GMCA GREATER MANCHESTER COMBINED AUTHORITY

Greater Manchester Combined Authority

Police, Fire and Crime Panel

Date: 22nd September 2025

Subject: Police & Crime Commissioner – Finance Update Quarter 1

Report of: Mayor of Greater Manchester

Purpose of Report

The purpose of this report is to update panel members on the financial position of Greater Manchester Fire & Rescue Service (GMFRS), Greater Manchester Police (GMP) and the Police and Crime Commissioner (PCC).

The report is intended to provide assurance to the panel under their specific terms of reference to provide 'an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.'

Recommendations:

The Police, Fire and Crime Panel is asked to note the financial position at Quarter 1.

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Equalities Impact, Carbon and Sustainability Assessment:

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

Risk Management

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

Legal Considerations

There are no specific legal implications with regards to this report.

Financial Consequences – Revenue

The report sets out the financial reporting arrangements and indicative position for the 2025/26 financial year.

Financial Consequences – Capital

The report sets out the financial reporting arrangements and indicative position for the 2025/26 financial year.

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

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

Background Papers

Mayoral General Budget and Precept Proposals

Tracking/ Process

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

No

Exemption from call in

None

Bee Network Committee

N/A

Overview and Scrutiny Committee

N/A

1. Introduction/Background

1.1 The purpose of this report is to update panel members on the financial position of Greater Manchester Fire & Rescue Service (GMFRS), Greater Manchester Police (GMP) and the Police and Crime Commissioner (PCC).

1.2 The report is intended to support the panel under their specific terms of reference to provide 'an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.'

2. 2025/26 Budget

2.1 The financial position of both GMFRS and GMP remains challenging.

- GMFRS are forecasting a balanced position which is supported by a transfer from reserves to offset the shortfall in government funding noted as part of the original budget approvals.
- GMP are currently forecasting an unmitigated £9.6m overspend for 2025/26.
- PCC is also forecasting a breakeven position in line with original budget approvals.

3. GMFRS Financial Update

Revenue

3.1 The current financial forecast for GMFRS for 2025/26 is updated in detail in the GMCA Revenue and Capital Update reports for Quarter 1 2025/26. These reports are due to be presented to the Combined Authority (CA) meeting on 26th September 2025. The table below summarises the financial position reflected in the revenue report.

GMFRS Budget 2025/26 Quarter 1	Original Budget	Revised Budget	Forecast Outturn	Q1 Forecast Variance
	£'000	£'000	£'000	£'000
Total Expenditure	150,736	151,679	149,923	-1,756
Total Funding	-150,736	-151,679	-149,923	1,756
Net Expenditure	0	0	0	0

3.2 That report notes that 'the 2025/26 original budget for GM Fire and Rescue Service (GMFRS) set in February 2025 was approved at £150.736m and, at quarter 1, the revenue position is forecast to breakeven.' Despite this, there remains upward pressures across a number of budget areas.

GMFRS Budget 2025/26 Quarter 1	Original Budget	Revised Budget	Forecast Outturn	Q1 Forecast Variance
	£'000	**£'000**	**£'000**	**£'000**
Employees	114,558	116,668	117,464	796
Indirect Employees	2,159	2,137	2,231	95
Premises	7,071	7,071	6,417	-654
Transport	2,433	2,423	2,571	148
Supplies & Services	14,353	13,067	11,814	-1,253
Support Services	12,209	12,209	11,858	-351
Government Grants	-734	-734	-734	0
Tfr to/from Provision	0	0	0	0
Other Grants & Contributions	-1,725	-1,654	-1,897	-244
Customer & Client Receipts	-2,132	-2,051	-2,554	-504
Capital Financing Costs	2,544	2,544	2,544	0
Revenue Contribution to Capital Outlay	0	0	0	0
Tfr to Earmarked Reserve	0	0	211	211
Total Expenditure	**150,736**	**151,679**	**149,923**	**-1,756**
Localised Business Rates	-11,347	-11,860	-11,860	0
Baseline Funding	-52,024	-52,024	-52,024	0
Funding Guarantee	0	0	0	0
NI Increase Funding	-854	-959	-959	0
Section 31 - Business Rates	-9,211	-8,694	-8,694	0
Section 31 - Pension Related	-4,769	-4,567	-4,567	0
Precept Income	-70,855	-70,855	-70,855	0
Collection Fund surplus/deficit	-444	-377	-377	0
Trf from Earmarked Reserve	-1,231	-2,342	-586	1,756
Total Funding	**-150,736**	**-151,679**	**-149,923**	**1,756**
Net Expenditure	**0**	**0**	**0**	**0**

3.3 The CA report details the GMFRS position in respect of expenditure, funding and reserves. It presents additional detail in respect of the wider challenges, including mitigations as needed, faced in the current financial year.

