

Date: 12<sup>th</sup> February 2021

Subject: Budget Paper B - Mayoral General Budget and Precept Proposals 2021/22

Report of: Andy Burnham, Mayor of Greater Manchester

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## **PURPOSE OF REPORT**

The report sets out the Mayor's proposals for the Mayoral General Budget (including Fire and Rescue) and seeks approval for the Mayoral General Precept for 2021/22.

The report recommends the setting of the Revenue Budget for 2021/22 as required under Section 42A of the Local Government Finance Act 1992 (updated in the Localism Act 2011) and the precepts and relevant levels of Council Tax required under sections 40, 42B and 47 of the Act.

## **RECOMMENDATIONS:**

The GMCA is recommended to:

1. To approve the Mayor's General budget for 2021/22 set out in this report together with the calculation of the precepts and Council Tax rates set out in Appendix 4.
2. To approve a Mayoral General Precept for 2021/22 at frozen at £90.95 (Band D) comprising of £66.20 for functions previously covered by the Fire and Rescue Authority precept and £24.75 for other Mayoral General functions.
2. To approve:
  - i. the overall budget for the Fire and Rescue Service for 2021/22 covered by the Mayoral precept
  - iii. the medium term financial position for the Fire and Rescue Service
4. To approve the funding included in the budget for Bus Reform and note that a further update on expenditure and funding will be provided following a Mayoral decision on Bus Reform
5. To approve the use of reserves as set out in section 4 of the report and the assessment by the Treasurer that the reserves as at March 2022 are adequate;

6. To note that in accordance with legal requirements, the minutes will record the names of those Members voting for or against the Mayor’s budget and precept proposals.

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**Equalities Implications: N/A**

**Climate Change Impact Assessment and Mitigation Measures: N/A**

**Risk Management** – An assessment of the potential budget risks faced by the authority are carried out quarterly as part of the monitoring process. Specific risks and considerations for the budget 2021/22 insofar as they relate to the Fire Service are detailed in Appendix 2.

**Legal Considerations** – See Appendix 1 of the report.

**Financial Consequences – Revenue**

The report sets out the planned budget strategy for 2021/22 and future years.

**Financial Consequences – Capital** – Proposals for Fire and Rescue Services capital spend are set out in separate report to GMCA on 12<sup>th</sup> February 2021: Paper F -GMCA Capital Programme 2020-2024

**BACKGROUND PAPERS:**

GMCA – Mayoral General Budget – 14 February 2020

GMCA – Mayoral General Budget and Precept Proposals – 29 January 2021

<b>TRACKING/PROCESS</b>	
Does this report relate to a major strategic decision, as set out in the GMCA Constitution	Yes
<b>EXEMPTION FROM CALL IN</b>	
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?	N/A

GM Transport Committee	Overview & Scrutiny Committee	
N/A	9 <sup>th</sup> February 2021	

## 1. INTRODUCTION AND BACKGROUND

- 1.1 The purpose of this report set out for the Greater Manchester Combined Authority (GMCA) the Mayor's budget for 2021/22, to meet the costs of Mayoral general functions. The functions of the GMCA which are currently Mayoral General functions are:
- Fire and Rescue
  - Spatial development strategy
  - Compulsory Purchase of Land
  - Mayoral development corporations
  - Development of transport policies
  - Preparation, alteration and replacement of the Local Transport Plan
  - Grants to bus service operators
  - Grants to constituent councils
  - Decisions to make, vary or revoke bus franchising schemes
- 1.2 The sources of funding for Mayoral costs, to the extent that they are not funded from other sources, are a precept or statutory contributions (not Fire). A precept can be issued by the Mayor to District Councils as billing authorities. The precept is apportioned between Districts on the basis of Council Tax bases and must be issued before 1<sup>st</sup> March.
- 1.3 At the meeting of the Greater Manchester Combined Authority held on 29<sup>th</sup> January 2021, the Mayor's proposed budget was considered and a number of recommendations were made in respect of the budget strategy. Based upon these recommendations being acceptable, this report sets out the necessary resolutions and statements required to be approved in order to set the budget and precept for 2021/22. The legal process (Appendix 1) specifies that the GMCA should notify the Mayor before 8<sup>th</sup> February, if they intend to issue a report on this proposal for the budget and precept and/or propose an alternative. No such report has been received.
- 1.4 The Mayoral General Precept is part of the overall council tax paid by Greater Manchester residents and used to fund Greater Manchester wide services for which the Mayor is responsible.
- 1.5 The Mayoral General Precept for the financial year 2021/22 will be frozen at £90.95 for a Band D property, with the fire service accounting for £66.20 and £24.75 for non-fire (Band B £70.73 - £51.48 for the fire service and £19.25 for other Mayoral-funded services). The proposal to freeze the precept is intended to relieve pressure on residents who are struggling after the pandemic and facing wider increases in council tax bills to meet cost of social care and other council services not funded by government.
- 1.6 Despite freezing the Mayoral precept, there will be no impact on frontline fire cover provided by Greater Manchester Fire and Rescue Service. The Mayor has committed to running 50 fire engines throughout 2021/22 with crewing at the current level of five firefighters at one pump stations and four firefighters on each engine at two pump stations.

