

Greater Manchester Combined Authority

Date: 12 December 2025

Subject: GMCA Revenue Update Quarter 2 2025/26

Report of: Cllr David Molyneux, Portfolio Leader for Resources & Investment and
Steve Wilson, Group Chief Finance Officer

Purpose of Report

This report is to inform members of the Greater Manchester Combined Authority financial position at the end of September 2025 (Quarter 2) and forecast revenue outturn position for the 2025/26 financial year.

Recommendations:

The GMCA is requested to:

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

Contact Officers

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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

GMCA Revenue Update Q1 – 26th September 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 2 reporting.
- 1.2** The table below shows the summary of the financial position at quarter 2. Further details on the variances are provided in each section of the report.

Summary 2025/26 Quarter 1	Revised Budget Q1			Forecast Outturn Q2			Variance		
	Exp	Income	Total	Exp	Income	Total	Exp	Income	Total
	£000's	£000's		£000's	£000's		£000's	£000's	
GMCA General	322,660	-322,660	0	326,428	-326,428	0	3,768	-3,768	0
Mayoral	138,686	-138,879	-193	138,510	-138,879	-369	-176	0	-176
GMFRS	149,923	-149,923	0	149,336	-149,336	0	-587	587	0
Waste	178,820	-178,820	0	176,962	-176,962	0	-1,858	1,858	0
Transport inc:	425,342	-425,342	0	427,853	-427,853	0	2,511	-2,511	0
TfGM	358,143	-358,143	0	360,654	-360,654	0	2,511	-2,511	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. This was revised at quarter 1 to £322.660m which was reported to GMCA for approval on 26th September 2025.
- 2.2** At quarter 2, there is a projected increase in expenditure of £3.768m, taking the total outturn forecast for the year to £326.428m. The table below shows the original expenditure and income budgets approved in February 2025, the forecast outturn at quarter 1, the revised forecast outturn at quarter 2 and the variance between quarter 1 and quarter 2 which is broken down per GMCA directorates:

GMCA General Revenue Budget Quarter 2 2025/26	Original Budget	Forecast Outturn Quarter 1	Forecast Outturn Quarter 2	Variance
Expenditure	£000	£000	£000	£000
GMCA Corporate	32,324	35,048	35,228	181
Core Investment Team	4,180	3,487	3,264	-223
Digital	3,837	5,762	6,520	758
Economy	16,339	26,691	27,247	556
Environment	6,014	13,773	11,076	-2,697
Place	41,194	48,567	50,417	1,850
Public Service Reform	21,232	44,421	46,235	1,814
Education, Work and Skills	121,461	144,911	146,441	1,530
Total Expenditure	246,581	322,660	326,428	3,768
Government Grants	-168,614	-190,737	-199,578	-8,842
District Contributions	-7,953	-7,953	-7,953	0
Internal Recharges	-30,522	-32,212	-33,094	-882
Retained Business Rates	-7,420	-35,078	-35,661	-582
Earmarked Reserves - Other	-12,830	-26,928	-20,781	6,147
Other Income	-19,242	-29,752	-29,361	391
Total Resources	-246,581	-322,660	-326,428	-3,768
Net Expenditure	0	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 £32.324m and the forecast outturn at quarter 1 was £35.048m. The revised forecast at quarter 2 is £35.228m which represents an increase in expenditure of £0.181m and is due to be funded from a mixture of additional external income and corporate recharge income. This increase is due to:

- An increase of £0.146m in projected Human Resources expenditure

relating to occupational health services and revised forecasting in respect of management trainees.

- Communication, Media and Public Relations increased forecast of £0.095m which is due to increased professional fee expenditure relating to the launch of the Greater Manchester Strategy and revised salary forecasting.
- The remainder of the overall variance (-£0.060m) is due to in-year salary savings as a result of delays in recruiting to vacant positions across Research, Land & Property and Democratic Services.

Digital

2.5 The 2025/26 original budget for Digital was £3.837m, 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 £5.762m was expected. The current forecast outturn position of £6.520m includes £0.758m of additional expenditure when compared to the budget, of which:

- £0.676m increase to expenditure on the Digital Platform.
- £0.187m increase to Digital Strategy expenditure.
- £0.105m reduction in Digital Social Care expenditure.

