

## GREATER MANCHESTER COMBINED AUTHORITY

**DATE:** Friday, 7th February, 2025

**TIME:** 10.00 am

**VENUE:** Trafford Town Hall

### AGENDA

#### 7. GM Budgets

- 7.A GMCA Revenue and Capital Budgets 2025/26 Overview** 1 - 10  
Report of Councillor David Molyneux, Portfolio Lead for Resources & Investment.
- 7.B Mayoral General Budget & Precept Proposals 2025/26** 11 - 38  
Report of Andy Burnham, Mayor of Greater Manchester.
- 7.C GMCA Transport Revenue Budget 2025/26** 39 - 58  
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- 7.D GMCA Revenue General Budget 2025/26** 59 - 86  
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- 7.E GM Waste Budget and Resources - Budget and Levy 2025/26 and Medium Term Financial Plan to 2027/28** 87 - 102  
Report of Councillor David Molyneux, Portfolio Lead for Resources & Investment.

|               |                   |                 |                  |                 |
|---------------|-------------------|-----------------|------------------|-----------------|
| <b>BOLTON</b> | <b>MANCHESTER</b> | <b>ROCHDALE</b> | <b>STOCKPORT</b> | <b>TRAFFORD</b> |
| <b>BURY</b>   | <b>OLDHAM</b>     | <b>SALFORD</b>  | <b>TAMESIDE</b>  | <b>WIGAN</b>    |

**7.F GMCA Capital Programme -2024/25 - 2027/28**

103 - 128

Report of Councillor David Molyneux, Portfolio Lead for Resources & Investment.

| <b>Name</b>               | <b>Organisation</b>  | <b>Political Party</b> |
|---------------------------|----------------------|------------------------|
| Councillor Eleanor Wills  | Tameside MBC         | Labour                 |
| GM Mayor Andy Burnham     | GMCA                 | Labour                 |
| Councillor Arooj Shah     | Oldham Council       | Labour                 |
| Councillor Tom Ross       | Trafford             | Labour                 |
| Councillor Mark Hunter    | Stockport            | Liberal Democrats      |
| Councillor Neil Emmott    | Rochdale             | Labour                 |
| Councillor Nicholas Peel  | Bolton Council       | Labour                 |
| Councillor Eamonn O'Brien | Bury Council         | Labour                 |
| City Mayor Paul Dennett   | Salford City Council | Labour                 |
| Councillor David Molyneux | Wigan Council        | Labour                 |
| Councillor Bev Craig      | Manchester CC        | Labour                 |

For copies of papers and further information on this meeting please refer to the website

[www.greatermanchester-ca.gov.uk](http://www.greatermanchester-ca.gov.uk). Alternatively, contact the following

Governance & Scrutiny Officer: Governance and Scrutiny

✉ [sylvia.welsh@greatermanchester-ca.gov.uk](mailto:sylvia.welsh@greatermanchester-ca.gov.uk)

This supplemental agenda was issued on 31.01.25 on behalf of Julie Connor, Secretary to the Greater Manchester Combined Authority, Broadhurst House, 56 Oxford Street, Manchester M1 6EU

## Greater Manchester Combined Authority

Date: 7<sup>th</sup> February 2025

Subject: GMCA Revenue and Capital Budgets 2025/26 Overview  
**(Budget Paper A)**

Report of: Cllr David Molyneux, Portfolio Lead for Resources and  
Steve Wilson, Group Chief Finance Officer, GMCA

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### PURPOSE OF REPORT

This report presents an overview of the proposed GMCA budgets for 2025/26. It summarises 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 (GM) Waste Services Levy.

It sets out the implications of the proposed budgets and the resultant charges on the ten GM local authorities and the Mayoral Precept.

### RECOMMENDATIONS:

Recommendations on the specific budget areas are contained in the accompanying papers. In relation to this paper, members are asked to note the contents of this summary paper.

### CONTACT OFFICERS:

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**Equalities Implications: N/A**

**Climate Change Impact Assessment and Mitigation Measures:**

**Risk Management** – An assessment of major budget risks faced by the authority are carried out quarterly as part of the reporting process – at the present time a significant proportion of the capital budget is funded through grant. In order to mitigate the risk of monetary claw back the full programme is carefully monitored against the grant conditions and further action would be taken as necessary.

**Legal Considerations** – There are no specific legal implications contained within the report.

**Financial Consequences – Revenue** – The report sets out a summary of the proposed revenue budgets for 2025/26 and medium-term financial planning for 2025/26 – 2027/28.

**Financial Consequences – Capital** – The report sets out a summary of the proposed capital programme for 2024/25 – 2027/28.

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

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

**BACKGROUND PAPERS:**

Report to Greater Manchester Combined Authority: 'GMCA Budget Reports' 7<sup>th</sup> February 2025

**TRACKING/PROCESS**

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

Yes

## **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

Overview & Scrutiny Committee - 5<sup>th</sup> February 2025

## **1. Introduction and Background**

- 1.1 This report presents an overview of the proposed Greater Manchester Combined Authority (GMCA) budgets for 2025/26. It summarises the position on the Mayoral General Budget and Precept, GMCA General Revenue Budget, GMCA Transport Revenue budget including Transport Levy and Statutory Charge, the GM Waste Service Levy and the Capital Programme 2024/25 – 2027/28.
- 1.2 The report and the attached papers set out the implications of the proposed budgets and the resultant charges on districts and the Mayoral Precept.

## **2. Principles Underlying development of the Mayoral and GMCA budgets**

- 2.1 The budgets presented to the Combined Authority for approval focus on the delivery of the priorities set out in the Greater Manchester Strategy (GMS).
- 2.2 Delivery of the GMS priorities will require the GMCA, local authorities, businesses and the voluntary and community sector and other stakeholders to work in partnership. The Mayoral precept and GMCA budgets will support key areas of delivery for the strategy and its implementation plan, particularly in areas where the investments made in local authorities can be supported by the GMCA.
- 2.3 2025/26 will be the first year of the new Integrated Settlement between GMCA and the Government which marks a new approach to how the combined authority is funded with much greater flexibilities. The way the authority approaches budget setting will evolve during 2025/26 in response to these new ways of working and decision making and the 2026/27 budget will reflect the full opportunities of the Integrated Settlement. Details regarding this are reflected in the GMCA budget but will also be considered in a separate paper to the combined authority in March.

## **3. Overview of GMCA Budgets**

- 3.1 The overall GMCA budgets are made up of a variety of both historic budgets and new budgets relating to the functions provided by the Mayor and the GMCA as a whole.

3.2 The various orders under which these functions are provided, determine how such costs are funded such that:

- **Paper B - Mayoral General Budget** – Funded from the Mayoral precept and statutory charge/contributions from the districts (excluding the transport levy). Fire funding is part of the Mayoral precept but also receives a revenue support grant, business rates income and a top up grant.
- **Paper C - GMCA Transport Revenue Budget** – This is funded from a contribution from the mayoral budget for statutory mayoral functions including Bus services and from a levy on district budgets for non-mayoral functions in relation to public transport and a contribution to Metrolink financing costs agreed previously as part of the establishment of the Greater Manchester Transport Fund. The budget also includes a number of other grants received in relation to specific activities.
- **Paper D - GMCA General Revenue Budget** – This includes corporate, devolved and programme funded activities of the Combined Authority. The budget is made up of a number of specific government grants, integrated settlement, retained business rates, local authority contributions, earmarked reserves, internal recharges to other GMCA budgets and external income.
- **Paper E - Greater Manchester Waste and Resources – Budget and Levy 2025/26 and Medium Term and Financial Plan** – This is funded through a levy to the nine GM local authorities who participate in the GM waste service (Wigan are not part of the waste contract). The contributions are on the basis of an agreed funding mechanism (LAMA).
- **Paper F - GMCA Capital Programme 2024/25 – 2027/28** – The required capital programme to support the delivery of Transport, Fire and Rescue, Waste and Resources and Economic Development and Regeneration projects. The report sets out the capital funding statement funded from a variety of sources including grant and external borrowing.

3.3 This paper does not present the budget proposals for GM Police or the Police and Crime function. At the meeting on the 27<sup>th</sup> January 2025, it was noted by the Police, Fire and Crime Panel that the Mayor had considered his proposed increase to the police precept in light of the responses by members of the public to the proposals set out in the consultation which concluded on the 17<sup>th</sup> January 2025. The Panel approved the Mayor's proposal for a precept increase of £14 per year for a band D property. This will take the Band D police precept to £270.30 per year.

3.4 The key elements of each budget area are summarised below:

**i) Mayoral General Budget and Precept Proposals**

The report sets out the Mayor's proposals for the Mayoral General Budget (including Fire and Rescue) and seeks approval for the Mayoral General Precept for 2025/26. The purpose of this report and recommendation are:

- To approve the Mayor's General budget for 2025/26 together with the calculation of the precepts and Council Tax rates;
- To approve the Mayoral General Precept to £128.95 (Band D) comprising of £86.20 for functions previously covered by the Fire and Rescue Authority precept which is an increase of £5 and £42.75 for other Mayoral General functions which is an increase of £11;
- To approve the overall budget covered by the Mayoral precept and the medium term financial position for the Fire and Rescue Service;
- To approve the use of reserves and the assessment by the Treasurer that the reserves as at March 2026 are adequate;
- To note that in accordance with legal requirements, the minutes will record the names of those Members voting for or against the Mayor's budget and precept proposals.

**ii) GMCA Transport Revenue Budget**

This report sets out the proposed GMCA 2025/26 Transport revenue budget of £410.3m. The proposed Transport Levy to be approved for 2025/26 is included within the report together with the consequential allocations to the District Councils of Greater Manchester. The GMCA is recommended to:

- Note the significant risks and issues which are affecting the 2025/26 transport budgets;



- Approve the GMCA budget relating to transport functions funded through the Levy, as set out in this report for 2025/26;
- Approve a Transport Levy on the District Councils in 2025/26 of £125.657m which, together with the Statutory Charge is an overall increase of 4% (3% of which will be recurrent with a 1% one off increase in 2025/26) apportioned on the basis of mid-year population 2023;
- Approve a Statutory Charge of £86.7m to District Councils in 2025/26 as set out in Part 4 of the Transport Order, apportioned on the basis of mid-year population 2023;
- Endorse the proposal to increase fees and charges as noted in the report as set out in paragraph 4.6.14.
- Approve the use of Transport reserves in 2025/25 and 2025/26 as detailed in the report.

### **iii) GMCA Revenue General Budget**

This report sets out the proposed GMCA General Revenue Budget for 2025/26 of £246,581m. The report includes the proposed local authority contributions to be approved for 2025/26 of £7.95m. The contribution includes a reduction of £650k to be returned to local authorities. The report includes the consequential allocations to the individual local authorities. The GMCA is recommended to:

- Approve the budget relating to the GMCA Corporate Services and devolved programme related functions ;
- Approve local authority contributions of £7.95m;
- Approve the use of GMCA General reserves in 2024/25 and 2025/26 as detailed in the report.
- Approve the establishment of a two-year fixed term group Chief Transformation Officer at a grade up to SM3 and the establishment of seven fixed term senior programme director posts, up to grade SM3, to support the delivery of growth location programmes.

### **iv) GM Waste Disposal Budget**

The purpose of the report is to seek comment on the Waste and Resources budget and levy for 2025/26 and on the Medium-Term Financial Plan (MTFP) 2026/27 to 2027/28. The report sets out:

- The forecast underspend for 2024/25 and proposed return of £10m to GM waste authorities
- A total levy requirement for 2025/26 of £179.2m, which represents a 2.8% average increase over 2024/25. At a District level, the levy changes range from 2.2% to 3.6%;
- The MTFP then proposes levy charges of £192.2m in 2026/27 and £199.4m in 2027/28;
- Approval for the proposed 2026/27 Trade Waste rate of £141.94 to allow forward planning by Districts;
- Approval for the budget and levy for 2025/26 of £179.2m (2.8% increase);
- Approval a further return of £20m of reserves to Districts in 2025/26;
- Approval of a partial return of the funding received by the CA under the Extended Producer Responsibility scheme to waste authorities estimated to be £17.7m.
- Note the risk position set out in the balances and reserves strategy.

**v) GM Capital Programme**

This report is the GMCA 2024/25 to 2027/28 capital expenditure programme.

The GMCA is requested to:

- Note the current 2024/25 forecast of £631.6m compared to the previous forecast of £581.8m and approve changes to the capital programme as set out in the report;
- Approve the capital programme budget for 2025/26 of £598.3m and the forward plan for future years;
- To approve the addition to the 2024/25 capital programme of £0.3m, funded by borrowing, for the replacement of end-user networking hardware at Tootal buildings
- Approve the inclusion of Greater Manchester's share of the additional highways maintenance funding for 2024/25, as outlined the report and;
- Approve the inclusion of Trailblazer funding as outlined the report.

**4. CONCLUSION**

4.1 The attached reports set out the detailed proposals for each budget area including:

- The Mayor's final proposal for Mayoral General Budget, with the proposed precept and the detailed budget and statutory calculations following receipt of final information from GM local authorities.
- Contributions from local authorities in relation to the Transport Levy, Waste Levy and GMCA costs
- The planned capital programme for GMCA across both Mayoral and non-Mayoral functions.

## **5. RECOMMENDATION**

5.1 Recommendations are presented at the front of the paper.

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## Greater Manchester Combined Authority

Date: 7th February 2025

Subject: Mayoral General Budget and Precept Proposals 2025/26

**(Budget Paper B)**

Report of: Andy Burnham, Mayor of Greater Manchester

### PURPOSE OF REPORT

The report sets out the Mayor’s proposals for the Mayoral General Budget (including Fire and Rescue) and seeks approval for the Mayoral General Precept for 2025/26.

The report recommends the setting of the Revenue Budget for 2025/26 as required under Section 42A of the Local Government Finance Act 1992 (updated in the Localism Act 2011) and the precepts and relevant levels of Council Tax required under sections 40, 42B and 47 of the Act.

### RECOMMENDATIONS:

The GMCA is requested to:

1. Approve the Mayor’s General budget for 2025/26 set out in this report together with the calculation of the precepts and Council Tax rates set out in Appendix 2.
  
2. Approve the Mayoral General Precept to £128.95 (Band D) comprising of £86.20 for functions previously covered by the Fire and Rescue Authority precept and £42.75 for other Mayoral General functions.

