

Greater Manchester Combined Authority

Police, Fire and Crime Panel

Date: 27th January 2025

Subject: Greater Manchester Fire and Rescue Service Revenue and Capital Budget
2025/26

Report of: Mayor of Greater Manchester

Purpose of Report

The purpose of this report is to inform panel members of the proposed budget for Greater Manchester Fire and Rescue Service (GMFRS) for 2025/26 and the updated medium term financial plan. The precept proposals for GMFRS for 2025/26 will form part of the Mayoral general budget and precept proposals report to the GMCA on 31st January 2024.

Recommendations:

The Police, Fire and Crime Panel is asked to note and comment on:

- The overall budget proposed for GMFRS.
- The proposed £5 increase in the level of the Mayoral fire precept to fund cost pressures.
- The use of reserves to support the revenue and capital budgets
- The proposed fire service capital programme and proposals for funding
- The medium-term financial position for GMFRS covered by the Mayoral precept

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Equalities Impact, Carbon and Sustainability Assessment:

These assessments are carried out as appropriate by the responsible service area.

Risk Management

An assessment of the potential budget risks faced by the authority are carried out quarterly as part of the monitoring process.

Legal Considerations

There are no specific legal implications with regards to the 2025/26 budget update.

Financial Consequences – Revenue

The report sets out the budget position for 2025/26.

Financial Consequences – Capital

The revenue consequences of capital expenditure are reflected in budgetary planning strategy and assumptions.

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

N/A – Police, Fire and Crime Panel undertake the overview and scrutiny role.

Background Papers

Mayoral General Budget and Precept Proposals

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution

Yes

Exemption from call in

None

Bee Network Committee

N/A

Overview and Scrutiny Committee

N/A

1. Introduction/Background

- 1.1 The purpose of this report is to inform panel members of the proposed budget for Greater Manchester Fire and Rescue Service (GMFRS) for 2024/25 and the updated medium term financial plan.
- 1.2 The following information provides details supporting the Greater Manchester Fire and Rescue Service Revenue and Capital Budgets.
- 1.3 The Medium-Term Financial Plan (MTFP) has been updated, based on the 2024/25 baseline updated for pay and price inflation, known cost pressures and agreed savings.
- 1.4 The Chancellor announced the provisional local government settlement on 18th December 2024 which presented a one-year settlement as the final year of the three-year government Spending Review. In relation to Fire and Rescue Services, the announcements covered the following:
 - Stand-alone Fire & Rescue services receiving an average 2.8% increase in core spending power
 - Flexibility on council tax precept for stand-alone Fire Services of £5
 - NIC Compensation to total £515m for all local government, including Fire and Rescue, based on Net Current Expenditure.
- 1.5 The MTFP has been updated based on the basis of the provision settlement. It should be noted that:
 - The increase in core spending power assumes that all Fire and Rescue Services utilise the full £5 council tax flexibility.
 - The increase in spending power for all Fire and Rescue Authorities is therefore funded entirely through the assumed council tax increase with a small year on year reduction in grant funding from the Government.
 - Fire and Rescue Services have experienced a reduction in funding as a result of removals of the Services Grant and the Funding Guarantee reduction of 100% from 2025/26 onwards.

- The current NIC Compensation is not considered sufficient to cover the full costs to fire and rescue services. The current assumption is 50% of costs will be compensated through the grant. If confirmed this would create a budget pressure of c£0.9m for GMFRS.
- Final confirmation of the funding position will be confirmed in the Local Government Final Settlement due for late January / early February.
- The Fire and Rescue Pensions Grant is now included within core spending power.
- A further Fire and Rescue Pensions Grant is payable via the Home Office, amounts for 2025/26 not yet confirmed.

