

Date: 31 January 2020

Subject: Mayoral General Budget and Precept Proposals

Report of: Andy Burnham, Mayor of Greater Manchester

PURPOSE OF REPORT

To set out my proposals for the Mayoral General Budget and precept for 2020-21 for consideration by the members of the GMCA.

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

RECOMMENDATIONS:

The GMCA is recommended to:

1. To consider my proposal to set an overall Mayoral General Precept of £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 note that the proposal for the Mayoral General Precept for 2020/21 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, noting that I am proposing to defer a number of operational changes in relation to Programme for Change
 - 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 2021 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 agree my proposal to allow £0.5 million of Earnback grant to be used to support GMCA costs relating to bus related activity, including bus reform;
 6. Note that if I decide to introduce bus franchising a further report will be brought to GMCA to increase the statutory charge by £17.8 million for the year 2020/21.
 7. To note and comment on the use of reserves as set out in section 3 of the report;
 8. 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
 9. To note that at its meeting on 14 February there will be a revised 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 2020/21 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 2020/21 and future years.

Financial Consequences – Capital – Proposals for Fire and Rescue Services capital spend are set out in Appendix 2.

BACKGROUND PAPERS:

GMCA – Mayoral General Budget and Precept Proposals – 15 February 2019

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	21 January 2020	

1. BUDGET CONTENT AND PROCESS

1.1 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 me 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.

1.3 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 me) to agree (Fire cannot be met from statutory contributions).

1.4 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.

1.5 The GMCA must review the draft budget and may make a report to me 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.

1.6 A full, legal, description of the process is attached at Appendix 1.

2. PROPOSED MAYORAL GENERAL BUDGET

2.1 Attached at Appendix 2 are the outline budgets in relation to the Revenue and Capital Budgets for the Greater Manchester Fire and Rescue Service and the medium term Financial Strategy. Following consultation, a key decision was made on Programme for Change and the relevant efficiency targets have been included. In light of the Phase 1 report into the Grenfell Tower Inquiry and The Cube fire at Bolton, I am seeking to defer a number of the operational changes detailed in the Outline Business Case. I am, therefore, proposing an increase in the Fire and Rescue Service element of the Mayoral Precept of £6.25 taking it to £66.20.

- 2.2 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.
- 2.3 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.
- 2.4 In relation to non-Fire functions, in addition to precept income, there are funds relating to the Government 'Mayoral Capacity' funding, the surpluses on Council Tax collection identified by District Councils as relating to the Mayoral Precept, Bus Services Operators Grant, Earnback, Transport Statutory Charges and External Income.
- 2.5 Following the GMCA (Functions and Amendment) order being laid in April 2019, I was given further powers for transport functions. The order confirms that £86.7 million be 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.
- 2.6 The order also states that this amount (£86.7 million) can only be varied with the unanimous agreement of the members of the GMCA. It should be noted that if I make a decision to introduce bus franchising a further report will be brought to the GMCA proposing that there is an increase in the statutory charge of £17.8 million for 2020/21 to support the implementation of that decision.
- 2.7 In relation to the level of the precept to be levied for Mayoral functions excluding fire, I am proposing that this is set at £24.75 per Band D property, which will raise (on the latest estimated tax band) £18.9 million. This represents an increase for Band D properties of £7.75 per year. When taken with other funding streams available this will give overall funding of £126.5 million. The overall breakdown of funding for the 2020/21 mayoral budget is as follows:

	2019/20	2020/21
	£000	£000
Precept	12,753	18,895
Mayoral Capacity Funds	1,000	1,000
Collection Fund Surplus	1,493	500
Bus Service Operators Grant	13,100	13,100
PCC Contribution	40	-
Use of Reserves	-	5,000
Earnback Capital	-	500
External Income - 'Our Pass'	-	850
Transport Statutory Charge	-	86,700
Total	28,386	126,545

2.8 The allocation of the funding is as follows:

Mayoral - Non Fire	2019/20	2020/21
	£000	£000
Mayoral Direct Costs Incl Corporate Support	820	1,239
Spatial Development Strategy	800	-
Mayoral Priorities Incl - A Bed Every Night	416	2,106
Transport Policy & Strategy	3,900	3,500
BSOG - grants to operators	13,100	11,500
- administration	50	50
'Our Pass' Incl Opportunity Cost	6,050	16,200
Sub-Total - Pre additional transport powers	25,136	34,595
Bus Reform	3,250	5,250
Bus Concessionary Re-imburement	-	51,300
Supported Bus	-	27,900
Accessible Transport/Ring & Ride	-	4,600
Allocation of Bus Operational costs	-	2,900
Total Including additional transport powers	28,386	126,545