3. Approve:
  - i. the overall budget for the Fire and Rescue Service for 2025/26 covered by the Mayoral precept
  - iii. the medium-term financial position for the Fire and Rescue Service
4. Approve the use of reserves as set out in section 3 of the report and the assessment by the Chief Financial Officer that the reserves as at March 2026 are adequate.
5. Note that in accordance with legal requirements, the minutes will record the names of those Members voting for or against the Mayor's budget and precept proposals.

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**Equalities Implications:** N/A

**Climate Change Impact Assessment and Mitigation Measures:** N/A

**Risk Management** – An assessment of the potential budget risks faced by the authority are carried out quarterly as part of the monitoring process. Specific risks and considerations for the budget 2025/26 insofar as they relate to the Fire Service are detailed in Appendix 2.

**Legal Considerations** – See Appendix 1 of the report.

**Financial Consequences – Revenue** – The report sets out the planned budget strategy for 2025/26 and future years.

**Financial Consequences – Capital** – Proposals for Fire and Rescue Services capital spend are set out within Part 2 of the report.

**BACKGROUND PAPERS:**

GMCA – Mayoral General Budget and Precept Proposals 2024/25 – 9 February 2024

GMCA - Mayoral General Budget and Precept Proposals 2025/26 – 31 January 2025

**TRACKING/PROCESS**

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

**EXEMPTION FROM CALL IN**

Are there any aspects in this report which means it should be considered to be exempt from call in? N/A

Overview & Scrutiny Committee - 5<sup>th</sup> February 2025

## 1. INTRODUCTION

1.1 The purpose of this report is to set out for the Greater Manchester Combined Authority (GMCA) the Mayor's budget for 2025/26, to meet the costs of Mayoral general functions. The functions of the GMCA which are currently Mayoral General functions are:

- Fire and Rescue
- Compulsory Purchase of Land
- Mayoral development corporations
- Development of transport policies
- Preparation, alteration and replacement of the Local Transport Plan
- Grants to bus service operators
- Grants to constituent councils
- Decisions to make, vary or revoke bus franchising schemes

1.2 The sources of funding for Mayoral costs, to the extent that they are not funded from other sources, are a precept or statutory contribution (not Fire). A precept can be issued by the Mayor to GM Councils as billing authorities. The precept is apportioned between local authorities on the basis of Council Tax bases and must be issued before 1<sup>st</sup> March.

1.3 At the meeting of the Greater Manchester Combined Authority held on 31<sup>st</sup> January 2025, the Mayor's proposed budget was considered and a number of recommendations were made in respect of the budget strategy. Based upon these recommendations being acceptable, this report sets out the necessary resolutions and statements required to be approved in order to set the budget and precept for 2025/26. The legal process (Appendix 1) specifies that the GMCA should notify the Mayor before 8<sup>th</sup> February, if they intend to issue a report on this proposal for the budget and precept and/or propose an alternative. At the time of writing no such report has been received.



- 1.4 The Mayoral General Precept is part of the overall council tax paid by Greater Manchester residents and used to fund Greater Manchester wide services for which the Mayor is responsible.
- 1.5 The Mayoral General Precept for the financial year 2025/26 will increase to £85.97 for a Band A property split between £57.47 for the fire service and £28.50 for other Mayoral-funded services £128.95 for a Band D property, with the fire service accounting for £86.20 and £42.75 for non-fire).The Mayoral General Budget 2025/26 is set out in two parts:
- 1.5.1 Part 1 - Mayoral General Budget 2025/26 (excluding Fire and Rescue).  
There is an increase of £11 to £42.75 for a Band D property which will be used to support Mayoral priorities. This equates to a £10.67 increase for a Band A property or 21 pence per week.
- 1.5.2 Part 2 - Greater Manchester Fire and Rescue Service (GMFRS) Medium Term Financial Plan 2025/26 – 2027/28. The precept increase in relation to GMFRS is required to ensure, given the significant increase in inflationary pressures on both pay and non-pay budgets, there is no adverse impact on frontline fire cover.

## **2. CHANGES SINCE THE LAST REPORT**

- 2.1 At the time of writing the report considered by GMCA on the 31st January, the position on local authority tax bases and the Collection Funds together with the position on the authority's share of business rates was not finalised, as the deadline for providing this information was 31 January. This will be reviewed again in late January / early February pending final confirmation
- 2.2 The tax base is used in the calculation of how much money will be received from the precept levied. Each Council is required by regulations published under the Local Government Finance Act 1992 to calculate a Council Tax Base. The tax base for each Council is shown in Appendix 2 and no changes have been reported to the point of writing this report. Each Council is required

to calculate its estimated position for council tax and business rates in the form of a surplus or a deficit on the collection fund. This is the account that records all council tax and business rates receipts. The share for the Mayoral General budget (including Fire and Rescue) is calculated as part of this process. In addition to this, Fire and Rescue receives 1% of share business rates income.

### 3. MAYORAL GENERAL BUDGET 2025/26

3.1 The Mayoral General Budget is set out in two parts:

3.2 Part 1 - Mayoral General Budget 2025/26 (excluding Fire and Rescue).

Although it is required to set a precept specifying the Band D Charge, by far the majority of properties, 82%, in Greater Manchester will be required to pay less than this amount. The following table outlines the amounts to be paid by each band and the proportion of properties which fall into each band.

| <b>2025/26</b>           | <b>A</b>     | <b>B</b>     | <b>C</b>     | <b>D</b>     | <b>E</b>     | <b>F</b>     | <b>G</b>     | <b>H</b>     |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Costs for Band £         | <b>28.50</b> | <b>33.25</b> | <b>38.00</b> | <b>42.75</b> | <b>52.25</b> | <b>61.75</b> | <b>71.25</b> | <b>85.50</b> |
| Proportion of Properties | 44.4%        | 19.9%        | 17.7%        | 9.7%         | 4.9%         | 2.1%         | 1.2%         | 0.2%         |

3.3 Part 2 - budget in relation to the revenue budget for the Greater Manchester Fire and Rescue Service and the Medium Term Financial Strategy (MTFP). Appendix 2 sets out the amounts of Council Tax for each band, including the Fire element of the precept.

3.4 In addition, income from Business Rates, both a share of the income collected by District Councils and a 'top up' grant, is received. As the GMCA is part of the 100% Business Rates Pilot, the previous receipt of Revenue Support Grant has been replaced by equivalent baseline funding through an increased Business Rates top up.

- 3.5 The council tax and business rates income is based on the information presented by the local authorities as at the statutory deadline of 31st January and the estimate of the Business Rates ‘top up’ grant will be confirmed in the final settlement.
- 3.6 In relation to non-Fire functions, in addition to precept income, there are funds relating to the Government ‘Mayoral Capacity’ funding, the position on Council Tax collection identified by District Councils as relating to the Mayoral Precept, Bus Services Operators Grant, Transport Statutory Charges and External Income.
- 3.7 Following the GMCA (Functions and Amendment) order being laid in April 2019, the Mayor was given further powers for transport functions and an £86.7m statutory charge to GM Councils (with a corresponding reduction in the Transport Levy). A full breakdown by local authority is shown in paragraph 5.5. The order also states that this amount (£86.7 million) can only be varied with the unanimous agreement of the members of the GMCA.
- 3.8 The table below shows the summary of gross and net budget for Mayoral General Budget including GMFRS budget for 2025/26:

| <b>Budget Summary 2025/26</b>       | <b>Gross Expenditure<br/>£0</b> | <b>Gross Income<br/>£0</b> | <b>Net Estimate<br/>£0</b> |
|-------------------------------------|---------------------------------|----------------------------|----------------------------|
| Fire Service Budget                 | 148,192                         | 0                          | 148,192                    |
| Other Mayoral General Budget        | 138,652                         | 15,010                     | 123,642                    |
| Capital Financing Charges           | 2,544                           | 0                          | 2,544                      |
| Contribution from balances/reserves | 0                               | 2,570                      | -2,570                     |
| <b>Budget Requirement</b>           | <b>289,388</b>                  | <b>17,580</b>              | <b>271,807</b>             |
| Localised Business Rates            |                                 | 11,347                     | -11,347                    |
| Business Rate Baseline              |                                 | 52,024                     | -52,024                    |
| Services Grant                      |                                 | 0                          | 0                          |
| Section 31 Grant - Business Rates   |                                 | 9,211                      | -9,211                     |
| Section 31 Grant - pensions         |                                 | 4,769                      | -4,769                     |
| National Insurance                  |                                 | 854                        | -854                       |
| Transport - Statutory Charge        |                                 | 86,700                     | -86,700                    |

|                                  |                |                |                |
|----------------------------------|----------------|----------------|----------------|
| Collection Fund surplus/-deficit | 0              | 907            | -907           |
| <b>Precept requirement</b>       | <b>289,388</b> | <b>183,392</b> | <b>105,995</b> |

3.9 The full calculation of aggregate amounts under Section 42A (2) and (3) of the Local Government Finance Act 1992 as updated in the Localism Act 2011 is shown at Appendix 2.

3.10 Taking account of the budget proposals outlined in this paper, the reserves for both Mayoral and GMFRS for 2025/26 are as follows:

| <b>Mayoral and GMFRS Reserves</b> | <b>Closing Balances 31 March 2024<br/>£000</b> | <b>Transfer out/(in) 2024/25<br/>£000</b> | <b>Projected Balance March 2025<br/>£000</b> | <b>Transfer out/(in) 2025/26<br/>£000</b> | <b>Projected Balance March 2026<br/>£000</b> |
|-----------------------------------|--|---|--|---|--|
| General Reserve                   | -12,093  |   | -12,093                                      |   | -12,093                                      |
| Mayoral Reserve                   | -5,421   | 1775                                      | -3,646                                       | 1,339                                     | -2,307                                       |
| A Bed Every Night                 | -2,488   | 2,488                                     | 0  | 0   | 0  |
| Capital Reserve                   | -13,386  | 233                                       | -13,153                                      | 2,034                                     | -11,119                                      |
| Capital Grants Unapplied          |  |   | 0  |   | 0  |
| Earmarked Budget Res              | -4,592   | 1,658                                     | -2,934                                       | 1,231                                     | -1,703                                       |
| Revenue Grants Unapplied          | -1,619   |   | -1,619                                       |   | -1,619                                       |
| Insurance Reserve                 | -2,128   |   | -2,128                                       |   | -2,128                                       |
| Business Rates Reserve            | -870   | 93  | -777   |   | -777   |
| Restructuring Reserve             | -418   |   | -418   |   | -418   |
| Innovation & Partnership          | -127   |   | -127   |   | -127   |
| Transformation Fund               | -3,604   |   | -3,604                                       |   | -3,604                                       |
| <b>Total</b>                      | <b>-46,745</b>                                 | <b>6,247</b>                              | <b>-40,498</b>                               | <b>4,604</b>                              | <b>-35,895</b>                               |

3.11 The current General Fund Reserve balance stands at £12.093m, this is considered an appropriate level and there is no planned use of this reserve.

#### **4. LEGAL ISSUES**

4.1 In coming to decisions in relation to the revenue budget, I have various legal and fiduciary duties. The amount of the precept must be sufficient to meet my legal and financial commitments, ensure the proper discharge of my statutory duties and lead to a balanced budget.

4.2 In exercising my fiduciary duty, I should be satisfied that the proposals put forward are a prudent use of my resources in both the short and long term and that they are acting in good faith for the benefit of the community whilst complying with all statutory duties.

4.3 Given that I intend to make firm proposals relating to the Fire Service budget at the February meeting, there will be a need to reassess the overall prudence of the budget, but at this stage, there are sufficient reserves available to ensure a balanced budget is set.

### **Duties of the Chief Financial Officer**

4.4 The Local Government Finance Act 2003 requires the Chief Financial Officer to report to me on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. I have a statutory duty to have regard to the CFO's report when making decisions about the calculations.

4.5 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Mayor to monitor during the financial year the expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, I must take such action as I consider necessary to deal with the situation. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves.

4.6 Under Section 114 of the Local Government Finance Act 1988, where it appears to the Chief Finance Officer that the expenditure of the Mayoral General budget incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure, the Chief Finance Officer has a duty to make a report to me.

- 4.7 The report must be sent to the GMCA's External Auditor and the GMCA must consider the report within 21 days at a meeting where we must decide whether we agree or disagree with the views contained in the report and what action (if any) we propose to take in consequence of it. In the intervening period between the sending of the report and the meeting which considers it, the GMCA is prohibited from entering into any new agreement which may involve the incurring of expenditure (at any time) by the GMCA, except in certain limited circumstances where expenditure can be authorised by the Chief Finance Officer. Failure to take appropriate action in response to such a report may lead to the intervention of the External Auditor.

### **Reasonableness**

- 4.8 I have a duty to act reasonably taking into account all relevant considerations and not considering anything which is irrelevant. This Report sets out the proposals from which members can consider the risks and the arrangements for mitigation set out below.

### **Risks and Mitigation**

- 4.9 The Chief Financial Officer has examined the major assumptions used within the budget calculations and considers that they are prudent, based on the best information currently available. A risk assessment of the main budget headings has been undertaken and the level of reserves is adequate to cover these.

**5. PART 1 - PROPOSED MAYORAL GENERAL BUDGET 2025/26  
(EXCLUDING FIRE & RESCUE)**

5.1 This section provides the proposed Mayoral General Budget (excluding Fire & Rescue) for 2025/26. The Mayoral General Budget funds the Mayor's Office and Mayoral functions including Transport. The budget for 2025/26 is a proposed £138.652m to be funded from Precept income, Transport Statutory Charge, reserves, grants and external income.

