

## Greater Manchester Combined Authority

### Police, Fire and Crime Panel

Date: 28<sup>th</sup> January 2026

Subject: Greater Manchester Fire and Rescue Service Revenue and Capital Budget  
2026/27

Report of: Mayor of Greater Manchester

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### 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 2026/27 and the updated medium term financial plan. The precept proposals for GMFRS for 2026/27 will form part of the Mayoral general budget and precept proposals report to the GMCA on 30<sup>th</sup> January 2024.

### Recommendations:

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

- The overall budget proposed for GMFRS.
- The proposed £6 increase in the level of the Mayoral fire precept to fund cost pressures.
- The use of reserves to support the revenue and capital budgets
- The proposed fire service capital programme and proposals for funding
- The medium-term financial position for GMFRS covered by the Mayoral precept

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## **Equalities Impact, Carbon and Sustainability Assessment:**

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

## **Risk Management**

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

## **Legal Considerations**

There are no specific legal implications with regards to the 2026/27 budget update.

## **Financial Consequences – Revenue**

The report sets out the budget position for 2026/27.

## **Financial Consequences – Capital**

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

## **Number of attachments to the report: 0**

## **Comments/recommendations from Overview & Scrutiny Committee**

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

## **Background Papers**

Mayoral General Budget and Precept Proposals

## **Tracking/ Process**

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

Yes

## **Exemption from call in**

None

## **Bee Network Committee**

N/A

## **Overview and Scrutiny Committee**

N/A

# 1. Introduction/Background

- 1.1 The purpose of this report is to inform panel members of the proposed budget for Greater Manchester Fire and Rescue Service (GMFRS) for 2026/27 and the updated medium term financial plan.
- 1.2 The following information provides details supporting the Greater Manchester Fire and Rescue Service Revenue and Capital Budgets.
- 1.3 The Medium-Term Financial Plan (MTFP) has been updated, based on the 2025/26 baseline updated for pay and price inflation, known cost pressures and agreed savings.
- 1.4 The provisional local government finance settlement was announced on 18th December 2025 which presented a three-year settlement, the first multi-year settlement in a decade. In relation to Fire and Rescue Services, the announcements covered the following:
  - Stand-alone Fire & Rescue services receiving an average 5.97% increase in core spending power
  - Fire and Rescue Authorities will receive a real terms funding floor at 2025/26 levels across the multi-year settlement.
- 1.5 The MTFP has been updated following the Local Government Provisional Settlement. It should be noted that:
  - The current National Insurance Contributions (NIC) Compensation is not sufficient to cover the full costs to fire and rescue services. In 2025/26 this created a budget pressure of £0.9m and the grant for 2026/27 has been confirmed at the same level. For 2026/27 this has been rolled into baseline funding rather than a separate grant.
  - Final confirmation of the Fire and Rescue Pensions Grant and Protection Grants is expected in February 2026. Amounts for these grants in 2026/27 are not yet confirmed.
  - The Fire and Rescue Pensions Grant is currently insufficient to cover the costs incurred by the Service. In 2025/26 this created a budget pressure of £0.843m

and the grant for 2026/27 has been assumed at the same level, representing an ongoing pressure in this area for the Service.

## 2026/27 Precept Proposals

- 2.1 The Mayor of Greater Manchester is proposing, in his report to the Combined Authority meeting of the 30<sup>th</sup> January 2026, a £6 (Band D) increase to the GMFRS element of the mayoral precept.
- 2.2 The proposed increase is required to fund the full cost of inflationary and other pressures across the service for 2026/27.
- 2.3 The table below sets out the overall changes in GMFRS funding resulting from the settlement from MHCLG.

