

Date: 28th January 2022
Subject: Mayoral General Budget and Precept Proposals
Report of: Andy Burnham, Mayor of Greater Manchester

PURPOSE OF REPORT

To set out the proposals for the Mayoral General Budget and precept for 2022-23 for consideration by the members of the GMCA.

Unique amongst Mayoral Combined Authorities, the proposals being made include a significant element for the Fire Service which had previously fallen to the GM Fire and Rescue Authority to determine.

The report includes details supporting the proposed precepts for the Mayoral General Budget as shown at paragraph 3.

RECOMMENDATIONS:

The GMCA is recommended:

1. To consider my proposal to increase the Mayoral General Precept to £102.95 (Band D) comprising of £71.20 for functions previously covered by the Fire and Rescue Authority precept and £31.75 for other Mayoral General functions;
2. To note that the proposal for the Mayoral General Precept for 2022/23 is part of a multi-year strategy for setting the Mayoral precept baseline which will be adjusted in future years as further Mayoral functions are covered by the funding raised;
3. To note, and comment on:
 - i). the overall budget proposed for the Fire and Rescue Service,
 - ii). the use of the reserves to support the revenue and capital budgets, and the assessment by the Treasurer that the reserves as at March 2023 are adequate,
 - iii). the proposed Fire Service capital programme and proposals for funding,
 - iv). the medium-term financial position for the Fire and Rescue Service covered by the Mayoral precept
4. To note and comment on the detailed budget proposals for other Mayoral functions;

5. To note and comment on the use of reserves as set out in Paragraph 3.3 of the report;
6. To consider whether they would wish to submit any written comments to the Mayor in line with the legal process and timetable described in this report; and
7. To note that at its meeting on 11 February 2022 there will be an updated budget submitted, consistent with the precept proposals, to reflect final tax base and collection fund calculations and the final Revenue Support Grant settlement.

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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 2022/23 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 2022/23 and future years.

Financial Consequences – Capital – Proposals for Fire and Rescue Services capital spend are set out within Part 2 of the report.

BACKGROUND PAPERS:

GMCA – Mayoral General Budget and Precept Proposals – 12 February 2021

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution		Yes
EXEMPTION FROM CALL IN		
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	N/A	

1. INTRODUCTION

1.1 The purpose of this report is to notify the GMCA of the Mayor's draft budget for 2022/23, setting out proposed spending to meet the costs of Mayoral general functions. The GMCA must review the draft budget and report before 8th February to confirm whether it would approve the draft budget in its current form or make alternative recommendations. If no such report is made before 8th February, then the draft budget shall be deemed to be approved.

1.2 The Mayoral General Budget 2022/23 is set out in two parts:

1.2.1 Part 1 - Mayoral General Budget 2022/23 (excluding Fire and Rescue). The Mayoral General precept proposals include:

- Continuation of the flagship A Bed Every Night scheme into the next financial year. This scheme is core to the reduction in rough sleeping by 67% in Greater Manchester since 2017 and it will continue to support local schemes and homelessness partnerships to end rough sleeping across the region.
- Extension of the Our Pass pilot scheme for a further 12 months from September 2022, providing free bus travel within Greater Manchester for 16-18 year olds.
- Bus Reform implementation as a key step toward development of The Bee Network, an integrated 'London-style' transport system which will join together buses, trams, cycling and walking and other shared mobility services by 2024.

1.2.2 Part 2 - Greater Manchester Fire and Rescue Service (GMFRS) Medium Term Financial Plan 2022/23 – 2024/25. The precept increase in relation to GMFRS is required to ensure there is no impact on frontline fire cover. The Mayor has committed to continuing with 50 fire engines throughout 2022/23 with crewing at the current level of five firefighters at one pump stations and four firefighters on each engine at two pump stations.

1.3 The Mayor proposes an increase to the Mayoral General Precept for the financial year 2022/23. If the proposal is accepted, the Mayoral Precept will increase to £80.07 for a Band B property split between £55.38 for the fire service and £24.69 for other Mayoral-funded services (£102.95 for a Band D property, with the fire service accounting for £71.20 and £31.75 for non-fire).