2.9 Although I am 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 £10.88.

	A	B	C	D	E	F	G	H
Costs for Band £	9.33	10.88	12.44	14	17.11	20.22	23.33	28
Proportion of Properties %	45.6	19.6	17.4	9.2	4.8	2	1.2	0.2

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

3. RESERVES

3.1 Taking account of the budget proposals outlined in this paper, the estimates for 2020/21 are as follows:

Mayoral General Reserves	Projected Balance as at 31-Mar-20	Transfer in/(out) 2020/21	Projected Balance as at 31-Mar-21
	£000	£000	£000
General Balances - Fire	9,993	560	10,553
General Balances - Mayoral	1,109	-	1,109
Transformation	3,604	-	3,604
Capital Reserve	4,201	(4,201)	-
Insurance & Risk Management Reserve	2,849	-	2,849
Earmarked Reserve	1,904	(560)	1,344
Unspent Grants Reserve	1,057	-	1,057
Business Rates Reserve	2,123	(1,956)	167
Bus Services Operators Grant	2,810	(2,500)	310
Earnback	18,723	7,818	26,541
TOTALS	48,373	(839)	47,224

3.2 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.

4. BUDGET SUMMARY 2020/21

	Gross Expenditure £000	Gross Income £000	Net Estimate £000
Fire Service Budget	111,798	2,565	109,233
Other Mayoral General Budget	126,500	17,955	108,545
Capital Financing Charges	1,687	-	1,687
Revenue Contribution to Capital Outlay	4,201	-	4,201
Contribution from balances/reserves	-	8,657	(8,657)
Budget Requirement	244,186	29,177	215,009
Localised Business Rates	-	10,517	(10,517)
Business Rate Baseline	-	40,250	(40,250)
Section 31 Grant – Business Rates	-	2,062	(2,062)
Section 31 Grant – pensions	-	5,605	(5,605)
Transport - Statutory Charge	-	86,700	(86,700)
Collection Fund surplus	-	500	(500)
Precept requirement	244,186	174,811	69,375

5. LEGAL ISSUES

- 5.1 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.
- 5.2 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.
- 5.3 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)

- 5.4 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.
- 5.5 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.

- 5.6 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.
- 5.7 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

- 5.8 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

- 5.9 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 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.

GREATER MANCHESTER FIRE AND RESCUE SERVICE (GMFRS) REVENUE AND CAPITAL BUDGET 2020/21

1. INTRODUCTION

- 1.1 This report provides the updated Medium Term Financial Plan to 2021/22, based on the 2019/20 baseline updated for pay and price inflation, known cost pressures and agreed savings, as set out in the following paragraphs.

Medium Term Financial Plan	Original 2019/20 £m	Forecast 2019/20 £m	2020/21 £m	2021/22 £m
Fire Service	99.772	99.772	103.57	109.233
Pay and price inflation	6.969	7.815	2.609	5.360
Savings	(1.978)	(2.908)	(0.029)	(2.921)
Cost pressures and variations	(1.432)	(1.109)	3.082	(2.058)
Cost of service	103.331	103.570	109.233	109.614
Capital Financing Charges	7.207	6.291	5.888	2.757
Use of Capital Reserves	(5.666)	(4.750)	(4.201)	-
Net Service Budget	104.872	105.111	110.920	112.371
Funded by:	2019/20	2019/20	2020/21	2021/22
Localised Business Rates	10.311	10.311	10.517	10.517
Baseline funding	39.600	39.600	40.250	40.25
Section 31 - Business rates related	1.366	2.062	2.062	2.062
Section 31 - Pension related	4.803	5.605	5.605	-
Precept income (at £59.95 Band D)	44.975	44.975	50.53	51.288
Collection Fund surplus/deficit	0.288	0.288	-	-
	101.343	102.841	108.964	104.117
Shortfall	3.529	2.271	1.956	8.254
Funded by:				
Earmarked Reserves	-	0.600	1.956	-
General Reserves/Precept Increase	3.529	1.671	-	8.254
	3.529	2.271	1.956	8.254

2. GMFRS Programme for Change

- 2.1 The GMFRS Programme for Change has undertaken a whole service review and developed a proposed operating model for GMFRS. Programme for Change outlines a range of options to deliver savings for GMFRS, alongside investment required to deliver transformational change.

