

## Greater Manchester Combined Authority

Date: 7th February 2025

Subject: Mayoral General Budget and Precept Proposals 2025/26

### (Budget Paper B)

Report of: Andy Burnham, Mayor of Greater Manchester

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### PURPOSE OF REPORT

The report sets out the Mayor's proposals for the Mayoral General Budget (including Fire and Rescue) and seeks approval for the Mayoral General Precept for 2025/26.

The report recommends the setting of the Revenue Budget for 2025/26 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. Approve the Mayor's General budget for 2025/26 set out in this report together with the calculation of the precepts and Council Tax rates set out in Appendix 2.
2. Approve the Mayoral General Precept to £128.95 (Band D) comprising of £86.20 for functions previously covered by the Fire and Rescue Authority precept and £42.75 for other Mayoral General functions.

3. Approve:
  - i. the overall budget for the Fire and Rescue Service for 2025/26 covered by the Mayoral precept
  - iii. the medium-term financial position for the Fire and Rescue Service
4. Approve the use of reserves as set out in section 3 of the report and the assessment by the Chief Financial Officer that the reserves as at March 2026 are adequate.
5. 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.

#### **CONTACT OFFICERS:**

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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 2025/26 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 2025/26 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 2024/25 – 9 February 2024

GMCA - Mayoral General Budget and Precept Proposals 2025/26 – 31 January 2025

**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? N/A

Overview & Scrutiny Committee - 5<sup>th</sup> February 2025

## 1. INTRODUCTION

1.1 The purpose of this report is to set out for the Greater Manchester Combined Authority (GMCA) the Mayor's budget for 2025/26, to meet the costs of Mayoral general functions. 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

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 contribution (not Fire). A precept can be issued by the Mayor to GM Councils as billing authorities. The precept is apportioned between local authorities on the basis of Council Tax bases and must be issued before 1<sup>st</sup> March.

1.3 At the meeting of the Greater Manchester Combined Authority held on 31<sup>st</sup> January 2025, 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 2025/26. The legal process (Appendix 1) specifies that the GMCA should notify the Mayor before 8<sup>th</sup> February, if they intend to issue a report on this proposal for the budget and precept and/or propose an alternative. At the time of writing no such report has been received.

- 1.4 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.
- 1.5 The Mayoral General Precept for the financial year 2025/26 will increase to £85.97 for a Band A property split between £57.47 for the fire service and £28.50 for other Mayoral-funded services £128.95 for a Band D property, with the fire service accounting for £86.20 and £42.75 for non-fire).The Mayoral General Budget 2025/26 is set out in two parts:
- 1.5.1 Part 1 - Mayoral General Budget 2025/26 (excluding Fire and Rescue).  
There is an increase of £11 to £42.75 for a Band D property which will be used to support Mayoral priorities. This equates to a £10.67 increase for a Band A property or 21 pence per week.
- 1.5.2 Part 2 - Greater Manchester Fire and Rescue Service (GMFRS) Medium Term Financial Plan 2025/26 – 2027/28. 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 adverse impact on frontline fire cover.

## **2. CHANGES SINCE THE LAST REPORT**

- 2.1 At the time of writing the report considered by GMCA on the 31st January, the position on local authority tax bases and the Collection Funds together with the position on the authority's share of business rates was not finalised, as the deadline for providing this information was 31 January. This will be reviewed again in late January / early February pending final confirmation
- 2.2 The tax base is used in the calculation of how much money will be received from 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 2 and no changes have been reported to the point of writing this report. 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 share business rates income.

### 3. MAYORAL GENERAL BUDGET 2025/26

3.1 The Mayoral General Budget is set out in two parts:

3.2 Part 1 - Mayoral General Budget 2025/26 (excluding Fire and Rescue).

Although it is 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.

<b>2025/26</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
Costs for Band £	<b>28.50</b>	<b>33.25</b>	<b>38.00</b>	<b>42.75</b>	<b>52.25</b>	<b>61.75</b>	<b>71.25</b>	<b>85.50</b>
Proportion of Properties	44.4%	19.9%	17.7%	9.7%	4.9%	2.1%	1.2%	0.2%

3.3 Part 2 - budget in relation to the revenue budget for the Greater Manchester Fire and Rescue Service and the Medium Term Financial Strategy (MTFP). Appendix 2 sets out the amounts of Council Tax for each band, including the Fire element of the precept.

