

Greater Manchester Combined Authority

Audit Committee

Date: 24 November 2025

Subject: Assessment of Going Concern

Report of: Steve Wilson, Group Chief Finance Officer

Purpose of Report

This report informs Members of an assessment of the Greater Manchester Combined Authority (GMCA) as a going concern with a forward look at the position for the next 12-18 months.

This report should be read alongside the Draft Statement of Accounts and Annual Governance Statement for 2024/25 found at [Annual Statement of Accounts - Greater Manchester Combined Authority](#)

Recommendations:

The Audit Committee is requested to:

1. Consider and comment on the outcome of the assessment made of the GMCA's going concern position and the conclusion that there is no material risk to going concern

Contact Officers

Name: Steve Wilson

Position: Group CFO, GMCA

Tel: 07725 481067

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

Equalities Impact, Carbon and Sustainability Assessment:

N/A

Risk Management

The Authority maintains a robust risk management framework to identify, assess, and mitigate financial and operational risks that could impact its ability to continue as a going concern.

Legal Considerations

The Authority's assessment of going concern is underpinned by statutory provisions and professional codes of practice. Local authorities operate within a legislative framework that assumes continuity of services, as they cannot be dissolved without statutory prescription.

In preparing the Statement of Accounts, the Authority complies with the CIPFA Code of Practice on Local Authority Accounting, which mandates the use of the going concern basis of accounting. Unlike private sector entities, local authorities are revenue-raising bodies and, in the event of financial difficulty, central government intervention is anticipated to ensure service continuity.

Financial Consequences – Revenue

N/A

Financial Consequences – Capital

N/A

Number of attachments to the report: None

Comments/recommendations from Overview & Scrutiny Committee

N/A

Background Papers

[Police, Fire & Crime Panel 27 January 2025 2025/26 PCC Budget and Police & Crime Commissioner Component of the Mayoral Precept](#)

[Police, Fire & Crime Panel 27 January 2025 Greater Manchester Fire & Rescue Service Revenue and Capital Budget 2025/26](#)

[GMCA 7 February 2025 Revenue and Capital Budgets 2025/26](#)

[Police, Fire & Crime Panel 19 March 2025 Greater Manchester Police Fund Revenue and Capital Budget 2025/26](#)

[GMCA 27 June 2025 Capital Outturn 2024/25](#)

[GMCA 27 June 2025 Revenue Outturn 2024/25](#)

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?

No

Bee Network Committee

N/A

Overview and Scrutiny Committee

N/A

1. INTRODUCTION

- 1.1 The report which informs members of an assessment of the Greater Manchester Combined Authority (GMCA) as a going concern with a forward look at the position for the next 12-18 months.
- 1.2 GMCA is required to demonstrate that it is a going concern and remains financially sound. The concept of a 'going concern' assumes that an authority, its functions and services will continue in operational existence for the foreseeable future. This assumption underpins the accounts drawn up under the Local Authority Code of Accounting Practice and is made because local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.
- 1.3 As with all principal local authorities, the GMCA is required to compile its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting (the Code) as published by the Chartered Institute of Public Finance and Accountancy (CIPFA). In accordance with the Code the GMCA's Statement of Accounts is prepared assuming that the GMCA will continue to operate in the foreseeable future and that it is able to do so within the current and anticipated resources available. By this, it is meant that the GMCA will realise its assets and settle its obligations in the normal course of business.

2. GOING CONCERN ASSESSMENT

- 2.1 The main factors which underpin the assessment of GMCA as a going concern are outlined below and include:
 - a) GMCA's financial position
 - b) GMCA's strategic planning and budget framework
 - c) The regulatory and control environment applicable to the GMCA as a local authority.
 - d) GMCA balances and reserves.
 - e) Risk management.