2. 2025/26 Precept Proposals

- 2.1 The Mayor of Greater Manchester is proposing, in his report to the Combined Authority meeting of the 31st January 2025, a £5 (Band D) increase to the GMFRS element of the mayoral precept.
- 2.2 The proposed increase is required to fund the full cost of inflationary and other pressures across the service for 2025/26. The absence of any increase in the proposed government funding for GM fire and rescue services, as set out in the provisional local Government funding settlement, means the full impact of these pressures will be borne by the council tax precept.
- 2.3 The table below sets out the overall changes in GMFRS funding resulting from the settlement from MHCLG

Funding	2024/25	2025/26	Change	
	£'000s	£'000s	£'000s	%
Total Government Grant	71.0	70.8	- 0.2	-0.3%
Council tax*	65.6	70.6	5.0	7.7%
Total	136.5	141.4	4.8	3.5%

* Based on increase of £5 (Band D) and national assessment of taxbase increase

- 2.4 The impact of the funding settlement means the £5 precept increase, the maximum permitted for stand-alone fire and rescue authorities, will be required to protect front line service delivery.
- 2.5 Based on current assumptions, with the proposed £5 precept, there remains a budget pressure of £1.419m which will need to be met from reductions in non-frontline expenditure or GMFRS reserves.
- 2.6 This pressure could further increase if the funding for the increase in employer national insurance contributions (NICs) is not fully funded by the Government.
- 2.7 The proposed £5 increase for a Band D property will equate to a £3.33 (6 pence per week) increase to £54.14 for a Band A.
- 2.8 Although it is required to set a precept specifying the Band D charge, more than 80% of properties in Greater Manchester, will be required to pay less than this amount.
- 2.9 The following table outlines the amounts to be paid by each band:

Fire (£)	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
2024/25	54.14	63.16	72.18	81.20	99.25	117.29	135.34	162.40
2025/26 Proposed	57.47	67.04	76.62	86.20	105.36	124.51	143.67	172.40
Increase	3.33	3.88	4.44	5.00	6.11	7.22	8.33	10.00

3. GMFRS Medium Term Financial Plan (MTFP)

Revenue Budget

- 3.1 The baseline funding from revenue support grant and top-up grant has increased by £0.743m, however, the removal of the services grant and funding guarantee from the settlement reduces funding allocations by £1.409m.
- 3.2 On calculating the 2025/26 pay budget requirements, assumptions have been made of 2% pay award for both operational and staff in specialist roles.
- 3.3 Pay inflation includes the national insurance changes announced in the Autumn Statement which are an increase in employers' contribution rate from 13.8% to 15% plus a decrease in the threshold from £9,100 to £5,000.
- 3.4 Capital financing costs have been calculated on the latest capital forecast costs on a Minimum Revenue Provision (MRP) only basis due to internal borrowing.
- 3.5 Budget savings are included within the MTFP on the basis of prior year National Fire Chiefs Council (NFCC) guidance which set a target of 2% of non-pay budgets. The savings target has been proposed at £0.677m.
- 3.6 Budget risks include;
 - Funding allocations in 2025/26 in relation to the 2024/25 pension contribution rate increases are yet to be announced.
 - Funding in relation to Protection grants also yet to be announced.
 - Future government funding beyond 2025/26 which is not confirmed.
 - Pay inflation - a risk if negotiated at a rate in excess of the assumptions set out in the MTFP.
 - Successful delivery of identified savings targets to meet the requirements of the MTFP.
 - Future costs arising from the Grenfell Inquiry and proposed support in relation to Emergency Medical Response.
 - Lack of capital grants. As no capital grants are available to Fire & Rescue Services, 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.

- Funding formula changes which are currently proposed to be implemented for 2026/27 onwards may change GMFRS share of the funding

3.7 The following table outlines the proposed 2025/26 MTFP on the basis of the precept and wider budget assumptions outlined within this report.

3.8 The table shows a shortfall to be funded from reserves of £1.419m and indicative budgets for the financial years 2026/27 and 2027/28.