Funding	2025/26	2026/27	Change	
	£000s	£000s	£000s	%
Total Government Grant	72.956	76.888	3.933	5.39%
Council Tax*	70.855	76.545	5.690	8.03%
<b>Total</b>	<b>143.811</b>	<b>153.434</b>	<b>9.623</b>	<b>6.69%</b>

\* Based on increase of £6 (Band D) and estimated taxbase increase of 1%

- 2.4 Based on current assumptions, with the proposed £6 precept and savings of 2% of non-pay costs, there are no requirements for reserve usage to balance the budget. This allows the Service to consider use of reserves to reduce reliance on borrowing for its Capital Programme.
- 2.5 A pressure would be created if the Pension Grant amount is lower than the current year. The grant for 2026/27 is assumed at the same level as 2025/26, with confirmation of this expected in February 2026.
- 2.6 The proposed £6 increase for a Band D property will equate to a £4 (8 pence per week) increase to £61.47 for a Band A.
- 2.7 Although it is required to set a precept specifying the Band D charge, more than 80% of properties in Greater Manchester will be required to pay less than this amount.
- 2.8 The following table outlines the amounts to be paid by each band:

Fire (£)	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
2025/26	57.47	67.04	76.62	<b>86.20</b>	105.36	124.51	143.67	172.40
<b>2026/27 Proposed</b>	<b>61.47</b>	<b>71.71</b>	<b>81.96</b>	<b>92.20</b>	<b>112.69</b>	<b>133.18</b>	<b>153.67</b>	<b>184.40</b>
Increase	4.00	4.67	5.34	<b>6.00</b>	7.33	8.67	10.00	12.00

## GMFRS Medium Term Financial Plan (MTFP)

### Revenue Budget

- 3.1 For 2026/27 the baseline funding from revenue support grant and top-up grant has increased by £3.9m. Please note that NI funding of £0.959m has now been rolled into the baseline funding.
- 3.2 On calculating the 2026/27 pay budget requirements, assumptions have been made of 4% pay award for Grey Book staff and 3% for Green Book staff.
- 3.4 Capital financing costs have been calculated on the latest capital forecast costs on a Minimum Revenue Provision (MRP) only basis due to internal borrowing.
- 3.5 Budget savings for 2026/27 are included within the MTFP based on anticipated National Fire Chiefs Council (NFCC) guidance which set a target of 2% of non-pay budgets. The savings target has been proposed at £0.486m. As previously reported, additional 2025/26 in-year savings have been found to balance the position.
- 3.6 Specific budget risks for 2026/27 include:
  - Pension Grant allocation for 2026/27 yet to be announced.
  - Funding in relation to Protection grants also yet to be announced.
  - Collection fund Surplus/Deficit. This is assumed at 2025/26 levels, but this is a risk until confirmed at the end of January 2026.
  - Pay inflation - a risk if negotiated at a rate in excess of the assumptions set out in the MTFP.
  - Successful delivery of identified savings targets to meet the requirements of the MTFP.
  - The Corporate recharge is assumed at the same level as 2025/26. If this is higher this will result in a pressure.
  - Future costs arising from the Grenfell Inquiry
  - Lack of capital grants. As no capital grants are available to Fire & Rescue Services, future schemes in the capital programme will be funded by a

combination of revenue underspends and borrowing. The costs associated with additional borrowing will have to be met from the revenue budget.

- 3.7 The following table outlines the proposed 2026/27 MTFP on the basis of the precept and wider budget assumptions outlined within this report. Please note that for 2027/28 the precept increase is assumed at £5 and the tax base increase is assumed at 1%. Any changes to these would impact the overall position.

<b>Medium Term Financial Plan</b>	<b>Original 2025/26 £000</b>	<b>Revised 2025/26 £000</b>	<b>Proposed 2026/27 £000</b>	<b>Indicative 2027/28 £000</b>
Fire Service	143.449	143.449	146.792	154.377
Pay and price inflation	5.226	6.075	5.466	5.630
Savings	-0.677	-3.019	-0.486	-0.501
Cost pressures and variations	0.194	0.288	2.605	0.703
<b>Cost of service</b>	<b>148.192</b>	<b>146.792</b>	<b>154.377</b>	<b>160.209</b>
Capital Financing Charges	2.544	2.544	4.581	6.500
<b>Net Service Budget</b>	<b>150.736</b>	<b>149.336</b>	<b>158.958</b>	<b>166.709</b>
<b><u>Funded by</u></b>				
Localised Business Rates	11.347	11.860	11.860	11.860
Baseline funding	52.024	52.024	56.916	60.516
Section 31 - NNDR related	9.211	8.694	8.694	8.694
Section 31 - Pension related	4.769	4.566	4.566	4.566
NI funding increase	0.854	0.959	0.000	0.000
Precept income	70.855	70.855	76.545	80.696
Collection Fund surplus/deficit	0.444	0.377	0.377	0.377