2.6 This will be funded by:

- £0.375m from 2025/26 Retained Business Rates allocation for Live Well (to fund Digital Inclusion work).
- £0.202m 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.
- £0.171m from 2025/26 Retained Business Rates allocation for Live Well (to fund Data Accelerator work).
- £0.057m contribution from NHS GM relating to PACS/Shaping Cloud
- The £0.105m reduction in forecasted Digital Social Care Grant expenditure will lead to a reduction in the grant amount claimed.

Economy

2.7 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).

2.8 The 2025/26 approved budget for Economy was £16.339m. At quarter 1, the forecast outturn was £26.691m and at quarter 2 this has been revised to £27.247m which represents an increase of £0.556m due to:

- The reprofiling of Local Industrial Strategy projects such as Foundation Economy Innovation Fund and Low Carbon Sector Development projects resulting in increased in-year expenditure of £0.754m (which is fully funded by Retained Business Rates allocations).
- The reprofiling of the Local Authority Business Compliance Programme which is now due to be carried out over 18 months (instead of 12 months) resulting in an in-year expenditure reduction of -£0.249m.
- Other variances of £0.051m which mainly relate to revised salary forecasting across the Economy directorate.

Environment

2.9 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

2.10 The original approved budget for Environment in 2025/26 was £6.014m. At quarter 1, forecast expenditure stood at £13.773m. This has now reduced to £11.076m at quarter 2 - a decrease of £2.697m. Key changes contributing to this reduction include:

- Integrated Settlement - Retrofit: At quarter 1, £3.065m of Revenue Admin and Ancillary expenditure was forecasted under the Retrofit Integrated Settlement pillar, funded via a capital-to-revenue switch. To align with the treatment of capital grant schemes from which this funding is devolved, these costs will now be capitalised. As a result, they have been removed from the revenue position.
- Local Net Zero Accelerator programme: The original grant allocation for this programme was £6.200m over two years to 2026/27, to develop a bundled pipeline of net zero projects with strong financial returns. A net increase of £0.699m is reflected this period which consists of £0.833m in additional grant funding from the Cambridge and Peterborough Combined Authority

for financial advice and support via the Local Net Zero Accelerator Dynamic Purchasing System and a £0.134m reduction in planned use of SOBC retained business rates reserve following the prioritisation of newly secured grant funding.

- Retained Business rates - Five Year Environment Plan: £0.174m has been reprofiled into 2026/27. Activities including the Natural Environment Investment Readiness Fund Pipeline, carbon offsetting offer development, and sustainable consumption and production behaviour insights are no longer expected to proceed in 2025/26.
- North West Net Zero Hub (SPARK 1): £0.060m grant funding to unlock investment in approximately 4,200 heat pumps annually across social housing in Greater Manchester.
- North West Net Zero Hub (SPARK 6): £0.020m grant funding to support two GM NHS organisations in developing a heat decarbonisation pipeline. GMCA will contribute an additional £0.024m from the business rate reserve, repurposed from Tranche 1 of the Design Works Grant scheme.
- Other movements of £0.261m across the Environment directorate due to reduced professional fees and revised salary forecasting.

Place

2.11 The 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.

2.12 The 2025/26 original approved budget for Place was £41.194m and the forecast expenditure at quarter 1 was £48.567m. This has increased further to £50.417m at quarter 2 which represents an increase of £1.850m due to:

- UK Shared Prosperity Fund has increased in revenue expenditure by £2.385m which will be funded via the Integrated Settlement (capital-to-revenue funding switch).
- A reduction of £0.435m within Planning and Housing as a result of recruitment activity being delayed.
- Reduced expenditure of £0.112m relating to the Spatial Development Strategy as planned consultancy and professional fee expenditure has been pushed back due to delays in the publishing of a specific piece of legislation.

- The remaining variance (£0.012m) is due to revised salary and commissioned services expenditure across the Place directorate.

