GMCA GREATER MANCHESTER COMBINED AUTHORITY

Greater Manchester Combined Authority

Date: 26th September 2025

Subject: GMCA Revenue Update Quarter 1 2025/26

Report of: Councillor David Molyneux, Portfolio Leaders for Resources

Steve Wilson, Chief Finance Officer

Purpose of Report

This report is to inform members of the Greater Manchester Combined Authority financial position at the end of June 2025 (Quarter 1) and forecast revenue outturn position for the 2025/26 financial year.

Recommendations:

The GMCA is requested to:

1. Note the forecast position at 30th June 2025.

Contact Officers

Name: Steve Wilson, GMCA Group Chief Financial Officer

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

Name: Steve Warrener, Managing Director, Transport for Greater Manchester

E-mail: steve.warrener@tfgm.com

Equalities Impact, Carbon and Sustainability Assessment: N/A

Risk Management

An assessment of major budget risks faced by the authority are carried out quarterly as part of the reporting process – the risks are identified within the report.

Legal Considerations

There are no specific legal implications with regards to the 2025/26 budget update.

Financial Consequences – Revenue

The report sets out the provisional outturn position for 2025/26.

Financial Consequences – Capital

There are no specific capital considerations contained within the report.

Number of attachments to the report: N/A

Comments/recommendations from Overview & Scrutiny Committee

N/A

Background Papers

GMCA Budget Reports – 7th February 2025

Tracking/ Process

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

No

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

N/A

1 INTRODUCTION

1.1 The purpose of this report is to provide the 2025/26 forecast revenue outturn position in relation to the GMCA General, Mayoral, GM Fire and Rescue, Waste and Resources and Transport, including Transport for Greater Manchester (TfGM) as at Quarter 1 reporting.

1.2 The table below shows the summary of the financial position at Quarter 1. Further details on the variances are provided in each section of the report.

Summary 2025/26	Approved Budget			Forecast Outturn Q1			Variance from Budget		
Quarter 1	Exp	Income	Total	Exp	Income	Total	Exp	Income	Total
	£000's	£000's		£000's	£000's		£000's	£000's	
GMCA General	246,581	-246,581	0	322,660	-322,660	0	76,079	-76,079	0
Mayoral	138,652	-138,652	0	138,686	-138,889	-203	34	-237	-203
GMFRS	151,679	-151,679	0	149,923	-149,923	0	-1,756	1,756	0
Waste	183,211	-183,211	0	178,820	-178,820	0	-4,391	4,391	0
Transport inc:	410,339	-410,339	0	436,121	-436,121	0	25,783	-25,783	0
TfGM	343,964	-343,964	0	358,143	-358,143	0	14,179	-14,179	0

2 GMCA GENERAL BUDGET

2.1 The original budget for 2025/26 for the GMCA Revenue General budget approved in February 2025 was £246.581m and the forecast outturn expenditure at the end of June 2025 (Quarter 1) is £322.660m, an increase of £76.079m. The increase in expenditure mainly relates to additional funding for various projects as noted within the report. There is a forecast breakeven position for the GMCA General budget by year end.

2.2 The table below shows the original expenditure and income budgets approved in February 2025, the forecast outturn at Quarter 1 and the variance compared to the original budget which is broken down as per GMCA directorates:

GMCA General Revenue Outturn 2025/26	Original Budget	Q1 Forecast	Variance
Expenditure	**£000**	**£000**	**£000**
GMCA Corporate	32,324	35,048	2,724
Core Investment Team	4,180	3,487	-693
Digital	3,837	5,762	1,925
Economy	16,339	26,691	10,353
Environment	6,014	13,773	7,759
Place	41,194	48,567	7,373
Public Service Reform	21,232	44,421	23,189
Education, Work and Skills	121,461	144,911	23,450
Total Expenditure	**246,581**	**322,660**	**76,079**
Government Grants	-168,614	-190,737	-22,123
District Contributions	-7,953	-7,953	0
Internal Recharges	-30,522	-32,212	-1,690
Retained Business Rates	-7,420	-35,078	-27,658
Earmarked Reserves - Other	-12,830	-26,928	-14,098
Other Income	-19,242	-29,752	-10,510
Total Resources	**-246,851**	**-322,660**	**-76,079**
Net Expenditure	**0**	**0**	**0**

