

Greater Manchester Combined Authority

Overview & Scrutiny Committee

Date: 29 January 2025

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 2025-26 for consideration by the members of the GMCA. The proposals being made include the budget 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 and Scrutiny Committee is requested to:

Consider and comment on the report and note the recommendations which will be considered by the GMCA at its meeting on the 31 January 2025 as below.

The GMCA is requested:

1. To consider my proposal to increase the Mayoral General Precept by £16 to £128.95 (for a Band D property), comprising of:
 - i) Greater Manchester Fire and Rescue Services - precept of £86.20 (**£5 increase**);
 - ii) Other Mayoral General functions - precept of £42.75 (**£11 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 2026 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
3. To note and comment on the detailed budget proposals for other Mayoral functions;
 4. To note and comment on the use of reserves as set out in Paragraph 3.3 of the report;
 5. 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 its meeting on 7 February 2025 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.

Contact Officers

Name: Steve Wilson, Group Chief Financial Officer to GMCA

E-Mail: steve.wilson@greatermanchester-ca.gov.uk

Name: Claire Postlethwaite, Director of Operational Finance to GMCA

E-Mail: claire.postlethwaite@greatermanchester-ca.gov.uk

Equalities Impact, Carbon and Sustainability Assessment:

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 Part 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.

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

The report will be reviewed by the overview and scrutiny committee on 29th January with feedback provided to CA meeting on 31st January

Background Papers

GMCA – Mayoral General Budget and Precept Proposals 2024/25 – 9 February 2024

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

Bee Network Committee

N/A

Overview and Scrutiny Committee

29th January 2025

Mayoral General Budget and Precept Proposals

1. Introduction

1.1 The purpose of this report is to notify the GMCA of the Mayor's draft budget for 2025/26, setting out proposed funding 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 2025/26 is set out in two parts:

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

1.2.1 There is a **proposed £11 (Band D) increase** to the Mayoral General precept for 2025/26. The increase represents the final element of the Bus Reform business case (November 2020) which has been delivered on time and on budget across Greater Manchester with the final tranche of franchising being delivered on 5th January 2025. The increase is slightly below the original funding proposals. The existing precept of £31.75 will therefore rise to £42.75. Alongside bus reform, the precept 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, 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 who have been in care.

Part 2 - Greater Manchester Fire and Rescue Service (GMFRS) Medium Term Financial Plan 2025/26 – 2027/28.

1.2.2 There is a **proposed £5 (Band D) increase** to the GMFRS element of the mayoral precept. The precept increase is required to ensure, given the impact of the Provisional Settlement on the Service’s Medium Term Financial Plan for 2025/26, together with anticipated increases in inflationary pressures on both pay and non-pay budgets, there is no adverse impact on frontline services.

1.3 The Mayor therefore proposes an increase to the Mayoral Fire Precept for the financial year 2025/26. If the proposal is accepted, the Mayoral Precept will increase by £10.67 (21 pence per week) to £85.97 for a Band A property split between £57.47 (£1.11 per week) for the fire and rescue service and £28.50 (55 pence per week) for other Mayoral-funded services (an increase of £16.00 to £128.95 for a Band D property, with the fire and rescue service accounting for £86.20 and £42.75 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%) 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.

2025/26	A	B	C	D	E	F	G	H
Mayoral Other	28.50	33.25	38.00	42.75	52.25	61.75	71.25	85.50
Mayoral Fire	57.47	67.04	76.62	86.20	105.36	124.51	143.67	172.40
Total	85.97	100.29	114.62	128.95	157.61	186.26	214.92	257.90
Proportion of Properties	44.4%	19.9%	17.7%	9.7%	4.9%	2.1%	1.2%	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 GM 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 local authorities, and the estimate of the Business Rates 'top up' grant will be confirmed in the final settlement.

2. Background to the 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 GM Councils as billing authorities. The precept is apportioned between Councils 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 2025/26

3.1 The table below shows the summary of gross and net budget for Mayoral General Budget including GMFRS budget for 2025/26:

Budget Summary 2025/26	Gross Expenditure £000	Gross Income £000	Net Estimate £000
Fire Service Budget	148,160	0	148,160
Other Mayoral General Budget	138,850	15,010	123,840
Capital Financing Charges	2,544	0	2,544
Contribution from balances/reserves	0	2,758	-2,758
Budget Requirement	289,554	17,768	271,786
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
Transport - Statutory Charge		86,700	-86,700
Collection Fund surplus/-deficit	0	854	-854
Precept requirement	289,554	183,580	105,974

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 2024/25 are as follows:

Mayoral and GMFRS Reserves	Closing Balances 31 March 2024 £000	Transfer out/(in) 2024/25 £000	Projected Balance March 2025 £000	Transfer out/(in) 2025/26 £000	Projected Balance March 2026 £000
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	1,419	-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	-46,745	6,247	-40,498	4,792	-35,706

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. Mayoral General Budget Summary 2025/26

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 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 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 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 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 £183.850m 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:

