

Date: 14 February 2020

Subject: Mayoral General Budget and Precept Proposals (Budget Paper B)

Report of: Andy Burnham, Mayor of Greater Manchester

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## **PURPOSE OF REPORT**

The report set out the Mayor's proposals for the Mayoral General Budget (including Fire and Rescue) and seeks approval for the Mayoral General Precept for 2020/21.

The report recommends the setting of the Revenue Budget for 2020/21 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 requested to:

1. To approve the Mayor's General budget for 2020/21 set out in this report together with the calculation of the precepts and Council Tax rates set out in Appendices 3 to 6;
2. To approve the overall Mayoral General Precept of £90.95 (Band D) (an additional £14 on the current £76.95) comprising of £66.20 for functions previously covered by the Fire and Rescue Authority precept (an additional £6.25 for 2020/21 on the current £59.95) and £24.75 (an additional £7.75 for 2020/21 on the current £17.00) for other Mayoral General functions;
3. 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;
4. To approve:

- i. the overall budget proposed for the Fire and Rescue Service, noting the 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 capital programme and proposals for funding;
  - iv. the medium term financial position for all functions covered by the Mayoral precept;
5. To approve the budget for other Mayoral functions, including the use of £0.5 million of Earnback grant to be used to support GMCA costs relating to bus related activity, including bus reform;
6. To note that the approval to set a Statutory Charge of £86.7 million as set out in Part 4 of the Transport Order, apportioned on the basis of mid-year population as at June 2018 is requested as part of the Transport Revenue Budget report elsewhere on the agenda;
7. To approve the use of reserves as set out in paragraphs 5.1 and at Appendix 2, paragraph 9.1;
8. 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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<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?		Yes
GM Transport Committee	Corporate Issues & Reform Overview & Scrutiny Committee	
	11 February 2020	

**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. Risks associated with Mayoral Transport Functions are covered in the Transport Revenue budget report elsewhere on the agenda.

**Legal Considerations** – See Appendix 1 of the report for the legal requirements about setting the precept.

**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:**

Report to Greater Manchester Combined Authority: 'Mayoral General Budget and Precept' 15 February 2019

## **1. INTRODUCTION**

- 1.1 At the meeting of the Greater Manchester Combined Authority held on 31 January 2020, 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 2020/21.
- 1.2 The legal process (Appendix 1) specifies that the GMCA should notify the Mayor before 8 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.
- 1.3 The contents of the previous Mayoral budget report to the 31 January meeting has been shared with the business community via the GM Chamber. Any comments received prior to the meeting will be reported verbally.

## **2. CHANGES SINCE BUDGET REPORT**

- 2.1 At the time of writing the report, the position on District Council tax bases and surpluses or deficits on Collection Funds together with the position on the Authority's share of the Retained Business Rates was not finalised as the deadline for part of this information was 31 January. The figures have now been received and are showing an improvement over 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. There has been a minor increase in the tax base of a further 0.7 (Council tax Band D Equivalent) properties.
- 2.3 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. The updated figures show an additional surplus on council tax of £0.545 million and an additional surplus on business rates of £0.220 million and increased income from business rates (including Section 31 grants) of £0.097 million.

### **3. BUDGET CONTENT AND PROCESS**

3.1 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

3.2 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 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 March. As in 2019/20, the Government has indicated that it will not impose a ceiling on the Mayoral (General) precept, above which a referendum would be required in recognition of the restraint shown by Mayors in setting their precepts.

3.3 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).

3.4 In terms of timetables, before 1 February, the GMCA must be notified of the draft budget in relation to the following financial year. The draft budget must set out the proposed spending and how it is intended to meet the costs of the Mayoral General functions.

3.5 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 8 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 8 February then the draft budget shall be deemed to be approved. No such report has been received.

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

### **4. PROPOSED MAYORAL GENERAL BUDGET**

4.1 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.

4.2 It is proposed that the previous level of precept (£59.95) is increased by £6.25 to support the deferral of a number of operational changes in light of the Phase 1 report into the

Grenfell Tower Fire Public Inquiry and The Cube fire at Bolton. In addition, income from Business Rates, both a share of the income collected by District Councils and a 'top up' grant, is received.

