

GREATER MANCHESTER POLICE, FIRE & CRIME PANEL

Date: **30th January 2024**

Subject: **Greater Manchester Fire and Rescue Service Revenue and Capital Budget 2024/25**

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 2024/25 and the updated medium term financial plan.

The precept proposals for GMFRS for 2024/25 will form part of the Mayoral general budget and precept proposals report to the GMCA on 9th February 2024.

RECOMMENDATIONS

1. 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 and investment in front line services including a 52nd fire engine for GM to £81.20 for a Band D property.
- 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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PROPOSED GREATER MANCHESTER FIRE AND RESCUE REVENUE AND CAPITAL BUDGET 2024/25

1. INTRODUCTION

- 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 update medium term financial plan.
- 1.2 The following information provides details supporting the Greater Manchester Fire and Rescue Service Revenue and Capital Budgets. The Medium-Term Financial Plan (MTFP) to 2026/27 has been updated, based on the 2023/24 baseline updated for pay and price inflation, known cost pressures and agreed savings.
- 1.3 The Chancellor announced the Spending Review in December 2023 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:
- Fire & Rescue services receiving an average 6.5% increase in core spending power
 - Flexibility on council tax precept for stand-alone Fire Services of 3%
 - Services Grant reduction of 84%
 - Fire and Rescue Pensions Grant now within core spending power
- 1.4 The Provisional Local Government Settlement was published in December 2023 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.

2. 2024/25 PRECEPT PROPOSALS

- 2.1 The Mayor of Greater Manchester has proposed, in his report to the Combined Authority Meeting of the 25th January 2024, a £5 (Band D) increase to the GMFRS element of the mayoral precept. The precept increase is required to ensure, given the

significant increase in inflationary pressures on both pay and non-pay budgets, that there is no adverse impact on frontline fire cover in 2024/25

- 2.2 In addition to funding the unavoidable impact of these inflationary cost pressures the proposed increase will also allow additional investment in the service including an additional fire engine for GM and further investment in protection and prevention work. Together with the changes introduced through the 2023 Fire Cover Review (FCR) these changes will increase the number of fire engines across GM from 50 to 52 and allow significant investment in prevention and protection.
- 2.3 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.
- 2.4 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.

2024/25	A	B	C	D	E	F	G	H
Fire Precept	54.14	63.16	72.18	81.20	99.25	117.29	135.34	162.40
Proportion of Properties	44.6%	19.8%	17.7%	9.6%	4.9%	2.1%	1.3%	0.2%

3. GMFRS MEDIUM TERM FINANCIAL PLAN

3.1 The table below presents the budget requirements incorporating pressures and savings from 2023/24 onwards:

Medium Term Financial Plan	Original 2023/24	Revised 2023/24	Proposed Budget 2024/25	Indicative Budget 2025/26	Indicative Budget 2026/27
	£000	£000	£000	£000	£000
Fire Service	115,365	115,365	125,437	132,391	134,095
Pay and price inflation	5,955	5,955	5,005	2,418	2,463
Savings	-712	-712	-1,629	0	0
Cost pressures and variations	4,828	4,828	5,281	-714	0
Cost of service	125,437	125,437	134,094	134,095	136,558
Capital Financing Charges	2,082	2,082	2,259	4,685	5,179
Transfer to Earmarked Reserves	2,637	2,842	0	0	0
Net Service Budget	130,156	130,361	136,353	138,780	141,737
Funded by:					
Localised Business Rates	10,649	10,743	10,743	10,743	10,743
Baseline funding	43,275	43,275	51,281	51,281	51,281
SFA - Services Grant	1,244	1,296	204	0	0
Section 31 - Business rates related	7,567	7,707	7,707	7,707	7,707
Section 31 - Pension related	5,605	5,605	0	0	0
Precept income (at £81.20 Band D)	60,463	60,433	65,364	65,854	65,854
Collection Fund surplus/deficit	531	479	225	225	225
	129,334	129,538	135,524	135,810	135,810
					0
Shortfall	822	823	829	2,970	5,927
Shortfall Funded by:					
Earmarked Reserves	822	822	829	0	0
General Reserves/Precept Increase	0	0	0	2,970	5,927
Use of Earmarked & General Reserves/Precept	822	822	829	2,970	5,927

4. REVENUE BUDGET ASSUMPTIONS

Funding

- 4.1 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 £2.401m, net of pension funding as described at paragraph 4.2, from the 2023/24 position with a reduction in Services Grant of £1.092m.
- 4.2 The pension grant, previously paid under a separate Section 31 grant, has now been allocated through the Revenue Support Grant as part of the baseline funding. Payment has been added on a flat cash basis as per previous years from 2019/20 to 2023/24.
- 4.3 This represents an increase in total Government funding for the service of just over 2.4% which falls some way short of the pay and non-pay inflation pressures faced by the service.
- 4.4 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. There has also been a change in relation to the compensation for under indexation calculations, for which, we are awaiting clarity from Government.
- 4.5 Precept income has been included at the increased rate of £54.14 per Band A property, equivalent to £1.04 per week (£81.20 per household at Band D equivalent, or £1.56 per week) which ensures frontline fire cover is maintained. The estimated taxbase for 2024/25, i.e. the number of households paying council tax, has seen an increase when compared to levels assumed in 2023/24, however, final taxbase numbers are to be confirmed.
- 4.6 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

