of: Deputy Chief Executive (Performance)

PURPOSE OF REPORT:

To look at the review of AGMA funding to support the strategic priorities in the Greater Manchester Strategy and to look at how this will affect the business planning of the AGMA authorities.

WARDS AFFECTED

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BACKGROUND PAPERS

AGMA Executive Board report of 28 January 2011 on AGMA Unit Budgets (attached as part of this agenda)

Covering Report

1. In March the Leaders of the ten Greater Manchester Authorities agreed to form a combined authority for Greater Manchester. As part of this process it was agreed that a more detailed review of the AGMA budgets was required, to ensure that resources are aligned to priorities and that there are clear governance arrangements in place for the management of the budget from 1 April. As part of this there was also a commitment to ensure that there are no additional costs to local authorities as a result of establishment of the

- Combined Authority and that efficiencies needed to be identified to ensure this is the case.
2. This report provides an overview of the work underway. The attached report sets out the results of the work to review the current AGMA Unit Budgets. It should be noted that the Transport units are subject to a separate review process, which will also determine how they fit into the budget structure going forward.
 3. AGMA currently spends circa £16m annually. Costs are recharged to the ten districts, prepredominately on a head of population basis.
 4. A report is going to AGMA Executive in February 2011, confirming the District's allocation for 2011/12. The overall total being recharged will not change.
 5. Work is being carried out in parallel to ensure the arrangements are in place for 1 April. The City Treasurer will be the Section 151 Officer for the Combined Authority. He is working closely with the AGMA Treasurer (this function is carried out by the Treasurer of Wigan) to agree the structure of the budgets and required reports.
 6. Whilst the AGMA budgets will continue to be viewed in their entirety, those related to economic growth and skills, as defined by the powers for the Combined Authority, will be directly managed by the Authority. The remaining budgets will continue to be under the stewardship of the AGMA Joint Committee.
 7. This work also provides the opportunity to ensure that the budget structure is amended to more closely reflect the priorities set out in the Greater Manchester Strategy. The emphasis will be very much on promoting economic growth and reducing dependency. The Community Budgets report elsewhere on this agenda forms and important part of the delivery of this strategy.

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AGMA EXECUTIVE BOARD

28 JANUARY 2011

AGMA UNIT BUDGETS 2011/12

1. PURPOSE OF REPORT

- 1.1 At their meetings on 26 November and 17 December 2010 the Executive Board considered initial proposals for AGMA Unit Budgets in 2010/11 and the outcome of the Scrutiny process on many of the Units' budget proposals. Based on the outcome of those meetings and further work instructed by the Executive Board, this report sets out final proposed budget levels for AGMA Units for 2011/12.

2. RECOMMENDATIONS

- 2.1 The Executive Board are invited to:-

1. agree the conclusions of Business Management Group on the budget for the County Records Office as set out in section 4 to this report,
2. agree the recommendations on AGMA Grants and Economic Family reviews in section 5; which relate only to AGMA Districts' need to set 2011/12 budgets,
3. note the schedule at Annex 1 to the report as a basis for AGMA Unit budgets in 2011/12; based on decisions previously taken at Executive Board meetings and recommendations proposed in this report
4. agree to receive a report from the AGMA Treasurer at their meeting on 25 February confirming District contributions to all AGMA functions in 2011/12; and
5. note the commitment in section 7 for further work on this issue in early 2011/12.

3. BACKGROUND: PROGRESS IN SETTING AGMA UNIT BUDGETS FOR 2011/12

- 3.1 At their November meeting the Executive Board received a report which set out an initial element of proposed savings from AGMA Unit Budgets for 2011/12 for the Executive Boards endorsement. The Board agreed to:
1. initial savings of £297.4k for reinvestment in line with AGMA priorities,
 2. To refer draft budgets for some AGMA Units to the Scrutiny Pool to consider potential 10% and 20% reductions; for reinvestment in 2011/12.
- 3.2 The Executive Board then considered the follow up report from the Scrutiny Pool at their December meeting. This recommended that all the Units scrutinised could meet a 10% reduction with the exception of the County Records Office, because of a potential loss of income from the Residuary Body. Consequently - as far as 2011/12 budgets are concerned - the Executive Board agreed to:-
1. ask AGMA's Business Management Group to investigate the situation regarding the County Records Office and Residuary Body and report back; and

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2. to consider the possibility of protecting volunteer travel expenses within the County Records Office budget.

3.3 A number of other recommendations about long term reorganisation of some of the Units and AGMA Budgets were also agreed (see section 7 below). These will be the subject of future reports to the Executive Board.