- 4.3 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.
- 4.4 Following the GMCA (Functions and Amendment) order being laid in April 2019, the Mayor 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 can be found with the Transport Revenue Budget report elsewhere on the agenda.
- 4.5 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 the Mayor makes 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.
- 4.6 In relation to the level of the precept to be levied for Mayoral functions excluding fire, it is proposed 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 £127 million. The overall breakdown of funding for the 2020/21 mayoral budget is as follows:

	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
Precept	12,753	18,877
Mayoral Capacity Funds	1,000	1,000
Collection Fund Surplus	1,493	1,045
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
<b>Total</b>	<b>28,386</b>	<b>127,072</b>

4.7 Based on the above, the funding from the Mayoral (General) Budget for 2020/21 is proposed to be as follows:

<b>Mayoral - Non Fire</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
Mayoral Direct Costs Incl Corporate Support	820	1,239
Spatial Development Strategy	800	-
Mayoral Priorities Incl - A Bed Every Night	416	2,633
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
<b>Sub-Total - Pre additional transport powers</b>	<b>25,136</b>	<b>35,122</b>
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
<b>Total Including additional transport powers</b>	<b>28,386</b>	<b>127,072</b>

4.8 In relation to the Direct Mayoral and Support Costs, these are detailed in the table below:

	<b>2020/21</b>
	<b>£000</b>
Mayor's Direct Staffing Costs (Including Mayor, Director of Mayors Office and 5 Business Support posts)	455
Mayor's Direct Other Costs (Including Travel, Mobiles, Printing etc.)	35
<u>Contribution Towards GMCA Corporate Support</u>	
Human Resources	6
Senior Officers	73
Communications	219
Churchgate House - Accommodation	20
ICT	21
Democratic Services	60
Business Support - General / Reception	38
Strategy	233
Finance	10
Contracts and Procurement	4
Legal	46
Information Governance	19
<b>Total Direct Mayoral and Support Budget</b>	<b>1,239</b>

4.9 Although I am required to set a precept specifying the Band D Charge, by far the majority of properties, 82%, 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. Based on Band B being the average charge paid, this equates to £19.25 for non-Fire functions.

	A	B	C	D	E	F	G	H
Costs for Band £	16.50	19.25	22.00	24.75	30.25	35.75	41.25	49.50
Proportion of Properties %	45.6	19.6	17.4	9.2	4.8	2	1.2	0.2

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

## 5. RESERVES

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

<b>Mayoral General Reserves</b>	<b>Projected Balance as at 31-Mar-20</b>	<b>Transfer in/(out) 2020/21</b>	<b>Projected Balance as at 31-Mar-21</b>
	£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
<b>TOTALS</b>	<b>48,373</b>	<b>(839)</b>	<b>47,224</b>

5.2 Given the current scale of activities falling on the General budget, the level of reserves held is felt to be appropriate.

## 6. BUDGET SUMMARY 2020/21

	Gross Expenditure	Gross Income	Net Estimate
	£000	£000	£000
Fire Service Budget	112,079	2,565	109,514
Other Mayoral General Budget	127,072	17,949	109,123
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	<b>245,039</b>	<b>29,171</b>	<b>215,868</b>
Localised Business Rates	-	10,614	(10,614)
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	-	1,265	(1,265)
Precept requirement	<b>245,039</b>	<b>175,667</b>	<b>69,372</b>

## 7. LEGAL ISSUES

- 7.1 In coming to decisions in relation to the revenue budget, the Mayor has various legal and fiduciary duties. The amount of the precept must be sufficient to meet the legal and financial commitments, ensure the proper discharge of statutory duties and lead to a balanced budget.
- 7.2 In exercising the fiduciary duty, the Mayor should be satisfied that the proposals put forward are a prudent use of resources in both the short and long term and that they are acting in good faith for the benefit of the community whilst complying with all statutory duties.

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

- 7.3 The Local Government Finance Act 2003 requires the Treasurer to report to on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Mayor has a statutory duty to have regard to the CFO's report when making decisions about the calculations.
- 7.4 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, the Mayor must take such action as considered necessary to deal with the situation. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves.