Medium Term Financial Plan	Original 2024/25	Revised 2024/25	Proposed Budget 2025/26	Indicative Budget 2026/27	Indicative Budget 2027/28
	£000	£000	£000	£000	£000
Fire Service	125,437	125,437	143,449	148,160	154,040
Pay and price inflation	5,005	10,112	5,226	5,880	5,437
Savings	-1,629	-1,629	-0,677	0	0
Cost pressures and variations	6,651	9,529	0,162	0	0
Cost of service	135,464	143,449	148,160	154,040	159,477
Capital Financing Charges	3,800	1,468	2,544	5,287	6,031
Transfer to Earmarked Reserves	0	0	0	0	0
Net Service Budget	139,264	144,917	150,704	159,326	165,507
Funded by:					
Localised Business Rates	11,347	11,347	11,347	11,347	11,347
Baseline funding	51,281	51,281	52,024	52,024	52,024
SFA - Services Grant	0,204	0,224	0	0	0
Funding Guarantee	0	1,185	0	0	0
Section 31 - Business rates related	10,017	8,711	9,211	9,211	9,211
Section 31 - Pension related	0	4,769	4,769	4,769	4,769
NI funding increase			0,854	0,854	0,854
Precept income (at £86.20 Band D)	65,555	65,555	70,636	70,636	70,636
Collection Fund surplus/deficit	0,444	0,444	0,444	0,444	0,444
	138,848	143,516	149,285	149,285	149,285
					0
Shortfall	416	1,401	1,419	10,041	16,222
Shortfall Funded by:					
Earmarked Reserves	416	1,401	1,419	0	1,000
General Reserves/Precept Increase	0	0	0	10,041	15,222
Use of Earmarked & General Reserves/Precept	416	1,401	1,419	10,041	16,222

Capital Programme

- 3.9 GMFRS have reviewed capital investment requirements for the Fire estates, Fire ICT schemes and operational vehicles and equipment. As the current approved budget ends at 2027/28, estimates to 2032/33 have been included to be agreed in principle. The proposed capital programme requirements are set out below:

Capital Programme	2024/25	2025/26	2026/27	2027/28	2028/29	Future Years to 2032/33	Total
Estates	10,066,528	31,058,661	21,761,056	3,482,419	906,462	57,675,849	124,950,975
Transport	3,069,952	7,030,342	4,095,000	275,000	135,000	7,612,500	22,217,794
ICT	756,116	350,000	150,000	150,000	150,000	600,000	2,156,116
Equipment	3,316,093	981,027	1,505,000	801,098	170,000	1,570,403	8,343,622
Sustainability	325,000	275,000	75,000	75,000	75,000	300,000	1,125,000
Health & Safety	370,643	0	0	0	0	0	370,643
Waking Watch Relief Fund	2,429,000	0	0	0	0	0	2,429,000
Total	20,333,332	39,695,030	27,586,056	4,783,517	1,436,462	67,758,752	161,593,149

- 3.10 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.
- 3.11 In 2024/2025 a full budget review of the Phase 1 Estates Strategy and linked programmes of work has been undertaken and approval of additional funding of £13.0m was given by the Deputy Mayor to significant cost pressures arising from supply chain inflation, site specific conditions and highways related costs emerging across the Estates programme.
- 3.12 Phase 2 of the Estates Strategy is expected to cover period 2028/29 to 2032/33, to align to the proposed extended capital programme timeline.
- 3.13 Alongside the estates strategy is a refresh programme of work to replace and update and enhance gym and other facilities across stations in line with managing contaminants guidance. The investment for the full rollout of rest facilities across the service of £3.4m was approved, forecasting to start in 2025/26.
- 3.14 The Capital programme will be reviewed following confirmation of the final local government funding settlement and any updates to the MTFP

4 Reserves

4.1 The reserves position for GMFRS is set out below. The MTFP has been prepared on the basis of the assumptions in the report and the potential requirement of £1.4m of reserves to balance the budget in 2025/26 in the absence of additional Government funding or additional local savings.

Mayoral and GMFRS Reserves	Closing Balances 31 March 2024 £0	Transfer out/(in) 2024/25 £0	Projected Balance March 2025 £0	Transfer out/(in) 2025/26 £0	Projected Balance March 2026 £0
General Reserve	-12,093		-12,093		-12,093
Capital Reserve	-13,386	233	-13,153	2,034	-11,119
Capital Grants Unapplied			0		0
Earmarked Budget Res	-4,592	1658	-2,934	1,419	-1,515
Revenue Grants Unapplied	-1,619		-1,619		-1,619
Insurance Reserve	-2,128		-2,128		-2,128
Business Rates Reserve	-870	93	-777		-777
Restructuring Reserve	-418		-418		-418
Innovation & Partnership	-127		-127		-127
Transformation Fund	-3,604		-3,604		-3,604
Total	-38,836	1984.4	-36,852	3,453	-33,399

4.2 The general fund reserve for fire and rescue services will remain at £12,093m which is considered an appropriate level and there is no planned use for this reserve.

5. Recommendations

The Police, Fire and Crime Panel is asked to note and comment on:

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