5.2 The table below sets out the 2024/25 budget and 2025/26 proposed budget:

| <b>Mayoral Budget</b>             | <b>2024/25<br/>Original<br/>Budget</b> | <b>2025/26<br/>Proposed<br/>Budget</b> |
|-----------------------------------|--|--|
|                                   | <b>£000</b>                            | <b>£000</b>                            |
| <b>Employee Related</b>           | 500                                    | <b>510</b>                             |
| <b>Supplies and Services</b>      | 15                                     | <b>15</b>                              |
| <b>Travel Related</b>             | 15                                     | <b>15</b>                              |
| <b>Corporate Recharge</b>         | <b>851</b>                             | <b>876</b>                             |
| <b>Mayoral Priorities</b>         |  |  |
| A Bed Every Night                 | 2,400                                  | 2,400                                  |
| Equality Panels                   | 350                                    | 350                                    |
| Other Mayoral Priorities          | 300                                    | 1,207                                  |
| <b>Total Mayoral Priorities</b>   | <b>3,050</b>                           | <b>3,957</b>                           |
| <b>Mayoral Transport</b>          |  |  |
| Bus Reform                        | 15,895                                 | 13,500                                 |
| Our Pass                          | 17,229                                 | 17,229                                 |
| Care Leavers                      | 550                                    | 550                                    |
| Bus Service Operators Grant       | 11,750                                 | 11,750                                 |
| TfGM Revenue Grant                | 90,250                                 | 90,250                                 |
| <b>Total Mayoral Transport</b>    | <b>135,674</b>                         | <b>133,279</b>                         |
|                                   |  |  |
| <b>Gross Expenditure</b>          | <b>140,105</b>                         | <b>138,652</b>                         |
| <b>Funded by:</b>                 |  |  |
| Mayoral Precept                   | -25,558                                | -35,140                                |
| Collection Fund Surplus /-Deficit | -463                                   | -463                                   |
| BSOG grant                        | -13,150                                | -13,150                                |
| Mayoral Capacity grant            | -1,000                                 | -1,010                                 |
| Statutory charge                  | -86,700                                | -86,700                                |
| Earnback Grant                    | -11,045                                | 0                                      |
| Other Grants                      | -1,339                                 | -1,339                                 |
| External Income                   | -850                                   | -850                                   |
| <b>Gross Income</b>               | <b>-140,105</b>                        | <b>-138,652</b>                        |

- 5.3 In relation to the level of the precept to be levied for Mayoral functions it is proposed an increase of £11 to £42.75 for a Band D property which will be used to support Mayoral priorities as set out below. This equates to a £10.67 increase for a Band A property or 21 pence per week.
- 5.4 Continuation of the A Bed Every Night (ABEN) programme, which over the last 5 years has contributed to a reduction in rough sleeping in Greater Manchester. Alongside other funding streams, this contribution is part of a three-year plan to enable greater investment in other areas of homelessness response and prevention.
- 5.5 The Our Pass scheme which provides free bus travel within Greater Manchester for 16-18 year olds and direct access to other opportunities in the region. The Our Pass scheme is funded from a combination of Precept, reserves and other income. A budget of £17.2m is proposed for 2025/26 with a risk reserve held by TfGM if costs increase during the year, in line with the original funding strategy for the scheme agreed by the GMCA.
- 5.6 Following the successful completion of the bus franchising programme, on budget and on time on 5<sup>th</sup> January 2025, and in line with the original and revised (post covid) business case the final precept contribution to the reformed bus service across GM will increase by £11 taking the total contribution to the service from the mayoral budget to £13.5m. This increase is slightly below the original funding proposals.
- 5.7 The Bee Network has already delivered lower bus fares, new buses, higher standards, improved punctuality and greater customer satisfaction - and it will continue to improve and grow. Fully integrated 'pay as you go' Contactless capped fares will be rolled out across trams and buses from late March 2025 and eight commuter rail lines will be brought into the Bee Network by 2028.
- 5.8 Other Mayoral priorities:
- Care Leavers concessionary pass to providing a free bus travel in Greater Manchester for young people 18-25 years old that have been in care.



- Equality panels facilitated by appropriate voluntary organisations, enabling investment in organisations which work in partnership with public services and the wider community, contributing to tackling the inequalities agenda.

### **Statutory Transport Charge**

5.9 The Mayoral Transport includes TfGM Revenue Grant budget met from the statutory transport charge of £86.7m and the Bus Service Operators Grant. Following the GMCA (Functions and Amendment) order being laid in April 2019, I was given further powers for transport functions and a £86.7m statutory charge to GM Councils (with a corresponding reduction in the Transport Levy). The order also states that this amount (£86.7 million) can only be varied with the unanimous agreement of the members of the GMCA.

5.10 The full breakdown by District Council is shown below:

| <b>Transport Statutory Charge 2025/26</b> |                                |                |                   |
|---|--------------------------------|----------------|-------------------|
| <b>Local authority</b>                    | <b>Population<br/>Mid 2023</b> | <b>%</b>       | <b>£</b>          |
| Bolton                                    | 302,383                        | 10.26%         | 8,891,105         |
| Bury                                      | 195,476                        | 6.63%          | 5,747,670         |
| Manchester                                | 579,917                        | 19.67%         | 17,051,564        |
| Oldham                                    | 246,130                        | 8.35%          | 7,237,073         |
| Rochdale                                  | 229,756                        | 7.79%          | 6,755,620         |
| Salford                                   | 284,106                        | 9.64%          | 8,353,698         |
| Stockport                                 | 299,545                        | 10.16%         | 8,807,658         |
| Tameside                                  | 234,666                        | 7.96%          | 6,899,991         |
| Trafford                                  | 237,480                        | 8.05%          | 6,982,733         |
| Wigan                                     | 339,174                        | 11.50%         | 9,972,888         |
| <b>Total</b>                              | <b>2,948,633</b>               | <b>100.00%</b> | <b>86,700,000</b> |

## **6. PART 2 - PROPOSED GREATER MANCHESTER FIRE AND RESCUE REVENUE AND CAPITAL BUDGET 2025/26**

6.1 The following information provides details supporting the Greater Manchester Fire and Rescue Service Revenue and Capital Budgets.

6.2 The Provisional Local Government Settlement was published on 18th December 2024 and the MTFP has been updated based on this. The Medium-Term Financial Plan (MTFP) to 2027/28 has been updated, based on the 2024/25 baseline updated for pay and price inflation, known cost pressures and agreed savings.

6.3 The Chancellor announced the Spending Review in December 2024 which presented a one-year settlement. In relation to Fire and Rescue Services, the announcements covered the following:

- Fire & Rescue services receive an average 2.8% increase in core spending power.
- The increase in spending power for all Fire and Rescue Authorities in 2025/26 is funded entirely through the assumed council tax increase with a small year on year reduction in grant funding from the Government. In addition, Fire and Rescue Services have experienced a reduction in funding as a result of removals of the Services Grant and the Funding Guarantee from 2025/26 onwards.
- Council Tax principle of £5 is proposed for Fire and Rescue services.
- Services Grant and Funding Guarantee reduction of 100%
- Fire and Rescue Pensions Grant now included within core spending power.

A further Fire and Rescue Pensions Grant payable via the Home Office, amounts for 2025/26 not yet confirmed. NIC Compensation to total £515m for all local government, including Fire and Rescue, based on Net Current Expenditure

- 6.4 The increase in core spending power assumes that all Fire and Rescue Services utilise the full £5 council tax flexibility, the maximum permitted for stand-alone fire and rescue authorities, will be required to protect front line service delivery
- 6.5 The NIC Compensation is not expected to fully cover costs. The current assumption is 50% of costs will be compensated through the grant.
- 6.6 Final confirmation of the funding position will be confirmed in the Local Government Final Settlement due for late January / early February.
- 6.7 Home Office funding is yet to be announced and is anticipated the allocations will be announced alongside the final settlement. Home Office grants are in relation to the pensions grant and protection grants. The MTFP currently assumes the grants will be allocated on a flat cash basis in line with 2024/25 allocations.

6.8 The table below presents the budget requirements incorporating pressures and savings from 2024/25 onwards:

| Medium Term Financial Plan                             | Original 2024/25 | Revised 2024/25 | Proposed Budget 2025/26 | Indicative Budget 2026/27 | Indicative Budget 2027/28 |
|--|------------------|-----------------|-------------------------|---------------------------|---------------------------|
|  | £000             | £000            | £000                    | £000                      | £000                      |
| Fire Service   | 125,437          | 125,437         | 143,449                 | 148,160                   | 154,040                   |
| Pay and price inflation                                | 5,005            | 10,112          | 5,226                   | 5,880                     | 5,437                     |
| Savings  | -1,629           | -1,629          | -0,677                  | 0                         | 0                         |
| Cost pressures and variations                          | 6,651            | 9,529           | 0,194                   | 0                         | 0                         |
| <b>Cost of service</b>                                 | <b>135,464</b>   | <b>143,449</b>  | <b>148,192</b>          | <b>154,040</b>            | <b>159,477</b>            |
| Capital Financing Charges                              | 3,800            | 1,468           | 2,544                   | 5,287                     | 6,031                     |
| Transfer to Earmarked Reserves                         | 0                | 0               | 0                       | 0                         | 0                         |
| <b>Net Service Budget</b>                              | <b>139,264</b>   | <b>144,917</b>  | <b>150,736</b>          | <b>159,326</b>            | <b>165,507</b>            |
|  |                  |                 |                         |                           |                           |
| <b>Funded by:</b>                                      |                  |                 |                         |                           |                           |
| Localised Business Rates                               | 11,347           | 11,347          | 11,347                  | 11,347                    | 11,347                    |
| Baseline funding                                       | 51,281           | 51,281          | 52,024                  | 52,024                    | 52,024                    |
| SFA - Services Grant                                   | 0,204            | 0,224           | 0                       | 0                         | 0                         |
| Funding Guarantee                                      | 0                | 1,185           | 0                       | 0                         | 0                         |
| Section 31 - Business rates related                    | 10,017           | 8,711           | 9,211                   | 9,211                     | 9,211                     |
| Section 31 - Pension related                           | 0                | 4,769           | 4,769                   | 4,769                     | 4,769                     |
| NI funding increase                                    |                  |                 | 0,854                   | 0,854                     | 0,854                     |
| Precept income (at £86.20 Band D)                      | 65,555           | 65,555          | 70,855                  | 70,636                    | 70,636                    |
| Collection Fund surplus/deficit                        | 444              | 444             | 444                     | 444                       | 444                       |
| <b>Total Funding</b>                                   | <b>138,848</b>   | <b>143,516</b>  | <b>149,505</b>          | <b>149,285</b>            | <b>149,285</b>            |
|  |                  |                 |                         |                           | 0                         |
| <b>Shortfall</b>                                       | <b>416</b>       | <b>1,401</b>    | <b>1,231</b>            | <b>10,041</b>             | <b>16,222</b>             |
|  |                  |                 |                         |                           |                           |
| <b>Shortfall Funded by:</b>                            |                  |                 |                         |                           |                           |
| <b>Earmarked Reserves</b>                              | 416              | 1,401           | 1,231                   | 0                         | 1,000                     |
| <b>General Reserves/Precept Increase</b>               | 0                | 0               | 0                       | 10,041                    | 15,222                    |
| <b>Use of Earmarked &amp; General Reserves/Precept</b> | <b>416</b>       | <b>1,401</b>    | <b>1,231</b>            | <b>10,041</b>             | <b>16,222</b>             |

## **REVENUE BUDGET ASSUMPTIONS**

### **Funding**

- 6.9 The baseline funding from revenue support grant and top-up grant has increased by £0.743m, however, the removal of the services grant and funding guarantee reduces the funding allocations by £1.409m.
- 6.10 The multiplier compensation grant is calculated based on the top-up grant figure using a formula, however, since the changes introduced in 2024/25 it is difficult to pre-empt the funding, as a major preceptor, due to the split of small and standard businesses, which attracted different formulas, as this will fluctuate across the 10 billing authorities. An assumption of circa £0.500m has been used in the MTFP.
- 6.11 Home Office funding is yet to be announced and is anticipated the allocations will be announced alongside the final settlement. Home Office grants are in relation to the pensions grant and protection grants. The Fire and Rescue Pension grant is a Home Office grant to compensate for the changes arising from the increase in firefighter employer pension rate from 28.8% to 37.6% which is estimated at a £5.612m increase in budget requirement within 2024/25. In 2024/25 the Service was allocated £4.769m resulting in a budget pressure of £0.843m. The MTFP currently assumes the grants will be allocated on a flat cash basis in line with 2024/25 allocations
- 6.12 Localised business rates and Section 31 business rates relief grant are assumed at the same level of income as last year, with information from local authorities not yet available to determine next year's position at this stage. Billing authorities will submit their business rates information on or before the statutory deadline of 31st January 2025 including surplus and deficits.
- 6.13 Precept income has been included at the increased rate of £57.47 per Band A property, equivalent to £1.11 per week (£86.20 per household at Band D equivalent, or £1.66 per week) which ensures frontline fire cover is

maintained. This is an increase of £5 at Band D equivalent, or 10p per week. The estimated tax base for 2025/26, i.e. the number of households paying council tax, has seen a 1.82% increase compared to levels assumed in 2024/25.

- 6.14 Collection Fund surplus/deficits are to be confirmed by local authorities as soon as the information is available. Early indications show that business rates are expected with a small surplus which has been reflected in the draft medium term financial plan.

### **Pay and Pensions**

- 6.15 The original pay inflation in respect of 2024/25 included 5% for uniformed and 3% for non-uniformed staff. Negotiations in respect of uniformed pay concluded in May 2024 with a 4% pay offer. In relation to non-uniformed staff, pay award was agreed at £1,290 per annum.
- 6.16 On calculating the 2025/26 pay budget requirements, assumptions have been made of a further 2% pay inflation for uniformed staff and 3% for non-uniformed staff.
- 6.17 Pay inflation includes the national insurance changes announced in the Autumn Statement which are an increase in employers' contribution rate from 13.8% to 15% plus a decrease in the threshold from £9,100 to £5,000.

### **Pressures and savings**

- 6.18 Savings have been calculated on the basis of prior year NFCC guidance which set a target of 2% of non-pay budgets, however, it should be noted that the baseline figure includes corporate recharges. The savings target has been proposed at £0.677m.
- 6.19 Budget pressures have been identified as set out below:

- Pay award – budget pressures of £5.226m have been calculated on the basis of a 2% increase for uniformed staff and 2% for non-uniformed staff as noted at paragraph 6.13.
- National Insurance Funding- based on the Chancellor’s statements at the time of the budget, was that this would be fully funded in for all public sector employers. The initial evidence suggests that this may not be the case for the Fire and Rescue service. Indicative numbers and analysis by ourselves and the National Fire Chiefs Council (NFCC) suggest there could be as much as a 50% shortfall in funding. For GM this would equate to the costs of one fully staffed fire engine. Having recently taken steps, through local funding, to increase our provision with two additional pumps, the potential need to reduce fire cover in response to a shortfall in NI funding would be extremely challenging.
- Funding of pensions costs which in 2024/25 have caused a cost pressure of over £800k to the service that we understand will not be reviewed despite a disproportionate impact on some authorities. This funding has a significant impact on the spending power of the service and we have asked for the review allocations for 2024/25 to be re-considered as well as seeking assurances that the 2025/26 allocations will not leave authorities facing further shortfalls.
- Capital financing costs have been calculated on MRP only due to the ability of internal borrowing. As at quarter 2 2024/25 capital reporting, MRP was calculated based on forecasts at a cost of £2.544m which is an increase of £1.076m in comparison to the 2024/25 budget.
- The budget for 2025/26 has a pressure of £1.2m. We propose covering this gap via reductions in non-frontline expenditure or GMFRS reserves. This will be reviewed again in late January/ early February pending final confirmation Local Government Final Settlement.