1.4 Although it is required to set a precept specifying the Band D Charge, by far the majority of properties, 82.3% in Greater Manchester, will be required to pay less than this amount. The following table outlines the amounts to be paid by each band and the proportion of properties which fall into each band.

2022/23	A	B	C	D	E	F	G	H
Mayoral Other	21.16	24.69	28.22	31.75	38.80	45.86	52.91	63.50
Mayoral Fire	47.47	55.38	63.29	71.20	87.02	102.84	118.67	142.40
Total	68.63	80.07	91.51	102.95	125.82	148.70	171.58	205.90
Proportion of Properties	44.9%	19.8%	17.6%	9.4%	4.8%	2.1%	1.3%	0.2%

1.5 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.

- 1.6 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.
- 1.7 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.

2. BACKGROUND TO BUDGET PROCESS

- 2.1 The functions of the GMCA which are currently Mayoral General functions are:
- Fire and Rescue
 - 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
- 2.2 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 1st March.
- 2.3 Constituent councils can make statutory contributions to the Mayor in respect of Mayoral functions where authorised by a statutory order but they require at least 7 members of the GMCA (excluding the Mayor) to agree (Fire cannot be met from statutory contributions).
- 2.4 In terms of timetables, I must, before 1st February notify the GMCA of my draft budget in relation to the following financial year. The draft budget must set out the proposed spending and how I intend to meet the costs of my General functions.
- 2.5 The GMCA must review the draft budget and may make a report to the Mayor on the draft. The Authority must make such a report before 8th February and must set out whether it would approve the draft budget in its current form or make alternative recommendations. If no such report is made before 8th February then the draft budget shall be deemed to be approved.
- 2.6 A full, legal description of the process is attached at Appendix 1.

3. MAYORAL GENERAL BUDGET SUMMARY 2022/23

- 3.1 The table below shows the summary of gross and net budget for Mayoral General Budget including GMFRS budget for 2022/23:

Budget Summary 2022/23	Gross Expenditure £000	Gross Income £000	Net Estimate £000
Fire Service Budget	116,635	3,968	112,667
Other Mayoral General Budget	139,020	24,750	114,270
Capital Financing Charges	2,079	0	2,079
Contribution from balances/reserves	2,263	3,546	-1,283
Budget Requirement	259,997	32,264	227,733
Localised Business Rates		10,297	-10,297
Business Rate Baseline		40,922	-40,922
Services Grant		2,209	-2,209
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 surplus/-deficit	650	0	650
Precept requirement	260,647	180,591	80,056

3.2 The full calculation of aggregate amounts under Section 42A (2) and (3) of the Local Government Finance Act 1992 as updated in the Localism Act 2011 is shown at Appendix 2.

3.3 Taking account of the budget proposals outlined in this paper, the reserves for both Mayoral and GMFRS for 2022/23 are as follows:

Mayoral and GMFRS Reserves	Closing Balances 31 March 2021 £000	Transfer out/(in) 2021/22 £000	Projected Balance March 2022 £000	Transfer out/(in) 2022/23 £000	Projected Balance March 2023 £000
General Reserve - Mayoral & GMFRS	-11,781		-11,781		-11,781
Bus Services Operators Grant	-4,290	2,750	-1,540	1,540	0
Our Pass Reserve	-7,021	2,704	-4,317	1,577	-2,740
A Bed Every Night	-2,000	2,000	0		0
Capital Reserve	-10,600	2,700	-7,900	-2,263	-10,163
Capital Grants Unapplied	-2,050	2,050	0		0
Earmarked Budgets Reserve	-3,186	1,082	-2,104	429	-1,675
Revenue Grants Unapplied	-8,173	5,550	-2,623		-2,623
Insurance Reserve	-2,849		-2,849		-2,849
Business Rates Reserve	-1,605		-1,605		-1,605
Restructuring Reserve	-418		-418		-418
Innovation and Partnership CYP	-127		-127		-127
Transformation Fund	-3,604		-3,604		-3,604
Total Mayoral & GMFRS Reserves	-57,704	18,836	-38,868	1,283	-37,585