Corporate Services

2.3 GMCA Corporate Services provide support for the whole of GMCA including Fire and Rescue Service, Police and Crime Commissioner, Waste and Resources and Transport. The Corporate functions include services such as Strategy, Research, ICT, Human Resources, Organisational Development, Finance, Internal Audit and Risk, Commercial Services, Legal and Governance. Funding of GMCA corporate functions is predominantly from recharges within the GMCA and to grants, external funding and District contributions.

2.4 The original approved budget for 2025/26 was £32.3m and the forecast outturn as at Q1 reporting is £35.0m. The forecast expenditure increase of £2.7m is largely due to one off non-recurrent investments funded from earmarked reserves and additional external income. This includes funding from retained business rates reserves approved by the CA in March.

These include:

- Strategy, Research & ICT expenditure increase of £0.9m which is mainly in relation to the expansion of the staff resources required to support the implementation, management and reporting requirements of increased devolution following the integrated settlement award, which will be funded by earmarked reserves and corporate recharge contributions from external grants;
- Resilience trailblazer expenditure of £0.6m following a new Government grant award from MHCLG (Local Resilience Forum);
- The remainder of the overall variance is due to forecasts on staffing resources across a number of teams to meet demand, which will be funded from a mixture of earmarked reserves and corporate recharges from external grants.

Digital

2.5 The 2025/26 original budget for Digital was £3.8m, which included support for the Digital Strategy, and key programmes the GM One Network and the Digital Platform. At quarter 1, an expenditure outturn of £5.8m is expected. The current forecast outturn position includes £1.9m of additional expenditure when compared to the budget, of which:

- £1.2m relates to Digital Strategy expenditure.
- £800k relates to expenditure on the Digital Platform

2.6 This will be funded by:

- £561k from a combination of balances available from 2024/25's allocation for Prosperous and Connected Places/GM Digital Inclusion, Growth and Places Retained Business Rate Reserve funding for Digital Strategy.
- £178k of 5GIR Grant funding for Digital Strategy.

- £500k from GMCA's Reserves (agreed at the GMCA meeting on the 30th of May to set up an AI Data and Innovation Office) for Digital Strategy.
- £800k from 2025/26 Retained Business Rates allocation for Live Well (to fund the Digital Platform).

2.7 In addition to the above, there has been a £102k reduction in forecasted Digital Social Care Grant expenditure, there will be a related reduction in the grant amount claimed.

Economy

2.8 The Economy portfolio leads key groups including the Growth Board, Local Industrial Strategy Programme Delivery Executive, GM Economic Resilience Group, Made Smarter and GM Local Enterprise Partnership (LEP).

2.9 The 2025/26 approved budget for Economy was £16.3m. At quarter 1, the forecast outturn of £26.7m (an increase of £10.4m compared to the original budget) reflects the additional or confirmation of funding for the following schemes:

- GM Productivity Programme (Phase 2) funding of £7.4m which is mainly funded via retained business rates plus an allocation from the Department for Business & Trade for the Business Growth Hub;
- MIDAS and Marketing Manchester costs are forecast to increase by £2.8m and for 2025/26 will be funded via retained business rates for GM Frontier sector attraction and promotion activities;
- Other small variances of £0.2m which will be funded via earmarked reserves and retained business rates.