4 OUTCOME OF ACTIONS REQUESTED FROM THE EXECUTIVE BOARD IN DECEMBER 2011

4.1 Business Management Group has received further information from both the County Records Office and Stockport MBC (who manage the Residuary Body operations) on the issue raised by the Scrutiny Pool at last month's Executive Board meeting. The Head of the County Records Office has advised that a 10% saving on District contributions, if accompanied by the loss of Residuary Body contributions, would result in the loss of one member of staff from August 2011; in addition to not filling already vacant posts. However the view of the Business Management Group was that this should not preclude the Office from being required to make a 10% saving in terms of District contributions to its Budget, based on

- comments expressed by Executive Board members on this issue last month,
- the requirement for other Units to make this level of saving; and
- the overall situation affecting local authorities.

4.2 As far as management of Residuary Body matters is concerned Stockport have advised that negotiations are continuing with the County Records Office on a revised level of service and charging. More generally Residuary Body funds are quite depleted but Stockport are looking at ways of raising funds by selling off land associated with the body. Consequently Business management Group have agreed to look in more detail on any financial matters affecting the Residuary Body and - if there are any potential financial implications for AGMA - report back to the Executive Board by the end of this financial year.

4.3 Finally, on the issue of the County Records Office budget including volunteers travel expenses, the view of Business Management Group is that as this would only save £1200 per annum, but considerably reduce public engagement with the service, this budget element should be maintained at current levels in 2011/12.

5. OTHER OUTSTANDING ISSUES ON 2011/12 BUDGETS

Manchester Family of Economic Development Functions

5.1 At its informal meeting in November, Executive Board members were briefed on the review of the family of Economic Development functions in Greater Manchester - Commission for New Economy, MIDAS, Marketing Manchester, Manchester Solutions & Manchester Knowledge capital. The outcome of that review is due to be reported to the Executive Board at its meeting on 25 February. Consideration of Marketing Manchester's budgetary requirements from AGMA Districts was deferred from the AGMA Executive Board meeting on December 17th for that reason.

5.2 However, separately, Districts need to be advised of their contribution to Marketing Manchester in order to set their own budgets. Consequently it is recommended that

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the Board agree to a maximum of a cash standstill in contributions to Marketing Manchester for 2011/12; with the final amount to be determined by the outcome of the Manchester Family review which will be reported to the Executive in February.

Section 48 Grants

- 5.3 Executive Board members will recall that at their meeting on 29 October 2010 they also agreed to a review of S48 Grants and for outcome of this review to be reported back to the Executive Board at the end of February 2011. The Board also agreed a budget standstill position for all S48 clients for the first three months of 2011/12 pending the outcome of the review.
- 5.4 Consequently, in terms of setting budgets in 2011/12 it is recommended that the Executive Board agree that AGMA contributions to S48 Grants for financial year 2011/12 be set at a maximum of a cash standstill from 2010/11, but that Districts be advised that there are likely to be in year savings identified from this contribution which will be identified by the end of this financial year.

6 UNIT BUDGETS 2011/12

- 6.1 As a result of the decisions taken at previous Executive Board meetings and as recommended in this report, the overall levels of contributions from AGMA Districts for AGMA Units are set out in the Schedule at Annex 1 to this report. The first of this schedule shows those Units which are regularly reported to the Executive Board. The other shows other significant joint functions where a saving has been identified for recycling, in line with the previous decisions of the Executive Board.
- 6.2 The table also does not show the Transport Units. These were not subject to the same process of review by the Scrutiny Pool. Budget proposals for those units are being reported under the time on this agenda for the GMITA Budget for 2011/12.

7 FURTHER WORK

- 7.1 Previous reports to the Executive Board resulted in the Board agreeing that savings identified in this budget round should be recycled to fit with emerging AGMA priorities. The recent and continuing work on Regional Growth Fund, Community Budgets and other new initiatives connected to the Combined Authority have meant that it is not yet possible to fully identify where all of these pressure points will be. There is also a shared recognition AGMA budgets need redesigning to fit in with the new Governance arrangements. The intention is for this work to be finalised and presented to the Executive Board before the end of this financial year.
- 7.2 For the early part of 2011/12 Business Management Group have already identified that further work is needed on:-
- the synergies, potential for mergers, relationships with each other/other bodies and income generation opportunities within AGMA Units; and
 - as recommended by the Scrutiny Pool and endorsed by the Executive Board in December - the production, by June, of a 3 year business plan which identifies future savings and income generating activities and report this to the June 2011.