3.4 The current General Fund Reserve balance stands at £11.781m, there is no planned use of this reserve.

4. LEGAL ISSUES

- 4.1 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 the Mayor's legal and financial commitments, ensure the proper discharge of my statutory duties and lead to a balanced budget.
- 4.2 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.
- 4.3 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)

- 4.4 The Local Government Finance Act 2003 requires the Chief Finance Officer to report to the Mayor 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.
- 4.5 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.
- 4.6 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 the Mayor.
- 4.7 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 propose 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

- 4.8 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

4.9 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.

5. PART 1 - PROPOSED MAYORAL GENERAL BUDGET 2022/23 (EXCLUDING FIRE & RESCUE)

5.1 This section provides the proposed Mayoral General Budget (excluding Fire & Rescue) for 2022/23. The Mayoral General Budget funds the Mayor's Office and Mayoral functions including Transport. The budget for 2022/23 is a proposed £139m to be funded from Precept income, Transport Statutory Charge, reserves, grants and external income.

5.2 The table below sets out the 2021/22 original and revised budget and 2022/23 proposed budget:

Mayoral General Budget (Excluding Fire & Rescue Service)	2021/22 Original Budget	2021/22 Revised Budget	2022/23 Proposed Budget
		£000	£000
Mayoral Priorities (inc Corporate Support)	1,246	1,246	1,325
A Bed Every Night	1,950	2,450	2,400
Our Pass	16,200	16,200	16,200
Care Leavers	550	550	550
Equality Panels	250	500	350
Good landlord scheme	300	300	300
No Child Goes Hungry	0	71	
Mayoral Priorities	19,250	20,071	19,800
TFGM Revenue Support	90,250	90,250	90,250
Bus Service Operator's Grant	11,750	11,750	11,750
Bus Reform	4,250	4,250	15,895
Mayoral Transport	106,250	106,250	117,895
Total Expenditure	126,746	127,567	139,020
Mayoral Precept	-18,709	-18,709	-24,689
Collection Fund Surplus /-Deficit	855	855	339
Collection Fund Compensation	-103	-105	-103
Local Council Tax Scheme	-504	-504	0
BSOG grant	-13,100	-13,100	-13,150
Mayoral Capacity grant	-1,000	-1,000	-1,000
Statutory charge	-86,700	-86,700	-86,700
Earnback revenue grant	0	0	-9,750
Use of Reserves	-6,635	-7,454	-3,117
External Income	-850	-850	-850
Gross Income	-126,746	-127,567	-139,020
Net Expenditure	0	0	0

- 5.3 In relation to the level of the precept to be levied for Mayoral functions it is proposed that this is increased by £5.44 to £24.69 for a Band B property (£7 to £31.75 per Band D property), which will provide an additional £6 million to support:
- 5.3.1 Continuation of the A Bed Every Night (ABEN) programme, which over the last 4 years has contributed to a reduction in rough sleeping in Greater Manchester. Alongside other funding streams, this contribution will be committed to over a three-year period to enable greater investment in other areas of homelessness response and prevention from investors and reduce the overall requirement by end of the 2024/25.
- 5.3.2 Recurrent funding for schemes currently funded from reserves in 2021/22, including:
- Care Leavers concessionary pass to provide free bus travel in Greater Manchester for young people 18-21 years old that have been in care.
 - Equality panels facilitated by appropriate voluntary organisations, enabling investment in organisations which work in partnership with public services and the wider community, contributing to tackling the inequalities agenda.
 - Good Landlord Scheme to ensure tenants and landlords have access to information and advice, strengthened enforcement to target the poorest quality and worst managed properties in the sector and capacity to enable landlords to better support tenants.
- 5.3.3 The Our Pass scheme which provides free bus travel within Greater Manchester for 16-18 year olds and direct access to other opportunities in the region. The scheme was proposed run for a pilot period of two years from August 2019, which subsequently became impacted by the Covid pandemic. The scheme was extended in September 2021 and since then the engagement from young people has increased significantly. In order to benefit from a full two year evaluation it is proposed to extend the pilot to August 2023. The Our Pass scheme is funded from a combination of Precept, reserves and other income. A budget of £16.2m is proposed for 2022/23 with a risk reserve held by TfGM if costs increase during the pilot, in line with the original funding strategy for the scheme agreed by the GMCA.
- 5.3.4 Implementation of Bus Reform including the introduction of Bus Franchising, and responding to the outcome of the Bus Service Improvement Plan bid to Government in the autumn.