- This pressure could further increase if the funding for the increase in employer national insurance contributions (NICs) is not fully funded by the Government.

## **CAPITAL PROGRAMME**

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

| <b><u>Revised Capital Programme</u></b> | <b><u>2024/25</u></b> | <b><u>2025/26</u></b> | <b><u>2026/27</u></b> | <b><u>2027/28</u></b> | <b><u>2028/29</u></b> | <b><u>Future Years to 2032/33</u></b> | <b><u>Total</u></b> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------------------|---------------------|
| Estates                                 | 10,066,528            | 31,058,661            | 21,761,056            | 3,482,419             | 906,462               | 57,675,849                            | 124,950,975         |
| Transport                               | 3,069,952             | 7,030,342             | 4,095,000             | 275,000               | 135,000               | 7,612,500                             | 22,217,794          |
| ICT                                     | 756,116               | 350,000               | 150,000               | 150,000               | 150,000               | 600,000                               | 2,156,116           |
| Equipment                               | 3,316,093             | 981,027               | 1,505,000             | 801,098               | 170,000               | 1,570,403                             | 8,343,622           |
| Sustainability                          | 325,000               | 275,000               | 75,000                | 75,000                | 75,000                | 300,000                               | 1,125,000           |
| Health & Safety                         | 370,643               | 0                     | 0                     | 0                     | 0                     | 0                                     | 370,643             |
| Waking Watch Relief Fund                | 2,429,000             | 0                     | 0                     | 0                     | 0                     | 0                                     | 2,429,000           |
| <b>Total</b>                            | <b>20,333,332</b>     | <b>39,695,030</b>     | <b>27,586,056</b>     | <b>4,783,517</b>      | <b>1,436,462</b>      | <b>67,758,752</b>                     | <b>161,593,149</b>  |

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

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



- 6.23 Phase 2 of the Estates Strategy is expected to cover period 2028/29 to 2032/33, to align to the proposed extended capital programme timeline.
- 6.24 Alongside the estates strategy is a refresh programme of work to replace and update fitness equipment and enhance the facilities across stations in line with the Service's managing contaminants guidance. The investment for the full rollout of rest facilities across the service of £3.4m was approved, forecasting to start in 2025/26.
- 6.25 On 20 September 2024, ISG Construction Ltd, our main contractor for the construction of two new fire stations at Whitefield and Blackley entered administration. This led to an immediate halt to all works on site and termination notices to ISG were issued. Implications from delays caused by ISG construction entering administration were still to be determined and this continues to be discussed with administrators. A Stage 1 award has been granted for a contractor for the Blackley and Whitefield sites with an estimated costing expecting by late January 2025.
- 6.26 Transport and equipment replacement programme budgets are profiled in accordance with expected need and delivery profiles allowing for lead times where supply chains require orders to be placed up to 18 months prior to goods being delivered. The replacement profile of vehicles beyond the current approved capital programme has been included at estimated costs including an allowance for inflation.
- 6.27 Following the successful roll out of the Waking Watch Relief Fund, Department for Levelling Up, Housing and Communities (DLUHC) requested further support from GMFRS to assist with the delivery of the Waking Watch Replacement Fund. This is due to come to an end within 2024/25.
- 6.28 The figures will be updated to reflect the quarter 3 2024/25 position once the information is available.
- 6.29 The Capital programme will be reviewed following confirmation of the final local government funding settlement and any updates to the MTFP.

## **BUDGET RISKS**

6.30 Future budget risks are set out below:

- Future government funding beyond 2025/26 has not been confirmed and is likely to be announced within the next Comprehensive Spending Review.
- Any changes arising from the Fair Funding Review specifically impacting on the Fire Formula, currently subject to a consultation exercise.
- Pay inflation for firefighters and local government employees in excess of the assumptions set out in the report.
- Funding beyond 2025/26 has not yet been confirmed in respect of the pension increases as noted at 6.14.
- McCloud/Sargeant Remedy – the judgement refers to the Court of Appeal’s ruling that the Government’s 2015 public sector pension reforms unlawfully treated existing public sectors differently based upon members’ age. The implications of the remedy are being determined but are likely to be significant in future years.
- Fire and Rescue Pension Grants continue to be paid at current levels, resulting in ongoing shortfalls.
- Delivery of sufficient savings to meet the requirements of the medium-term financial strategy, and dependent on availability of resources to deliver a change programme.
- Emergency Services Mobile Communications Project (ESMCP) – a national project to procure and replace the emergency services network has been paused but may create budget pressures in future years.

- Any changes required following the recommendations from the Manchester Arena Public Inquiry and Grenfell Inquiry, and, implications arising from the Fire Safety Act 2021, and the Building Safety Act 2022 not already factored into the budget.
- Any business continuity arrangements that require funding which are not part of the base budget.
- As no capital grants are available to FRSs, future schemes in the capital programme will be funded by a combination of revenue underspends and borrowing. The costs associated with additional borrowing will have to be met from the revenue budget.

## **7. RECOMMENDATIONS**

7.1 Detailed recommendations appear at the front of this report.

**LEGAL REQUIREMENTS, MAYORAL PRECEPT – GENERAL COMPONENT**

- 1.1 The Finance Order sets out the process and the timetable for determining the general component of the precept.

Stage 1

- 1.2 The Mayor must before 1<sup>st</sup> February notify the GMCA of the Mayor's draft budget in relation to the following financial year.
- 1.3 The draft budget must set out the Mayor's spending and how the Mayor intends to meet the costs of the Mayor's general functions, and must include "the relevant amounts and calculations".
- 1.4 "The relevant amounts and calculations" mean:
- (a) estimates of the amounts to be aggregated in making a calculation under sections 42A, 42B, 47 and 48;
  - (b) estimates of other amounts to be used for the purposes of such a calculations;
  - (c) estimates of such a calculation; or
  - (d) amounts required to be stated in a precept.

Stage 2

- 1.5 The GMCA must review the draft budget and may make a report to the Mayor on the draft.
- 1.6 Any report:
- (a) must set out whether or not the GMCA would approve the draft budget in its current form; and

- (b) may include recommendations, including recommendations as to the relevant amounts and calculations that should be used for the financial year

1.7 The Mayor's draft budget shall be deemed to be approved by the GMCA unless the

Combined Authority makes a report to the Mayor before 8<sup>th</sup> February.

### Stage 3

1.8 Where the GMCA makes a report under 1.5, it must specify a period of at least 5 working days within which the Mayor may:

- (a) decide whether or not to make any revisions to the draft budget; and
- (b) notify the GMCA of the reasons for that decision and, where revisions are made, the revised draft budget

### Stage 4

1.9 When any period specified by GMCA under 1.8 has expired, the GMCA must determine whether to:

- (a) approve the Mayor's draft budget (or revised draft budget, as the case may be), including the statutory calculations; or
- (b) veto the draft budget (or revised draft budget) and approve the Mayor's draft Budget incorporating GMCA's recommendations contained in the report to the Mayor in 1.5 (including recommendations as to the statutory calculations).

1.10 The Mayor's draft budget (or revised draft budget) shall be deemed to be approved unless vetoed within 5 working days beginning with the day after the date on which the period specified in 1.8 expires.

- 1.11 Any decision to veto the Mayor's budget and approve the draft budget incorporating the GMCA's recommendations contained in the report to the Mayor in 1.5 must be decided by a two-thirds majority of the members (or substitute members acting in their place) of the GMCA present and voting on the question at a meeting of the authority (excluding the Mayor).
  
- 1.12 Immediately after any vote is taken at a meeting to consider a question under 1.9, there must be recorded in the minutes the names of the persons who cast a vote for the decision or against the decision or who abstained from voting.

## Appendix 2

### CALCULATION OF AGGREGATE AMOUNTS UNDER SECTION 42A (2) AND (3) OF THE LOCAL GOVERNMENT FINANCE ACT 1992 UPDATED IN THE LOCALISM ACT 2011)

#### BUDGET SUMMARY 2025/26

| Budget Summary 2025/26              | Gross<br>Expenditure<br>£0 | Gross<br>Income<br>£0 | Net<br>Estimate<br>£0 |
|-------------------------------------|----------------------------|-----------------------|-----------------------|
| Fire Service Budget                 | 148,192                    | 0                     | 148,192               |
| Other Mayoral General Budget        | 138,652                    | 15,010                | 123,642               |
| Capital Financing Charges           | 2,544                      | 0                     | 2,544                 |
| Contribution from balances/reserves | 0                          | 2,570                 | -2,570                |
| Budget Requirement                  | <b>289,388</b>             | <b>17,580</b>         | <b>271,807</b>        |
| Localised Business Rates            |                            | 11,347                | -11,347               |
| Business Rate Baseline              |                            | 52,024                | -52,024               |
| Services Grant                      |                            | 0                     | 0                     |
| Section 31 Grant - Business Rates   |                            | 9,211                 | -9,211                |
| Section 31 Grant - pensions         |                            | 4,769                 | -4,769                |
| National Insurance                  |                            | 854                   | -854                  |
| Transport - Statutory Charge        |                            | 86,700                | -86,700               |
| Collection Fund surplus/-deficit    | 0                          | 907                   | -907                  |
| Precept requirement                 | <b>289,388</b>             | <b>183,392</b>        | <b>105,995</b>        |

#### CALCULATION OF TAX BASE

The Tax Base is the aggregate of the Tax Bases calculated by the District Councils in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992. These are currently estimated as:

| District     | Council Tax Base |
|--------------|------------------|
| Bolton       | 80,625.0         |
| Bury         | 58,697.9         |
| Manchester   | 140,844.4        |
| Oldham       | 59,501.0         |
| Rochdale     | 59,825.0         |
| Salford      | 78,626.0         |
| Stockport    | 99,339.6         |
| Tameside     | 65,103.3         |
| Trafford     | 80,827.0         |
| Wigan        | 98,600.0         |
| <b>Total</b> | <b>821,989.2</b> |

### AMOUNTS OF COUNCIL TAX FOR EACH BAND

| 2025/26          | A     | B      | C      | D      | E      | F      | G      | H      |
|------------------|-------|--------|--------|--------|--------|--------|--------|--------|
| Costs for Band £ | 85.97 | 100.29 | 114.62 | 128.95 | 157.61 | 186.26 | 214.92 | 257.90 |

### CALCULATION OF BAND D EQUIVALENT TAX RATE

|  | <b>£'000</b>   |
|--|----------------|
| Net expenditure  | 289,388        |
| Less funding   | 182,485        |
|  | <b>106,902</b> |
| Adjusted for estimated surplus (-)/deficit on collection funds | -907           |
| Net budget requirement to be met from Council Tax              | <b>105,995</b> |
| Net budgetary requirement                                      | 105,995        |
| Aggregate tax base   | 821,989.2      |
| Basic tax amount at Band 'D'                                   | <b>128.95</b>  |



## Greater Manchester Combined Authority

Date: 7 February 2025

Subject: GMCA Transport Revenue Budget 2025/26

Report of: Cllr David Molyneux, Portfolio Lead for Resources and Steve Wilson, Group Chief Finance Officer, GMCA

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### Purpose of Report

The report sets out the transport related Greater Manchester Combined Authority budget for 2025/26. The proposed Transport Levy to be approved for 2025/26 is included within the report together with the consequential allocations to the District Councils of Greater Manchester.

### Recommendations:

The GMCA is requested to:

1. Note the risks and issues which are affecting the 2025/26 transport budgets as detailed in the report.
2. Approve the budget relating to transport functions funded through the Levy, as set out in this report for 2025/26.
3. Approve a Transport Levy on the District Councils in 2025/26 of £125.657m, apportioned on the basis of mid-year population 2023.
4. Approve a Statutory Charge of £86.7m to District Councils in 2025/26 as set out in Part 4 of the Transport Order, apportioned on the basis of mid-year population 2023.
5. Endorse the proposal to increase fees and charges as noted in the report as set out in paragraph 4.6.14.
6. Approve the use of Transport reserves in 2024/25 and 2025/26 as detailed in section 5.

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## **Risk Management**

The risks and issues which are affecting the 2025/26 transport budgets are detailed in the report.

## **Legal Considerations**

There are no specific legal implications with regards to the 2025/26 budget update, however, please refer to section 6 of the report for budget setting considerations.

## **Financial Consequences – Revenue**

The report sets out the proposed budget for 2025/26.

## **Financial Consequences – Capital**

There are no specific capital considerations contained within the report, however the revenue budget contains resources to meet the capital costs of the Authority. Changes in the capital programme can affect the budget to meet these costs.

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

None

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

N/A

## **Background Papers**

[GMCA Transport Revenue Budget 2024/25 - GMCA Meeting, 9 February 2024](#)

[GMCA Revenue Update Quarter 1 2024/25 - GMCA Meeting, 27 September 2024](#)

[GMCA Revenue Update Quarter 2 - GMCA Meeting, 29 November 2024](#)

## **Tracking/ Process**

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

Yes

## **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**

5 February 2025

# 1. Introduction

- 1.1. The report provides details of the proposed budget, including Mayoral funded functions as they relate to Transport for 2025/26.
- 1.2. The allocation to District Councils in relation to the Transport Levy and Transport Statutory Charge is set out in Section 3 of the report. Part 4 of the Transport Order laid before Parliament in April 2019 provides that some £86.7m of funding will be provided to the Mayor by way of a Statutory Charge, in respect of costs that were previously met from the levy.
- 1.3. The Authority's legal obligations and the responsibility of the Chief Finance Officer (CFO) to the Authority are also set out in more detail later in the report.