3.4 Particular areas of pressure to note include the estimated firefighter pay award for 2025/26 being based on 2% and negotiations concluded with a 3.2% pay award and the agreed pay award is also 3.2% on all pay points which has impacted the budget further.

3.5 The pay costs pressure includes pre-arranged overtime which is in line with previous year and year to date trends. In August 2025 a review of overtime led by the Chief Fire Office was implemented and the impact of this action will be closely monitored with the forecast revised accordingly.

3.6 Since budget setting there have been numerous funding pressures. The Section 31 Business Rates allocation was lower than expected by £0.517m, while the Section 31 Pensions Grant was lower than budgeted by £0.202m. These have been partially offset by an additional £0.513m of forecast Localised Business Rates funding.

3.7 In the medium term MHCLG's fair funding review is likely to have significant implications for Fire and Rescue services. GMFRS has engaged in the consultation process and revised the MTFP to account for the potential impact. This will be reviewed further once more precise detail is published.

<u>Capital</u>

3.8 A long-term estates strategy has been formulated and 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. This included additional funding of £13m which 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.

3.9 The new build at Blackley is on track and scheduled to completed in November 2025. Whitefield and Stockport are both now on site and expected to finish within 2026/27. 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.

3.10 Following the administration of the preferred contractor for two of the new build stations in 2024, the rest of the estates programme has been re-profiled to reflect the impact on the sequencing of works.

3.11 Alongside the estates strategy is a refresh programme of work to enhance facilities across stations. Of the initial allocation for refresh, £0.400m has been reprofiled into 2025/26 which will be utilised to increase the scope of the number of stations and £0.135m to complete works in relation to managing contaminants guidance.

3.12 Detailed reports are presented quarterly to the Deputy Mayor's Executive covering revenue, capital and the reserves position for the service.

3.13 Material pressures or pending changes to the financial circumstances of GMFRS are formally reflected in the Combined Authority revenue monitoring reports which are presented to the CA on a quarterly basis throughout the year.

4. GMP Financial Update

4.1 The current financial forecast as at 31st July 2025 (Period 4) for GMP for the financial year 2025/26 is detailed in the table below.

Gross Revenue Expenditure	Base Budget 2025/26	Current Budget 2025/26	Forecast	Variance	Variance
	£000's	£000's	£000's	£000's	%
GMP	838,576	838,576	848,148	9,572	1%
Total Gross Revenue Expenditure	838,576	838,576	848,148	9,572	1%
Made up of:					
Pay Costs	707,329	707,329	713,213	5,884	1%
Other Employee Costs	5,656	5,656	7,649	1,993	35%
Running Costs	132,828	132,828	137,437	4,609	3%
Pensions & Capital Funding Costs	12,936	12,936	13,716	781	6%
Other costs/income	-20,172	-20,172	-23,867	-3,695	18%
Total	838,576	838,576	848,148	9,572	1.1%

4.2 This report updates the position at the end of July (period 4) with the forecast showing an unmitigated overspend of £9.6m which represents circa 1% of the force's budget.

4.3 The drivers behind the pay budgets are complex and several assumptions have been made.

4.4 As the year progresses, the position on these is likely to change as more up to date information becomes available, particularly in relation to Police Staff Pay.

4.5 The police staff pay budget for 2025/26 is based on a starting strength for GMP funded police staff of 3,650 at April 2025 and a core target strength of 3,550 at the end of March 2026. The final strength for 2024/25 and therefore the starting strength for 2025/26 was 3,688.10 FTE. The latest planning forecast predicts a final strength of 3,549.73 FTE at the end of the year in line with the budgeted target.

4.6 The budget also approved specific Police Staff growth totalling 100 FTE, with 56 FTE funded by Home Office as part of GMP's Neighbourhood Policing Guarantee commitment, and the remainder relating to priority service improvement plans in Information Management and HR.

4.7 As in previous years, the Force continues to deal with several threat areas and increases in operational demand, and consequently, overtime remains a cost pressure and will remain as such throughout the year. Four months into the new financial year this pressure remains having already incurred significant costs on Operation Wildflower (Protest related to Hamas / Israel conflict) and Operation Barmah (Salford tensions).

4.8 As a result of a particularly challenging 2024/25 financial year, additional governance has been put in place to continue the good work undertaken under Operation Rydal, (the Efficiency and Effectiveness Programme within GMP)

4.9 The new Budget Approval Board (BAB), comprising the DCC/CRO/CFO, now provides the ultimate assessment and approval to allocate resources to all proposed new initiatives and projects requiring either additional Revenue and/or Capital funding along with the monitoring and review of the Force in year financial position and Medium-Term Financial Strategy.