3.4 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.

- 3.5 The council tax and business rates income is based on the information presented by the local authorities as at the statutory deadline of 31st January and the estimate of the Business Rates ‘top up’ grant will be confirmed in the final settlement.
- 3.6 In relation to non-Fire functions, in addition to precept income, there are funds relating to the Government ‘Mayoral Capacity’ funding, the position on Council Tax collection identified by District Councils as relating to the Mayoral Precept, Bus Services Operators Grant, Transport Statutory Charges and External Income.
- 3.7 Following the GMCA (Functions and Amendment) order being laid in April 2019, the Mayor was given further powers for transport functions and an £86.7m statutory charge to GM Councils (with a corresponding reduction in the Transport Levy). A full breakdown by local authority is shown in paragraph 5.5. The order also states that this amount (£86.7 million) can only be varied with the unanimous agreement of the members of the GMCA.
- 3.8 The table below shows the summary of gross and net budget for Mayoral General Budget including GMFRS budget for 2025/26:

<b>Budget Summary 2025/26</b>	<b>Gross Expenditure £0</b>	<b>Gross Income £0</b>	<b>Net Estimate £0</b>
Fire Service Budget	148,192	0	148,192
Other Mayoral General Budget	138,652	15,010	123,642
Capital Financing Charges	2,544	0	2,544
Contribution from balances/reserves	0	2,570	-2,570
<b>Budget Requirement</b>	<b>289,388</b>	<b>17,580</b>	<b>271,807</b>
Localised Business Rates		11,347	-11,347
Business Rate Baseline		52,024	-52,024
Services Grant		0	0
Section 31 Grant - Business Rates		9,211	-9,211
Section 31 Grant - pensions		4,769	-4,769
National Insurance		854	-854
Transport - Statutory Charge		86,700	-86,700

Collection Fund surplus/-deficit	0	907	-907
<b>Precept requirement</b>	<b>289,388</b>	<b>183,392</b>	<b>105,995</b>

3.9 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.

3.10 Taking account of the budget proposals outlined in this paper, the reserves for both Mayoral and GMFRS for 2025/26 are as follows:

<b>Mayoral and GMFRS Reserves</b>	<b>Closing Balances 31 March 2024 £000</b>	<b>Transfer out/(in) 2024/25 £000</b>	<b>Projected Balance March 2025 £000</b>	<b>Transfer out/(in) 2025/26 £000</b>	<b>Projected Balance March 2026 £000</b>
General Reserve	-12,093		-12,093		-12,093
Mayoral Reserve	-5,421	1775	-3,646	1,339	-2,307
A Bed Every Night	-2,488	2,488	0	0	0
Capital Reserve	-13,386	233	-13,153	2,034	-11,119
Capital Grants Unapplied			0		0
Earmarked Budget Res	-4,592	1,658	-2,934	1,231	-1,703
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
<b>Total</b>	<b>-46,745</b>	<b>6,247</b>	<b>-40,498</b>	<b>4,604</b>	<b>-35,895</b>

3.11 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 my 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 Chief Financial Officer**

4.4 The Local Government Finance Act 2003 requires the Chief Financial 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.

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 me.

- 4.7 The report must be sent to the GMCA's External Auditor and the GMCA must consider the report within 21 days at a meeting where we must decide whether we agree or disagree with the views contained in the report and what action (if any) we propose to take in consequence of it. In the intervening period between the sending of the report and the meeting which considers it, the GMCA is prohibited from entering into any new agreement which may involve the incurring of expenditure (at any time) by the GMCA, except in certain limited circumstances where expenditure can be authorised by the Chief Finance Officer. Failure to take appropriate action in response to such a report may lead to the intervention of the External Auditor.

### **Reasonableness**

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

### **Risks and Mitigation**

- 4.9 The Chief Financial Officer 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 2025/26  
(EXCLUDING FIRE & RESCUE)**

5.1 This section provides the proposed Mayoral General Budget (excluding Fire & Rescue) for 2025/26. The Mayoral General Budget funds the Mayor's Office and Mayoral functions including Transport. The budget for 2025/26 is a proposed £138.652m to be funded from Precept income, Transport Statutory Charge, reserves, grants and external income.