1.7 The Mayor's budget proposal also allows the continuation of the flagship A Bed Every Night scheme into the next financial year. Over the winter, at least 520 places will be provided across Greater Manchester to people who have been sleeping rough.

## **2. CHANGES SINCE THE LAST REPORT**

- 2.1 At the time of writing the report considered by GMCA on the 29<sup>th</sup> January, the position on District Council tax bases and the Collection Funds together with the position on the Authority's share of the Retained Business Rates was not finalised, as the deadline for providing this information was 31 January. The figures have now been received and are showing a change from that previously reported as set out in the following paragraphs.
- 2.2 The tax base is used in the calculation of how much money will be received for the precept levied. Each Council is required by regulations published under the Local Government Finance Act 1992 to calculate a Council Tax Base. The tax base for each Council is shown in Appendix 4. Each Council is required to calculate its estimated position for Council Tax and Business Rates in the form of a surplus or a deficit on the Collection Fund. This is the account that records all council tax and business rates receipts. The share for the Mayoral General budget (including Fire and Rescue) is calculated as part of this process. In addition to this, Fire and Rescue receives 1% of retained business rates income.
- 2.3 There has been an increase to the District Council Tax base shown in Appendix 4 leading to an additional council tax precept income of £0.193 million and increased income from business rates (including Section 31 grants) of £0.532 million. The Spending Review 2020 included £670m (nationally) of additional grant funding to support households least able to afford council tax payments in 2021/22. GMCA's indicative Local Council Tax Support grant in relation to the Mayoral General Precept is £1.853m. This income has now been reflected in the funding of the budget for 2021/22.
- 2.4 The Collection Fund position for 2020/21 was previously estimated to be a deficit of £0.438 million. This reflected an expectation from the Spending Review 2020 that local authorities would be compensated for 75% of irrecoverable loss of council tax and business rates revenue in 2020/21 that would otherwise need to be funded through budgets in 2021/22 and later years. Following recent Government guidance on the scheme and interpretation by Districts, this has increased the net deficit on the Collection Fund to £0.985 million. For the Mayoral General Budget, this is an overall Collection Fund deficit of £6.090 million offset by an estimated £5.105 million of irrecoverable council tax compensation and additional NNDR Relief Grant. The deficit position on the Collection Fund in relation to 2020/21 includes the element of the total deficit that is mandatory to be spread over three years 2021/22 to 2023/24 and the compensation grant has also been spread across these financial years in line with the deficit and the budget for 2021/22 reflects this.