- 7.5 Under Section 114 of the Local Government Finance Act 1988, where it appears to the Treasurer 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 Treasurer has a duty to make a report to the Mayor.
- 7.6 The report must be sent to the GMCA's External Auditor and the Mayor/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) is proposed 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 Treasurer. Failure to take appropriate action in response to such a report may lead to the intervention of the External Auditor.

### **Reasonableness**

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

### **Risks and Mitigation**

- 7.8 The Treasurer has examined the major assumptions used within the budget calculations and considers that they are prudent, based on the best information currently available. A risk assessment of the main budget headings 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 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 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 The Provisional Local Government Settlement was announced on 20 December 2019. 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.
- 1.2 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.
- 1.3 This report updates on the Revenue Budget position for the 2020/21 Fire and Rescue Service, 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.

<b>Medium Term Financial Plan</b>	<b>Original 2019/20 £m</b>	<b>Forecast 2019/20 £m</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>
Fire Service	99.772	99.772	103.570	109.514
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)	3.363	(2.058)
<b>Cost of service</b>	<b>103.331</b>	<b>103.570</b>	<b>109.514</b>	<b>109.895</b>
Capital Financing Charges	7.207	6.291	5.888	2.757
Use of Capital Reserves	(5.666)	(4.750)	(4.201)	-
<b>Net Service Budget</b>	<b>104.872</b>	<b>105.111</b>	<b>111.201</b>	<b>112.652</b>
<b>Funded by:</b>	<b>2019/20</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Localised Business Rates	10.311	10.311	10.614	10.614
Baseline funding	39.600	39.600	40.250	40.250
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	50.494	51.251
Collection Fund surplus/deficit	0.288	0.288	0.220	-
	<b>101.343</b>	<b>102.841</b>	<b>109.245</b>	<b>104.117</b>
<b>Shortfall</b>	<b>3.529</b>	<b>2.271</b>	<b>1.956</b>	<b>8.475</b>
<b>Funded by:</b>				
<b>Earmarked Reserves</b>	-	0.600	1.956	-
<b>General Reserves/Precept Increase</b>	3.529	1.671	-	8.475
	<b>3.529</b>	<b>2.271</b>	<b>1.956</b>	<b>8.254</b>

## **2. 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, further deferral of a number of the operational changes detailed in the Outline Business Case is proposed. 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 £5.605million, towards estimated costs for GMFRS of £6.1million. 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.

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

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

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

## 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 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 12,544 which results in additional funding of £0.752 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.

<b>Reserves</b>	<b>Actual Balance as at 31-Mar-19</b>	<b>Forecast Reserve Balances 31/03/2020</b>	<b>Forecast Reserve Balances 31/03/2021</b>	<b>Forecast Reserve Balances 31/03/2022</b>
	£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
<b>TOTALS</b>	<b>32,752</b>	<b>25,732</b>	<b>19,575</b>	<b>11,321</b>
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.

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

## 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

<b>Expenditure Head</b>	<b>Original Estimate £000</b>	<b>Original Estimate £000</b>	<b>Variation £000</b>
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
<b>Total Net Expenditure to be met by Top up Grant</b>	<b>41,816</b>	<b>36,040</b>	<b>(5,776)</b>
Top up Grant	(41,816)	(36,040)	5,776
<b>Total Pension Account</b>	<b>-</b>	<b>-</b>	<b>-</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 2020/21**

	<b>Gross Expenditure</b>	<b>Gross Income</b>	<b>Net Estimate</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fire Service Budget	112,079	2,565	109,514
Other Mayoral General Budget	127,072	17,949	109,123
Capital Financing Charges	1,687	-	1,687
Revenue Contribution to Capital Outlay	4,201	-	4,201
Contribution from balances/reserves	-	8,657	(8,657)
<b>Budget Requirement</b>	<b>245,039</b>	<b>29,171</b>	<b>215,868</b>
Localised Business Rates	-	10,614	(10,614)
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	-	1,265	(1,265)
<b>Precept requirement</b>	<b>245,039</b>	<b>175,667</b>	<b>69,372</b>
	Note 1	Note 2	

Note 1: this figure represents the aggregate of the amounts estimated for items set out in Section 42A (2) (a) to (d) of the Local Government Finance Act 1992.