Public Service Reform

- 2.13** 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.
- 2.14** The 2025/26 original approved budget for PSR was £21.232m with forecast expenditure of £44.421m at quarter 1. At quarter 2 the forecast expenditure is £46.235m which is an increase of £1.814m due to:
- An in-year uplift of the Rough Sleeping Prevention and Recovery Grant from the Ministry of Housing, Communities and Local Government of £0.593m which will be expended on additional homelessness support across Greater Manchester in 2025/26.
 - Good Lives has an increase of £0.502m which is being funded from the Live Well retained business rates allocation. This is a project to design and deliver Live Well leadership collaborative to support local implementation of the Live Well Programme across the districts via the Innovation Lab. This is year one of the contract with the possibility of rolling out for year 2 and 3 in future.
 - Children & Young People Core Costs has an increase of £0.352m as the Department for Education have requested that GMCA take over the grant and lead the Strategic Improvement Partner in collaboration with Tameside.
 - The remainder of the increase across PSR (£0.367m) mainly relates to revised expenditure forecasts across programmes such as neurodiversity in schools, fostering and A Bed Every Night which is to be funded from a range of earmarked reserves, new grant funding and external income.

Education, Work and Skills

2.15 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.

2.16 The original 2025/26 expenditure budget was £121.461m with forecast expenditure of £144.911m at quarter 1 2025/26. The current forecast at quarter 2 of £146.441m sees an increase of £1.530m in expenditure from quarter 1: the makeup of this increase has been detailed below and will be funded via a mixture of new grant awards and the drawdown of earmarked reserves:

- Increased delivery costs on the Work and Health Programme of £0.632m following increased employment outcomes which will be fully funded via the Work and Health grant that GMCA receives from the Department for Work and Pensions.
- The extension of Adult Skills provision of £0.660m including the likes of Enhanced Level 2 GM Multiply grants, Community Grants and Employer Engagement and Essential Work Skills which will be funded via a mixture of Integrated Settlement and earmarked reserves.
- Other movements of £0.238m which consists of Youth Employment & Opportunities expenditure relating to salaries, MBACC & GMACS and the core running costs of the Education, Work & Skills directorate which will be funded by a mixture of earmarked reserves, retained business rates and other income.

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. At quarter 1 the expenditure outturn was expected to be £138.686m. At quarter 2, the expenditure outturn has been revised to £138.510m which represents a reduction of £0.176m.

3.2 The table below shows the original budget, quarter 1 forecast position, quarter 2 forecast position and variances for the Mayoral General Budget (excluding Fire & Rescue):

Mayoral Budget 2025/26 Quarter 2	Original Budget	Forecast Outturn Quarter 1	Forecast Outturn Quarter 2	Forecast Variance
Expenditure:	£000	£000	£000	£000
Mayor's Office	540	574	575	1
Corporate Recharge	876	876	679	-197
Mayoral Priorities	3,957	3,957	3,977	20
Mayoral Transport	133,279	133,279	133,279	0
Gross Expenditure	138,652	138,686	138,510	(176)
Mayoral Precept	(35,140)	(35,140)	(35,140)	0
Collection Fund Surplus /- Deficit	(463)	(200)	(200)	0
BSOG grant	(13,150)	(13,150)	(13,150)	0
Mayoral Capacity grant	(1,010)	(1,500)	(1,500)	0
Statutory charge	(86,700)	(86,700)	(86,700)	0
Other grants and reserves	(1,339)	(1,339)	(1,339)	0
External Income	(850)	(850)	(850)	0
Total Resources	(138,652)	(138,879)	(138,879)	0
Net expenditure	0	(193)	(369)	(176)

4. GM FIRE AND RESCUE

- 4.1 The 2025/25 budget for GM Fire and Rescue Service (GMFRS) set in February 2025 was approved at £150.736m, the budget was revised following quarter 1 reflecting the changes required as set out in the report and, at quarter 2, it is expected that the position will breakeven. The table below summarised the position:

GMFRS Budget 2025/26 Quarter 2	Original Budget	Revised Budget	Forecast Outturn Q2	Forecast Variance
	£'000	£'000	£'000	£'000
Employees	114,558	118,701	117,923	-778
Indirect Employees	2,159	2,143	2,208	65
Premises	7,071	7,071	6,390	-681
Transport	2,433	2,433	2,491	58
Supplies & Services	14,353	11,007	11,858	851
Support Services	12,209	12,209	11,868	-341
Government Grants	-734	-734	-537	198
Tfr to/from Provision	0	0	0	0
Other Grants & Contributions	-1,725	-1,649	-2,204	-556
Customer & Client Receipts	-2,132	-2,045	-2,910	-865
Capital Financing Costs	2,544	2,454	1,949	-505
Revenue Contribution to Capital Outlay	0	90	90	0
Tfr to Earmarked Reserve	0	0	211	211
Total Expenditure	150,736	151,678	149,336	-2,342
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	0	2,342
Total Funding	-150,736	-151,679	-149,336	2,342
Net Expenditure	0	0	0	0