### **3. MAYORAL GENERAL BUDGET**

- 3.1 Attached at Appendix 2 are the outline budgets in relation to the revenue budget for the Greater Manchester Fire and Rescue Service and the Medium Term Financial Strategy (MTFP).
- 3.2 In addition, income from Business Rates, both a share of the income collected by District Councils and a 'top up' grant, is received. As the GMCA is part of the 100% Business Rates Pilot, the previous receipt of Revenue Support Grant has been replaced by equivalent baseline funding through an increased Business Rates top up.
- 3.3 At the present time, both Council Tax and Business Rates income is subject to confirmation by District Councils, and the estimate of the Business Rates 'top up' grant will be confirmed in the final settlement.
- 3.4 In relation to non-Fire functions, in addition to precept income, there are funds relating to the Government 'Mayoral Capacity' funding, the position on Council Tax collection identified by District Councils as relating to the Mayoral Precept, Bus Services Operators Grant, Transport Statutory Charges and External Income.
- 3.5 Following the GMCA (Functions and Amendment) order being laid in April 2019, the Mayor was given further powers for transport functions. As with the 2020/21 budget, in 2021/22 £86.7 million is met via a statutory charge to District Councils, (with a corresponding reduction in the Transport Levy). A full breakdown by District Council is attached at Appendix 3. The order also states that this amount (£86.7 million) can only be varied with the unanimous agreement of the members of the GMCA.
- 3.6 The budget supports the continuation of the Our Pass and A Bed Every Night schemes into the new financial year and addresses a deficit on the Collection Fund from 2020/21. An estimated sum of £4.250m has been included for Bus Reform. If a decision is made to introduce bus franchising a further report will be brought to the GMCA setting out for approval the proposed expenditure and funding arrangements to support the implementation of that decision.
- 3.7 In relation to the level of the precept to be levied for Mayoral functions excluding fire, this will be frozen at £24.75 per Band D property, which will raise (on the latest estimated tax band) £18.7 million. When taken with other funding streams available this will give overall funding of £126.7 million. The overall breakdown of funding for the 2021/22 Mayoral budget (excluding GMFRS) compared to 2020/21 is as follows:

<b>Mayoral (Non Fire)</b>	<b>Approved Budget 2020/21</b>	<b>Proposed Budget 2021/22</b>
	<b>£000</b>	<b>£000</b>
Mayoral Direct Costs (inc Corporate Support)	1,239	1,247
Mayoral Priorities (inc A Bed Every Night)	2,633	3,050
Transport Policy & Strategy	3,500	3,500
Bus Service Operators Grant		
-Grants to operators	11,500	11,750
-Administration	50	50
Opportunity Pass	16,200	16,200
<b>Sub-total - Pre-additional transport powers</b>	<b>35,122</b>	<b>35,797</b>
Bus Reform	5,250	4,250
Bus Concessionary Re-imburement	51,300	50,000
Supported Bus	27,900	32,000
Accessible Transport/Ring & Ride	4,600	3,600
Allocation of Bus Operational Costs	2,900	1,100
<b>Total expenditure</b>	<b>127,072</b>	<b>126,747</b>
<b>Funded by:</b>		
Precept	18,877	18,709
Collection Fund Surplus /-Deficit	1,045	-855
Collection Fund Compensation	0	103
Local Council Tax Scheme Grant	0	504
Mayoral Capacity Funds	1,000	1,000
Bus Service Operators Grant	13,100	13,100
Use of Reserves	5,000	6,636
Earnback capital	500	0
External Income	850	850
Transport Statutory Charge	86,700	86,700
<b>Total funding</b>	<b>127,072</b>	<b>126,747</b>

- 3.8 Although it is required to set a precept specifying the Band D Charge, by far the majority of properties, 82.6%, in Greater Manchester will be required to pay less than this amount. The following table outlines the additional amounts to be paid by each band and the proportion of properties which fall into each band. Based on Band B being the average charge paid, this equates to £19.25.

<b>2021/22</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
Costs for Band £	<b>16.50</b>	<b>19.25</b>	<b>22.00</b>	<b>24.75</b>	<b>30.25</b>	<b>35.75</b>	<b>41.25</b>	<b>49.50</b>
Proportion of Properties	45.6%	19.6%	17.4%	9.2%	4.8%	2.0%	1.2%	0.2%

- 3.9 Appendix 4 sets out the amounts of Council Tax for each band, including the Fire element of the precept.