5.2 The table below sets out the 2024/25 budget and 2025/26 proposed budget:

<b>Mayoral Budget</b>	<b>2024/25 Original Budget</b>	<b>2025/26 Proposed Budget</b>
	<b>£000</b>	<b>£000</b>
<b>Employee Related</b>	500	<b>510</b>
<b>Supplies and Services</b>	15	<b>15</b>
<b>Travel Related</b>	15	<b>15</b>
<b>Corporate Recharge</b>	<b>851</b>	<b>876</b>
<b>Mayoral Priorities</b>		
A Bed Every Night	2,400	2,400
Equality Panels	350	350
Other Mayoral Priorities	300	1,207
<b>Total Mayoral Priorities</b>	<b>3,050</b>	<b>3,957</b>
<b>Mayoral Transport</b>		
Bus Reform	15,895	13,500
Our Pass	17,229	17,229
Care Leavers	550	550
Bus Service Operators Grant	11,750	11,750
TfGM Revenue Grant	90,250	90,250
<b>Total Mayoral Transport</b>	<b>135,674</b>	<b>133,279</b>
<b>Gross Expenditure</b>	<b>140,105</b>	<b>138,652</b>
<b>Funded by:</b>		
Mayoral Precept	-25,558	-35,140
Collection Fund Surplus /-Deficit	-463	-463
BSOG grant	-13,150	-13,150
Mayoral Capacity grant	-1,000	-1,010
Statutory charge	-86,700	-86,700
Earnback Grant	-11,045	0
Other Grants	-1,339	-1,339
External Income	-850	-850
<b>Gross Income</b>	<b>-140,105</b>	<b>-138,652</b>

- 5.3 In relation to the level of the precept to be levied for Mayoral functions it is proposed an increase of £11 to £42.75 for a Band D property which will be used to support Mayoral priorities as set out below. This equates to a £10.67 increase for a Band A property or 21 pence per week.
- 5.4 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.
- 5.5 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 £17.2m is proposed for 2025/26 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.
- 5.6 Following the successful completion of the bus franchising programme, on budget and on time on 5<sup>th</sup> January 2025, and in line with the original and revised (post covid) business case the final precept contribution to the reformed bus service across GM will increase by £11 taking the total contribution to the service from the mayoral budget to £13.5m. This increase is slightly below the original funding proposals.
- 5.7 The Bee Network has already delivered lower bus fares, new buses, higher standards, improved punctuality and greater customer satisfaction - and it will continue to improve and grow. Fully integrated 'pay as you go' Contactless capped fares will be rolled out across trams and buses from late March 2025 and eight commuter rail lines will be brought into the Bee Network by 2028.
- 5.8 Other Mayoral priorities:
- Care Leavers concessionary pass to providing a free bus travel in Greater Manchester for young people 18-25 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.

### **Statutory Transport Charge**

5.9 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 GM 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.

5.10 The full breakdown by District Council is shown below:

<b>Transport Statutory Charge 2025/26</b>			
<b>Local authority</b>	<b>Population Mid 2023</b>	<b>%</b>	<b>£</b>
Bolton	302,383	10.26%	8,891,105
Bury	195,476	6.63%	5,747,670
Manchester	579,917	19.67%	17,051,564
Oldham	246,130	8.35%	7,237,073
Rochdale	229,756	7.79%	6,755,620
Salford	284,106	9.64%	8,353,698
Stockport	299,545	10.16%	8,807,658
Tameside	234,666	7.96%	6,899,991
Trafford	237,480	8.05%	6,982,733
Wigan	339,174	11.50%	9,972,888
<b>Total</b>	<b>2,948,633</b>	<b>100.00%</b>	<b>86,700,000</b>

## **6. PART 2 - PROPOSED GREATER MANCHESTER FIRE AND RESCUE REVENUE AND CAPITAL BUDGET 2025/26**

6.1 The following information provides details supporting the Greater Manchester Fire and Rescue Service Revenue and Capital Budgets.