Environment

2.10 Environment is the lead for the implementation of the GM Five Year Environment Plan which creates a framework to progress towards our long-term environmental vision and ensure everyone in Greater Manchester has a healthy, low carbon, nature-rich environment in which to live-well, prosper and grow. The Directorate is responsible for the delivery of carbon reduction measures, including delivering housing and public retrofit programmes, as well as sustainable consumption and production and natural capital strategy, research and delivery programmes

2.11 The 2025/26 original approved budget for Environment was £6m with forecast expenditure at quarter 1 of £13.5m. The increase relates to new funding available for the following:

- Existing Grant Variances – Integrated Settlement: An additional £2.2m has been reprofiled into 2025/26, increasing the permitted Retrofit Integrated Settlement funding capital-to-revenue switch from £800k to £3m. This front-loading, of the 10% flexibility allowed across the three-year allocation, is intended to support early mobilisation of the programme.
- Existing Grant Variances – Net zero accelerator pilot programme: Overall allocation of 6.2m over 2 years to 2026/27. develop an aggregated bundle of projects across multiple net zero sectors, including projects that provide strong financial returns. This initiative aims to create a £1Bn pipeline of net zero projects for private investment by April 2026 which will support authorities in advancing their net zero goals. £1m reprofiled into 2025/26 due to programme slippage and delayed procurements. Programme is expected to utilise all grant allocation.
- New approved business rates - Five Year Environment Plan: expenditure of £2.2m to provide capacity to bid for capital and revenue funds, undertake research, communication, training, convene and co-ordinate delivery of the 5YEP utilizing GM's unique Mission Based Approach funded via retained business rates.
- Existing Business rates use variance - Five Year Environment Plan: £560k has been reprofiled into 2025/26.
- Existing Business rates use variance – Low Carbon: £1.6m has been reprofiled into 2025/26. Supports programmes such as Heat Networks, Smart Energy Generation and Storage, Domestic and Public sector retrofit.

Place

2.12 Place Directorate focuses on the development of individual places and all the elements that support prosperous and vibrant places in which GM residents can grow up, live and grow old. This has brought together Housing and Planning, Land and Property, Culture, Delivery and Infrastructure teams, each of which has a vital role to play in place development.

2.13 The 2025/26 original approved budget for Place was £41.2m with forecast expenditure at Quarter 1 of £48.5m the majority of the increase relates to:

- Growth Locations which represent opportunities for the whole city-region to bring forward development at a scale which can drive the transformational change ambition across the conurbation has an expenditure forecast increase of £2.6m in the current year, funded by retained business rates.
- UK Shared Prosperity Fund has increased in expenditure of £1.3m due to the reprofile of the Capital / Revenue split as per Integrated Settlement.

Public Service Reform

2.14 Public Service Reform (PSR) supports reform, innovation and social policy development across GM with the overarching objective of addressing inequality and improving outcomes for all residents across the city-region. It is made up of a number of thematic strands with lead responsibilities that include Early Years, Children and Young People, Troubled Families, Homelessness and Rough Sleeping, Asylum and Refugees, Armed Forces and Veterans, Gambling Harm Reduction and the GM Ageing Hub. The service performs a cross-cutting role across GM in collaboration with localities, other public service organisations and the voluntary, community and social enterprise (VCSE) sector to drive the implementation of unified public services for the people of Greater Manchester.

2.15 The 2025/26 original approved budget for PSR was £21.2m with forecast expenditure of £43.3. The majority of the increase relates to:

- Live Well Programme payments to LA's £5m from the Retained Business Rates and £5m from the NHS. This a joint contribution to develop the Live Well Programme across Greater Manchester.
- Changing Futures Programme, aimed at supporting individuals experiencing multiple disadvantage has an increase of £2.9m funded by retained business rates Live Well programme (£1.5m) and extension funding from the MHCLG (£1.2m).
- GM Fostering Programme funded by Department for Education (DFE) has been extended for year (£0.9m) This is a campaign with an ambition to inspire more people within the city region to become foster carers and turns the spotlight on the real life experiences of the community
- School Readiness expenditure was deferred from last financial year into this financial year due to procurement and capacity issues. This has resulted in an increase from budget but funding has already be recieved for this programme (£.07m)
- The remainder of the increase across PSR is to be funded from a range of earmarked reserves, new grant funding and external income.