#### 4. RESERVES

- 4.1 Taking account of the budget outlined in this paper, the reserves for both Mayoral and GMFRS for 2021/22 are as follows:

Mayoral and Greater Manchester Fire & Rescue (GMFRS) Reserves and Balances	Closing Balances 31 March 2020	Transfer out/(in) 2020/21	Projected Balance March 2021	Transfer out/(in) 2021/22	Projected Balance March 2022
	£000	£000	£000	£000	£000
General Reserve - Mayoral & GMFRS	(11,615)		(11,615)	0	(11,615)
Bus Services Operators Grant	(3,040)	(618)	(3,658)	2,750	(908)
Capital Reserve	(4,676)	(2,700)	(7,376)	2,700	(4,676)
Earmarked Budgets Reserve	(2,460)	(4,637)	(7,097)	2,439	(4,658)
Revenue Grants Unapplied	(1,735)		(1,735)	0	(1,735)
Insurance Reserve	(2,849)		(2,849)	0	(2,849)
Business Rates Reserve	(2,093)	(2,000)	(4,093)	2,000	(2,093)
Collection Fund Reserve	0	(5,721)	(5,721)	5,105	(616)
Restructuring Reserve	(418)		(418)	0	(418)
Innovation and Partnership CYP	(127)		(127)	0	(127)
Transformation Fund	(3,604)		(3,604)	0	(3,604)
<b>Total Mayoral &amp; GMFRS Reserves</b>	<b>(32,617)</b>	<b>(15,676)</b>	<b>(48,293)</b>	<b>14,994</b>	<b>(33,299)</b>

- 4.2 The current General Fund Reserve balance stands at £11.615m as previously reported in the quarterly revenue update report to GMCA there is no planned use of this reserve.
- 4.3 Full use of Capital Reserve is yet to be confirmed. The planned use was based on the available reserve balance to fund capital expenditure within the programme, however, the reserve may be required to fund revenue investments, mainly in relation ICT due to the move to cloud based technologies.
- 4.4 Use of Business Rates Reserve was built into the MTFP for one off expenditure, mainly in relation to Programme for Change.
- 4.5 Given the current scale of activities falling on the General budget, the level of reserves held is felt to be appropriate. In considering the medium term financial position of the Fire Service, the ongoing level of reserves is falling and the short-term position is considered sustainable. However in light of the potential implications following the Grenfell Fire Public Inquiry and locally the Cube fire in Bolton, it is considered appropriate to seek additional funding for the Fire and Rescue Service, through a combination of increases to Council Tax and lobbying Central Government for additional funding.

#### 5. BUDGET SUMMARY 2021/22

- 5.1 The table below shows the summary of gross and net budget for Mayoral Budget including GMFRS budget for 2021/22:



<b>Budget Summary 2021/22</b>	<b>Gross Expenditure £000</b>	<b>Gross Income £000</b>	<b>Net Estimate £000</b>
Fire Service Budget	109,316	2,422	106,894
Other Mayoral General Budget	126,747	14,950	111,797
Capital Financing Charges	2,316	0	2,316
Revenue Contribution to Capital Outlay	2,700	0	2,700
Contribution from balances/reserves	1,349	14,994	-13,645
<b>Budget Requirement</b>	<b>242,428</b>	<b>32,366</b>	<b>210,062</b>
Localised Business Rates		10,297	-10,297
Business Rate Baseline		40,353	-40,353
Section 31 Grant - Business Rates		2,594	-2,594
Section 31 Grant - pensions		5,605	-5,605
Transport - Statutory Charge		86,700	-86,700
Collection Fund deficit	6,090		6,090
Local Council Tax Support		1,853	-1,853
<b>Precept requirement</b>	<b>248,518</b>	<b>179,769</b>	<b>68,750</b>

## 6. LEGAL ISSUES

- 6.1 In coming to decisions in relation to the revenue budget, I have various legal and fiduciary duties. The amount of the precept must be sufficient to meet my legal and financial commitments, ensure the proper discharge of my statutory duties and lead to a balanced budget.
- 6.2 In exercising my fiduciary duty, I should be satisfied that the proposals put forward are a prudent use of my 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.
- 6.3 Given that I intend to make firm proposals relating to the Fire Service budget at the February meeting, there will be a need to reassess the overall prudence of the budget, but at this stage, there are sufficient reserves available to ensure a balanced budget is set.

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

- 6.4 The Local Government Finance Act 2003 requires the Chief Finance Officer to report to me on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. I have a statutory duty to have regard to the CFO's report when making decisions about the calculations.
- 6.5 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Mayor to monitor during the financial year the expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, I must take such action as I consider necessary to deal with the situation. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves.