6.2 The Provisional Local Government Settlement was published on 18th December 2024 and the MTFP has been updated based on this. The Medium-Term Financial Plan (MTFP) to 2027/28 has been updated, based on the 2024/25 baseline updated for pay and price inflation, known cost pressures and agreed savings.

6.3 The Chancellor announced the Spending Review in December 2024 which presented a one-year settlement. In relation to Fire and Rescue Services, the announcements covered the following:

- Fire & Rescue services receive an average 2.8% increase in core spending power.
- The increase in spending power for all Fire and Rescue Authorities in 2025/26 is funded entirely through the assumed council tax increase with a small year on year reduction in grant funding from the Government. In addition, Fire and Rescue Services have experienced a reduction in funding as a result of removals of the Services Grant and the Funding Guarantee from 2025/26 onwards.
- Council Tax principle of £5 is proposed for Fire and Rescue services.
- Services Grant and Funding Guarantee reduction of 100%
- Fire and Rescue Pensions Grant now included within core spending power.

A further Fire and Rescue Pensions Grant payable via the Home Office, amounts for 2025/26 not yet confirmed. NIC Compensation to total £515m for all local government, including Fire and Rescue, based on Net Current Expenditure

- 6.4 The increase in core spending power assumes that all Fire and Rescue Services utilise the full £5 council tax flexibility, the maximum permitted for stand-alone fire and rescue authorities, will be required to protect front line service delivery
- 6.5 The NIC Compensation is not expected to fully cover costs. The current assumption is 50% of costs will be compensated through the grant.
- 6.6 Final confirmation of the funding position will be confirmed in the Local Government Final Settlement due for late January / early February.
- 6.7 Home Office funding is yet to be announced and is anticipated the allocations will be announced alongside the final settlement. Home Office grants are in relation to the pensions grant and protection grants. The MTFP currently assumes the grants will be allocated on a flat cash basis in line with 2024/25 allocations.

6.8 The table below presents the budget requirements incorporating pressures and savings from 2024/25 onwards:

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	0,194	0	0
<b>Cost of service</b>	<b>135,464</b>	<b>143,449</b>	<b>148,192</b>	<b>154,040</b>	<b>159,477</b>
Capital Financing Charges	3,800	1,468	2,544	5,287	6,031
Transfer to Earmarked Reserves	0	0	0	0	0
<b>Net Service Budget</b>	<b>139,264</b>	<b>144,917</b>	<b>150,736</b>	<b>159,326</b>	<b>165,507</b>
<b>Funded by:</b>					
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	70,855	70,636	70,636
Collection Fund surplus/deficit	444	444	444	444	444
<b>Total Funding</b>	<b>138,848</b>	<b>143,516</b>	<b>149,505</b>	<b>149,285</b>	<b>149,285</b>
					0
<b>Shortfall</b>	<b>416</b>	<b>1,401</b>	<b>1,231</b>	<b>10,041</b>	<b>16,222</b>
<b>Shortfall Funded by:</b>					
<b>Earmarked Reserves</b>	416	1,401	1,231	0	1,000
<b>General Reserves/Precept Increase</b>	0	0	0	10,041	15,222
<b>Use of Earmarked &amp; General Reserves/Precept</b>	<b>416</b>	<b>1,401</b>	<b>1,231</b>	<b>10,041</b>	<b>16,222</b>



## **REVENUE BUDGET ASSUMPTIONS**

### **Funding**

- 6.9 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 reduces the funding allocations by £1.409m.
- 6.10 The multiplier compensation grant is calculated based on the top-up grant figure using a formula, however, since the changes introduced in 2024/25 it is difficult to pre-empt the funding, as a major preceptor, due to the split of small and standard businesses, which attracted different formulas, as this will fluctuate across the 10 billing authorities. An assumption of circa £0.500m has been used in the MTFP.
- 6.11 Home Office funding is yet to be announced and is anticipated the allocations will be announced alongside the final settlement. Home Office grants are in relation to the pensions grant and protection grants. The Fire and Rescue Pension grant is a Home Office grant to compensate for the changes arising from the increase in firefighter employer pension rate from 28.8% to 37.6% which is estimated at a £5.612m increase in budget requirement within 2024/25. In 2024/25 the Service was allocated £4.769m resulting in a budget pressure of £0.843m. The MTFP currently assumes the grants will be allocated on a flat cash basis in line with 2024/25 allocations
- 6.12 Localised business rates and Section 31 business rates relief grant are assumed at the same level of income as last year, with information from local authorities not yet available to determine next year's position at this stage. Billing authorities will submit their business rates information on or before the statutory deadline of 31st January 2025 including surplus and deficits.
- 6.13 Precept income has been included at the increased rate of £57.47 per Band A property, equivalent to £1.11 per week (£86.20 per household at Band D equivalent, or £1.66 per week) which ensures frontline fire cover is