EMPLOYEE RELATED

- 4.2** Employees pay and pensions is forecast to underspend by £0.778m. This is mainly due to a delay in recruiting to vacant positions within the Protection and Transport Maintenance areas of GMFRS.
- 4.3** The employees pay and pensions forecast includes a pre-arranged overtime estimate of £2.800m (note it was £3.400m at quarter 1 reporting). In August 2025, a review commenced with a focus on overtime led by the Chief Fire Officer. The impact of this action has begun to impact actual overtime paid and has resulted in a £0.527m reduction in the forecast expenditure compared to quarter 1 and this will continue to be closely monitored as the year progresses, and the forecast revised accordingly.

NON-EMPLOYEE RELATED

- 4.4** Premises costs are forecast to underspend by £0.681m in 2025/26 which is due to significant in-year savings against the utilities budgets as these had been inflated during the global energy crisis but as the market has begun to stabilise we are seeing a steady reduction in utility costs this year.
- 4.5** Supplies and services costs are projected to overspend by £0.941m which is due to expenditure pressures relating to uniform and protective equipment costs across GMFRS and specialist operational equipment.
- 4.6** Income relating to Government Grants is forecasting a shortfall of £0.198m against the budget which is due to the protection uplift grant allocation being lower than anticipated. Income relating to other grants and contributions are forecast to exceed the budget by £0.556m which mainly relates to greater than expected secondment income across the service and income from external organisations for their part-occupancy of GMFRS stations which include Whitehill, Wigan, Stalybridge, Chadderton, Mossley and Irlam.
- 4.7** Capital financing costs for 2025/26 have fallen to £1.949m from a budget of £2.454m as a result of actual capital spend being lower than previously forecast.

FUNDING

- 4.8** The Section 31 Business Rates allocations were provided to each organisation on the 13 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.
- 4.9** 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.
- 4.10** 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

- 4.11** 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.

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 £179.2m 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).
- 5.3** The expected outturn position at quarter 1 was £178.8m and, at quarter 2, this has been revised to £177.0m which represents a reduction of £1.9m as per the table below:

Waste and Resources Forecast Outturn 2025/26	Approved Budget	Forecast Outturn Quarter 1	Forecast Outturn Quarter 2	Forecast Variance
	£000	£000	£000	£000
Operational Costs	119,952	116,046	114,639	(1,407)
Operational Financing	56,692	56,410	56,410	0
Office Costs	6,173	5,973	5,522	(451)
Non-Operational Financing	394	391	391	0
Total Expenditure	183,211	178,820	176,962	(1,858)
Levy	(179,211)	(179,211)	(179,211)	0
pEPR	0	(22,673)	(22,673)	0
Levy Adjustment	0	449	319	(130)
Return to constituent authorities	0	37,701	37,701	0
Transfer (from)/to reserves	(4,000)	(15,086)	(13,098)	1,988
Total Income	183,211	(178,820)	(176,962)	1,858

- 5.4** The operational costs element of the budget is currently modelled to underspend by a further £1.4m compared to the quarter 1 estimate which is due to forecast income from the sale of electricity at TPSCo, forecast increased income from the sale of recyclates 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.
- 5.5** 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.
- 5.6** Office costs have been further reduced from quarter 1 due lower than budgeted recharges for corporate services.
- 5.7** 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 6.2 onwards have increased the forecast budget expenditure to £427.9m, of which £360.7m 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	Budget	Forecast Outturn Q1	Forecast Outturn Q2	Forecast Variance
Quarter 2				
	£000	£000	£000	£000
Resources:				
Mayoral Transport Budget	(133,279)	(133,279)	(133,279)	-
District Levy	(125,657)	(125,657)	(125,657)	-
Earnback Revenue Grant	(20,000)	(20,000)	(20,000)	-
Bus Services Improvement Grant	(43,789)	(43,872)	(43,782)	-
Local Transport Block Funding	(35,707)	(35,707)	(35,707)	-
Use of Reserves	(30,916)	(36,041)	(39,141)	(3,100)
Other Grants	(20,990)	(30,876)	(30,287)	589
Total Resources	(410,339)	(425,342)	(427,853)	(2,511)
Expenditure:				
Funding to TfGM	343,964	358,143	360,654	2,511
GMCA Capital Financing and Corporate Costs	66,374	67,199	67,199	-
Total Expenditure	410,339	425,342	427,853	2,511