- 6.6 Under Section 114 of the Local Government Finance Act 1988, where it appears to the Chief Finance Officer that the expenditure of the Mayoral General budget incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure, the Chief Finance Officer has a duty to make a report to me.
- 6.7 The report must be sent to the GMCA's External Auditor and I/the GMCA must consider the report within 21 days at a meeting where we must decide whether we agree or disagree with the views contained in the report and what action (if any) we proposes to take in consequence of it. In the intervening period between the sending of the report and the meeting which considers it, the GMCA is prohibited from entering into any new agreement which may involve the incurring of expenditure (at any time) by the GMCA, except in certain limited circumstances where expenditure can be authorised by the Chief Finance Officer. Failure to take appropriate action in response to such a report may lead to the intervention of the External Auditor.

#### Reasonableness

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

#### Risks and Mitigation

- 6.9 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 has been undertaken and the level of reserves is adequate to cover these.

**LEGAL REQUIREMENTS, MAYORAL PRECEPT – GENERAL COMPONENT**

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

Stage 1

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

Stage 2

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

Stage 3

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

#### Stage 4

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

## GREATER MANCHESTER FIRE AND RESCUE SERVICE REVENUE AND CAPITAL BUDGET 2021/22

## 1. INTRODUCTION

- 1.1 This report sets out the updated Medium Term Financial Plan (MTFP) to 2023/24, updated for pay and price inflation, known cost pressures and agreed savings. The funding supporting the 2021/22 budget represented a one-year settlement from MHCLG, with allocations based on the Spending Review 2020.
- 1.2 The Chancellor announced a one-year Spending Review in November 2020, in relation to the Fire and Rescue Service, the Spending Review announcements covered the following:
- Council Tax referendum limits of 2% for Fire and Rescue Services
  - Compensation of 75% for irrecoverable Council Tax revenue relating to 2020/21 arrears, which would otherwise need funded from budgets in 2021/22
  - Grant funding to compensate GMFRS for loss of 2021/22 precept income resulting from Local Authorities enhancing local Council Tax relief schemes
  - Real terms protection expected with flat cash pensions grant
  - Public sector pay is frozen for one year
- 1.3 The Provisional Local Government Settlement was published in December 2020 and the MTFP has been updated based on this. Final confirmation of the funding position will be confirmed in the Local Government Final Settlement due for late January / early February.
- 1.4 The table below presents the budget requirements incorporating pressures and savings from 2021/22 onwards:

<b>Medium Term Financial Plan</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fire Service	103,570	109,514	106,893	106,400
Pay and price inflation	2,609	212	1,529	1,552
Savings – Prog. for Change and other	-29	-2,857	-1,791	-5,294
Cost – Prog. for Change and other	3,363	24	-231	-22
<b>Cost of service</b>	<b>109,514</b>	<b>106,893</b>	<b>106,400</b>	<b>102,637</b>
Capital Financing Charges	1,687	2,316	3,246	4,324
Transfer to Earmarked Reserve	0	1,349	0	0
Revenue Contribution to capital	4,201	2,700	0	0
Use of Capital Reserves	-4,201	-2,700	0	0
<b>Net Service Budget</b>	<b>111,201</b>	<b>110,558</b>	<b>109,646</b>	<b>106,961</b>
<b>Funded by:</b>				
Localised Business Rates	10,614	10,297	10,297	10,297
Baseline funding	40,250	40,353	40,353	40,353
Section 31 - Business rates related	2,062	2,594	2,594	2,594
Section 31 - Pension related	5,605	5,605	0	0
Precept income (at £66.20 Band D)	50,494	50,041	50,792	50,792
Collection Fund surplus/deficit	220	-5,236	-311	-311
Local Council Tax Support Grant	0	1,349	0	0

	109,245	105,003	103,725	103,725
	2020/21	2021/22	2022/23	2023/24
<b>Shortfall</b>	<b>1,956</b>	<b>5,555</b>	<b>5,921</b>	<b>3,236</b>
due to Pension Increase/Loss of Grant	0	0	5,605	5,605
due to Other Pressures	1,956	5,555	316	-2,369
<b>Funded by:</b>				
Earmarked Reserves	1,956	5,555	204	204
General Reserves/Precept Increase	0	0	5,717	3,032
	<b>1,956</b>	<b>5,555</b>	<b>5,921</b>	<b>3,236</b>