## 2. Proposed GMCA Transport Levy and Mayoral Statutory Charge 2025/26

- 2.1 The table below details both the Transport Levy (£125.7m) and the Statutory Charge (£86.7m) for each GM local authority (district). The total district transport funding for 2025/26 is therefore £212.4m.
- 2.2 This value reflects a £8.2m (4%) increase on the recurrent baseline levy for 2024/25 (the amount paid by districts in 2024/25 also included a 1% non-recurrent element).
- 2.3 As in 2024/25 the 4% increase for 2025/26 is made up of a 3% recurrent increase and a 1% non-recurrent increase.
- 2.4 The apportionment of the overall Statutory Charge and Levy has also been adjusted to reflect the 2023 mid-year population statistics.

| GM Local Authority | Transport Levy<br>£000 | Statutory Charge<br>£000 | Total Charge<br>£000 | Change against<br>2024/25<br>baseline<br>£000 | Change against<br>2024/25<br>baseline<br>% | Change against<br>2024/25<br>total<br>charge<br>£000 | Change against<br>2024/25<br>total<br>charge<br>% |
|--------------------|------------------------|--------------------------|----------------------|---|--|--|---|
| Bolton             | 12,886                 | 8,891                    | 21,777               | 816   | 3.89%                                      | 613  | 2.90%   |
| Bury               | 8,330                  | 5,748                    | 14,078               | 430   | 3.15%                                      | 298  | 2.16%   |
| Manchester         | 24,714                 | 17,051                   | 41,765               | 1,864   | 4.67%                                      | 1,476  | 3.67%   |
| Oldham             | 10,489                 | 7,237                    | 17,726               | 621   | 3.63%                                      | 455  | 2.63%   |
| Rochdale           | 9,791                  | 6,755                    | 16,546               | 628   | 3.95%                                      | 473  | 2.95%   |
| Salford            | 12,107                 | 8,354                    | 20,461               | 961   | 4.93%                                      | 772  | 3.92%   |
| Stockport          | 12,765                 | 8,808                    | 21,573               | 737   | 3.54%                                      | 535  | 2.54%   |
| Tameside           | 10,001                 | 6,900                    | 16,901               | 579   | 3.55%                                      | 421  | 2.55%   |
| Trafford           | 10,120                 | 6,983                    | 17,103               | 532   | 3.21%                                      | 371  | 2.22%   |
| Wigan              | 14,454                 | 9,973                    | 24,427               | 997   | 4.26%                                      | 770  | 3.25%   |
| <b>Total</b>       | <b>125,657</b>         | <b>86,700</b>            | <b>212,359</b>       | <b>8,165</b>                                  | <b>4.00%</b>                               | <b>6,184</b>   | <b>3.00%</b>                                      |

### 3. Transport Revenue Budget 2025/26

- 3.1. The proposed Transport budget for 2025/26 is £410.3m, this is an increase of £17.5m compared to the 2023/24 revised budget. From the transport budget £66.4m is to be retained by GMCA, predominantly to meet capital financing costs.
- 3.2. The proposed funding to Transport for Greater Manchester (TfGM) for 2025/26 is £344.0m, an increase of £25.2m compared to 2023/24 revised budget. The major variances are as follows:
- a) Mayoral Transport Budget of £133.3m, which is a decrease of £2.4m compared to 2024/25 revised budget. This funding is made up of the Statutory Charge, Bus Service Operator Grant and Mayoral Precept.
  - b) District levy of £125.7m, which is an increase of £6.2m compared to 2024/25 revised funding. This is used to part fund capital financing costs and provide funding to TfGM expenditure.
  - c) Use of Earnback grant for revenue expenditure of £20.1m, which is a decrease of £1m compared to 2024/25 revised budget. This provides funding towards the Metrolink Trafford Park line capital financing charge and TfGM expenditure.
  - d) Use of Bus Service Improvement Plan Grant of £43.8m, a decrease of £5.8m compared to 2024/25 revised budget. This provides funding towards bus franchising.
  - e) Use of Local Transport Block Funding of £35.7m which is an element within the City Region Sustainable Transport Schemes funding, unchanged from previous year.
  - f) Use of Reserves of £30.9m, an increase of £13.1m compared to a revised 2024/25 budget of £17.8m. This provides funding towards TfGM expenditure.
  - g) Other grants of £21.0m, an increase of £6.4m compared to revised 2024/25 expenditure. This comprises various grants such as Additional Bus Service Operator grants, Rail grants, and Active Travel grants.
- 3.3 The table below shows the proposed Transport budget for 2025/26 compared to the original and 2024/25 revised budget at quarter 3:

| <b>Transport Revenue Budget</b>        | <b>Revised Budget 2024/25 (Q3)</b> | <b>Proposed Budget 2025/26</b> | <b>Change from revised budget</b> |
|--|------------------------------------|--------------------------------|-----------------------------------|
|  | <b>£000</b>                        | <b>£000</b>                    | <b>£000</b>                       |
| <b>Resources:</b>                      |                                    |                                |                                   |
| Mayoral Transport Budget               | 135,674                            | 133,279                        | (2,395)                           |
| District Levy                          | 119,473                            | 125,657                        | 6,184                             |
| Earnback Revenue Grant                 | 21,734                             | 20,820                         | (914)                             |
| Bus Services Improvement Grant         | 49,589                             | 43,789                         | (5,800)                           |
| Local Transport Block Funding          | 35,707                             | 35,707                         | -                                 |
| Use of Reserves                        | 17,836                             | 30,916                         | 13,080                            |
| Other Grants                           | 14,599                             | 20,990                         | 6,391                             |
| <b>Total Resources</b>                 | <b>392,878</b>                     | <b>410,339</b>                 | <b>17,461</b>                     |
| <b>Expenditure:</b>                    |                                    |                                |                                   |
| Funding to TfGM                        | 318,729                            | 343,964                        | 25,235                            |
| <u>Funding retained by GMCA</u>        |                                    |                                |                                   |
| GMCA Corporate Capital Financing Costs | 975                                | 975                            | -                                 |
| - Levy Funded                          | 52,904                             | 52,904                         | -                                 |
| - GMCA Funded                          | 20,270                             | 12,495                         | (7,775)                           |
| <b>Total Call on Resources</b>         | <b>392,878</b>                     | <b>410,339</b>                 | <b>17,461</b>                     |

## 4. TfGM Budget Strategy 2025/26

### 4.1. The Bee Network

4.1.1 The Bee Network is Greater Manchester's vision for a joined up, touch in, touch out, London-style transport system. Eventually, it will be your one-stop-shop for all local journeys.

4.1.2 By designing and delivering public transport, active travel and shared mobility services as one system with local accountability and aligned to national and local priorities, the Bee Network is transforming the travelling experience and making sustainable, low carbon transport an attractive option for all. The ability to better plan the network is driving passenger revenue by encouraging more people to switch from car journeys to public transport and active travel.

- 4.1.3 Accessible, affordable, integrated, inclusive and easy to use, with a daily fare cap and Greater Manchester-wide multi-modal fares, the Bee Network will support seamless end-to-end journeys within Greater Manchester.
- 4.1.4 The first phase of the Bee Network was completed in January 2025 when Greater Manchester became the first region in the UK to use the powers of the Bus Services Act and franchise the bus network and bring it under local control after 30 years of deregulation coincided with falling passenger numbers and service levels. The final tranche of bus franchising in South Manchester went live successfully on 5 January 2025.
- 4.1.5 The Bee Network also offers more affordable and simpler ways to pay for travel. A new £2/£1 Single ‘hopper’ ticket and low cost 7-day, 28-day and annual Bee Bus tickets are now in place (including the option to spread the cost of an annual Bee Bus ticket through the region’s Credit Unions). These improved products build on our existing set of multi-modal tickets and from March 2025, passengers will be able to use contactless to ‘touch-in-and-touch-out’ across both Bus and Metrolink services with the system automatically calculating the cost and ensuring the customer gets the best value ticket. This change replicates the multi-modal integrated experience that has been in place in London for several years.
- 4.1.6 Planning and preparation is now also under way for the second phase of the Bee Network that would see local GM rail services integrated into the Bee Network alongside bus, tram and active travel. GM rail services will start to be integrated into the Bee Network from 2026 with all GM stations incorporated by the end of 2028.

## **4.2. Financial Context**

- 4.2.1 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 current financial year 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, alongside other risks as described below.

### **4.3. Additional Pressures and Risks**

4.3.1 In addition to the risks relating to public transport patronage and revenues; and cost inflation, several other budget pressures and risks exist, including:

- a. Inflation is also impacting TfGM's core operating costs (e.g. salary and other support costs and energy costs);
- b. Ongoing costs to operate, maintain and renew what is a growing asset base (e.g. depots, new interchanges etc);
- c. No medium to long-term certainty on current government funding streams, particularly bus funding streams (e.g. Bus Service Improvement Plan (BSIP) and BSOG) – the 2025/26 settlement from Government was positive but against a backdrop of significant fiscal challenges, there remains uncertainty on the quantum of central government funding for future years;
- d. Project preparation and scheme development costs to incorporate rail into the Bee Network;
- e. Increasing costs of compliance with recent national changes in law (e.g. the Procurement Act 2023, Terrorism Bill 2024);
- f. Contributing funding to GM's Vision Zero initiative to reduce road-related deaths in Greater Manchester;
- g. Costs of operating and maintaining an expanding network of traffic signals, with no specific additional funding. The network continues to expand primarily due to the delivery of new highways / active travel schemes;
- h. Continuing costs to support the ongoing development of integrated ticketing initiatives (including incorporating tap-in and top-off functionality between rail, tram and bus); and
- i. Tranche 3 bus franchising only commenced on 5 January 2025 so finalisation of contractual costs for any contractual changes and compensation events for additional costs unknown at bid stage may crystallise.

### **4.4. 2025/26 Budget Strategy**

4.4.1 During the current financial year, the Authority and the Government agreed the Integrated Settlement for 2025/26. This devolves funding to the Authority from the



government for five different business areas of the Authority and includes local transport. This means for certain individual transport grant funding streams across government departments (capital and revenue grants) will be replaced by an individual grant.

- 4.4.2 This will give the Authority greater flexibility to plan and fund local priorities over the longer term. The level of flexibility across the settlement will be agreed between the government and the Authority before the next spending review and will give the Authority a greater ability to flex funding across the pillars of the Integrated Settlement for activity outside of that pillar in order to achieve the outcomes agreed with the government.
- 4.4.3 The Authority has therefore received funding certainty for key local government transport grants which include bus related grants such as the BSIP Grant and will have greater flexibility over the use of these grants.
- 4.4.4 In addition, TfGM continues to deliver on the FSP and this will continue through 2025/26 as part of working to ensure the long-term financial sustainability of the transport network and provide the foundation for the continued delivery of the Bee Network. The various initiatives underpinning the FSP are summarised below:
- a. **Growing farebox revenue:** A set of initiatives to increase patronage and revenues across all modes, including continued innovation around the marketing of transport services, initiatives to reduce fare evasion and to increase farebox and other income. This has delivered strong continuing recovery in Metrolink revenues in 2024/25, to pre covid volumes, as well as revenues from the T1 and T2 bus franchised operations that have, to date, outturned above initial forecasts;
  - b. **Network:** Continuous reviews to scope potential efficiencies on the transport network, including initiatives to reduce energy costs and to further optimise service delivery.
  - c. **Internal efficiencies:** An ongoing programme to ensure the most effective and efficient delivery models; to reduce the core operating costs of TfGM, including by reductions in external expenditure; and an ongoing focus on increasing commercial income from the existing TfGM asset base.
  - d. **Additional local funding:** The proposed £6m increase in the Transport Levy in 2025/26 will be ringfenced in full to improving front-line service delivery.

4.4.5 Whilst the FSP will deliver financial benefits in 2025/26 and beyond, residual challenges still remain and so £30.9m of Reserves (see Section 3) are required to achieve the balanced budget in 2025/26. This limited use of Reserves is forecast to recur into 2026/27 but it is not anticipated that Reserve balances (see Section 5) will fall below an appropriate risk-assessed level. Beyond 2026/27, the Reserves position is forecast to recover as patronage and revenue continues to recover and Integrated Settlement provides the financial flexibility to more easily reach a balanced position with recurrent sources of funding. Nevertheless, discussions still need to continue with government, particularly in advance of the Comprehensive Spending Review, to make the case that ongoing and increasing government funding (e.g. BSIP) is required to keep improving public transport and driving economic growth in GM and in other regions.

#### 4.5. TfGM Proposed Budget 2025/26

4.5.1 Based on the proposals above, the TfGM budget for 2025/26, compared to the latest 2024/25 outturn would be as follows:

|   | <b>2024/25<br/>Q3<br/>forecast<br/>£000</b> | <b>2025/26<br/>Budget<br/>£000</b> |
|---|---|------------------------------------|
| <b>Resources</b>  |   |                                    |
| Funding from GMCA   | (318,729)                                   | (322,464)                          |
| Bus and Metrolink funded financing costs                  | -   | (21,500)                           |
| DfT Rail grant (part of Integrated Settlement in 2025/26) | (1,900)                                     | -                                  |
|   | (320,629)                                   | (343,964)                          |
| <b>Net expenditure</b>                                    |   |                                    |
| Concessionary Support non-Franchised Services             | 23,893                                      | 3,321                              |
| Capped Fares Scheme non-Franchised Services               | 16,861                                      | 1,389                              |
| Non-Franchised Tendered Services                          | 13,803                                      | 2,078                              |
| Payment of Devolved BSOG                                  | 2,700                                       | -                                  |
| Bus Franchising implementation costs                      | 18,700                                      | -                                  |
| Bus Franchising net cost                                  | 150,761                                     | 226,304                            |
| Metrolink net cost  | 25,194                                      | 39,000                             |
| Operational Costs   | 41,862                                      | 39,875                             |
| Accessible Transport                                      | 3,700                                       | 3,700                              |
| Traffic signals costs                                     | 3,822                                       | 3,822                              |

|                                   |                |                |
|-----------------------------------|----------------|----------------|
| Scheme Pipeline development Costs | 13,023         | 18,165         |
| Financing                         | 6,310          | 6,310          |
| <b>Total Expenditure</b>          | <b>320,629</b> | <b>343,964</b> |
| <b>Surplus/(Deficit)</b>          | <b>-</b>       | <b>-</b>       |

4.5.2 In the presentation above all local and national grant funding, the vast majority of which is paid to TfGM either by or through the Authority, is included in the Resources section. The costs shown in the Expenditure section represent the net cost (after farebox and other income) of providing the services, but before any Authority funding has been applied.

