

Greater Manchester Combined Authority

Date: 27th March 2026

Subject: GMCA Revenue Update Quarter 3 2025/26

Report of: Councillor David Molyneux, Portfolio Lead for Resources 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 December 2025 (Quarter 3) and forecast revenue outturn position for the 2025/26 financial year.

Recommendations:

The GMCA is requested to:

Note the forecast position at 31st December 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

GMCA Revenue Update Q2 – 12th December 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 3 reporting.
- 1.2** The table below shows the summary of the financial position at quarter 3. Further details on the variances are provided in each section of the report.

Summary 2025/26 Quarter 3	Revised Budget Q2			Forecast Outturn Q3			Variance		
	Exp	Income	Total	Exp	Income	Total	Exp	Income	Total
	£000's	£000's		£000's	£000's		£000's	£000's	
GMCA General	326,428	-326,428	0	329,241	-329,241	0	2,813	-2,813	0
Mayoral	138,510	-138,879	-369	138,936	-138,936	0	426	-57	369
GMFRS	149,336	-149,336	0	149,712	-149,712	0	376	-376	0
Waste	176,962	-176,962	0	173,629	-173,629	0	-3,333	3,333	0
Transport inc:	427,853	-427,853	0	427,312	-427,312	0	-541	541	0
TfGM	360,654	-360,654	0	360,113	-360,113	0	-541	541	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 2 to £326.428m which was reported to GMCA for approval on 12th December 2025.
- 2.2** At quarter 3, there is a projected increase in expenditure of £2.813m, taking the total outturn forecast for the year to £329.241m. There is a forecast breakeven position for the GMCA general revenue budget by year-end. The table below shows the original expenditure and income budgets approved in February 2025, the revised budget at quarter 2 and the forecast outturn and variance against the revised budget at quarter 3.

GMCA General Revenue Outturn Quarter 3 2025/26	Original Budget	Q2 Forecast	Q3 Forecast	Q3 Variance
Expenditure	£000	£000	£000	£000
GMCA Corporate	32,324	35,228	34,610	(618)
Core Investment Team	4,180	3,264	3,317	53
Digital	3,837	6,520	6,596	76
Economy	16,339	27,247	27,307	60
Environment	6,014	11,076	9,953	(1,123)
Place	41,194	50,417	50,934	517
Public Service Reform	21,232	46,235	45,952	(283)
Education, Work and Skills	121,461	146,441	150,572	4,131
Total Expenditure	246,581	326,428	329,241	2,813
Government Grants	(168,614)	(199,578)	(198,160)	1,419
District Contributions	(7,953)	(7,953)	(7,953)	0
Internal Recharges	(30,522)	(33,094)	(34,140)	(1,046)
Retained Business Rates	(7,420)	(35,661)	(35,601)	60
Earmarked Reserves - Other	(12,830)	(20,781)	(24,396)	(3,615)
Other Income	(19,242)	(29,361)	(28,991)	370
Total Resources	(246,581)	(326,428)	(329,241)	(2,813)
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 2 was £35.228m. The revised forecast at quarter 3 is £34.610m which represents a decrease in expenditure of £0.618m attributable to the following:

- A reduction in expenditure of £0.381m relating to reduced usage of outsourced services within Digital ICT;
- A reduction in salary expenditure of £0.169m within Management Trainees as some trainees have filled permanent positions within other directorates earlier than anticipated;
- The remainder of the overall variance (£0.068m) is mainly due to in-year salary savings as a result of delays in recruiting to vacant positions across Communications and Land & Property.

Digital

2.5 The 2025/26 original budget for Digital was £3.837m, which included support for the Digital Strategy, and key programmes such as the GM One Network and the Digital Platform. At quarter 2, the expenditure forecast was revised to £6.520m. The current forecast outturn position is now £6.596m, which represents an increase in expenditure of £0.076m at quarter 3 which is due to:

- £0.007m increase to expenditure on the Digital Platform.
- £0.069m increase to Digital Strategy expenditure.

2.6 This additional expenditure will be funded by:

- £0.049m 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.
- £0.027m from a recharge to the 5 G Innovation Region Grant.

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 2, the forecast outturn was £27.247m and at quarter 3 this has been revised to £27.307m which represents an increase of £0.060m which is due to revised salary forecasting within the core Economy team.

