

GMCA Overview & Scrutiny Committee

Date: 25th January 2023

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 2023-24 for consideration by the members of the GMCA Overview & Scrutiny. 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 Overview & Scrutiny Committee is requested to consider the recommendations to be put forward to the GMCA (as below):

1. To consider the GM Mayor's proposal to increase the Mayoral General Precept by £5 to £107.95 (for a Band D property), comprising of:
 - i) Functions previously covered by the Fire and Rescue Authority - precept of £76.20 (£5 increase);
 - ii) Other Mayoral General functions - precept of £31.75 (no increase).

2. 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 2024 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
2. To note and comment on the detailed budget proposals for other Mayoral functions;
3. To note and comment on the use of reserves as set out in Paragraph 3.3 of the report;
4. 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
6. To note that at the GMCA meeting on 10 February 2023 there will be an updated budget submitted, consistent with the precept proposals, to reflect final tax base and collection fund calculations and the final baseline funding 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 2023/24 insofar as they relate to the Fire Service are detailed in Part 2.

Legal Considerations – See Appendix 1 of the report.

Financial Consequences – Revenue – The report sets out the planned budget strategy for 2023/24 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 2022/23 – 11 February 2022

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

N/A

Overview and Scrutiny Committee

8th February 2023

1. INTRODUCTION

1.1 The purpose of this report is to notify the GMCA of the Mayor's draft budget for 2023/24, 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 2023/24 is set out in two parts:

1.2.1 Part 1 - Mayoral General Budget 2023/24 (excluding Fire and Rescue). There is no increase to the Mayoral General precept for 2023/24 the existing precept of £31.75 will continue to be used to support:

- The 'A Bed Every Night' emergency response scheme to reduce rough sleeping in Greater Manchester and continue to support local schemes and homelessness partnerships to end rough sleeping. This scheme is supplemented by financial support from the Greater Manchester Integrated Health and Care Partnership, Probation Service, and other partners across Greater Manchester.
- The 'Our Pass' scheme for a further 12 months from September 2023, providing free bus travel within Greater Manchester for 16–18-year-olds.
- Care Leavers concessionary pass providing free bus travel in Greater Manchester for young people 18-21 years old who have been in care.
- 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. The Mayoral precept and Earnback grant funding will fund the procurement and implementation of local bus service contracts (bus franchising) in three 'Tranches'. Tranche 1 will commence operation in September 2023 covering Wigan, Bolton and parts of Salford and Bury, extending to the whole city region in Tranche 3 by January 2025.

- 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.
- 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.

1.2.2 Part 2 - Greater Manchester Fire and Rescue Service (GMFRS) Medium Term Financial Plan 2023/24 – 2025/26. The precept increase in relation to GMFRS is required to ensure, given the significant increase in inflationary pressures on both pay and non-pay budgets, there is no impact on frontline fire cover. The Mayor has committed to continuing with at least 50 fire engines throughout 2023/24 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 (fire) for the financial year 2023/24. If the proposal is accepted, the Mayoral Precept will increase by £3.33 (6 pence per week) to £71.96 for a Band A property split between £50.80 (98 pence per week) for the fire service and £21.16 (41 pence per week) for other Mayoral-funded services (an increase of £5.00 to £107.95 for a Band D property, with the fire service accounting for £76.20 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, 82.1% 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.

2023/24	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	50.80	59.27	67.73	76.20	93.13	110.06	127.00	152.40

Total	71.96	83.96	95.95	107.95	131.93	155.92	179.91	215.90
Proportion of Properties	44.7%	19.8%	17.6%	9.5%	4.9%	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 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 2023/24

- 3.1 The table below shows the summary of gross and net budget for Mayoral General Budget including GMFRS budget for 2023/24:

Budget Summary 2023/24	Gross Expenditure	Gross Income	Net Estimate
	£000	£000	£000
Fire Service Budget	128,088	3,814	124,274
Other Mayoral General Budget	139,738	15,000	124,738
Capital Financing Charges	2,082	0	2,082
Contribution from balances/reserves	1,752	12,875	-11,123
Budget Requirement	271,660	31,689	239,971
Localised Business Rates		9,521	-9,521
Business Rate Baseline		43,275	-43,275
Services Grant		1,244	-1,244
Section 31 Grant - Business Rates		6,847	-6,847
Section 31 Grant - pensions		5,605	-5,605
Transport - Statutory Charge		86,700	-86,700
Collection Fund surplus/-deficit	0	1,124	-1,124
Precept requirement	271,660	186,005	85,655

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 2023/24 are as follows:

Mayoral and GMFRS Reserves	Closing Balances 31 March 2022 £000	Transfer out/(in) 2022/23 £000	Projected Balance March 2023 £000	Transfer out/(in) 2023/24 £000	Projected Balance March 2024 £000
General Reserve - Mayoral & GMFRS	-12,093		-12,093		-12,093
Bus Services Operators Grant	-2,384	671	-1,713	1,154	-559
Our Pass Reserve	-3,942	1,010	-2,932	0	-2,932
A Bed Every Night	-2,611	2,611	0		0
Capital Reserve	-9,615	-5,245	-14,860	-1,752	-16,612
Capital Grants Unapplied	-299	0	-299		-299
Earmarked Budgets Reserve	-2,636	146	-2,490	122	-2,368
Revenue Grants Unapplied	-6,228	3,257	-2,971	700	-2,271
Insurance Reserve	-2,849		-2,849		-2,849
Business Rates Reserve	-1,414		-1,414		-1,414
Restructuring Reserve	-418		-418		-418
Innovation and Partnership CYP	-127		-127		-127
Transformation Fund	-3,604		-3,604		-3,604
Total Mayoral & GMFRS Reserves	-48,220	2,450	-45,770	224	-45,546

3.4 The current General Fund Reserve balance stands at £12.093m, this is considered an appropriate level and 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 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

- 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 2023/24 (EXCLUDING FIRE & RESCUE)

- 5.1 This section provides the proposed Mayoral General Budget (excluding Fire & Rescue) for 2023/24. The Mayoral General Budget funds the Mayor's Office and Mayoral functions including Transport. The budget for 2023/24 is a proposed £139.738m to be funded from Precept income, Transport Statutory Charge, reserves, grants and external income.

5.2 The table below sets out the 2022/23 budget and 2023/24 proposed budget:

Mayoral Budget	2022/23 Budget	2023/24 Budget
	£000	£000
Employee Related	501	496
Supplies and Services	15	15
Travel Related	15	15
Corporate Recharge	794	826
Mayoral Priorities		
A Bed Every Night	2,400	2,400
Care Leavers	550	550
Equality Panels	350	350
Good landlord scheme	300	300
Total Mayoral Priorities	3,600	3,600
Mayoral Transport		
Bus Reform	15,895	15,895
Our Pass	16,200	16,891
Bus Service Operators Grant	11,750	11,750
TfGM Revenue Grant	90,250	90,250
Total Mayoral Transport	134,095	134,786
Gross Expenditure	139,020	139,738
Funded by:		
Mayoral Precept	-24,720	-25,193
Collection Fund Surplus /-Deficit	-1,445	-792
Collection Fund Compensation	-107	0
BSOG grant	-13,150	-13,150
Mayoral Capacity grant	-1,000	-1,000
Statutory charge	-86,700	-86,700
Use of Reserves	-11,048	-12,053
External Income	-850	-850
Gross Income	-139,020	-139,738

5.3 In relation to the level of the precept to be levied for Mayoral functions it is proposed that this is frozen at £21.16 for a Band A property and £31.75 for a Band D property which will be used to support Mayoral priorities as set out below.

5.3.1 Continuation of the A Bed Every Night (ABEN) programme, which over the last 5 years has contributed to a reduction in rough sleeping in Greater Manchester. Alongside other funding streams, this contribution is part of a three year plan to enable greater investment in other areas of homelessness response and prevention and reduce the overall requirement by end of the 2024/25.

5.3.2 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 Our Pass scheme is funded from a combination of Precept, reserves, and other income. A budget of £16.9m is proposed for 2023/24 with a risk reserve held by TfGM if costs increase during the year, in line with the original funding strategy for the scheme agreed by the GMCA.

5.3.3 Bringing bus services under local control through a franchising scheme to deliver passenger benefits including simpler fare and ticketing and joined-up planning between bus and tram journeys. The Mayoral precept and Earnback funding will fund the procurement and implementation of local service contracts in three 'Tranches' with the Tranche 1 to commence operation in September 2023 and for Tranche 3 to commence operation in January 2025.

5.3.4 Other Mayoral priorities:

- Care Leavers concessionary pass to providing a 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.