Mayoral Budget	2024/25 Original Budget	2025/26 Proposed Budget
	£000	£000
Employee Related	500	510
Supplies and Services	15	15
Travel Related	15	15
Corporate Recharge	851	876
Mayoral Priorities		
A Bed Every Night	2,400	2,400
Equality Panels	350	350
Other Mayoral Priorities	300	1,405
Total Mayoral Priorities	3,050	4,155
Mayoral Transport		
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
Total Mayoral Transport	135,674	133,279
Gross Expenditure	140,105	138,850
Funded by:		
Mayoral Precept	-25,558	-35,338
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
Gross Income	-140,105	-138,850

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 The Mayoral Precept funds a variety of Mayoral priorities including but not limited to:

5.4.1 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 and provides accommodation for around 550 people every night. 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.

5.4.2 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 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. Following the full franchising of bus services in Greater Manchester, the totality of the mayoral funding for “Our Pass” can be used to support the bus network rather than re-imbuing operators as happened in the non-franchised system.

5.4.3 The mayoral precept has also made a contribution to 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.

5.4.4 Following the successful completion of the bus franchising programme, on budget and on time on 5th January 2025, and in line with the original and revised (post covid) business case (November 2020) 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.

5.4.5 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.

5.4.6 Other Mayoral priorities include:

- 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.

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 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. The full breakdown by local authority is shown below:

Transport Statutory Charge 2025/26			
Local authority	Population Mid 2023	%	£
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
Total	2,948,633	100.00%	86,700,000

6. Part 2 – Proposed Greater Manchester Fire & 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 is 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 removal of the Services Grant and the Funding Guarantee from 2025/26 onwards.
 - Flexibility on council tax precept for standalone Fire and Rescue Authorities of £5.
 - 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	0,162	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

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 taxbase for 2025/26, i.e. the number of households paying council tax, has seen an increase when compared to levels assumed in 2024/25, however, final taxbase numbers are to be confirmed.
- 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 2% 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 National Fire Chief's Council (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 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 fire engines, 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 £1.4m. Which will need to be met from reserves based on current figures. This will be reviewed again in late January / early February pending final confirmation of the 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.

Budget Risks

- Funding in relation to the 2024/25 pension increases are yet to be announced
- Funding in relation to Protection grants are yet to be announced.
- Future government funding beyond 2025/26 has not been confirmed.
- Pay inflation is negotiated at a rate in excess of the assumptions set out in the MTFP.
- Delivery of sufficient savings to meet the requirements of the MTFP.
- Future costs arising from the Grenfell Inquiry and proposed support in relation to Emergency Medical Response.
- 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.
- Funding formula changes proposed to be implemented for 2026/27 onwards may change GMFRS share of the funding.

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:

<u>Revised Capital Programme</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>	<u>Future Years to 2032/33</u>	<u>Total</u>
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

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 are still to be fully 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.
 - 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 Grenfell Inquiry Phase 2 report and wider building safety crisis and ongoing work to deliver GMs remediation acceleration plan.
- 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 calculation;
 - (c) estimates of such a calculation; or
 - (d) amounts required to be stated in a precept.

Stage 2

- 1.5 The GMCA must review the draft budget and may make a report to the Mayor on the draft.
- 1.6 Any report:
- (a) must set out whether or not the GMCA would approve the draft budget in its current form; and
 - (b) may include recommendations, including recommendations as to the relevant amounts and calculations that should be used for the financial year

- 1.7 The Mayor's draft budget shall be deemed to be approved by the GMCA unless the Combined Authority makes a report to the Mayor before 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 2025/26

Budget Summary 2025/26	Gross Expenditure £000	Gross Income £000	Net Estimate £000
Fire Service Budget	148,160	0	148,160
Other Mayoral General Budget	138,850	15,010	123,840
Capital Financing Charges	2,544	0	2,544
Contribution from balances/reserves	0	2,758	-2,758
Budget Requirement	289,554	17,768	271,786
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
Transport - Statutory Charge		854	-854
Collection Fund surplus/-deficit	0	86,700	-86,700
Precept requirement	289,554	183,580	105,974

CALCULATION OF TAX BASE

The Tax Base is the aggregate of the Tax Bases calculated by the GM Councils in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992. These are currently estimated as:

<u>Local authority</u>	Council Tax Base
Bolton	81,201.0
Bury	58,269.8
Manchester	136,962.0
Oldham	60,270.7
Rochdale	59,377.5
Salford	77,872.8
Stockport	99,872.5
Tameside	65,693.3
Trafford	80,552.4
Wigan	99,368.5
Total	819,440.7

AMOUNTS OF COUNCIL TAX FOR EACH BAND

2025/26	A	B	C	D	E	F	G	H
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

	£000
Net expenditure	289,554
Less funding	182,673
	106,881
Adjusted for estimated surplus (-)/deficit on collection funds	-907
Net budget requirement to be met from Council Tax	105,974
Net budgetary requirement	105,974
Aggregate tax base	819,440.7
Basic tax amount at Band 'D'	£128.95