4.5.3 Due to budgetary pressures in 2024/25 the finance costs incurred by the Authority for TfGM capital schemes that were funded by borrowings were not passed onto TfGM. In line with previous years TfGM are required to fund these finance charges and the costs have been included within the 2025/26 budget.

## 4.6. Expenditure

4.6.1 The Concessionary Reimbursement budget includes the cost of the English National Concessionary Travel Scheme (ENCTS) and the local Concessionary scheme, including the 16-18 (Our Pass) concessionary travel scheme.

4.6.2 The 2025/26 Concessionary Reimbursement budget and the reduction in expenditure reflects the fact that, from the 5 January 2025, concessionary reimbursement to external commercial bus operators will only be payable for Service Permitted (i.e. non-franchised cross-boundary) operators within Greater Manchester. All other buses services in Greater Manchester form part of the franchised bus network from this date. Service Permitted services are generally those services run by operators that commence in other Local Authority areas but then enter the Greater Manchester area, with similar return journeys. Operators of these services are obliged to accept TfGM ticketing conditions and concessionary products, providing that the reimbursement meets the principle of “no better, no worse”.

4.6.3 The ‘lost revenue’ from carrying concessionary passengers on Metrolink services is also included as part of the net Metrolink cost. In previous budget reports the estimated lost revenue on Metrolink services was shown as a concessionary cost and in turn a reduced Metrolink loss.

- 4.6.4 The Our Pass scheme provides free bus travel within Greater Manchester for 16-18 year olds and direct access to other opportunities in the region. The Our Pass scheme is funded from a combination of Mayoral precept, reserves, and other income. As is the case for ENCTS, the 'lost revenue' from carrying these concessionary passengers in the franchised areas is included as part of the net contract costs for operating franchised services. A total funding budget of £17.2m is proposed for 2025/26 in line with the original funding for the scheme agreed by the Authority. It is estimated £0.5m will be paid to operators for Service Permitted services.
- 4.6.5 Capped bus fares were introduced in September 2022 (singles and daily fares) and January 2023 (weekly fares). The Capped Fare scheme is partly funded from BSIP grant income from the Department for Transport (DfT). Funding from the Authority includes the £43.8m of BSIP funding which now forms part of the Integrated Settlement agreement. This predominantly relates to franchised services and the 'reduced revenue' from the capped scheme in the franchised areas is included as part of the net contract costs for operating franchised services. A remaining £1.4m of capped fares expenditure is paid to Service Permitted operators.
- 4.6.6 Now the Greater Manchester Network has been fully franchised the costs of funding the services that were not commercially viable for operators to run (i.e. tendered services) are now included in the net contract costs for operating franchised services. The costs included in the 2025/26 budget predominantly relate to funding the local link service and a small amount for Service Permitted services.
- 4.6.7 In 2025/26 no payments to commercial operators will be due for the devolved BSOG grant now the network has been fully franchised. The costs are now incurred by TfGM and are included within the bus franchising net operating costs. Devolved BSOG grant funding of £3.0m has been included within the Authority grant funding line as this is now received as part of the Integrated Settlement agreement.
- 4.6.8 Bus franchising was fully implemented in 2024/25 and therefore no further bus franchising implementation costs are due to be incurred in 2025/26. Ongoing operational costs of running the franchised network are included within the bus franchising net operating cost line.

- 4.6.9 The net costs (ie net of farebox income) of operating franchised bus services, before any Authority funding has been applied are included in the Bus Franchising net cost line. A high-level forecasting of Tranche 3 (T3) farebox income revenue and costs has been undertaken as part of the 2025/26 budget process. It should be noted TfGM currently have limited information on current T3 farebox income and contract costs will be subject to contract change and any compensation events for changes in relevant bidder assumptions. Any variances in costs and income, will be updated through the quarterly outturn reports as the year progresses.
- 4.6.10 The Bus franchising net cost has increased in the year due to the network now being fully franchised. Approximately 50% of the network was franchised in January 2025 so 2025/26 is the first full year of a fully franchised network. Along with increased costs of taking on the additional tranche there is also an increased 'lost revenue' element of the budget. This is due to items stated above, such as concessionary reimbursement, capped fares and tendered services funding coming through as Authority grant funding and not being netted off operational costs.
- 4.6.11 Additionally the finance costs for Bus Franchising capital schemes funded via Authority borrowings are included in the 2025/26 net Bus Franchising cost line.
- 4.6.12 The net costs (ie net of farebox income) of operating Metrolink, before any Authority funding has been applied are included in the Metrolink net cost line. Additionally, the finance costs for Metrolink capital schemes funded via Authority borrowings are included in the 2025/26 net Metrolink cost, whereas in 2024/25, the finance costs incurred were not passed onto TfGM and were retained by the Authority due to TfGM budgetary pressures. The reinstatement of these finance costs in 2025/26 is predominately the reason for the increase in Metrolink net costs.
- 4.6.13 Operational costs include the costs of operating and maintaining the TfGM owned bus stations, travel shops and other infrastructure, the costs of support functions and other specific grant funded costs. The underlying costs are forecast to decrease by c£2m from the expected outturn costs in 2024/25. It has been assumed that efficiency savings will need to be delivered by an ongoing programme to ensure the most effective and efficient delivery models; and to reduce the core operating costs of TfGM, including by reductions in external

expenditure; and an ongoing focus on increasing commercial income from the existing TfGM asset base. Also included in this cost heading are the revenue costs of Active Travel Schemes which are fully funded by specific revenue grants as noted above.

- 4.6.14 The budget also assumes that the fees applied to utility companies, commercial contractors and developers when temporarily opening and closing bus stops / shelters are increased from £335 to £350 for the first four stops and that the costs thereafter are increased from £115 to £120 per stop. The costs for 'revisiting' a stop are also proposed to increase from £150 to £160.
- 4.6.15 The budgeted grant payable to Greater Manchester Accessible Transport Limited, for the provision of Ring and Ride services, of up to £3.7m is in line with the 2024/25 budget and outturn.
- 4.6.16 The costs for operating and maintaining an expanding network of traffic signals (including the cost of energy and communications) of £3.8m is in line with the 2024/25 budget and outturn. Given that the network continues to expand primarily due to the delivery of new highways / active travel schemes, there will likely be a pressure on this budget that will need to be absorbed from efficiencies elsewhere.
- 4.6.17 Expenditure on scheme development costs is budgeted to increase slightly in 2025/26, reflecting the rephasing of activity on the development of Business Cases and schemes which are part of the programme of works funded through City Region Sustainable Transport Settlements (CRSTS). DfT have recently indicated that additional funding from CRSTS will be made available for increased scheme development activity which in turn will allow the Authority and TfGM to further strengthen the pipeline of future project. Once fully confirmed, an updated budget and forecast spend will be included in the quarterly outturn reports.
- 4.6.18 The development of the GM Clean Air Plan is funded by government and is overseen by Joint Air Quality Unit (JAQU), the joint Department for Environment, Food & Rural Affairs (DEFRA) and DfT unit established to deliver national plans to improve air quality and meet legal limits. The costs related to the business case, implementation and operation of the GM Clean Air Plan (CAP) are either directly funded or underwritten by government acting through JAQU and any net deficit over the life of the GM CAP will be covered by the New Burdens Doctrine, subject to a reasonableness test.

4.6.19 No costs or funding in relation to the GM CAP have yet been included in the Budget. Updates were required to the investment-led plan that was submitted to government in December 2023 and again in October 2024. In January 2025, Government accepted the assessment that an investment led, non-charging GM CAP will achieve compliance with nitrogen dioxide levels on the local road network in the shortest possible time and by 2026 at the latest. Once the Greater Manchester Authorities receive a formal direction under the Environment Act 1995, conversations can take place with suppliers, contingency costs can be reviewed and a final view on the deliverability of the scheme within the funding envelope can be taken. Once the direction has been received and this financial assessment has been undertaken, updates to costs and revenues will be included in the quarterly outturn reports. Funding remains available within the government grants previously awarded.

## 5. Reserves

5.1 An analysis of the forecast and budgeted movements in transport related reserves for 2024/25 and 2025/26 is set out below:

| <b>Transport Reserves and Balances</b>                        | <b>Closing Balance 31 March 2024</b> | <b>2024/25 Planned Use</b> | <b>Projected Closing Balance 31 March 2025</b> | <b>2025/26 Planned Use</b> | <b>Projected Closing Balance 31 March 2026</b> |
|---|--------------------------------------|----------------------------|--|----------------------------|--|
|   | <b>£000</b>                          | <b>£000</b>                | <b>£000</b>                                    | <b>£000</b>                | <b>£000</b>                                    |
| <b><u>General Revenue Reserves</u></b>                        |                                      |                            |  |                            |  |
| TfGM General Reserve  | (3,851)                              | -                          | (3,851)  |                            | (3,851)  |
| GMCA Transport General Reserve                                | (1,085)                              | -                          | (1,085)  |                            | (1,085)  |
|   | (4,936)                              | -                          | (4,936)  | -                          | (4,936)  |
| <b><u>Earmarked Reserves and Revenue Grants Unapplied</u></b> |                                      |                            |  |                            |  |
| <b><i>GMCA</i></b>  |                                      |                            |  |                            |  |
| Capital Programme Reserve                                     | (86,559)                             | (834)                      | (87,393)                                       | 22,838                     | (64,555)                                       |
| Business Rates Top-Up - Highways                              | (71,635)                             | 2,316                      | (69,319)                                       | 5,458                      | (63,861)                                       |
| Integrated Ticketing Reserve                                  | (7,067)                              | 1,800                      | (5,267)  | 1,800                      | (3,467)  |
| Earnback Revenue Reserve                                      | (36,795)                             | 35,256                     | (1,539)  | 820                        | (719)  |
| Revenue Grant Unapplied                                       | (34,150)                             | 10,898                     | (23,252)                                       | -                          | (23,252)                                       |
|   | (236,206)                            | 49,436                     | (186,770)                                      | 30,916                     | (155,854)                                      |
| <b><i>TfGM</i></b>  |                                      |                            |  |                            |  |
| GMCRP - Drive Safe (Unusable)                                 | (9,314)                              | -                          | (9,314)  | -                          | (9,314)  |
| Metrolink   | (149)                                | -                          | (149)  | -                          | (149)  |
| Property Disp (Unusable)                                      | (6,803)                              | -                          | (6,803)  | -                          | (6,803)  |

|                                 |                  |               |                  |               |                  |
|---------------------------------|------------------|---------------|------------------|---------------|------------------|
| Metrolink Future Developments   | (315)            | -             | (315)            | -             | (315)            |
| Metrolink Depreciation          | (4,222)          | -             | (4,222)          | -             | (4,222)          |
| Property Development (Unusable) | (2,144)          | -             | (2,144)          | -             | (2,144)          |
| Other                           | (16,841)         | -             | (16,841)         | -             | (16,841)         |
| Subsidised Bus                  | (1,750)          | -             | (1,750)          | -             | (1,750)          |
|                                 | (41,538)         | -             | (41,538)         | -             | (41,538)         |
| <b>Total</b>                    | <b>(282,680)</b> | <b>49,436</b> | <b>(233,244)</b> | <b>30,916</b> | <b>(202,328)</b> |

## 5.2. General Reserves

5.2.1 Current good practice states that reserves should be maintained at an appropriate level as determined by a detailed business risk review. The forecast balance on the General Reserve as at 31 March 2025 is £1.1m for the Authority and £3.9m for TfGM and there is no planned use of General Reserves in 2025/26.

5.2.2 2025/26 will be the first full year of a fully franchised bus network across Greater Manchester. Following full franchising the authority now takes the risk for both bus and tram farebox income. This changes the overall risk landscape for both TFGM and GMCA. Work has been undertaken to examine the scale of these risks and this work will continue to be developed during the 2025/26 financial year as we gain a deeper understanding of the trends and drivers of patronage levels across the full Bee Network.

5.2.3 In the meantime TFGM assesses a minimum level of reserves required to be circa one month of operating expenses or around £50m. The overall level of usable reserves is therefore in excess of this minimum level following the planned use of reserves in 2025/26.

## 5.3. Capital Programme Reserve

5.3.1 The Authority and TfGM hold certain reserves which are primarily ring-fenced to pay for and manage the risks of delivering their ongoing capital programme. These reserves are revenue reserves and can be used for capital and revenue purposes, including repaying capital and interest on borrowings and to fund Metrolink renewals to ensure system integrity.

5.3.2 The current forecast balance on the Capital Programme Reserve at 31 March 2025 is £87.4m and the forecast at 31 March 2026 is £64.6m. The long-term balance on the Capital Programme Reserve is retained to manage fluctuations in



net revenues from Metrolink, inflation pressures and interest rates for capital financing.

#### **5.4. Business Rates Pilot Top-Up – Highways/Local Transport Plan**

5.4.1 The Authority currently receives revenue funding that is used to support capital spend in GM Local Authorities for highways maintenance and the Local Transport Plan of £35.7m annually. As this is revenue funding it enables flexibility to support the revenue element of capital schemes. When necessary, approval is sought through the Authority to approve delegated authority to the Group CFO to make adjustments between capital funding and this reserve to ensure the correct accounting treatment for planned revenue spend.

#### **5.5. Integrated Ticketing Reserve**

5.5.1 The Integrated Ticketing Reserve had a balance of £7.1m on 31 March 2024. The reserve will be used over a period of time to contribute towards the development and delivery of integrated, including smart, ticketing schemes. Planned use of the reserve is £1.8m in 2024/25 with a proposed further drawdown of £1.8m in 2025/26, which would reduce the balance as at 31 March 2026 to £3.5m.

#### **5.6. Revenue Grants Unapplied Reserve**

5.6.1 This relates to grants received ahead of expenditure such as BSOG+ and Active Travel.

#### **5.7. Joint Road Safety Group Reserve (GMCRP)**

5.7.1 The Greater Manchester Joint Road Safety Group operates as part of TfGM. The forecast and budgeted movements represent the net income generated from the delivery of driver improvement training offset by the cost of investments in road safety schemes.

#### **5.8. Metrolink Reserve**

5.8.1 The Metrolink Reserve was established held to fund development costs relating to the Metrolink network.

## **5.9. Property Depreciation Reserve**

5.9.1 The Property Depreciation Reserve is being used to fund the depreciation costs of the TfGM Head Office. The remaining balance will be applied to match the depreciation charges.