3. GMCA FINANCIAL POSITION 2024/25

- 3.1 The GMCA is required to operate a balanced budget which broadly means that income received during the year will meet expenditure. Quarterly budget progress update reports are provided on a quarterly basis to GMCA during the year to provide oversight and assurance of the position throughout the year.
- 3.2 The revenue outturn for the year ending 31 March 2025 is categorised across defined areas of the authority. The position is shown in the table below:

Summary 2024/25 Provisional Outturn	Budget Exp	Budget Income	Budget Total	Provisional Outturn Exp	Provisional Outturn Income	Provisional Outturn Total	Variance Exp	Variance Income	Variance Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
GMCA General	275,185	(275,185)	0	333,059	(333,059)	0	57,874	(57,874)	0
Mayoral	139,738	(139,738)	0	129,133	(129,133)	0	(10,605)	10,605	0
GMFRS	139,264	(139,264)	0	145,672	(145,672)	0	6,408	(6,408)	0
Waste	169,023	(169,023)	0	149,719	(149,719)	0	(19,304)	19,304	0
Transport inc	408,953	(408,953)	0	396,094	(396,094)	0	(12,859)	12,859	0
TfGM	330,600	(330,600)	0	326,726	(326,726)	0	(3,874)	3,874	0

- 3.3 GMCA's capital programme includes Greater Manchester Fire & Rescue Services, Economic Development & Regeneration programmes and the continuation of the programme of activity currently being delivered by Transport for Greater Manchester (TfGM) and Local Authorities. The GMCA approved the Capital Programme at its meeting to approve the budget for the following year in February 2024 and updated forecast outturns are provided on a quarterly basis. The provisional capital expenditure for 2024/25 was £598.0m compared to revised budget of £631.6m. The Police Fund capital programme is recorded separately in accordance with legislation and was a further £26.5m of spend in 2024/25 compared to a budget of £37.6m.

4. GMCA BUDGET 2025/26

- 4.1 The GMCA budgets form part of the Authority's overall strategic planning framework. Budget planning focuses on delivery of the priorities in the Greater Manchester Strategy and its implementation plan in partnership with Greater Manchester local authorities, businesses, the voluntary and community sector and other stakeholders. The Mayoral precept and GMCA budgets support key areas of delivery for the strategy and its implementation plan, particularly in areas where the local investment can be supported by the GMCA.

- 4.2 GMCA has in place an annual budget setting process that culminates in the approval of the budget by the GMCA at its meeting in February. The reports during the budget process provide an overview of the proposed GMCA budgets for the following year and subsequent years where appropriate. The reports bring together the position on the Mayoral General Budget and precept proposals, the GMCA General Budget, GMCA Transport budgets including transport levy and statutory charge and the Greater Manchester Waste Services levy. The reports set out the implications of the proposed budgets and the resultant charges on Greater Manchester local authorities and the Mayoral precept. The 2025/26 GMCA budgets were approved by GMCA in February 2025 and Police and Crime Commissioner precept and budget agreed by Police, Fire and Crime Panel in March 2025.
- 4.3 Further information on the budget for each area of the GMCA can be found in the budget reports to GMCA on 7 February 2025. The comparison of revenue budgets is summarised below:

Budget	2024/25 Original Budget	2025/26 Original Budget
Mayoral General Budget	£140.1m	£138.7m
GMCA General Budget	£275.2m	£246.6m
GM Fire and Rescue Service	£139.3m	£150.7m
GMCA Transport Revenue Budget	£409.0m	£410.3m
Waste and Resources	£174.3m	£179.2m
Police Fund	£816.8m	£863.2m

5. MEDIUM TERM FINANCIAL PLANNING

5.1 GMCA General Budget

- 5.1.1 Under the current devolved funding arrangements for GMCA, following the introduction of the Trailblazer Single Settlement, the Authority now receives a consolidated funding allocation of £630 million for 2025/26, covering key areas such as housing, transport, skills, and employment support. This replaces the previous fragmented system of multiple annual grant confirmations from central government. While this settlement provides greater flexibility and certainty for the short term, it remains a one-year allocation under the current Spending Review period, with multi-year settlements expected to be negotiated from 2026/27

onwards. Medium-term financial planning continues to be constrained by the absence of confirmed funding beyond the current year, although GMCA has embedded processes for quarterly financial monitoring and risk management to update forecasts as new information becomes available.