Statutory Transport Charge

- 5.4 The Mayoral Transport includes TfGM Revenue Grant budget met from the statutory transport charge of £86.7m and the Bus Service Operators Grant. Following the GMCA (Functions and Amendment) order being laid in April 2019, I was given further powers for transport functions and a £86.7 million statutory charge to District Councils (with a corresponding reduction in the Transport Levy). The order also states that this amount (£86.7 million) can only be varied with the unanimous agreement of the members of the GMCA. The full breakdown by District Council is shown below:

Transport Statutory Charge 2022/23			
District	Pop Mid 2020	%	£
Bolton	288,248	10.12%	8,774,084
Bury	190,708	6.70%	5,805,029
Manchester	555,741	19.51%	16,916,400
Oldham	237,628	8.34%	7,233,244
Rochdale	223,659	7.85%	6,808,037
Salford	262,697	9.22%	7,996,328
Stockport	294,197	10.33%	8,955,168
Tameside	227,117	7.97%	6,913,296
Trafford	237,579	8.34%	7,231,752
Wigan	330,712	11.61%	10,066,661
Total	2,848,286	100.00%	86,700,000

6 PART 2 - PROPOSED GREATER MANCHESTER FIRE AND RESCUE REVENUE AND CAPITAL BUDGET 2022/23

- 6.1 The following information provides details supporting the Greater Manchester Fire and Rescue Service Revenue and Capital Budgets.
- 6.2 The Medium-Term Financial Plan (MTFP) to 2024/25 has been updated, based on the 2021/22 baseline 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 2021.
- 6.3 The Chancellor announced the Spending Review in December 2021 which presented a one-year settlement as part of the three-year government Spending Review. In relation to Fire and Rescue Services, the announcements covered the following:
- Fire & Rescue services receiving a 4.7% increase in core spending power
 - Fire services will receive a £24m share of £822m Services Grant
 - Flexibility on council tax precept for the lowest quartile Fire Services of £5 for a one-year period, referendum limits for the remainder of the sector to remain at 2%
 - Pension Grant will be paid at current rate and will be formally confirmed in January 2022
- 6.4 The Provisional Local Government Settlement was published in December 2021 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.
- 6.5 The table below presents the budget requirements incorporating pressures and savings from 2021/22 onwards:

Medium Term Financial Plan	Original 2021/22	Revised 2021/22	Proposed 2022/23	Planned 2023/24	Planned 2024/25
	£000	£000	£000	£000	£000
Fire Service	109,514	109,514	107,956	112,605	114,040
Pay and price inflation	212	1,275	2,625	1,961	1,999
Savings	-2,857	-2,857	-788	-712	0
Cost pressures and variations	24	24	2,812	186	0
Cost of service	106,893	107,956	112,605	114,040	116,039
Capital Financing Charges	2,316	2,316	2,079	3,906	4,565
Transfer to Earmarked Reserves	1,349	1,349	2,324	0	0
Revenue Contribution to Capital Outlay	2,700	2,700	0	0	0
Use of Capital Reserves	-2,700	-2,700	0	0	0
Net Service Budget	110,558	111,621	117,008	117,946	120,604
Funded by:					
Localised Business Rates	10,297	10,297	10,297	10,297	10,297
Baseline funding	40,353	40,353	40,922	40,922	40,922
SFA - Services Grant	0	0	2,209	0	0
Section 31 - Business rates related	2,594	2,594	2,594	2,594	2,594
Section 31 - Additional Business Rates	4,798	4,798	0	0	0
Section 31 - Pension related	5,605	5,605	5,605	5,605	5,605
Precept income (at £71.20 Band D)	50,041	50,041	55,366	55,366	55,366
Collection Fund surplus/deficit	-5,236	-5,236	-311	-311	0
Tax Income Guarantee	0	0	0	0	0
Local Council Tax Support	1,349	1,349	0	0	0
	109,801	109,801	116,682	114,473	114,784
Shortfall	757	1,820	326	3,472	5,819
Shortfall Funded by:					
Earmarked Reserves	757	757	326	204	0
General Reserves/Precept Increase	0	1,063	0	3,268	5,819
Use of Earmarked & General Reserves/Precept	757	1,820	326	3,472	5,819