## 2. REVENUE BUDGET ASSUMPTIONS

### Funding

- 2.1 Funding is based on the details from the Provisional Settlement, released in December. The baseline funding has increased by £103k from the 2020/21 position. Localised business rates are assumed at the same level of income as last year, with information from Districts not yet available to determine next year's position at this stage.
- 2.2 For 2019/20 the Home Office confirmed a Section 31 grant of £5.605m million, towards estimated costs for GMFRS of £6.1 million. Payment of this grant in 2020/21 was made on a flat cash basis, and in 2021/22 whilst not yet formally confirmed by the Home Office, informal indications suggest that the grant will again be paid on a flat cash basis.
- 2.3 Precept income has been included at the same rate as 2020/21 - £66.20 per household at Band D equivalent. The forecast Taxbase for 2021/22, i.e. the number of households paying council tax, has seen a decrease when compared to levels assumed in 2020/21, which means that the amounts collected as precept income will fall in 2021/22.
- 2.4 Collection Fund deficit includes the forecast amounts that will be uncollected during 2020/21, impacted by the pandemic with forecasts from GM Districts showing a significant deficit for the year in relation to GMFRS share of £2.913m relating to Business Rates. This deficit can be spread over the next three financial years, which is £971k per year. Within the Spending Review, the Chancellor announced that 75% of irrecoverable 2020/21 Council Tax arrears will be funded by government. Further information is required on how this funding will be allocated and at this stage a sum of £728k has been estimated to be received to offset of the deficit position.
- 2.5 The Spending Review also announced Grant funding to compensate GMFRS for loss of 2021/22 precept income resulting from Local Authorities enhancing local Council Tax relief schemes. The indicative sum for GMFRS is £1.349m, the budget will be updated to reflect this once the final Council Tax baseline position is confirmed by GM Districts at the end of January.
- 2.6 There is no indication at this stage of grants to cover Protection related activities.

## Pay and Pensions

- 2.7 Pay and price inflation includes a small element of non-pay inflation plus an increase of £250 per year per employee for those with a salary of less than £24k on the basis of a pay freeze for public sector announced in the Spending Review.
- 2.8 Changes by the Treasury in 2019/20 concerning the discount rate for unfunded public sector pension schemes, have had the effect of increasing employers' contributions from 17.6% to 30.2%, equating to £115 million for English Fire and Rescue Authorities (FRAs). For 2019/20 the Home Office confirmed a Section 31 grant of £5.605m, towards estimated costs for GMFRS of £6.1m. Payment of this grant in 2020/21 was made on a flat cash basis, and in 2021/22 whilst not yet formally confirmed by the Home Office, informal indications suggest that the grant will again be paid on a flat cash basis.

## Programme for Change

- 2.9 The GMFRS Programme for Change has undertaken a whole service review and developed a proposed operating model for GMFRS and has affected the GMFRS revenue budget from 2019/20 and onwards. Programme for Change outlined a range of options to deliver savings for GMFRS, alongside investment required to deliver transformational change.
- 2.10 Programme for Change savings included in the MTFP are set out in the table below.

<b>Savings</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Role of the Firefighter - Reduce to 48 Pumps			316
Role of the Firefighter - Station Mergers		1,791	
Role of the Firefighter - Crewing			4,267
Role of the Firefighter - Non-SDS			711
Prevention	1,463		
<b>Total Programme for Change savings</b>	<b>1,463</b>	<b>1,791</b>	<b>5,294</b>
New savings (not Programme for Change)	1,394	0	0
<b>Total savings</b>	<b>2,857</b>	<b>1,791</b>	<b>5,294</b>

- 2.11 In 2021/22, savings of £1.458m were originally identified through Programme for Change, however, alternative savings have been identified to replace those held against pump reductions. Further alternative savings of £1.394 have been identified via a line by line review including the reduction in employee budget as a result of pay award being lower than anticipated in 2020/21. This has resulted in total savings of £2.857m for 2021/22.
- 2.12 Non-recurrent implementation costs of Programme for Change included in the 2020/21 budget are not required in the budget for 2021/22, this has led to a reduced budget requirement of £340k.