- 4.7 The original pay inflation in respect of 2023/24 included 7% April to June in relation to the 2022/23 pay award and a further 5% for the remainder of the year for uniformed staff and 4% for non-uniformed staff. Negotiations in respect of uniformed pay concluded in March 2023 with a 5% pay offer. In relation to non-uniformed staff, pay award was agreed at £1,925.
- 4.8 On calculating the 2024/25 pay budget requirements, assumptions have been made of a further 5% pay inflation for uniformed staff and 3% for non-uniformed staff.
- 4.9 As noted at paragraph 4.2, the pensions grant has been included at flat cash within the Revenue Support Grant allocation. Following the 2020 pension valuation, the Home Office has confirmed that the projected increase in the employer contribution rate will be covered in full for 2024/25 by additional grant funding. The methodology uses both actual and forecasted pension costs and takes a four-year average (percentage) which is applied to forecast 2024/25 pension costs. The Home Office have consulted with NFCC on the methodology and have agreed this approach.
- 4.10 The rates for the projected increase in the employer contribution rate have not yet been confirmed, this is expected in January. Therefore, the current MTFP does not include estimates of either the increased contribution or the additional grant, albeit we are assuming a balanced position for 2024/25.

Savings

- 4.11 Following delivery of savings within 2023/24 of £0.788m, further savings of £1.629m have been identified to be delivered in 2024/25. As part of the Fire Cover Review, proposals were put forward and agreed to implement a more flexible and resilient approach for the technical rescue capability operating from enhanced rescue stations. Taking these steps brings savings of £1.179m which are to be reinvested to increase the number of fire engines from 50 to 51. Additionally, savings have been identified as part of a facilities management review of £0.450m.

Pressures

4.12 Budget pressures have been identified as set out below:

- Pay award – budget pressures of £4.433m have been calculated on the basis of a 5% increase for uniformed staff and 3% for non-uniformed staff as noted at paragraph 4.8.
- Price inflation - an estimated 2% inflation has been factored into the medium term financial plan across all general non-staffing expenditure budgets including energy costs, which equates to a £0.572m pressure. The exception is around business rates payable which has been identified and quantified as £0.236 included within the cost pressures.
- In conjunction with partners, control room operations are under review, where projects have been proposed and initiated. Pressures of £0.533m have been identified, in terms of one-off support and ICT upgrade costs £0.416m and on-going pressures of £0.209m arising from control room staff pay inflation and lease costs.
- Corporate Services support from the wider GMCA will see a cost increase, mainly in relation to pay award. This has been estimated at £0.247m.

Investments

4.13 As described at paragraph 4.11, savings have been identified which are to be reinvested to support the implementation of an additional (51st) fire engine to provide improved capacity to respond to emergencies, increased coverage within the city centre of Manchester and enhance ability to save lives and property. This element of the Fire Cover Review is to be funded from the savings with a minor residual pressure of £0.200m.

4.14 Investment is required in Prevention, Protection and Response to enable the Service to proactively respond to the ongoing transformation of the city-region, particularly in and

around central Manchester, where increasing number of high-rise buildings are combining with an ageing infrastructure, increasing the risk of fires spreading and being more difficult to put out. Whilst increasing resilience, the service also seek to improve response times where possible.

4.15 In addition to the investment in prevention and protection, the proposed precept increase will also allow the introduction of a further fire engine as part of the investment into response which would increase the total number of appliances to 52 as per the original plans within the Fire Cover Review which gained support through the public consultation.

4.16 The investments and increase in frontline services enable more prevention, more protection and better response.

5. CAPITAL PROGRAMME

5.1 GMFRS have reviewed capital investment requirements for the Fire estates, Fire ICT schemes and operational vehicles and equipment. As the current approved budgeted 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.

<u>Revised Capital Programme</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>Future Years to 2032/33</u>	<u>Total</u>
Estates	7,807,401	20,561,438	11,702,598	11,220,448	2,236,330	58,582,311	112,110,525
Transport	4,271,798	2,963,952	3,580,000	5,455,000	275,000	7,687,500	24,233,250
ICT	1,101,341	465,392	350,000	150,000	150,000	750,000	2,966,733
Equipment	1,490,256	3,464,500	72,000	305,000	1,978,098	1,278,000	8,587,854
Sustainability	432,364	525,000	75,000	75,000	75,000	375,000	1,557,364
Health & Safety	521,369	0	0	0	0	0	521,369
Waking Watch Relief Fund	2,112,181	429,000	0	0	0	0	2,541,181
Total	17,736,710	28,409,282	15,779,598	17,205,448	4,714,428	68,672,811	152,518,276

5.2 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 currently underway and due to complete within 2023/24. Phase 2 of the Estates Strategy has been added to with estimates over the period 2028/29 to 2032/33, to align to the proposed extended capital programme timeline.

- 5.3 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 managing contaminants guidance. Projects to support the refresh programme have commenced within the current financial year with the aim to complete during 2024/25.
- 5.4 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.
- 5.5 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. This is due to come to an end within 2024/25.
- 5.6 The figures will be updated to reflect the quarter 3 2023/24 position once the information is available.

6. BUDGET RISKS

- 6.1 Future budget risks are set out below:
- Future government funding beyond 2024/25 has not been confirmed and is likely to be announced within the next Comprehensive Spending Review.
 - Pay inflation for firefighters and local government employees in excess of the assumptions set out in the report.

- Funding beyond 2024/25 has not yet been confirmed in respect of the pension increases as noted at paragraph 4.9.
- 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 has been paused but may create budget pressures in future years.
- Any changes required following the recommendations from the forthcoming Grenfell Phase 2 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 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 and investment in front line services including a 52nd fire engine for GM to £81.20 for a Band D property.
- 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