REVENUE BUDGET ASSUMPTIONS

Funding

- 6.7 Funding is based on the details from the Provisional Settlement, released in December. The baseline funding has increased by £0.569m from the 2021/22 position with an additional one-year Services Grant of £2.2m. 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.
- 6.8 From 2019/20 the Home Office confirmed a Section 31 pension grant of £5.605m million towards estimated costs for GMFRS of £6.1m. Payment of this grant in 2020/21 and 2021/22 was made on a flat cash basis, and in 2022/23 indications suggest that the grant will again be paid on a flat cash basis.

- 6.9 Precept income has been included at the increased rate of £55.38 per Band B property (£71.20 per household at Band D equivalent) which ensures there is no impact on frontline fire cover. The estimated Taxbase for 2022/23, i.e. the number of households paying council tax, has seen an increase when compared to levels assumed in 2021/22.
- 6.10 Collection Fund surplus/deficits are to be confirmed by Districts as soon as the information is available. Early indications show that Business Rates deficits are expected to continue due to the impact of the on-going pandemic. The values currently provided in the Medium-Term Financial Plan are the deficits from 2020/21 which have been spread over three financial years from 2021/22 and the indicated recoverable amounts from the Tax Income Guarantee funding from Government.
- 6.11 There is no indication at this stage of future grants to cover Protection related activities.

Pay and Pensions

- 6.12 Pay and price inflation includes 1.5% for uniformed staff and an indicative 1.75% for non-uniformed staff in relation to 2021/22, as presented against the revised 2021/22 budget and an estimated 2% for all staff in 2022/23. Following the pay freeze announced in the Spending Review for 2021/22, an increase of £250 per year per employee for those with a salary of less than £24k was introduced into the budget, however, since the budget setting period, uniformed staff pay award was agreed at 1.5% and negotiations for non-uniformed staff pay award started and negotiations are on-going.
- 6.13 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 and 2021/22 was made on a flat cash basis, which is expected again in 2022/23.

Savings

- 6.14 The GMFRS Programme for Change has undertaken a whole service review and developed and implemented a new operating model which affected the revenue budget from 2019/20 to 2021/22. The Programme has been completed, however, the Service continually ensure that it is delivered efficiently and effectively. As such, a savings target of £1.5m has been put forward across two financial years. £0.788m of the target has been identified as deliverable in 2022/23 following a line-by-line review and Business Rates payable review, with a further £0.712m to be delivered in 2023/24.

Pressures

- 6.15 Budget pressures have been identified as set out below:
- Pay Award – As noted at paragraph 6.12, budget pressures have arisen due to pay awards for 2021/22 and 2022/23. Uniformed staff 2021/22 pay award has been agreed at 1.5% which requires a budget increase of £0.818m, indicative increases have been calculated for 2021/22 non-uniformed staff at 1.75% which equates to £0.245m and 2022/23 at 2% for all staff which has been calculated at £1.664m.