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 2, forecast expenditure stood at £11.076m. This has now reduced to £9.953m at quarter 3, which is a decrease in expenditure of £1.123m. Key changes contributing to this reduction include:

- Retained Business Rates – Five Year Environment Plan: Natural Environment £0.155m has been reprofiled into 2026/27. This relates to activity on Biodiversity Net Gain Carbon Offsetting Research, the Investment Readiness Fund pipeline, and Woodland Validation Carbon Credits.
- Retained Business Rates – Five Year Environment Plan: Low Carbon £0.146m has been reprofiled into 2026/27 to reflect updated delivery timelines for the Smart Energy Generation & Storage Pipeline and associated investment model development
- Retained Business Rates – 1 Year Low Carbon: £0.598m has been reprofiled into 2026/27. This includes the Powering Our Schools

Owner's Engineer work aligned to revised milestones; Mayoral Renewables Fund match-funding/contingency; and the Domestic Retrofit Accelerator (able-to-pay offer) following procurement.

- External Grant Funding – Local Nature Recovery Strategy: £0.202m has been reprofiled into 2026/27 due to slower than anticipated programme mobilisation linked to capacity constraints. The balance is required in 2026/27 to support the expected increase in LNRS activity.
- Other variations across the Environment directorate of £0.022m.

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 2 was £50.417m. This has increased to £50.934m at quarter 3 which represents an increase of £0.517m due to:

- An increase in Growth Locations expenditure of £1.324m due to certain schemes, where slippage into 2026/27 was previously expected, are now due to complete this financial year;
- A reduction in UK Shared Prosperity Fund expenditure of £0.300m due to a reprofiling of expenditure between capital and revenue on the local growth and flexible grants programme;
- Reduced expenditure of £0.208m 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.
- GM Music Commission has a reduction in revenue expenditure of £0.127m due to stakeholder feedback and discussions with the Greater Manchester Music Commission changed the approach to

engagement for the plan, which resulted in additional planning and governance. Therefore, the plan has been delayed and budget which would have been used on the plans construction and delivery is now expected to slip into 2026/27.

- Other variances across the Place directorate of £0.172m relating to Housing Delivery and Net Zero Social Homes schemes.

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 original 2025/26 PSR budget was £21.232m, with a quarter 2 forecast of £46.235m. The updated quarter 3 forecast is £45.952m, reflecting a £0.283m reduction due to the following:

- The Refugee Welcome Programme, which is funded from earmarked reserves, has been reprofiled which has reduced the expected expenditure in year by £0.276m, with the balance expected to be utilised in 2026/27;
- The GM Creative Health Place Partnership has also been reprofiled, resulting in an expenditure reduction of £0.172m in 2025/26;
- Increases in Rough Sleeping Prevention and Recovery of £0.302m which will enhance homelessness support further across Greater

Manchester and be funded via local authority contributions and reserves;

- The remaining £0.137m reduction relates to rephased expenditure across programmes such as School Readiness and Changing Futures, with costs deferred to the next financial year and funded through grants and reserves.

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 as at quarter 2. The current forecast at quarter 3 has been revised to £150.572m, which represents increased expenditure of £4.131m. 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:

- The continuation of the Community Grants programme (£3.539m) within Adult Skills, which aims to support the voluntary and community sector to ultimately help disadvantaged, unemployed or economically inactive people to move towards education and employment;
- The extension of the Adult Skills for Offenders programme (£0.310m);
- Other increased activity of £0.282m which mainly relates to staff movements across youth, employment and opportunities and the wider education, work and skills directorate.

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 2 the expenditure outturn was expected to be £138.510m. At quarter 3, the expenditure outturn has been revised to £138.936m, which represents an increase in expenditure of £0.426m.

3.2 The table below shows the original budget, quarter 2 forecast position, quarter 3 forecast position and variances for the Mayoral General Budget (excluding Fire & Rescue):

Mayoral Budget 2025/26 Quarter 3	Original Budget	Forecast Outturn Quarter 2	Forecast Outturn Quarter 3	Forecast Variance
Expenditure:	£000	£000	£000	£000
Mayor's Office	540	575	576	1
Corporate Recharge	876	679	679	0
Mayoral Priorities	3,957	3,977	3,977	0
Mayoral Transport	133,279	133,279	133,704	425
Gross Expenditure	138,652	138,510	138,936	426
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)	(1,396)	(57)

Mayoral Budget 2025/26 Quarter 3	Original Budget	Forecast Outturn Quarter 2	Forecast Outturn Quarter 3	Forecast Variance
External Income	(850)	(850)	(850)	0
Total Resources	(138,652)	(138,879)	(138,936)	(57)
Net expenditure	0	(369)	(0)	369

4. GM FIRE AND RESCUE

4.1 The 2025/26 budget for GM Fire and Rescue Service (GMFRS) set in February 2025 was approved at £150.736m, the expenditure budget was revised following quarter 2 to £149.336m and, at quarter 3, has now been revised to £149.712m. It is expected that the position will breakeven and is summarised below:

GMFRS Budget 2025/26 Quarter 3	Original Budget	Revised Budget	Forecast Outturn Q3	Forecast Variance
	£'000	£'000	£'000	£'000
Employees	114,558	118,734	115,393	-3,341
Indirect Employees	2,159	2,143	2,306	163
Premises	7,071	5,771	6,269	499
Transport	2,433	2,433	2,375	-58
Supplies & Services	14,353	9,933	11,145	1,213
Support Services	12,209	12,209	11,729	-480
Government Grants	-734	-734	-375	359
Tfr to/from Provision	0	0	0	0
Other Grants & Contributions	-1,725	-1,649	-1,976	-327
Customer & Client Receipts	-2,132	-2,045	-2,866	-821
Capital Financing Costs	2,454	2,454	1,949	-505
Revenue Contribution to Capital Outlay	90	90	90	0
Tfr to Earmarked Reserve	0	0	3,673	3,673
Total Expenditure	150,736	149,337	149,712	375
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	0	-375	-375
Total Funding	-150,736	-149,337	-149,712	-375
Net Expenditure	0	0	0	0

EMPLOYEE RELATED

- 4.2** Employees pay and pensions is forecast to underspend by £3.341m. This is mainly due to the turnover of staff across GMFRS, including Protection and Transport Maintenance.
- 4.3** The employees pay and pensions forecast includes a pre-arranged overtime estimate of £2.4m (note it was £2.8m at Q2 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 £1m reduction in the forecast expenditure compared to quarter 1.

NON-EMPLOYEE RELATED

- 4.4** Premises costs are forecast to overspend by £0.499m in 2025/26 which is mainly due to repairs and maintenance pressures across the GMFRS estate which includes the likes of Stations, Bury Training & Safety Centre, Leigh Technical Services Centre and GMFRS Headquarters.
- 4.5** Supplies and services costs are projected to overspend by £1.213m which is due to expenditure pressures relating to uniform and protective equipment costs across GMFRS and specialist operational equipment. To recognise the pressure in this area there is an ongoing piece of work to reallocate funds from existing budgets to mitigate increases in costs.
- 4.6** Income relating to Government Grants is forecasting a shortfall of £0.359m against the budget, which is due to the protection uplift grant allocation being lower than anticipated and the termination of the Firelink grant. Income relating to other grants and contributions are forecast to exceed the budget by £0.327m 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. Customer

and client receipts are forecast to exceed the budget by £0.821m due to increases Kings Trust delivery and apprenticeship levy income.

- 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** The transfers to reserve forecast at present includes £1.135m from the Protection Team to support a Digital Transformation project in the department. £2.334m is set aside from the position to support estates capital schemes to reduce the need to borrow in future years and £0.204m is relating to apprenticeship levy income that is to be earmarked for future end point assessment costs.

- 4.12** The revised transfers from reserves budget, which was £2.341m at Q2, has now been revised to zero as the required budget savings across GMFRS have now been identified and allocated (£1.300m reduction in premises

costs due to utility savings and a further £1.041m on other supplies and services).

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 2 was £176.962m and, at quarter 3, this has been revised to £173.629m which represents a reduction of £3.333m as per the table below:

Waste and Resources Forecast Outturn 2025/26	Approved Budget	Forecast Outturn Quarter 2	Forecast Outturn Quarter 3	Forecast Variance
	£000	£000	£000	£000
Operational Costs	119,952	114,639	111,306	(3,333)
Operational Financing	56,692	56,410	56,410	0
Office Costs	6,173	5,522	5,522	(451)
Non-Operational Financing	394	391	391	0
Total Expenditure	183,211	176,962	173,629	(3,333)
Levy	(179,211)	(179,211)	(179,211)	0
pEPR	0	(22,673)	(22,673)	0
Levy Adjustment	0	319	1,239	920
Return to constituent authorities	0	37,701	37,701	0
Transfer (from)/to reserves	(4,000)	(13,098)	(10,685)	2,413
Total Income	183,211	(176,962)	(173,629)	3,333

5.4 The operational costs element of the budget is currently modelled to underspend by a total of £8.6m due to forecast income from the sale of electricity (£4.7m), forecast increased income from the sale of recyclates (£0.6m) 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 The forecast underspend on office costs is largely a result of the changes to the allocation of corporate support recharges.