The outcomes from Programme for Change will affect the GMFRS Revenue Budget for 2020/21 and onwards.

2.2 Following consultation, a key decision was made on Programme for Change and the agreed efficiency targets have been included within the Medium Term Financial Plan. In light of the Phase 1 report into the Grenfell Tower Fire Public Inquiry and The Cube fire at Bolton, I am seeking to further defer a number of the operational changes detailed in the Outline Business Case. The financial implications are included in this report, and mean a potential increase in the Fire and Rescue Service element of the Mayoral Precept of £6.25 taking it to £66.20 per annum at Band D.

3. Pay Related

3.1 Pay award at 3% for all staff groups has been included for all staff groups.

3.2 For uniformed staff a part settlement of their pay award has been made of 2%, backdated to July 2019. In 2017/18 a part payment of 1% was made, and in 2018/19 2% was made; the final pay award over this period is not yet settled. Therefore, there remains a risk that a further backdated pay awards will be agreed for these years.

3.3 The Fire Brigade's Union have made a claim for 17%, which is currently with the National Employer for consideration. Anything above 3% represents additional pressure of the GMFRS Revenue Budget.

4. Pensions Related

4.1 Changes by the Treasury 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).

4.2 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 has not yet been confirmed by the Home Office. Informal indications suggest that the grant will be paid on a flat cash basis for 2020/21.

4.3 Beyond 2020/21 continuation of grant support for pension costs will be considered by Government as part of the Comprehensive Spending Review (CSR2020), for budget modelling it is assumed that it is not received.

5. Savings

- 5.1 The GMFRS Programme for Change has undertaken a whole service review and developed a proposed operating model for GMFRS. Programme for Change outlines a range of options to deliver savings for GMFRS, alongside investment required to deliver transformational change. The outcomes from Programme for Change will affect the GMFRS Revenue Budget for 2020/21 and onwards.
- 5.2 Following consultation, a key decision was made on Programme for Change and the agreed efficiency targets have been included within the Medium Term Financial Plan:
- a. Retain crewing levels and maintain firefighter numbers at or above May 2017 levels for the financial year 2019/20;
 - b. Retain an additional 11 specialist prevention staff to support complex cases and address safeguarding concerns;
 - c. Allow more time for the transition of prevention activity to ensure firefighters are adequately trained and equipped;
 - d. Develop alternative delivery models for volunteering and cadets;
 - e. Retain Prince's Trust, reducing the number of teams from seven to five, whilst allowing more time to develop future options;
 - f. Develop an improved delivery model for Protection including continued efforts on High Rise, Grenfell implications and improving fire safety within the Private Rented Sector.
 - g. Undertake a limited restructure of administration activity initially, allowing more time for the development of a centrally managed delivery model.
- 5.3 In light of the Phase 1 report into the Grenfell Tower Inquiry and The Cube fire at Bolton, the Mayor is seeking to further defer a number of the operational changes detailed in the Outline Business Case, as follows:
- Maintaining the current pump numbers at 50 from April 2020
 - Delay the proposed change to crewing levels of 4 4:4 for the next financial year, therefore maintaining current crewing arrangements of 5 4:4
- 5.4 All other elements of the Programme for Change will continue to be implemented as agreed in the Decision Notice.
- 5.5 The Programme for Change Outline Business Case set out proposed savings of £11.699m. Following consultation, the Medium Term Financial Plan incorporates £6.586m of these savings over 4 years. Other non-pay related savings are also illustrated to match to the MFTP.

Area / Year	2019/20	2020/21	2021/22	2022/23	Total
	£'m	£'m	£'m	£'m	£'m
Role of the Firefighter	-	-	1.458	1.791	3.249
Prevention (Place Based)	0.242	-	1.463	-	1.705
Protection	0.326	0.326	-	-	0.652
Enabling Services	0.362	0.618	-	-	0.980
Total	0.930	0.944	2.921	1.791	6.586
Other savings delivered and adjustments for non-cumulative savings	1.978	(0.915)	-	-	
MTFP savings	2.908	0.029	2.921		

5.6 The Role of the Firefighter anticipated savings are as follows:

2021/22	Reduce to 48 pumps	£1.458m
2022/23	Station mergers	£1.791m

6. Funding

6.1 The largest element of central funding for the Fire and Rescue Service, Baseline Funding, is provided by MHCLG, and details were announced as part of the Provisional Local Government Settlement on 20 December 2019.