Education, Work and Skills

2.16 Education, Work & Skills works in partnership with local authorities, partners and businesses to deliver and performance manage programmes that support people to enter, progress and remain in work.

2.17 The original 2025/26 expenditure budget was £121.5m with forecast expenditure of £144.9m as at Q1 2025/26, an increase of £23.4m which has been detailed below. This increase is to be funded from additional Government grants (£15.6m) & the drawdown of earmarked reserves (£7.8m).

- The launch of a new £10.0m DWP grant funded programme called Get Britain Working Trailblazer which will trial new interventions and engage with local people who are outside the current workforce;
- New and additional Adult Skills delivery of £7.4m such as Free Courses for Jobs, Employer Engagement & Essential Work Skills and the In Work Progression programme which is funded via a mixture of Integrated Settlement & Earmarked Reserves;
- The launch of a new £5.7m Employment Support programme following confirmation of funding via the Integrated Settlement;
- Other movements of £0.3m which mainly consists of Youth Employment & Opportunities expenditure relating to salaries, MBACC & GMACS to support this mayoral priority.

3. MAYORAL GENERAL BUDGET

3.1 The Mayoral General budget (excluding Fire & Rescue) funds the Mayor's Office and Mayoral functions, the majority of which relates to Transport functions. The budget approved by in February 2025 was £138.652m funded from Precept income, Transport Statutory Charge, reserves, grants and external income.

3.2 The Mayor agreed to provide food vouchers during school holidays and has incurred additional costs for Our Pass.

3.3 The table below shows the original budget, forecast position and variance as at Q1 2025/26:

Mayoral Budget 2025/26 Quarter 1	**Original Budget**	**Forecast Outturn**	**Forecast Variance**
Expenditure:	**£000**	**£000**	**£000**
Mayor's Office	540	574	34

Mayoral Budget 2025/26 Quarter 1	Original Budget	Forecast Outturn	Forecast Variance
Corporate Recharge	876	876	-
Mayoral Priorities	3,957	3,957	-
Mayoral Transport	133,279	133,279	-
Gross Expenditure	**138,652**	**138,686**	**34**
Mayoral Precept	(35,140)	(35,140)	-
Collection Fund Surplus /-Deficit	(463)	(200)	(263)
BSOG grant	(13,150)	(13,150)	-
Mayoral Capacity grant	(1,010)	(1,500)	490
Statutory charge	(86,700)	(86,700)	-
Other grants and reserves	(1,339)	(1,339)	-
External Income	(850)	(850)	-
Total Resources	**(138,652)**	**(138,889)**	**(237)**
Net expenditure	**-**	**(203)**	**(203)**

4. GM FIRE AND RESCUE

4.1 The 2025/26 revised budget for GM Fire and Rescue Service (GMFRS) is £151.679m and, at quarter 1, the revenue position is forecast to breakeven. The table below provides a summary of the position in terms of original budget, revised budget, forecast outturn and projected variances.

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**

4.2 The estimated firefighter pay award for 2025/26 was based on 2%. Negotiations have concluded with a 3.2% pay award which creates an additional cost of £0.813m. The budgeted pay award for green book staff was 3% and the agreed pay award is also 3.2% on all pay points which has impacted the budget by £0.031m.

4.3 Premises costs are forecast to underspend by £0.654m in 2025/26; however, this is largely due to a significant reduction in utility costs over recent years. An exercise is underway to assess current budgets to ensure they reflect relative need and identify any areas that can be released for savings.

FUNDING

4.4 The Section 31 Business Rates allocations were provided to each organisation on the 13th May 2025 which showed a lower allocation than expected by £0.517m. The allocation in total is £8.694m compared to the original budget of £9.211m. The forecast is in line with the revised budget.