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 £86.7m 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 local authority is shown below:

Local Authority	Population Mid 2020		2023/24 Statutory Charge £000
Bolton	288,248	10.1%	8,774
Bury	190,708	6.7%	5,805
Manchester	555,741	19.5%	16,916
Oldham	237,628	8.3%	7,233
Rochdale	223,659	7.9%	6,808
Salford	262,697	9.2%	7,996
Stockport	294,197	10.3%	8,955
Tameside	227,117	8.0%	6,913
Trafford	237,579	8.3%	7,232
Wigan	330,712	11.6%	10,067
Total	2,848,286	100.0%	86,700

6 PART 2 - PROPOSED GREATER MANCHESTER FIRE AND RESCUE REVENUE AND CAPITAL BUDGET 2023/24

- 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 2025/26 has been updated, based on the 2022/23 baseline updated for pay and price inflation, known cost pressures and agreed savings
- 6.3 The Chancellor announced the Spending Review in December 2022 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 7.4% increase in core spending power.
 - Flexibility on council tax precept for stand-alone Fire Services of £5 for a one-year period.
- 6.4 The Provisional Local Government Settlement was published in December 2022 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 2022/23 onwards:

<u>Medium Term Financial Plan</u>	Original 2022/23	Revised 2022/23	Proposed Budget 2023/24	Indicative Budget 2024/25	Indicative Budget 2025/26
	£000	£000	£000	£000	£000
Fire Service	107,956	107,956	115,365	124,275	128,220
Pay and price inflation	2,625	5,385	5,955	4,080	2,031
Savings	-788	-788	-712	0	0
Cost pressures and variations	2,812	2,812	3,667	-135	-426
Cost of service	112,605	115,365	124,275	128,220	129,825
Capital Financing Charges	1,692	1,692	2,082	3,096	3,755
Trf to Earmarked Reserves	5,245	5,245	1,752	0	0
Net Service Budget	119,542	122,302	128,109	131,316	133,580
Funded by:					
Localised Business Rates	9,368	9,521	9,521	9,521	9,521
Baseline funding	40,922	40,922	43,275	43,275	43,275
SFA - Services Grant	2,209	2,209	1,244	1,244	0
Section 31 - Business rates	5,452	5,300	6,847	6,847	6,847
Section 31 - Pension related	5,605	5,605	5,605	5,605	5,605
Precept (at £76.20 Band D)	55,429	55,429	60,463	60,463	60,463
Collection Fund sur/def	-2,637	-2,637	332	0	0
	116,348	116,349	127,287	126,955	125,711
Shortfall	3,194	5,953	822	4,362	7,869
Shortfall Funded by:					
Earmarked Reserves	3,194	3,194	822	426	0
Reserves/Precept Increase	0	2,759	0	3,936	7,869
Total	3,194	5,953	822	4,362	7,869

REVENUE BUDGET ASSUMPTIONS

Funding

- 6.7 Funding is based on the details from the Provisional Settlement, released in December. The baseline funding from Revenue Support grant and Top-up grant has increased by £2.353m from the 2022/23 position with a reduction in Services Grant of £0.965m. 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. This represents an increase in total Government funding for the service of just over 3%. Whilst this is higher than in previous years, it falls some way short of the pay and non-pay inflation pressures faced by the service.
- 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 up to 2022/23 was made on a flat cash basis, and in 2023/24 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 £50.80 per Band A property, equivalent to 98 pence per week (£76.20 per household at Band D equivalent, or £1.47 per week) which ensures frontline fire cover is maintained. The estimated taxbase for 2023/24, i.e. the number of households paying council tax, has seen an increase when compared to levels assumed in 2022/23, however, final taxbase numbers are to be confirmed.
- 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 are expected with a small surplus following recovery from the pandemic. The values currently provided in the Medium-Term Financial Plan include deficits from 2020/21 which have been spread over three financial years from 2021/22 and the recoverable amounts from the Tax Income Guarantee funding from Government.

Pay and Pensions

- 6.11 The original pay inflation in respect of 2022/23 included 2% for both uniformed and non-uniformed staff. An employers offer of 5% was put forward in respect of uniformed staff which was rejected, therefore, additional provision has been made in the budget for an increase, however, at this stage it is not clear what the final outcome of ongoing negotiations will be. In relation to non-uniformed staff, pay award was agreed at £1,925.
- 6.12 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 up to 2022/23 was made on a flat cash basis, which is expected again in 2023/24.

Savings

- 6.13 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 ensures 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

- 6.14 Budget pressures have been identified as set out below:
- Pay award – As noted at paragraph 6.11, budget pressures have arisen due to pay awards for 2022/23 and 2023/24. Uniformed staff 2022/23 pay award

is under negotiation, an employers offer of 5% has been rejected, therefore, additional provision has been made in the budget for a further increase for both 2022/23 and 2023/24. Non-Uniformed pay award for 2022/23 of £1,925 per full-time equivalent (FTE) has been agreed equating to a budget pressure of £0.442m with a further increase in 2023/24 based on up to 4%.