## **5.10. Metrolink Depreciation Reserve**

5.10.1 This reserve is held to fund future depreciation charges on specific Metrolink assets.

## **5.11. Property Development Reserve**

5.11.1 This reserve is held to fund the cost of future expenditure on developing TfGM's property portfolio to support the development of additional property income in the future.

## **5.12. Concessionary Travel Reserve - Bus**

5.12.1 A reserve is held to cover specific costs and manage various risks including the costs of concessions, to the extent that they cannot be managed within the 'core' budget, including the 16-18 travel concession and weekly capped fares.

## **5.13. Subsidised Bus Reserve**

5.13.1 This reserve has been generated by historic underspend against the subsidised bus budget.

## **6. Legal Issues**

6.1 In coming to decisions in relation to the revenue budget the Authority has various legal and fiduciary duties. The amount of the transport levy and statutory charge must be sufficient to meet the Authority's legal and financial commitments, ensure the proper discharge of its statutory duties and lead to a balanced budget.

6.2 In exercising its fiduciary duty, the Authority should be satisfied that the proposals put forward are a prudent use of the Authority's resources in both the short and long term and that they are acting in good faith for the benefit of the community whilst complying with all statutory duties.

## **6.3. Duties of the Group Chief Finance Officer (CFO)**

6.3.1 The Local Government Finance Act 2003 requires the CFO to report to the Authority on the robustness of the estimates made for the purposes of the

calculations and the adequacy of the proposed financial reserves. The Authority has a statutory duty to have regard to the CFOs report when making decisions about the calculations.

- 6.3.2 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Authority to monitor during the financial year its expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Authority must take such action as it considers necessary to deal with the situation. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves.
- 6.3.3 Under Section 114 of the Local Government Finance Act 1988, where it appears to the CFO that the expenditure of the Authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure, the CFO has a duty to make a report to the Authority.
- 6.3.4 The report must be sent to the Authority's External Auditor and every Member of the Authority, and the Authority must consider the report within 21 days at a meeting where it must decide whether it agrees or disagrees with the views contained in the report and what action (if any) it proposes to take in consequence of it. In the intervening period between the sending of the report and the meeting which considers it, the authority is prohibited from entering into any new agreement which may involve the incurring of expenditure (at any time) by the authority, except in certain limited circumstances where expenditure can be authorised by the CFO. Failure to take appropriate action in response to such a report may lead to the intervention of the Authority's Auditor.

## **6.4. Reasonableness**

- 6.4.1 The Authority has a duty to act reasonably taking into account all relevant considerations and not considering anything which is irrelevant. This Report sets out the proposals from which Members can consider the risks and the arrangements for mitigation set out below.

## **6.5. Risks and Mitigation**

- 6.5.1 The Group CFO has examined the major assumptions used within the budget calculations and considers that they are prudent, based on the best information

currently available. A risk assessment of the main budget headings for which the Authority will be responsible has been undertaken and the key risks identified are as follows;

- a. The risk that net revenues from Bus Franchising are not sustainable from operating income streams. The Assessment for Bus Franchising included a number of mitigating sources for this risk.
- b. For anticipated borrowings current market interest rate forecasts have been used. While these costs have been budgeted, there remains a risk that until the costs are fixed actual costs may exceed budget. This risk is mitigated by the specific Capital Programme Reserve.
- c. The complex nature of the significant capital developments being undertaken to enhance and extend the transport network is another key risk area. Whilst these projects and programmes are subject to rigorous management and governance arrangements and each contains an appropriate level of risk allowance and contingency, there remains an inherent financial risk with any programme of this size.

## Greater Manchester Combined Authority

Date: 7 February 2025

Subject: GMCA General Revenue Budget 2025/26 (**Budget Paper D**)

Report of: Cllr David Molyneux, Portfolio Lead for Resources and  
Steve Wilson, Group Chief Finance Officer, GMCA

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### PURPOSE OF REPORT

The report sets out the Greater Manchester Combined Authority (GMCA) General Revenue Budget for 2025/26. The proposed local authority contributions to be approved for 2025/26 of £7.95m are included within the report together with the consequential allocations to the individual Councils. The contribution includes a reduction of £650k to be returned to local authorities through the delivery of efficiencies across the GMCA group.

### RECOMMENDATIONS:

The GMCA is requested to consider the recommendations below:

1. Approve the budget relating to the Greater Manchester Combined Authority functions excluding transport and waste in 2025/26 as set out in section 2 of this report.
2. Approve local authority contributions of £7.95 million as set out in section 5 of this report including the recurrent reduction of £650,000 to be delivered through group efficiencies in 2025/26 ahead of further reductions in future years
3. Approve the use of reserves as set out in section 6 of the report.
4. Approve the establishment of a two-year fixed term group Chief Transformation Officer at a grade up to SM3 and the establishment of seven fixed-term senior programme director posts, up to grade SM3, to support the delivery of growth location

programmes.

## **CONTACT OFFICERS:**

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**Equalities Implications: N/A**

**Climate Change Impact Assessment and Mitigation Measures: N/A**

**Risk Management** – An assessment of the potential budget risks faced by the authority are carried out quarterly as part of the annual financial planning process and quarterly monitoring process.

**Legal Considerations** – See section 7 of the report.

**Financial Consequences – Revenue** – The report sets out the planned budget strategy for 2025/26.

**Financial Consequences – Capital** – There are no specific capital considerations contained within the report.

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

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

## **BACKGROUND PAPERS:**

Report to Greater Manchester Combined Authority: GMCA General Budget 2024/25 – 09 February 2024

Report to Greater Manchester Combined Authority: Revenue Update 2024/25 – 29 November 2024

## **TRACKING/PROCESS**

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

**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

Overview & Scrutiny Committee - 5<sup>th</sup> February 2025

## **1. INTRODUCTION AND BACKGROUND**

- 1.1 This report provides details of the proposed Greater Manchester Combined Authority (GMCA) Revenue General budget for 2025/26. The budgets for Mayoral activities including Fire and Police, Transport and Waste services are reported separately.
- 1.2 The GMCA General Budget is made up of the Corporate Service directorate and programme directorates which lead on specific areas of work, the majority of which are funded by government grants:
- Corporate Services
  - Core Investment Team
  - Digital
  - Economy
  - Environment
  - Place
  - Public Service Reform
  - Education, Work and Skills
- 1.3 The 2025/26 GMCA general budget reflects the latest position for GMCA taking account of devolved funding, the new integrated settlement, specific grant funding and new cost pressures such as pay and price inflation. GMCA will achieve a balanced budget for the year ahead, and will ensure activities achieve value for money, add value and drive progress against priorities set out in the GMCA Corporate Plan.
- 1.4 The GM Council contributions in relation to the GMCA General budget are set out in section 5 and Appendix 3 to the report. The reserves are detailed within section 6 of the report including planned utilisation in 2024/25 and 2025/26. The Authority's legal obligations and the responsibility of the Chief Financial Officer to the Combined Authority (CA) are also set out in section 7 of the report.



1.5 The GMCA General proposed budget for 2025/26 is £246,581m which is a decrease of £28,608m compared to 2024/25 original budget. The report provides information on the GMCA corporate budget in Section 3 and programme budgets in Section 4. The table below summarises the overall proposed 2025/26 GMCA General revenue budget compared to the 2024/25 original budget approved by GMCA in February 2024.

| Total GMCA General Revenue Budget  | Original        | Proposed        | Change         |
|------------------------------------|-----------------|-----------------|----------------|
|                                    | Budget          | Budget          |                |
|                                    | 2024/25         | 2025/26         |                |
| <b>Expenditure</b>                 | <b>£000</b>     | <b>£000</b>     | <b>£000</b>    |
| GMCA Corporate Services            | 31,226          | 32,324          | 1,098          |
| Digital                            | 2,873           | 3,837           | 964            |
| Economy                            | 4,960           | 16,339          | 11,379         |
| Environment                        | 3,071           | 6,014           | 2,943          |
| Place                              | 55,511          | 41,194          | -14,317        |
| Public Service Reform              | 39,691          | 21,232          | -18,459        |
| Education, Work and Skills         | 131,245         | 121,461         | -9,784         |
| Core Investment Team               | 2,553           | 4,180           | 1,627          |
| Mayoral Election                   | 4,055           | 0               | -4,055         |
| <b>Total Expenditure</b>           | <b>275,185</b>  | <b>246,581</b>  | <b>-28,604</b> |
| Government Grants                  | -204,848        | -168,614        | 36,234         |
| District Contributions             | -8,503          | -7,953          | 550            |
| Internal Recharges                 | -30,841         | -30,522         | 320            |
| Retained Business Rates (approved) | -10,531         | -7,420          | 3,110          |
| Earmarked Reserves                 | -7,221          | -12,830         | -5,609         |
| Other Income                       | -13,242         | -19,242         | -6,000         |
| <b>Total Funding</b>               | <b>-275,185</b> | <b>-246,581</b> | <b>28,605</b>  |
| <b>Net Expenditure</b>             | <b>0</b>        | <b>0</b>        | <b>0</b>       |

## 2. Financial Planning and Devolution

### Integrated Settlement

2.1 The Trailblazer Devolution Deal agreed between Greater Manchester and the national Government in March 2023 agreed that some functions devolved to the GMCA would be funded through an Integrated Settlement (at that point referred to as a 'Single Settlement'). Alongside the November 2023 Autumn Statement, the Government published a "Memorandum of Understanding" (MoU) on the forthcoming GMCA and West Midlands Combined Authority Single Settlements.

- 2.2 Through this mechanism, in areas where GMCA has functional responsibilities, GMCA will automatically receive an allocation of funding from national programmes. The functional areas agreed were Local Growth & Place, Housing, Skills, Transport and Retrofit (some Employment Support has since been added). GMCA will have some flexibilities to move funding between functional areas and decide locally how it is invested. However, in return for the funding, GM will need to deliver a number of outcomes agreed with the national Government through a single outcomes framework, replacing the multiple frameworks the previously served as the accountability framework with national Government.
- 2.3 The amount of funding in the Integrated Settlement will be determined by how much is allocated to programmes in the functional areas at a national level. Funding will therefore increase or decrease in line with national decisions made in the Spending Review process. It incorporates funding which is already being delivered in GM (e.g. through the UK Shared Prosperity Fund, the Brownfield Land Fund, the City Regional Sustainable Transport Settlement and the Adult Education Budget). It is not, therefore, additional funding. However, there is much greater local flexibility over how that funding can be allocated.
- 2.4 The October 2024 Spending Review confirmed the Integrated Settlement as part of the Spending Review process, and on 20<sup>th</sup> December 2024 national Government published details of the majority of the funding which will be available to GMCA through the Settlement in the 2025-26 financial year. Discussions are continuing with national Government about the outcomes which will need to be delivered with that funding.
- 2.4.1 Given the outcomes which will need to be agreed with national Government for delivery through the Integrated Settlement, and the development of wider outcomes in the Greater Manchester Strategy (e.g. in areas not currently covered by the Integrated Settlement), the central principle guiding GMCA's approach to flexible funding is to be outcomes-led.

2.4.2 In light of this, it is proposed that the approach to the first year of the Integrated Settlement is transitional, given the need to maintain delivery of programmes which are already being nationally funded but which will now be incorporated within the Integrated Settlement, while using the flexibilities of the integrated settlement where there is a clear opportunity to do so. The fact that the outcomes which will need to be delivered through the Integrated Settlement are still being negotiated also means there will be no fundamental changes to the way in which funding is allocated between functional areas. The objective for year one (2025/26) is to use flexibilities where possible and to provide an opportunity to test and refine approaches ready to maximise the opportunity from year two (2026/27) onwards. There will also be significant opportunities to use the flexibilities within the funding allocations to improve programmes, make processes more efficient and less burdensome, ensure place-based join up between different funding streams, and ensure that every pound being invested through the Settlement is delivering GM's priorities.

2.4.3 A further update on the integrated settlement will be brought to the CA in March including how the final arrangements and flexibilities will operate in 2025/26 and in future years.

### **Retained Business Rates**

2.5 As part of the trailblazer devolution deal the Government confirmed the continuation of the 100% business rates retention arrangements for 10 years. The MOU for this agreement came into effect from 1 April 2024 and takes place for the financial years 2024-25 to 2033-34 inclusive with the aim to:

- Support the long-term financial and economic sustainability and economic growth of the combined authority;
- Support devolution strategy and Levelling Up objectives across local government;
- Provide more control of income and strengthen local accountability, whilst recognising that risk comes with reward and deeper devolution comes with strong accountability.

- 2.6 In addition to the trailblazer 100% retention scheme Greater Manchester also has five designated enhanced business rates zones agreed where growth in business rates is retained for 25 years without any reset.
- 2.7 The 2025/26 GMCA budget reflects the usage of the Retained Business Rates which was approved in March 2024. Proposed new schemes for 2025/26 funded from income expected to be received from 2024/25 retained business rates will be included in a report to the March meeting of the combined authority which will set out the latest position on the overall business rates scheme, proposed investment and the impact of the latest Government plans in relation to business rates including the proposed national reset confirmed for 2026/27.
- 2.8 Retained business rates funding received as a result of the enhanced status of the 5 zones will be subject to a separate allocation process.

### **3. CORPORATE SERVICES BUDGET**

- 3.1. The GMCA Corporate functions include senior management, finance, audit, commercial, digital services, people services, procurement and contracts, legal and governance, information governance, business support, strategy, research, communications and engagement and resilience.
- 3.2 GMCA does not receive any direct government funding to fund corporate functions. Expenditure is met from a combination of recharges to Fire and Rescue, Police and Crime and GMCA devolved programmes (where possible), GM local authority (district) contributions and external income.
- 3.3 The local authority levy up to 2024/25 included funding of £2.6m to support the core function of the Authority. It is proposed that this levy is phased out over a four-year period and the levy recurrently reduced by £2.6m over this period. The proposed GMCA levy for 2025/26 has therefore been reduced by £650k.
- 3.4 The reduction in levy will be funded through the delivery of a commensurate level of efficiencies over the four-year period driven through closer working across the

GMCA group, the removal of duplication and increase corporate efficiencies across the group.