4.5 The Section 31 Pensions Grant, which was issued in 2024/25 to offset the additional costs following the increase in employer pension contributions for firefighters, has decreased by £0.202m, with an allocation of £4.566m in 2025/26 compared to £4.768m in 2024/25.

4.6 Localised Business Rates was originally set at £11.347m but following Local Authority submissions the actual funding expected is £11.860m and this increase of £0.513m has been reflected in the revised budget.

RESERVES

4.7 In terms of transfers to reserves, the only transfer to reserve forecast at present is £0.211m which is relating to apprenticeship levy income that is to be earmarked for future End Point Assessment costs.

4.8 In terms of transfers from reserves, the revised budget is £2.342m but the current forecast is only £0.586m which is currently required to balance the budget based on current projections (figure lower than expected due to underspends against premises, supplies & services and the overachievement of customer & client receipts and other grants & contributions).

5. WASTE AND RESOURCES

5.1 The levy for the Waste & Resources service for the 2025/26 financial year was set on 7 February 2025 for a total of £179.2 after a £4.0m application of reserves and was in line with the Medium-Term Financial Plan.

5.2 The 2025/26 budget included costs/ income associated with risks. This includes income from recyclates but not from share of third-party income at TPSCo or packaging Extended Producer Responsibility (pEPR).

Waste and Resources Forecast Outturn 2025/26	Approved Budget	Forecast Outturn	Forecast Variance
	£000	£000	£000
Operational Costs	119,952	116,046	(3,906)
Operational Financing	56,692	56,410	(282)
Office Costs	6,173	5,973	(200)
Non-Operational Financing	394	391	(3)
Total Expenditure	**183,211**	**178,820**	**(4,391)**
Levy	(179,211)	(179,211)	-
pEPR	-	(22,673)	(22,673)
Levy Adjustment	-	449	449
Return to constituent authorities	-	37,701	37,701
Transfer (from)/to reserves	(4,000)	(15,086)	(11,086)
Total Income	**183,211**	**(178,820)**	**4,391**

5.3 The operational costs element of the budget is currently modelled to underspend by £4.0m due to forecast income from the sale of electricity at TPSCo (£3m), forecast increased income from the sale of recyclates (£0.3m) and other smaller variances. Income from these sources will be monitored monthly throughout the remainder of the year and the position updated for actual income.

5.4 The operational financing elements of the budget are forecast to underspend by £0.3m due to in year savings on interest payable due to later than anticipated delivery of capital programme works.

5.5 At the GMCA meeting of 7 February 2025 approval was given to make a one-off payment to Districts of £20m funded from reserves which has now been paid. A further decision was made at that meeting to partially return funds to Districts from the packaging Extended Producer Responsibility (pEPR) scheme. Delegation was given to the Group Chief Financial Officer to finalise the amount, estimated to be £17.7m, which has been included in the above figures.

6. TRANSPORT

6.1 The Transport original revenue budget was approved by GMCA in February 2025, which includes funding from the Transport Levy and Statutory Charge, Mayoral precept, grants and reserves. Since the budget was set additional grant funding has been received and further changes to TfGM's budget as described in paragraphs 6.3 onwards have increased the forecast budget expenditure to £410.3m, of which £368.9m is forecast to be paid to Transport for Greater Manchester (TfGM) for transport delivery as shown in the table below. The remaining £67.2m of the Transport revenue budget is retained by the Authority for corporate and capital financing costs for Metrolink and other programmes.