Sean Harriss, Chair BMG. Paul McKeivitt, Hon. AGMA Treasurer

AGMA UNITS: BUDGET PROPOSALS 2011/12																
AGMA UNIT			LEAD DISTRICT	BOLTON	BURY	MANCHESTER	OLDHAM	ROCHDALE	SALFORD	STOCKPORT	TAMESIDE	TRAFFORD	WIGAN	Other	TOTAL	
2011 Sub-National Population Projection				265,517	182,758	495,934	219,937	204,457	228,364	283,674	216,395	216,878	308,042		2,621,956	
Population Mid 2010				267,027	183,778	469,337	220,664	211,959	215,667	281,532	216,524	214,010	308,054		2,588,552	
Changes				-1,510	-1,020	26,597	-727	-7,502	12,697	2,142	-129	2,868	-12		33,404	
Contributions from AGMA Authorities																
10/11	11/12	Savings			£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
251,784	226,606	25,178	County Records Office	1 Manchester	Fixed %	25,178	25,178	25,178	25,178	25,178		25,178	25,178	25,178	87,366	313,958
3,724,550	3,724,550		Section 48 Grants	2 Manchester	Population	377,173	259,612	704,486	312,426	290,436	324,396	402,966	307,394	308,080	437,581	3,724,550
109,000	98,100	10,900	Specialist Trading Standards Unit	3 Manchester	Population	9,934	6,838	18,555	8,229	7,650	8,544	10,614	8,096	8,114	11,526	98,100
65,354	65,354		Debt Administration	Tameside	Payments	4,384	3,007	8,348	8,835	3,524	4,402	4,850	3,679	527	5,972	65,354
466,400	466,400		Contingency Fund	4 Wigan	Population	47,231	32,509	88,218	39,123	36,369	40,622	50,461	38,493	38,579	54,795	466,400
1,333,500	1,333,500		Sub Regional Capacity	5 Wigan	Population	137,751	94,945	238,697	114,148	109,080	111,881	146,018	111,747	110,280	158,953	1,333,500
1,027,688	924,587	103,101	Policy & Research Unit	6 Wigan	Population	93,630	64,446	174,882	77,557	72,098	80,529	100,033	76,308	76,478	108,626	924,587
6,978,276	6,839,097		TOTAL REQUIREMENT 11/12			695,281	486,535	1,258,364	585,496	544,335	595,552	714,942	570,895	567,236	802,631	6,926,449
347,168	347,168		Marketing Manchester 80% of Total	7	Fixed %	25,073	25,073	121,511	25,073	25,073	25,073	25,073	25,073	25,073	25,073	347,168
86,792	86,792		Marketing Manchester 20% of Total		Population	8,789	6,050	16,415	7,280	6,768	7,559	9,390	7,163	7,179	10,199	86,792
		139,179	Contribution to recycled savings			14,343	10,744	24,361	12,361	11,688	12,727	12,334	12,207	12,228	16,187	139,179
7,412,236	7,273,057	139,179	TOTAL 11/12			729,143	517,658	1,396,290	617,849	576,176	628,184	749,405	603,131	599,488	837,903	7,360,409
Notes:																
	1		CRO equal split amongst 9. 10% saving to be recycled													
	2		Final outcome to be determined by end of 2010/11													
	3		10% saving to be recycled													
	4		As agreed by AGMA Exec Board, October 2009													
	5		As Agreed by AGMA Exec Board December 2008													
	6		10% saving to be recycled													
	7		Marketing Manchester = split 20% population 80% fixed with Manchester allocated 35%													
10/11	11/12	Savings			£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s	£'s
184,981	166,483	18,498	Archaeology Unit	8 Man. Univ.	Population	16,859	11,604	31,490	13,965	12,982	14,500	18,012	13,740	13,771	19,560	166,483
152,970	137,673	15,297	Ecology Unit	8 Tameside	Population	13,942	9,596	26,040	11,548	10,736	11,991	14,895	11,362	11,388	16,175	137,673
174,000	156,600	17,400	Geology Unit	8 Salford	Population	15,868	10,915	29,620	13,136	12,211	13,639	16,943	12,924	12,953	18,401	156,600
701,000	588,840	112,160	Greater Manchester Against Crime	8 GM Police	per division	54,600	54,600	97,440	54,600	54,600	54,600	54,600	54,600	54,600	54,600	588,840
95,000	85,500	9,500	Dig GM	8 Tameside	Population	8,658	5,960	16,172	7,172	6,667	7,447	9,250	7,056	7,072	10,046	85,500
		172,855	Contribution to recycled savings			16,546	14,631	30,040	15,491	15,133	15,686	16,967	15,409	15,420	17,531	172,855
1,307,951	1,135,096	172,855	TOTAL 11/12			126,463	107,306	230,802	115,912	112,329	117,863	130,667	115,091	115,204	136,313	1,307,951
	8		10% savings to be recycled													