6.2 The Settlement represents a one-year settlement, with allocations based on the Spending Review 2019 (SR2019); no further details were provided beyond 2020/21. Following the expected Comprehensive Spending Review in 2020 (CSR2020), it is anticipated that multi-year settlements will resume.

6.3 Further funding is received from the Home Office covering Pensions related costs and Department-specific Fire and Rescue programmes including National Resilience, which support fire and rescue authorities in delivering a sustained, effective response to major incidents, emergencies and disruptive challenges. These include grants for Firelink and New Dimensions. The funding allocations for 2020/21 have not yet been announced.

6.4 The Local Government Settlement 2017/18 included the introduction of the 100% retention of Business Rates for pilot authorities, including Greater Manchester. The pilot authorities each retain 100% of locally raised Business Rates, of which the local authorities retain 99% and 1% is retained by the GMCA in respect of GMFRS.

6.5 No changes have been made to the budget for the income anticipated from Section 31 grants for Small Business Rates Relief and Multiplier.

7. Council Tax

- 7.1 The budget includes for increases in the tax base. The tax base is used in the calculation of how much money GMFRS will receive from the precept levied. Each Council is required by regulations published under the Local Government Finance Act 1992 to calculate a Council Tax Base. There has been an increase in the tax base of 13,083 which results in additional funding of £0.784 million.
- 7.2 The report also proposes an increase for the Fire element of the Mayoral General precept. This is in light of the Phase 1 report into the Grenfell Tower Inquiry and The Cube fire at Bolton. The Mayor is seeking to further defer a number of the operational changes detailed in the Outline Business Case, meaning a potential increase in the Fire and Rescue Service element of the Mayoral Precept of £6.25 taking it to £66.20 per annum at Band D.

8. Budget Risks

- 8.1 Comprehensive Spending Review – 2019/20 is the final year of the four-year settlement and there will need to be some form of review to inform future funding settlements. A one year Settlement has been announced for 2020/21 with an anticipated CSR2020 for funding beyond that.
- 8.2 Unresolved pay claims for firefighters (up to 17%) and Local Government Employees (up to 10%)
- 8.3 Pension costs associated with the judgements in the case of McCloud/Sargent.
- 8.4 Delivery of savings from Programme for Change.
- 8.5 Emergency Services Mobile Communications Project (ESMCP) – a national project to procure and replace the Emergency Services Network.
- 8.6 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.
- 8.7 Any Business Continuity Arrangements that require funding which are not part of the Base Budget.
- 8.8 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.
- 8.9 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.

9. Reserves

9.1 The level of balances held is a key part of a sustainable medium term financial strategy and there is an ongoing assessment of risk, as set out above. The table below sets out the reserves and balances to 2022. The use of reserves supports the budget in the short term; however, this is not sustainable as illustrated below.

Reserves	Actual Balance as at 31-Mar-19	Forecast Reserve Balances 31/03/2020	Forecast Reserve Balances 31/03/2021	Forecast Reserve Balances 31/03/2022
	£000	£000	£000	£000
General Balances	11,664	9,993	10,553	2,299
Transformation	3,604	3,604	3,604	3,604
Capital Reserve	8,951	4,201	-	-
Partnership/CYP reserve	127	-	-	-
Insurance & Risk Management Reserve	2,849	2,849	2,849	2,849
Earmarked Reserve	1,959	1,904	1,344	1,344
Restructuring	418	-	-	-
Unspent Grants Reserve	1,057	1,057	1,057	1,057
Business Rates Reserve	2,123	2,123	167	167
TOTALS	32,752	25,732	19,575	11,321
Mayoral Transformation	3,604	3,604	3,604	3,604
Capital	8,951	4,201	-	-
Revenue	20,197	17,927	15,971	7,717

10. Capital Programme

10.1 GMFRS have reviewed capital investment requirements for the Fire Estates, Fire ICT schemes and Operational Vehicles and Equipment, and following decisions in relation to Programme for Change, the proposed Capital Programme requirements are set out below.

10.2 The Capital Programme is funded from the Capital Reserve until it is fully utilised (2020/21), after which it will require funding from borrowing which has revenue implications, in terms of Minimum Revenue Provision (MRP) charges and interest, as set out below.