Transport Revenue Budget Quarter 1	Budget	Forecast Outturn	Forecast Variance
	£000	**£000**	**£000**
Resources:			
Mayoral Transport Budget	(133,279)	(133,279)	-
District Levy	(125,657)	(125,657)	-
Earnback Revenue Grant	(20,000)	(20,000)	-
Bus Services Improvement Grant	(43,789)	(43,782)	(7)
Local Transport Block Funding	(35,707)	(35,707)	-

Transport Revenue Budget Quarter 1	Budget	Forecast Outturn	Forecast Variance
Use of Reserves	(30,916)	(36,041)	5,125
Other Grants	(20,990)	(41,755)	20,765
Total Resources	**(410,339)**	**(436,121)**	**25,783**
Expenditure:			
Funding to TfGM	343,964	368,922	24,958
GMCA Capital Financing and Corporate Costs	66,374	67,199	825
Total Expenditure	**410,339**	**436,121**	**25,783**

Transport for Greater Manchester (TfGM)

6.2 As previously reported the budget includes the continuation of cost savings and additional income generation, both of which are being delivered as part of TfGM's Financial Sustainability Plan. As part of this Plan the funding includes the use of a number of 'non-recurring' sources of funding, including reserves. Further work is required on the continuing development of the long-term plan. In common with the other UK public transport bodies, this will include discussions with government about further funding as part of developing a long-term sustainable funding model.

6.3 The table below summarises the original approved budget for TfGM for 2025/26 and the updated forecast outturn as at the end of Quarter 1. A summary of the key variances at Quarter 1 is provided in the table and commentary below.

	2025/26 Budget £'000	2025/26 Q1 £'000	Variance to Outturn £m
Resources			
Funding from GMCA	(322,464)	(341,827)	(19,363)
Bus and Metrolink funded financing costs	(21,500)	(16,316)	5,184
	(343,964)	(358,143)	(14,179)
Net expenditure			
Bus Franchising net cost	226,304	225,873	(431)
Metrolink net cost	39,000	43,523	4,523
Operational Costs	33,961	36,010	2,049

Accessible Transport	3,700	3,700	-
Traffic signals costs	3,822	3,822	-
Scheme Pipeline development Costs	18,165	23,588	5,423
Active Travel costs	5,914	5,412	(502)
Clean Air costs	-	2,028	2,028
Non-Franchised bus expenditure	6,788	7,877	1,089
Financing	6,310	6,310	-
Total Expenditure	343,964	358,143	14,179
Surplus/(Deficit)	0	0	0

6.4 Bus Franchising expenditure outturning broadly in line with budget. Patronage and revenue growth, particularly in Tranche 1 and 2, has been strong and has helped to offset other increasing costs. There are still several risk items that may crystalise in the remainder of the year that are currently unquantified and will need to be managed within the overall funding.

6.5 The net operating loss on Metrolink has increased primarily because of poor performing Farebox Revenue. Patronage and revenue have been heavily impacted by track renewals in the city centre and other engineering works over recent months. The closures have impacted the majority of journeys coming into or travelling around the city centre. This impact is expected to continue across Q1 and Q2, with patronage and revenue expected to bounce back when the network is fully open from September onwards.

6.6 Net operational costs forecast to increase by £2.0m since the budget was finalised, primarily as a result of the additional employer national insurance cost, however there is equivalent grant funding now included in the funding from GMCA line, who are claiming this on behalf of the group from central government.

6.7 There has been an increase of c.£5.4m in the forecast costs for the further development of GM's pipeline of future transport schemes. This is primarily as a result of the inclusion Rail Reform as a new workstream. There has been an equivalent increase in grant funding from DfT through the integrated settlement for these schemes within the other revenue grants.

6.8 No costs or funding in relation to the Greater Manchester Clean Air Plan were included in the Budget. The Q1 outturn includes expenditure of c.£2m related to Clean Air activity, with an offsetting amount of grant funding. The expenditure covers the work that is going into GM's Investment Led Plan to meet Clean Air Zone targets.

6.9 There has also been an increase in the expected payments to non-franchised operators since budget setting, partly as a result of the changes to ticket prices that were brought in at the start of 2025.

7. RECOMMENDATIONS

7.1 The recommendations appear at the front of this report