- National Insurance – Government announced an increase of National Insurance contributions which increased employers' contribution rate from 13.8% to 15.05%. This decision has been reversed and the benefit of this has formed part of the employee budget requirement calculations. Conversely, the Services Grant that was used to fund the NI increase in 2022/23 has been reduced to reflect the benefit. The allocation of Services Grant for GMFRS as per the provisional settlement is £1.244m, a reduction from the previous year of £964k. The net value is a pressure of £320k.
- Price inflation - energy costs inflation has been identified with an estimated budget increase requirement of £1.542m. Fuel costs have increased by 40% equating to an estimated £0.266m pressure. General inflation has been factored in at 2% which equates to an estimated £0.426m pressure.
- Corporate Services support from the wider GMCA will see a cost increase, mainly in relation to pay award. This has been estimated at £0.806m.

Transfer to Earmarked Reserves

- 6.15 The transfer to earmarked reserves represents the planned use of revenue funding to be transferred to the Capital Fund reserve. This is to support the cost of future capital investment and reduce reliance on borrowing.

CAPITAL PROGRAMME

6.16 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.

Revised Capital Programme	2022/23	2023/24	2024/25	Future Years to 2027/28	Total
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Estates	5,661	12,186	24,644	15,576	58,066
Transport	1,662	7,720	1,585	7,273	18,240
ICT	2,617	400	150	450	3,617
Equipment	2,140	274	305	2,078	4,798
Sustainability	484	75	75	225	859
Health & Safety	83	522	0	0	605
Waking Watch Relief Fund	728	2,000	0	0	2,728
Total	13,375	23,177	26,759	25,602	88,913

6.17 A long-term estates strategy has been 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 2027/28. Alongside this is the Bury Training and Safety Centre which is also underway and due to complete within 2022/23.

6.18 Alongside the estates strategy is a programme of work to replace and update fitness equipment on fire stations. A review of requirements has been completed under the Health, Safety & Fitness team which has been incorporated into the capital programme.

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.

6.20 Following the successful roll out of the Waking Watch Relief Fund, Department for Levelling Up, Housing and Communities (DLUHC) has requested further support from GMFRS to assist with the delivery of the Waking Watch Replacement Fund. The project will start in quarter 4 of 2022/23 and will continue into 2023/24. The funding for the replacement fund equates to £2.429m.

BUDGET RISKS

6.21 Future budget risks are set out below:

- Future government funding within the current Spending Review period beyond 2023/24 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 the 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.
- Delivery of sufficient savings to meet the requirements of the medium-term financial strategy, and dependent on availability of resources to deliver a change programme.
- Emergency Services Mobile Communications Project (ESMCP) – a national project to procure and replace the emergency services network.

- Any changes required following the recommendations from the Manchester Arena Public Inquiry, Grenfell Inquiry and Fire Safety Act 2021, and the Building Safety bill not already factored into the budget.
- 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 the 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 calculations;
 - (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 2023/24

Budget Summary 2023/24	Gross Expenditure £000	Gross Income £000	Net Estimate £000
Fire Service Budget	128,088	3,814	124,274
Other Mayoral General Budget	139,738	15,000	124,738
Capital Financing Charges	2,082	0	2,082
Contribution from balances/reserves	1,752	12,875	-11,123
Budget Requirement	271,660	31,689	239,971
Localised Business Rates		9,521	-9,521
Business Rate Baseline		43,275	-43,275
Services Grant		1,244	-1,244
Section 31 Grant - Business Rates		6,847	-6,847
Section 31 Grant - pensions		5,605	-5,605
Transport - Statutory Charge		86,700	-86,700
Collection Fund surplus/-deficit	0	1,124	-1,124
Precept requirement	271,660	186,005	85,655

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>	Council Tax Base
Bolton	78,820.0
Bury	57,096.0
Manchester	131,615.1
Oldham	58,500.0
Rochdale	57,552.0
Salford	73,859.0
Stockport	97,533.3
Tameside	63,532.5
Trafford	78,464.0
Wigan	96,500.0
Total	793,471.9

AMOUNTS OF COUNCIL TAX FOR EACH BAND

2023/24	A	B	C	D	E	F	G	H
Costs for Band £	71.96	83.96	95.95	107.95	131.93	155.92	179.91	215.90

CALCULATION OF BAND D EQUIVALENT TAX RATE

	£
Net expenditure	271,659,918
Less funding	184,880,502
	86,779,416
Adjusted for estimated surplus (-)/deficit on collection funds	-1,124,125

Net budget requirement to be met from Council Tax	85,655,291
Net budgetary requirement	85,655,291
Aggregate tax base	793,471.9
Basic tax amount at Band 'D'	£107.95