<b>Total Funding</b>	<b>149.504</b>	<b>149.336</b>	<b>158.958</b>	<b>166.709</b>
<b>Shortfall</b>	<b>1.231</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Shortfall Funded by:</b>				
<b>Earmarked Reserves</b>	1.231	0.000	0.000	0.000
<b>Use of Earmarked &amp; General Reserves/Precept</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

3.8 The table shows a balanced budget in both 2026/27 and 2027/28.

## Capital Programme

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

<b><u>Revised Capital Programme</u></b>	<b><u>2025/26</u></b>	<b><u>2026/27</u></b>	<b><u>2027/28</u></b>	<b><u>Future Years to 2032/33</u></b>	<b><u>Total</u></b>
Estates	19,091,455	31,626,632	10,483,704	59,141,040	120,342,832
Transport	2,701,371	7,970,998	3,029,842	7,747,500	21,449,711
ICT	962,895	150,000	150,000	750,000	2,012,895
Equipment	2,706,859	4,249,357	801,098	1,760,403	9,517,717
Sustainability	275,000	375,000	275,000	375,000	1,300,000
Health & Safety	76,885	0	0	0	76,885
Waking Watch Relief Fund	327,000	0	0	0	327,000
<b>Total</b>	<b>26,141,465</b>	<b>44,371,987</b>	<b>14,739,643</b>	<b>69,773,943</b>	<b>155,027,040</b>

3.10 A long-term estates strategy has been formulated, the approved phase 1 of the scheme with plans for new builds, extensions, refurbishments and carbon reduction schemes is well underway with expected completion by 2027/28.

3.11 In 2024/2025 a full budget review of the Phase 1 Estates Strategy and linked programmes of work has been undertaken and approval of additional funding of £13.0m was given by the Deputy Mayor to significant cost pressures arising from supply chain inflation, site specific conditions and highways related costs emerging across the Estates programme.

3.12 Phase 2 of the Estates Strategy is expected to cover period 2028/29 to 2032/33, to align to the proposed extended capital programme timeline.

3.13 The Capital programme will be reviewed following confirmation of the final local government funding settlement and any updates to the MTFP.

## 4 Reserves

4.1 The reserves position for GMFRS is set out below. The MTFP has been prepared on the basis of the assumptions in the report.

Mayoral and GMFRS Reserves	Opening Balance FY 2025/26	Projected Transfer From / (To) Reserves - 2025/26	Projected Closing Balance 2025/26	Projected Transfer From / (To) Reserves - Q2 2026/27	Projected Closing Balance 2026/27
	£000s	£000s	£000s	£000s	£000s
General Reserve	-12,093	0	-12,093	0	-12,093
Capital Reserve	-13,152	0	-13,152	0	-13,152
Earmarked Budget Reserve	-12,296	274	-11,942	0	-11,942
Revenue Grants Unapplied	-4,149	69	-4,080	0	-4,080



Insurance Reserve	-2,128	0	-2,128	0	-2,128
Business Rates Reserve	-870	0	-870	0	-870
Restructuring Reserve	-418	0	-418	0	-418
Innovation & Partnership	-127	0	-127	0	-127
Transformational Fund	-3,604	0	-3,604	0	-3,604
<b>Total</b>	<b>-48,837</b>	<b>343</b>	<b>-48,414</b>	<b>0</b>	<b>-48,414</b>

- 4.2 The general fund reserve for fire and rescue services will remain at £12.093m which is considered an appropriate level, in line with one months' worth of non-discretionary expenditure and there is no planned use for this reserve.
- 4.3 For 2026/27, a programme of revenue funded Estates related works is being drawn up, against which, use of reserves will be proposed once quantified.

## 5. Recommendations

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

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