### 3. BUDGET RISKS

#### 3.1. Future budget risks are set out below:

- The anticipated multi-year 2020 Comprehensive Spending Review was deferred in light of the implications of the pandemic, with a one-year Spending Review for 2021/22 in its place. Future funding beyond 2021/22 has not been confirmed.
- Unresolved pay claims for firefighters and Local Government Employees.
- McCloud/Sargeant Remedy – the judgement refers to the Court of Appeal’s ruling that Government’s 2015 public sector pension reforms unlawfully treated existing public sectors differently based upon members’ age. The implications of the remedy are not yet known but are likely to be significant in future years beyond 2021/22.
- Delivery of sufficient savings to meet the requirements of the Medium Term Financial Strategy, and dependent on availability resources to deliver a change programme of this scale.
- Emergency Services Mobile Communications Project (ESMCP) – a national project to procure and replace the Emergency Services Network.
- Any changes required following the Manchester Arena Public Inquiry, Grenfell Inquiry and Hackett Review – an independent Review of Building Regulations and Fire Safety following the Grenfell Fire.
- Any Business Continuity Arrangements that require funding which are not part of the Base Budget.
- As no capital grants are available to FRAs, future schemes in our Capital Programme will be funded by a combination of revenue underspends and borrowing. The costs associated with additional borrowing will have to be met from the Revenue Budget.



**Proposed Statutory Charge per District**

<b>Transport Statutory Charge 2021/22</b>			
<b>District</b>	<b>Population Mid 2019</b>	<b>%</b>	<b>£</b>
Bolton	287,550	10.14%	8,791,730
Bury	190,990	6.74%	5,839,445
Manchester	552,858	19.50%	16,903,419
Oldham	237,110	8.36%	7,249,546
Rochdale	222,412	7.84%	6,800,161
Salford	258,834	9.13%	7,913,749
Stockport	293,423	10.35%	8,971,294
Tameside	226,493	7.99%	6,924,936
Trafford	237,354	8.37%	7,257,007
Wigan	328,662	11.59%	10,048,713
<b>Total</b>	<b>2,835,686</b>	<b>100.00%</b>	<b>86,700,000</b>

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

**BUDGET SUMMARY 2021/22**

<b>Budget Summary 2021/22</b>	<b>Gross Expenditure £000</b>	<b>Gross Income £000</b>	<b>Net Estimate £000</b>
Fire Service Budget	109,316	2,422	106,894
Other Mayoral General Budget	126,747	14,950	111,797
Capital Financing Charges	2,316	0	2,316
Revenue Contribution to Capital Outlay	2,700	0	2,700
Contribution from balances/reserves	1,349	14,994	-13,645
<b>Budget Requirement</b>	<b>242,428</b>	<b>32,366</b>	<b>210,062</b>
Localised Business Rates		10,297	-10,297
Business Rate Baseline		40,353	-40,353
Section 31 Grant - Business Rates		2,594	-2,594
Section 31 Grant - pensions		5,605	-5,605
Transport - Statutory Charge		86,700	-86,700
Collection Fund deficit	6,090		6,090
Local Council Tax Support		1,853	-1,853
<b>Precept requirement</b>	<b>248,518</b>	<b>179,769</b>	<b>68,750</b>

**CALCULATION OF TAX BASE**

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

<u>District</u>	<u>Council Tax Base</u>
Bolton	76,281.0
Bury	53,828.0
Manchester	119,649.3
Oldham	57,200.0
Rochdale	54,637.0
Salford	68,109.0
Stockport	95,945.1
Tameside	61,843.4
Trafford	75,816.0
Wigan	92,600.0
<b>Total</b>	<b>755,908.8</b>

## AMOUNTS OF COUNCIL TAX FOR EACH BAND

2021/22	A	B	C	D	E	F	G	H
Costs for Band (including Fire)	£60.63	£70.74	£80.84	£90.95	£111.16	£131.37	£151.58	£181.90

## CALCULATION OF BAND D EQUIVALENT TAX RATE

	<b>£</b>
Net expenditure	242,428,067
Less funding	-179,768,580
	<b>62,659,487</b>
Adjusted for estimated surplus(-)/deficit on collection funds	6,090,419
Net budget requirement to be met from Council Tax	<b>68,749,906</b>
Net budgetary requirement	68,749,906
Aggregate tax base	755,908.8
Basic tax amount at Band 'D'	<b>£90.95</b>