maintained. This is an increase of £5 at Band D equivalent, or 10p per week. The estimated tax base for 2025/26, i.e. the number of households paying council tax, has seen a 1.82% increase compared to levels assumed in 2024/25.

- 6.14 Collection Fund surplus/deficits are to be confirmed by local authorities as soon as the information is available. Early indications show that business rates are expected with a small surplus which has been reflected in the draft medium term financial plan.

### **Pay and Pensions**

- 6.15 The original pay inflation in respect of 2024/25 included 5% for uniformed and 3% for non-uniformed staff. Negotiations in respect of uniformed pay concluded in May 2024 with a 4% pay offer. In relation to non-uniformed staff, pay award was agreed at £1,290 per annum.
- 6.16 On calculating the 2025/26 pay budget requirements, assumptions have been made of a further 2% pay inflation for uniformed staff and 3% for non-uniformed staff.
- 6.17 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.

### **Pressures and savings**

- 6.18 Savings have been calculated on the basis of prior year NFCC guidance which set a target of 2% of non-pay budgets, however, it should be noted that the baseline figure includes corporate recharges. The savings target has been proposed at £0.677m.
- 6.19 Budget pressures have been identified as set out below:

- Pay award – budget pressures of £5.226m have been calculated on the basis of a 2% increase for uniformed staff and 2% for non-uniformed staff as noted at paragraph 6.13.
- National Insurance Funding- based on the Chancellor’s statements at the time of the budget, was that this would be fully funded in for all public sector employers. The initial evidence suggests that this may not be the case for the Fire and Rescue service. Indicative numbers and analysis by ourselves and the National Fire Chiefs Council (NFCC) suggest there could be as much as a 50% shortfall in funding. For GM this would equate to the costs of one fully staffed fire engine. Having recently taken steps, through local funding, to increase our provision with two additional pumps, the potential need to reduce fire cover in response to a shortfall in NI funding would be extremely challenging.
- Funding of pensions costs which in 2024/25 have caused a cost pressure of over £800k to the service that we understand will not be reviewed despite a disproportionate impact on some authorities. This funding has a significant impact on the spending power of the service and we have asked for the review allocations for 2024/25 to be re-considered as well as seeking assurances that the 2025/26 allocations will not leave authorities facing further shortfalls.
- Capital financing costs have been calculated on MRP only due to the ability of internal borrowing. As at quarter 2 2024/25 capital reporting, MRP was calculated based on forecasts at a cost of £2.544m which is an increase of £1.076m in comparison to the 2024/25 budget.
- The budget for 2025/26 has a pressure of £1.2m. We propose covering this gap via reductions in non-frontline expenditure or GMFRS reserves. This will be reviewed again in late January/ early February pending final confirmation Local Government Final Settlement.

- This pressure could further increase if the funding for the increase in employer national insurance contributions (NICs) is not fully funded by the Government.

## **CAPITAL PROGRAMME**

6.20 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:

<b><u>Revised Capital Programme</u></b>	<b><u>2024/25</u></b>	<b><u>2025/26</u></b>	<b><u>2026/27</u></b>	<b><u>2027/28</u></b>	<b><u>2028/29</u></b>	<b><u>Future Years to 2032/33</u></b>	<b><u>Total</u></b>
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
<b>Total</b>	<b>20,333,332</b>	<b>39,695,030</b>	<b>27,586,056</b>	<b>4,783,517</b>	<b>1,436,462</b>	<b>67,758,752</b>	<b>161,593,149</b>

6.21 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.

6.22 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 take into account the significant cost pressures arising from significant supply chain inflation, site specific conditions and highways related costs emerging across the Estates programme.