4.10 This ensures that all funding allocation decisions are made at the highest possible strategic level and are therefore effectively targeted to the achievement of organisational priorities, completely mitigating any risk of resources being allocated in isolation.

4.11 The Force has embarked on a long-term priority-based planning strategy which will identify target future resourcing levels and efficiencies to ensure continued ability to deliver and protect operational policing and maintain performance improvements. This work has already delivered a positive impact on 2024/25 expenditure levels and our priority is to ensure sustainable future finances for 2025/26 and beyond.

4.12 The Force recognises that this level of expenditure, whilst not as severe as the position twelve months ago, needs to be addressed and continues to work with mechanisms introduced and recommended during the 2024/25 recovery plan and Operation Rydal to pull back expenditure over the coming months.

4.13 There will be continued focus on the major pressure in overtime budgets and the continuation of the work to drive down overtime costs remains ongoing.

4.14 Measures introduced during 2024/25 around purchase approvals remain in place and there is additional scrutiny of unbudgeted expenditure with the introduction of the new Budget Approval Board as the risks around the forecast are significant and will be closely monitored.

4.15 The budget also included several areas for income generation and cost recovery, and it has become apparent that some of this income is at risk which places further pressure on Force budgets. The work started under Operation Rydal remains ongoing under the Efficient and Effective programme board and areas for potential benefits are constantly reviewed and updated to ensure we can deliver as close to the £3m efficiency target as possible and identify remedial action for emerging pressures and reduce the overspend down to a fundable level.

The financial pressure facing GMP principally arising from the Public Order Public Safety (POPS) operational activity has led to a joint approach by the Deputy Mayor and the Chief Constable to request financial support in recognition of the pressure on GMP's finances.

4.16 Capital programme - as at the end of July 2025, the full year forecast capital spend is £36.8m against a revised funded programme of £39.0m. This results in a forecast underspend of £2.2m against the revised programme. The impact on the revenue budget of the capital programme is reflected in the table 4.1 of this report. Within this spend is the expenditure to complete the refurbishment of Longsight Custody suite, which at c £10m is a significant capital investment which will provide a modern, safe custody environment.

4.17 The financial position of GMP is subject to detailed scrutiny by the Deputy Mayor monthly.

5. PCC Financial Update

5.1 The forecast outturn position against the PCC budget at the end of July 2025 (Period 4) is a breakeven position and is detailed in the table below.

	Base Budget 2025/26	Current Budget 2025/26	Forecast	Variance	Variance
	£000's	£000's	£000's	£000's	%
PCC	56,399	56,399	56,399	0	0%
Total Gross Revenue Expenditure	56,399	56,399	56,399	0	0%
Made up of:					
Pay Costs	3,206	3,206	3,206	0	0%
Running Costs	31,240	31,240	31,240	0	0%
Capital Funding Costs	21,953	21,953	21,953	0	0%
Total	56,399	56,399	56,399	0	0.0%

5.2 During the 2025/26 financial year, Home Office has allocated GM with £4.4m for our Violence Reduction programme of which a third (£1.55m) is delegated to the 10 Community Safety Partnerships (CSPs) to fund local activities to prevent and tackle violence. The remaining funding is used to commission a range of projects operating across GM, including the Oasis community navigator project, BLOCKS primary school transition project and a service for Parent and Carers whose children or families have been affected by violence.

5.3 A further £400,000 received from Home Office for the Serious Violence Duty and Prevention Partnership Panels, has been used to commission additional sports and creative arts interventions for children and young people as well as increasing capacity in the research and evaluation team to support Community Safety Partnerships with their Serious Violence Duty statutory requirements. All ten CSPs are compliant with the legislation and all have a serious violence problem profile and response strategy.

5.4 We have received an allocation of £1.3m from the Home Office for Domestic Abuse Perpetrator Interventions funding. This is to support perpetrator focused domestic abuse interventions While the funding has been running for a number of years, confirmation of the 2025/26 allocation was not received until after the budget was set but was in line with expectations.

5.5 Across Victims services spend totals c£5.8m, with the largest being £1.375m on GM Multi Crime Service, £1.2m ISVA, £1.22m across multiple DA schemes, £0.25m on Remedi and £0.225m on the contribution to SARC. This is funded primarily through the Victims Grant(£3.2m) and IDVA(£2.3m).

6. Recommendations

6.1 The Police, Fire and Crime Panel is asked to note the report.