Revised Capital Programme	2019/20	2020/21	2021/22	2022/23	2023/24	Future Years	Total
	£000	£000	£000	£000	£000	£000	£000
Estates	1,699	5,399	7,029	3,910	310	1,240	19,587
ICT	373	4,722	1,340	150	150	600	7,334
Vehicles & Equipment	2,767	5,718	2,770	4,326	2,700	10,872	29,154
Total Capital Expenditure	4,840	15,839	11,139	8,386	3,160	12,712	56,076
Funded by:							
RCCO (NWAS)	90	90	90	90	90	360	810
Capital Receipts (Station Mergers)	-	-	-	-	3,070	8,505	11,575
Capital Fund	4,750	4,201	-	-	-	-	8,951
Borrowing	-	11,548	11,049	8,296	-	3,847	34,740
Total Funding for Capital	4,840	15,839	11,139	8,386	3,160	12,712	56,076

11. Firefighter's Pension Account

11.1 For information, the table below gives details of the movements and position on the Pension Account for 2020/21. This is consistent with the pension estimate submitted to the Home Office in September 2019, which forms part of their annual national pension forecasting exercise and is the basis of the top up grant calculation.

Summary of Firefighters' Pension Account 2020/21

Expenditure Head	Original Estimate	Original Estimate	Variation
	£000	£000	£000
Pensions Outgoings	54,230	54,737	507
Other Pension Costs	-	-	-
Employer's Contributions	(6,430)	(12,652)	(6,222)
Pension Receipts	(5,330)	(5,404)	(74)
Ill Health contributions from revenue budget	(404)	(438)	(34)
Inward transfers from other pension schemes	(250)	(203)	47
Total Net Expenditure to be met by Top up Grant	41,816	36,040	(5,776)
Top up Grant	(41,816)	(36,040)	5,776
Total Pension Account	-	-	-

Proposed Statutory Charge per District

District	2020-21		Statutory Charge £
	Population mid yr 2018	%	
Bolton	285,372	10.15%	8,796,852
Bury	190,108	6.76%	5,860,252
Manchester	547,627	19.47%	16,881,101
Oldham	235,623	8.38%	7,263,293
Rochdale	220,001	7.82%	6,781,731
Salford	254,408	9.05%	7,842,358
Stockport	291,775	10.37%	8,994,230
Tameside	225,197	8.01%	6,941,903
Trafford	236,370	8.40%	7,286,320
Wigan	326,088	11.59%	10,051,959
	2,812,569	100%	86,700,000

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 2020/21

	Gross Expenditure £000	Gross Income £000	Net Estimate £000
Fire Service Budget	111,798	2,565	109,233
Other Mayoral General Budget	126,500	17,955	108,545
Capital Financing Charges	1,687	-	1,687
Revenue Contribution to Capital Outlay	4,201	-	4,201
Contribution from balances/reserves	-	8,657	(8,657)
Budget Requirement	244,186	29,177	215,009
Localised Business Rates	-	10,517	(10,517)
Business Rate Baseline	-	40,250	(40,250)
Section 31 Grant – Business Rates	-	2,062	(2,062)
Section 31 Grant – pensions	-	5,605	(5,605)
Transport - Statutory Charge	-	86,700	(86,700)
Collection Fund surplus	-	500	(500)
Precept requirement	244,186	174,811	69,375

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	76,173
Bury	55,222
Manchester	118,864
Oldham	57,663
Rochdale	55,745
Salford	69,945
Stockport	96,241
Tameside	63,308
Trafford	77,386
Wigan	92,200
Total	762,747

AMOUNTS OF COUNCIL TAX FOR EACH BAND

	A	B	C	D	E	F	G	H
2020/21 Costs for Band (including fire)	£60.63	£70.73	£80.84	£90.95	£111.16	£131.37	£151.58	£181.90

CALCULATION OF BAND D EQUIVALENT TAX RATE

	£
Net expenditure	215,009,403
Less: funding	(145,134,000)
	69,875,403
Adjusted for estimated surplus (-)/ deficit on collection funds	(500,000)
Net budget requirement to be met from Council Tax	<u>69,375,403</u>
Net budgetary requirement	<u>69,375,403</u>
Aggregate tax base	762,747
Basic tax amount at Band 'D'	£90.95