Note 2: this figure represents the aggregate of the amounts estimated for items set out in Section 42A (3) (a) to (b) of the Local Government Finance Act 1992.

**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.

<u>District</u>	<u>Council Tax Base</u>
Bolton	76,173.0
Bury	55,222.0
Manchester	118,864.6
Oldham	57,663.0
Rochdale	55,745.0
Salford	69,945.0
Stockport	96,241.2
Tameside	63,307.9
Trafford	77,386.0
Wigan	92,200.0
Total	762,747.7

**AMOUNTS OF COUNCIL TAX FOR EACH BAND**

		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
<b>2020/21</b>	<b>Costs for Band (including fire)</b>	£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 UNDER SN 42A (4)	£215,868,383
Funding (Including S31 grant)	£145,231,144
	<hr/>
	<b>£70,637,239</b>

**ADJUSTED FOR SURPLUS(-) / DEFICIT ON DISTRICT COLLECTION FUNDS**

BOLTON	26,362
BURY	458,765
MANCHESTER	393,017
OLDHAM	27,169
ROCHDALE	39,030
SALFORD	60,039
STOCKPORT	42,312
TAMESIDE	164,377
TRAFFORD	20,322
WIGAN	33,940
	<hr/>
	<b>1,265,333</b>

**NET BUDGETARY REQUIREMENT  
TO BE MET BY COUNCIL TAX**

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**£69,371,906**

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**NET BUDGETARY REQUIREMENT  
AGGREGATE TAX BASE**

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69,371,906

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762,747.7**BASIC TAX AMOUNT AT BAND 'D'****£90.95**

**CALCULATION OF AMOUNTS PAYABLE BY EACH BILLING AUTHORITY (CALCULATIONS UNDER SECTION 48 (2) OF THE ACT)**

District	Tax Base	Basic Amount £. p	Precept £	Surplus/ Deficit (-) £	NDR Rate Retention £	Net Payment £
Bolton	76,173.0	£90.95	6,927,935	26,362	832,729	7,787,026
Bury	55,222.0	£90.95	5,022,441	458,765	517,836	5,999,042
Manchester	118,864.6	£90.95	10,810,736	393,017	3,437,905	14,641,658
Oldham	57,663.0	£90.95	5,244,450	27,169	539,757	5,811,376
Rochdale	55,745.0	£90.95	5,070,008	39,030	639,350	5,748,388
Salford	69,945.0	£90.95	6,361,498	60,039	909,595	7,331,132
Stockport	96,241.2	£90.95	8,753,137	42,312	807,310	9,602,759
Tameside	63,307.9	£90.95	5,757,854	164,377	543,883	6,466,114
Trafford	77,386.0	£90.95	7,038,257	20,322	1,560,545	8,619,124
Wigan	92,200.0	£90.95	8,385,590	33,940	825,580	9,245,110
Total	<u>762,747.7</u>		<u>69,371,906</u>	<u>1,265,333</u>	<u>10,614,490</u>	<u>81,251,729</u>

## Schedule of Precept Payment Dates 2020/21

## Greater Manchester Combined Authority

<b>Month</b>	<b>Precept Date</b>	
April 2020	<b>20/04/2020</b>	Monday
May 2020	<b>20/05/2019</b>	Wednesday
June 2020	<b>22/06/2020</b>	Monday
July 2020	<b>20/07/2020</b>	Monday
August 2020	<b>20/08/2020</b>	Thursday
September 2020	<b>21/09/2020</b>	Monday
October 2020	<b>20/10/2020</b>	Tuesday
November 2020	<b>20/11/2020</b>	Friday
December 2020	<b>21/12/2020</b>	Monday
January 2021	<b>20/01/2021</b>	Wednesday
February 2021	<b>22/02/2021</b>	Monday
March 2021	<b>22/03/2021</b>	Monday