- National Insurance – Government announced an increase of National Insurance contributions which increased employers’ contribution rate from 13.8% to 15.05%. This increase, estimated at £0.553m is to be funded by the Services Grant.
- Price Inflation - energy costs inflation has been identified with an estimated budget increase requirement of £0.408m. No further inflation has been introduced to the budget, any that arise will be met through existing budgets.
- MTFAs capability – an agreement has been reached with the representative body to support a ballot of its members enabling this capability to continue on a permanent basis. This ballot will take place in January – February 2022. The budget introduced to implement and maintain this is £1.385m on a recurring basis.
- Training – A full scale review of Training Needs Assessment, the capacity to deliver and external costs associated has recently been undertaken. This has been costed and has raised a budget pressure of £0.751m.
- Support Services – Back-office support from the wider GMCA will see an cost increase, mainly in relation to pay award. This has been estimated at £0.379m based on a 5% increase.

Transfer to Earmarked Reserves

- 6.16 The transfer to Earmarked Reserves represents the planned use of revenue funding to be transferred to the Capital Fund Reserve. This is to reduce future capital financing costs against capital programme expenditure.

CAPITAL PROGRAMME

- 6.17 GMFRS have reviewed capital investment requirements for the Fire Estates, Fire ICT schemes and Operational Vehicles and Equipment, and the proposed Capital Programme requirements are set out below.

Capital Programme	2021/22	2022/23	2023/24	Future Years to 2027/28	Total
	£000	£000	£000	£000	£000
Estates	4,275	11,581	11,010	18,290	45,155
Transport	3,478	5,480	2,084	8,958	20,001
ICT	2,205	1,223	150	600	4,178
Equipment	968	1,488	540	1,614	4,609
Sustainability	507	75	75	300	957
Waking Watch Relief Fund	2,050	0	0	0	2,050
Total Capital Programme	13,482	19,847	13,860	29,762	76,951

- 6.18 A long-term Estates Strategy is being formulated, the approved Phase 1 of the scheme with plans for new builds, extensions, refurbishments and carbon reduction schemes is underway with expected completion by 2025/26. Alongside this is the Bury Training and Safety Centre which is also underway and due to complete within 2022/23.

- 6.19 Transport and Equipment replacement programme budgets are profiled in accordance with expected need and delivery profiles allowing for lead times where supply chains require orders to be placed up to 18 months prior to goods being delivered.

BUDGET RISKS

- 6.20 Future budget risks are set out below:

- A one-year settlement was included in the three-year Government Spending Review, future funding beyond 2022/23 has not been confirmed.
- Pay claims for firefighters and Local Government Employees in excess of the assumptions set out in the report.
- 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 being determined but are likely to be significant in future years beyond 2022/23.
- 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 , Fire Safety Act 2021, and the Building Safety bill.
- Any Business Continuity Arrangements that require funding which are not part of the Base Budget.
- As no capital grants are available to FRSs, 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.

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 1st 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 8th 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.

**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 2022/23

Budget Summary 2022/23	Gross Expenditure £000	Gross Income £000	Net Estimate £000
Fire Service Budget	116,635	3,968	112,667
Other Mayoral General Budget	139,020	24,750	114,270
Capital Financing Charges	2,079	0	2,079
Contribution from balances/reserves	2,263	3,546	-1,283
Budget Requirement	259,997	32,264	227,733
Localised Business Rates		10,297	-10,297
Business Rate Baseline		40,922	-40,922
Services Grant		2,209	-2,209
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 surplus/-deficit	650	0	650
Precept requirement	260,647	180,591	80,056

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	77,795.0
Bury	55,611.0
Manchester	126,735.0
Oldham	57,450.0
Rochdale	56,232.0
Salford	71,905.0
Stockport	96,883.1
Tameside	63,306.0
Trafford	77,601.0
Wigan	94,100.0
Total	777,618.1

AMOUNTS OF COUNCIL TAX FOR EACH BAND

2022/23	A	B	C	D	E	F	G	H
Costs for Band £	68.63	80.07	91.51	102.95	125.82	148.70	171.58	205.90

CALCULATION OF BAND D EQUIVALENT TAX RATE

	£
Net expenditure	259,996,989
Less funding	180,590,989
	79,406,000
Adjusted for estimated surplus(-)/deficit on collection funds	649,783
Net budget requirement to be met from Council Tax	80,055,783
Net budgetary requirement	80,055,783
Aggregate tax base	777,618.1
Basic tax amount at Band 'D'	£102.95