- 6.23 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.
- 6.24 Alongside the estates strategy is a refresh programme of work to replace and update fitness equipment and enhance the facilities across stations in line with the Service's 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.
- 6.25 On 20 September 2024, ISG Construction Ltd, our main contractor for the construction of two new fire stations at Whitefield and Blackley entered administration. This led to an immediate halt to all works on site and termination notices to ISG were issued. Implications from delays caused by ISG construction entering administration were still to be determined and this continues to be discussed with administrators. A Stage 1 award has been granted for a contractor for the Blackley and Whitefield sites with an estimated costing expecting by late January 2025.
- 6.26 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. The replacement profile of vehicles beyond the current approved capital programme has been included at estimated costs including an allowance for inflation.
- 6.27 Following the successful roll out of the Waking Watch Relief Fund, Department for Levelling Up, Housing and Communities (DLUHC) requested further support from GMFRS to assist with the delivery of the Waking Watch Replacement Fund. This is due to come to an end within 2024/25.
- 6.28 The figures will be updated to reflect the quarter 3 2024/25 position once the information is available.
- 6.29 The Capital programme will be reviewed following confirmation of the final local government funding settlement and any updates to the MTFP.

## **BUDGET RISKS**

6.30 Future budget risks are set out below:

- Future government funding beyond 2025/26 has not been confirmed and is likely to be announced within the next Comprehensive Spending Review.
- Any changes arising from the Fair Funding Review specifically impacting on the Fire Formula, currently subject to a consultation exercise.
- Pay inflation for firefighters and local government employees in excess of the assumptions set out in the report.
- Funding beyond 2025/26 has not yet been confirmed in respect of the pension increases as noted at 6.14.
- 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.
- Fire and Rescue Pension Grants continue to be paid at current levels, resulting in ongoing shortfalls.
- 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 has been paused but may create budget pressures in future years.

- Any changes required following the recommendations from the Manchester Arena Public Inquiry and Grenfell Inquiry, and, implications arising from the Fire Safety Act 2021, and the Building Safety Act 2022 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.

## **7. RECOMMENDATIONS**

7.1 Detailed recommendations appear at the front of this report.

**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<sup>st</sup> 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 8<sup>th</sup> 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.

## Appendix 2

### 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 2025/26

<b>Budget Summary 2025/26</b>	<b>Gross Expenditure £0</b>	<b>Gross Income £0</b>	<b>Net Estimate £0</b>
Fire Service Budget	148,192	0	148,192
Other Mayoral General Budget	138,652	15,010	123,642
Capital Financing Charges	2,544	0	2,544
Contribution from balances/reserves	0	2,570	-2,570
Budget Requirement	<b>289,388</b>	<b>17,580</b>	<b>271,807</b>
Localised Business Rates		11,347	-11,347
Business Rate Baseline		52,024	-52,024
Services Grant		0	0
Section 31 Grant - Business Rates		9,211	-9,211
Section 31 Grant - pensions		4,769	-4,769
National Insurance		854	-854
Transport - Statutory Charge		86,700	-86,700
Collection Fund surplus/-deficit	0	907	-907
Precept requirement	<b>289,388</b>	<b>183,392</b>	<b>105,995</b>

#### 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	80,625.0
Bury	58,697.9
Manchester	140,844.4
Oldham	59,501.0
Rochdale	59,825.0
Salford	78,626.0
Stockport	99,339.6
Tameside	65,103.3
Trafford	80,827.0
Wigan	98,600.0
<b>Total</b>	<b>821,989.2</b>

## AMOUNTS OF COUNCIL TAX FOR EACH BAND

<b>2025/26</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
Costs for Band £	85.97	100.29	114.62	128.95	157.61	186.26	214.92	257.90

## CALCULATION OF BAND D EQUIVALENT TAX RATE

	<b>£'000</b>
Net expenditure	289,388
Less funding	182,485
	<b>106,902</b>
Adjusted for estimated surplus (-)/deficit on collection funds	-907
Net budget requirement to be met from Council Tax	<b>105,995</b>
Net budgetary requirement	105,995
Aggregate tax base	821,989.2
Basic tax amount at Band 'D'	<b>128.95</b>