Transport for Greater Manchester (TfGM)

6.2 The Transport revenue budget was approved by GMCA in February 2025 and includes funding from the Transport Levy and Statutory Charge, Mayoral precept, grants and reserves. 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.

6.3 The table below summarises the updated 2025/26 forecast outturn at the end of quarter 2 compared to the forecast at quarter 1. As reported previously, the quarter 1 forecast was effectively a rebaselining of the 2025/26 budget and included a number of changes since the budget was finalised in February 2025, including, for example, the impact of the major programme of city centre engineering works on Metrolink revenues and the impact of increases in employer National Insurance Contributions. The table below therefore shows the variance between the quarter 2 reforecast and the quarter 1 rebaselined budget; and additional commentary is provided below the table.

	2025/26 Budget £'000	2025/26 Q1 Re- baseline £'000	2025/26 Q2 £'000	Variance to Q1 Rebaseline £'000
Resources				
Funding from GMCA	-322,464	-341,827	-344,338	-2,511
Bus and Metrolink funded financing costs	-21,500	-16,316	-16,316	-
	-343,964	-358,143	-360,654	-2,511
Net Expenditure				
Bus Franchising net cost	226,304	225,873	228,271	2,398
Non Franchised bus expenditure	6,788	7,877	7,593	-284
Metrolink net cost	39,000	43,523	43,636	113
Operational Costs	33,961	36,010	36,294	284
Accessible Transport	3,700	3,700	3,700	-
Traffic signals costs	3,822	3,822	3,822	-
Scheme Pipeline development Costs	18,165	23,588	23,588	-
Active Travel costs	5,914	5,412	5,412	-
Clean Air costs	-	2,028	2,028	-
Financing	6,310	6,310	6,310	-
Total Expenditure	343,964	358,143	360,654	2,511

Surplus/(Deficit)	-	-	-	-
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- 6.4** The net operating cost of bus franchising is marginally higher than the quarter 1 rebaselined budget, largely as a result of increased mileage brought about by recent network improvements. As a result of continued strong patronage and revenues, and a number of other mitigations, it is currently anticipated that net expenditure will outturn in line with the rebaselined budget.
- 6.5** The net operating cost of Metrolink is broadly consistent with the quarter 1 rebaselined budget. As outlined in the quarter 1 report, the variance to the original budget is the result of patronage and revenue having been impacted by track renewals in the city centre, and other engineering works, over recent months. However, following the completion of the works, patronage and revenue have recovered strongly and this is anticipated to result in an improved outturn position in the quarter 3 forecast.
- 6.6** Net operational costs are broadly in line with the rebaselined quarter 1 budget. As outlined in the quarter 1 report, the £2.0m variance to the original budget resulted primarily from additional employer National Insurance costs that were not foreseen at the time of finalising the budget. This variance is offset by additional grant funding from GMCA, who are claiming this additional cost from central government.
- 6.7** Costs in relation to the Greater Manchester Clean Air Plan remain unchanged from the rebaselined quarter 1 budget. The rebaselined quarter 1 budget included expenditure of c.£2m related to Clean Air activity, with an offsetting amount of grant funding from the Joint Air Quality Unit (JAQU). The expenditure relates to work to implement GM's Investment Led Plan
- 6.7** Payments to non-franchised (predominately cross-boundary) bus operators are forecast to be broadly in line with the quarter 1 rebaselined budget. As outlined in the quarter 1 report, there was an increase in the expected payments to non-franchised operators since the budget was finalised, primarily as a result of the changes to non-franchised operator ticket prices that were introduced in early 2025.

7. RECOMMENDATIONS

- 7.1** The recommendations appear at the front of this report