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 the Authority 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 £427.3m, of which £360.1m 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	Forecast	Forecast	Forecast
Quarter 3		Outturn	Outturn	Outturn	Variance
		Q1	Q2	Q3	
	£000	£000	£000	£000	£000
Resources:					
Mayoral Transport Budget	(133,279)	(133,279)	(133,279)	(133,279)	-
District Levy	(125,657)	(125,657)	(125,657)	(125,657)	-
Grants	(120,486)	(130,365)	(129,776)	(129,776)	-
Use of Reserves	(30,916)	(36,041)	(39,141)	(38,600)	541
Total Resources	(410,339)	(425,342)	(427,853)	(427,312)	541
Expenditure:					
Funding to TfGM	343,964	358,143	360,654	360,113	(541)
GMCA Capital Financing and Corporate Costs	66,374	67,199	67,199	67,199	-
Total Expenditure	410,339	425,342	427,853	427,312	(541)

Transport for Greater Manchester (TfGM)

6.2 The Transport revenue budget was approved by the Authority 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 3 compared to the forecast at quarter 2 and the rebaselined Q1 outturn. 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.

6.4 Building on the work that has gone into managing the 2025/26 budget and reporting the quarterly outturn, the 2026/27 Transport revenue budget was presented and approved on 11th February 2026.

	2025/26 Budget £'000	2025/26 Q1 £'000	2025/26 Q2 £'000	2025/26 Q3 £'000	Variance to Q2 £'000
Resources					
Funding from GMCA	(322,464)	(341,827)	(344,339)	(348,397)	(4,058)
Bus / Metrolink funded financing costs	(21,500)	(16,316)	(16,316)	(11,716)	4,600
	<u>(343,964)</u>	<u>(358,143)</u>	<u>(360,655)</u>	<u>(360,113)</u>	541
Net expenditure					
Bus Franchising net cost	226,304	225,873	228,271	227,573	(698)
Metrolink net cost	39,000	43,523	43,636	40,903	(2,733)
Operational Costs	33,961	36,010	36,294	39,123	2,829
Accessible Transport	3,700	3,700	3,700	4,730	1,030
Traffic signals costs	3,822	3,822	3,822	3,822	-
Scheme Pipeline development costs	18,165	23,588	23,588	23,432	(156)
Active Travel costs	5,914	5,412	5,412	5,412	-
Clean Air costs	-	2,028	2,028	2,028	-
Non-Franchised bus expenditure	6,788	7,877	7,593	7,025	(568)
Financing	6,310	6,310	6,310	6,065	(245)
Total Expenditure	<u>343,964</u>	<u>358,143</u>	<u>360,654</u>	<u>360,113</u>	(541)
Surplus/(Deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

- 6.5** The net operating cost of bus franchising is lower than presented in the Q2 outturn report. Patronage and revenue growth has remained strong, particularly in Tranche 1 and 2 but is now falling just below the challenging budget target and is expected to outturn below budget for the full year. However, there have been some savings driven out of cost lines as a result of an in depth review that has taken place since the Q2 outturn was presented.
- 6.6** The net operating cost of Metrolink is lower than the Quarter 2 outturn, primarily as a result of lower than expected finance charges as captured in the resources section of the table above. The saving was offset by below budget farebox revenue which is expected to outturn significantly below budget for the year. Patronage and revenue have been heavily impacted by track renewals in the city centre, and other engineering works, particularly during the summer months. Since the completion of the works, most months have seen year on year patronage and revenue growth but not to the extent expected in the original budget.
- 6.7** Net operational costs have increased since the Q2 forecast as a result of new activities that are having to be covered from existing revenue budgets and higher than expected staff costs.
- 6.8** The grant payable to Greater Manchester Accessible Transport Limited (GMATL) for the provision of Ring and Ride services is c.£1m higher than reported in the Q2 outturn. Ring and Ride is the service for older and disabled people in Greater Manchester, providing accessible door to door journeys through a bookable minibus. The additional costs are primarily due to rising inflationary costs and increases related to employment costs, vehicle and depot lease costs and other general inflation. TfGM are carrying out the Neighbourhood Transport Review which is looking at the most optimal commercial and operating model going forward for Ring and Ride as well as Local Link and ensuring it fully integrates with the Bee Network to provide seamless journeys.
- 6.9** Active Travel related expenditure is expected to outturn in line with the Q2 forecast and the Q1 rebaselined budget.
- 6.10** Costs in relation to the Greater Manchester Clean Air Plan remain unchanged from the rebaselined Quarter 2 outturn. 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 to meet Clean Air Zone targets.

- 6.11** Expected payments to non-franchised (predominately cross-boundary) bus operators are forecasted to be slightly less than the Q2 reforecast.

7. RECOMMENDATIONS

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