5.1.2 GMCA does not receive any core government funding to fund Corporate functions and costs have been supported from a combination of recharges to Fire and Rescue, Police and Crime and Adult Education, local authority contributions and non-recurrent funding. A new overhead recharge model was developed in 2022/23 and continued into 2024/25 to ensure that the cost of corporate functions are allocated in full and consistently applied across all activities of the organisation. This approach continues to be reflected in the budget for 2025/26.

5.1.3 The Corporate Services medium term financial plan (MTFP) for 2025/26 – 2027/28 includes the following planning assumptions:

- a) Employee related costs: Pay award – 3% 2025/26, 3% 2026/27 and 3% 2027/28;
- b) Additional programme and external income funded staffing, mainly in Strategy and Communication & Engagement;
- c) Business Partnering Recharge for the direct cost of Corporate staff supporting GMCA grant funded programmes of work;
- d) Fees, charges and other income changes;
- e) Revised Corporate overhead recharge approach continues for 2025/26 to 2027/28;
- f) Local authority contribution – substantial decrease assumed due to savings plans and pressures within local authorities and the increased flexibility from the Integrated Settlement. It is assumed that this lower contribution will continue in 2026/27 and 2027/28;

5.2 Police, Fire & Crime

5.2.1 Fire & Rescue services have received an average 2.8% increase in core spending power and with flexibility on council tax precept for stand-alone Fire Services of £5 for a one-year period. The baseline funding from Revenue Support grant and Top-up grant has increased by £0.743m from 2024/25, net of pension funding. However, the removal of the services grant and funding guarantee reduces the funding allocations by £1.409m. Precept income from a £5 increase (for a Band D property) in the Fire & Rescue precept is estimated to provide an additional £5.3m

(8.1%) in 2025/26 and at this stage no further increase in precept has been included in the MTFP up to 2027/28. Estimated pay and price inflation has been included in the MTFP.

5.2.2 The 2025/26 Police & Crime Commissioner total revenue budget is £871.7 which is an increase of £56.1m (6.9%) compared to 2024/5. Funding for the police comes directly from a Central Government grant (74%) and from the police precept (26%). For 2025/26 there is an increase of 6.6% in Government grant funding and 7.6% in funding from the proposed Precept. It should be noted that the national funding assumption on tax base increase is 0.8% compared to an updated local position of 1.8% (provisional local assumption 1.5%). While the increase in tax base (i.e. households liable to pay council tax and the proposed precept) is a small financial benefit locally, household growth also represents an increased demand and therefore increased cost on policing, transport, community and neighbourhood services. None of which are reflected in the current funding provision for Policing and which places considerable additional financial strain on GMP in terms of meeting increased demand without additional funding.

5.2.3 The national core grant funding for police and crime across England and Wales in 2025/26 has increased by £339m increase in Core Grant, £230m compensation for increases in employer National Insurance Contributions, and a new £100m Neighbourhood Policing Grant.

5.3 Waste & Resources

5.3.1 The Waste & Resources budget is funded from a levy on the nine GM local authorities that are part of the GM waste contract. The waste budget for 2025/26 is £179.2m, which represents a 2.8% increase from 2024/25. The MTFP estimates levy charges of £192.2m in 2026/27 and £199.4m in 2027/28. A number of assumptions have been made which take a balanced view of the risks facing the service in 2025/26 and beyond.

5.4 Transport

5.4.1 The GM Transport budget for 2025/26 of £410.3m is an increase of £17.5m compared to the 2023/24 revised budget and provides the funding for TfGM and capital financing charges for transport infrastructure investment.

5.4.2 The levy and statutory charge of £125.7 made to Greater Manchester local authorities is an overall increase of 4% from 2024/25 (3% of which will be recurrent with a 1% one off increase in 2025/26).

- 5.4.3 The Bee Network continues to be delivered against an extremely challenging financial background. Patronage and revenues on Metrolink and Bus have continued their very strong recovery during the 2025/26 but are still below where they would have been if the pandemic had not occurred. This has combined with exceptional inflationary pressures in recent years which has led to a significant 'stepped' and recurrent increase in the cost base (e.g. electricity, fuel and labour costs) of the transport network. These challenges, and the ending of pandemic-era Government funding have, and will continue, to impact on the net costs of both the Metrolink and Bus networks.

5.5 Capital programme

- 5.5.1 The GMCA capital programme for the four-year period 2023-2027 includes Economic Development and Regeneration programmes, Waste and the continuation of the programme of activity currently being delivered by GMCA, TfGM and local authorities. The capital programme over the three-year period 2025/26 – 2027/28 is £1.569 billion of which £598.287m is planned for 2025/26 to be funded mainly from capital receipts, grants and long-term borrowing. Provision has been made in the revenue budgets for the associated financing costs.

6. GMCA BALANCES AND RESERVES

- 6.1 GMCA General Fund Reserve was £45m as at 31 March 2025. Given the current scale of activities falling on the General Budget, the level of General Fund Reserve held is felt to be appropriate. The Authority also holds £504m of Earmarked Revenue Reserves as at 31 March 2025 compared to £554m at 31 March 2024, a decrease of £50m. The majority of the change relates to:
- a) Use of £13.8m Waste MTFP Funding Reserve to fund the Waste directorate.
 - b) Funding from GMCA to TFGM for Metrolink financing costs, Clean Air and Bus Service Improvement Programme, including £35m use of the Earnback Revenue grant.
 - c) Increase of £12m in relation to 2024/25 business rates retention growth which is committed to support Greater Manchester priorities from 2025/26 onwards, and retention of grant funding for future years.
 - d) Use of £5m Home Office infrastructure reserve set aside in prior years to fund increase in police officer numbers.

7. REGULATORY AND CONTROL

- 7.1 The Annual Governance Statement sets out the detailed arrangements within GMCA and is reported separately on the agenda for this meeting.

7.2 Governance Arrangements

- 7.2.1 The GMCA's corporate governance structures and scrutiny arrangements ensure that they are sufficient to meet the expanding role of GMCA and the delivery of its core functions and services. GMCA has established a number of boards, panels and committees which receive regular reports on transport, housing, economy and investment matters. During 2022/23 the Authority reviewed its scrutiny arrangements with recommendations being implemented to improve effectiveness. The Authority has the statutory posts of Head of Paid Service, Monitoring Officer and the Treasurer (Chief Financial Officer) who form part of the Senior Management Team in addition to the current political arrangements.
- 7.2.2 An overview of this governance framework is provided within the GMCA Annual Governance Statement and Code of Corporate Governance 2024/25. This includes a detailed review of the effectiveness of the council's governance arrangements which concludes that the existing arrangements remain fit for purposes and provides assurance of their effectiveness. The Authority is required to operate within a highly legislated and controlled environment and particular emphasis of this can be exemplified and demonstrated with the financial controls in place. Examples of controls include the requirement of full authority to approve a balanced annual budget, but within that to consider and have regard via assurance from the Treasurer as to the robustness of the budget, its estimates and the adequacy of reserves held.
- 7.2.3 The control environment is supported by the role of External Audit in the review of value for money and financial resilience and Internal Audit in reviewing controls and processes across the authority.

8. ECONOMIC CLIMATE

- 8.1 There is an inherent financial risk across all areas of the GMCA with persistent inflation which may significantly increase capital programme costs and operational expenditure. The outcome of pay negotiations is difficult to predict and may be above budgeted assumptions.

- 8.2 The organisation continues to monitor and mitigate these costs as far as possible and is adjusting, as appropriate, its expenditure and funding budgets for this year to reflect this position, including reviewing investment priorities to ensure affordability.

9. CONCLUSION

- 9.1 The assessment of the GMCA's status as a "going concern" for the purposes of the Statement of Accounts 2024/25 demonstrates that the Authority is performing effectively and is in a good position to respond to the current and emerging challenges and risks and there is no material risk to going concern for the next 12-18 months.