- 3.5 The proposed Corporate Services budget for 2025/26 is £32.3m which is an increase of £1.1m compared to 2024/25. The changes are in relation to:
- Increase in pay and price inflation of **£1.2m** to reflect 2025/26 estimated pay and price pressures including:
    - Pay Inflation - 3% anticipated pay award (£1.1m)
    - Non-Pay pressures – (£0.1m)
  - Additional programme and external income funded staffing mainly relating to Strategy & Communication and Engagement of **£0.3m**.
  - Increase in other pressures mainly as a result of new roles and an increase in grade/hours on numerous corporate services of **£0.7m**
  - However, these increases have been offset as we have budgeted to receive a grant from central government covering the increased cost of National Insurance **-£0.4m**. In addition, we are projecting to make group savings of **-£0.7m**
- 3.6 To support the level of transformation and improvement required across the CA in the next period it is proposed that the authority establish a 2-year fixed term Chief Transformation Officer role (CTO) at a band up to SM3.

3.7 The table below sets out the Corporate Services original budget for 2024/25 and proposed budget for 2025/26. Appendix 1 provides a breakdown of the 2025/26 budget for each of the Corporate Services functions.

| <b>GMCA General Revenue Budget<br/>Corporate Budgets</b> | <b>Original<br/>Budget<br/>2024/25</b> | <b>Proposed<br/>Budget<br/>2025/26</b> | <b>Change</b> |
|--|--|--|---------------|
| Expenditure  | £000                                   | £000                                   | £000          |
| Senior Management  | 793                                    | 848                                    | 55            |
| GM Resilience  | 1,253                                  | 458                                    | -795          |
| Strategy & Research                                      | 4,218                                  | 4,097                                  | -121          |
| Comms, Media & Engagement                                | 2,076                                  | 2,613                                  | 537           |
| Digital  | 6,228                                  | 6,164                                  | -64           |
| Finance, Audit & Commercial                              | 4,415                                  | 5,031                                  | 616           |
| Legal, Info Gov, Demo & Bus Supp                         | 4,115                                  | 4,293                                  | 177           |
| HR/OD inc Mgt Trainees                                   | 4,742                                  | 5,655                                  | 913           |
| Land and Property  | 1,466                                  | 1,394                                  | -72           |
| Tootal   | 1,918                                  | 1,770                                  | -149          |
| <b>Total Expenditure</b>                                 | <b>31,226</b>                          | <b>32,324</b>                          | <b>1,098</b>  |
| Internal recharge  | -24,818                                | -23,587                                | 1,232         |
| Fees, charges and other income                           | -419                                   | -2,914                                 | -2,495        |
| Grant Income   | -215                                   | 0                                      | 215           |
| Retained Business Rates (approved)                       | -343                                   | -653                                   | -309          |
| Earmarked Reserves                                       | -450                                   | -685                                   | -235          |
| District contribution                                    | -2,725                                 | -2,078                                 | 647           |
| Deposit interest   | -2,256                                 | -2,407                                 | -151          |
| <b>Total Funding</b>                                     | <b>-31,226</b>                         | <b>-32,324</b>                         | <b>-1,098</b> |
| <b>Net Expenditure</b>                                   | <b>0</b>                               | <b>0</b>                               | <b>0</b>      |

#### 4. PROGRAMME BUDGETS

4.1 The programme directorates are focused on delivering key areas of work largely funded through a significant number of Government grants, supported by funding from previously approved retained business rates growth, reserves and external income.

4.2 The confirmation of Government funding varies considerably depending upon the nature of the grant. Some programmes have confirmed or indicative funding over a longer-term period and others operate with short term grant funding confirmed on an annual basis. As such financial planning for GMCA programmes is restricted to the information available at the time of setting the budget for the following year and

will be updated throughout the financial year as part of the quarterly financial update reports.

4.3 In addition the programme budget includes:

- The Core Investment Team budget of £3.1m for the running cost of the team and a contribution towards Corporate Service overhead which is fully funded from investment income.

4.4 A description of the directorate programmes which make up the proposed budget for 2025/26 is provided in the table and paragraphs below:

4.5 Funding previously received from the UK Shared Prosperity Fund has been incorporated into the local growth and place pillar within the integrated settlement. The overall funding through this fund has reduced by 19% following a review by the new Government. Detailed final allocations of this funding will be included in a separate paper to be received by the CA in March.

| GMCA General Revenue Budget Programme Budgets | Original        | Proposed        | Change         |
|---|-----------------|-----------------|----------------|
|   | Budget          | Budget          |                |
|   | 2024/25         | 2025/26         |                |
| <b>Expenditure</b>                            | <b>£000</b>     | <b>£000</b>     | <b>£000</b>    |
| Digital                                       | 2,873           | 3,837           | 964            |
| Economy                                       | 4,960           | 16,339          | 11,379         |
| Environment                                   | 3,071           | 6,014           | 2,943          |
| Place   | 55,511          | 41,194          | -14,317        |
| Public Service Reform                         | 39,691          | 21,232          | -18,459        |
| Education, Work and Skills                    | 131,245         | 121,461         | -9,784         |
| Core Investment Team                          | 2,553           | 4,180           | 1,627          |
| Mayoral Election                              | 4,055           | 0               | -4,055         |
| <b>Total Expenditure</b>                      | <b>243,959</b>  | <b>214,257</b>  | <b>-29,702</b> |
| Government Grants                             | -204,633        | -168,614        | 36,019         |
| District Contributions                        | -5,778          | -5,875          | -97            |
| Internal Recharges                            | -6,023          | -6,935          | -912           |
| Retained Business Rates (approved)            | -10,187         | -6,768          | 3,420          |
| Earmarked Reserves                            | -6,771          | -12,144         | -5,374         |
| Other Income                                  | -10,567         | -13,921         | -3,354         |
| <b>Total Funding</b>                          | <b>-243,959</b> | <b>-214,257</b> | <b>29,702</b>  |
| <b>Net Expenditure</b>                        | <b>0</b>        | <b>0</b>        | <b>0</b>       |

## 4.5 Digital

4.5.1 The GM Digital team is committed to delivering on the GM Digital Strategy through a multi-year approach set out in the GM Digital Blueprint. GM Digital collaborates across the GM digital system which includes industry, universities, health, Voluntary, Community and Social Enterprise (VCSE) sector to create opportunities, maximise outcomes and generate inward investment.

4.5.2 The proposed 2025/26 budget for Digital is **£3.8m** which relates to:

- The GM One Network Project, which is a single active network infrastructure across a large proportion of Greater Manchester public sector organisations. The GMCA is the lead body for the delivery of this scheme, other partner organisations include TfGM, Bury Council, Oldham Council, Rochdale Council and Stockport Council. The **£2.4m** expenditure in 2025/26 will be funded by recharge to partners as set out in the collaboration agreement.
- Digital Social Care Records System- NHS GM has been awarded **£1m** of Adult Social Care Digital Transformation Fund allocation, which will be used to support the continued adoption and scaling of social care digital technology. GMCA will distribute the grant funding on the NHS's behalf to registered social care providers.
- The Greater Manchester Digital Platform provides the infrastructure that can be rapidly adopted in many priority areas across Greater Manchester to drive improvements in the health and wealth of our citizens, whether this is in health, care or the wider public sector. The **£0.4m** expenditure in 2025/26 will be funded mainly from external income.

## 4.6 Economy

4.6.1 The Economy Directorate supports key groups including the Economy Board, Local Industrial Strategy Programme Delivery Executive, GM Economic Resilience Group and GM Business Board.



4.6.2 Key priorities for 2025/26 include the continued delivery of commitments in the Greater Manchester Strategy and Local Industrial Strategy programmes, including to support the Foundational Economy, deliver leadership and management support, support international engagement and trade missions, and Leadership and Management, alongside the work of Innovation GM.

4.6.3 The proposed 2025/26 budget for Economy is **£16.3m**, which includes:

- **£2.1m** for the GM Productivity Programme and GM Local Industrial Strategy programmes, both of which are funded from previously agreed retained business rate.
- **£7m** for Investment Zone funded from central government via the integrated settlement. The Investment Zone programme offers Greater Manchester funding for interventions it allows GMCA to support growth and innovation in Advanced Materials and Manufacturing in the city region. This funding is designed to accomplish two important objectives: to bolster national competitiveness in a key priority sector and to contribute to the mitigation of the economic disparities between Greater Manchester and the South East.
- **£1.4m** relating to Marketing Manchester and MIDAS funded from District Contributions of £1.4m.
- **£2.5m** relating to Made Smarter Adoption North West programme fully funded from Government grant, some of which comes directly from central government some of which comes via the integrated settlement.
- **£0.4m** for the Business Growth Hub funded by a grant received by the Department for Business and Trade.
- **£1m** for the Employment Legal Advice, Support to net zero & Journey to Net zero funded from previously agreed retained business rates growth .
- **£2m** for the Economy team funded from a combination of internal recharges £600k , £777k from reserve and £600k coming from retained business rates to fund the Good Employment Charter. Employment Charter was established in 2019, the Greater Manchester Good Employment Charter is a voluntary membership and assessment scheme, which aims to raise employment standards across all sectors and geographies of Greater Manchester.

## 4.7 Environment

4.7.1 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.

4.7.2 The 2025/26 proposed budget is **£6m** relating to the following programmes of work:

- Environment and Low Carbon programme **£221k**, funded from a combination of local authority contributions, internal recharges and previously approved business rates retention allocations. Supports the broad 5 Year Environment Plan delivery.
- **£108k** Pathways 2 Resilience Scheme, a European Union initiative aimed at helping regions and communities adapt to climate change
- **£260k** Sustainable consumption and production programme funded by internal recharges and reserves. Supports behavioural research, communications and programmes as well as staff resources.
- **£223k** Public Sector Decarbonisation Scheme funded via the integrated settlement is aimed to enabling public buildings to achieve net zero and switch to cleaner energy, is available to help schools, primary care and other public sector buildings decarbonise their sites.
- **£1.5m** Low Carbon, funded from service earmarked reserves, GM integrated settlement funding and other income. Supports programmes such as Heat Networks, Smart Energy Generation and Storage, Domestic and Public sector retrofit.
- **£3.7m** Net Zero Accelerator programme, funded from a mix of grant funding from the Department of Energy Security and Net Zero (DESNZ) and previously approved retained business rate allocations. 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.

- Other Environment projects including Natural Environment and ECO 4 are funded from earmarked reserves **£440k**

## 4.8 Place

4.8.1 Place making focuses on the development of individual places 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. The proposed 2025/26 budget for Place Making is **£41.0m** which includes:

- Funding formerly received via the UK Shared Prosperity Fund (UKSPF) **£30.3m** – GMCA has been assigned lead authority for GM and has overall accountability for the funding and how it operates, working closely with Districts and key stakeholders in the design and delivery of UKSPF funded via Integrated Settlement.
  - Supporting Local Business - investment that would support business to thrive, innovate and grow, including any interventions that are best delivered at a larger scale in collaboration with other places, or more locally;
  - Communities and Place – investment to strengthen the social fabric of communities, supporting building pride in place;
  - People and Skills - skills and people related interventions
- Cultural and Social Impact Fund of **£4.4m** funded by District contributions and approved Retained Business Rates to support a new approach to cultural investment 2023-2026, this was agreed by the GMCA in October 2023 following extensive consultation and research over the summer 2022.
- GM Delivery team budget of **£0.9m** funded from earmarked reserves and other external income.

- There is **£5.5m** of budget for Business, Innovation and Enterprise Policy, Planning and Housing, Growth Locations, Flood Risk Management and Create Growth from a combination of external grants, internal recharges, Earmarked Reserves and District contributions.

4.8.2 To support the ambitious growth locations work it is proposed the authority establishes seven new senior programme director roles up to grade SM3 funded from housing investment surpluses.

#### **4.9 Public Service Reform**

4.9.1 Public Service Reform 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.

4.9.2 The proposed 2025/26 budget for Public Service Reform is **£21.2m**. The majority of the budget is funded from Government grants supported by partner contributions, previously agreed retained business rates and use of reserves, this includes:

- Changing Futures funding of **£233k** for 2025/26 from approved Retained Business Rates to improve outcomes for adults experiencing multiple disadvantage.
- The Greater Manchester Homelessness Prevention Strategy provides long term vision and cross sector commitment. Tackling homelessness and rough sleeping will continue to be key priorities and policy objectives in 2025/26, with a total budget of **£15m allocated for the following programmes:**

- **£5.4m** for A Bed Every Night (ABEN) which provides key accommodation and support pathways for people who are experiencing rough sleeping, or at imminent risk. ABEN provides for people with no statutory duty of interim accommodation owed them, including those with No Recourse to Public Funds. This programme is funded from local and national funding, including £0.4m of Rough Sleeping Initiative grant and delivered as one part of a wider system of activity to prevent and relieve rough sleeping.
- **£3.7m** funded via the integrated settlement and reserve for the Community Accommodation Service which supports prison leavers at risk of homelessness by offering temporary accommodation for up to 12 weeks and support thereafter to find and maintain a permanent home.
- **£3.1m** for Housing First which provides person centered interventions and support for people who are and have experienced homelessness and multiple barriers to housing. This is funded via the integrated settlement.
- **£1.8m** funded via the integrated settlement for the Rough Sleeping Initiative which helps local areas provide tailored services addressing housing, mental health, substance misuse and domestic abuse and supports ongoing outreach efforts, data-driven responses to rough sleeping and specialist health services.
- **£0.6m** funded via the integrated settlement for the Rough Sleeper Accommodation Programme (RSAP) which provides wrap around and tailored support services for eligible cohorts that are living in RSAP properties.
- **£0.4m** for Trailblazer which funds internal staffing resource to performance manage the homelessness programmes listed above.
- Other programmes such as Children Services, Special Educational Needs and Disabilities, GM Safeguarding Alliance, School readiness, Bee Well, GM Health Devolution and Media Literacy Taskforce and GM fostering Programme, funded from a combination of grants and external income totalling **£3.6m**.
- PSR Directorate net delivery budget of **£1.4m** funded from partner resources, local authorities contributions, other external income and recharges.
- Ageing Better budget for 2024/25 is **£0.7m**, this includes 'Ageing in Place' pathfinder which is grant funded up to 2025/26.

#### 4.10 Education, Work and Skills

4.10.1 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. The proposed 2025/26 budget is **£121.5m** to support the following programmes:

- The Adult Education Budget (AEB) of **£98.0m** devolved to GM to support the city-region's residents to develop skills needed for life and work funded via integrated settlement.
- The AEB Free Courses for Jobs Fund Adult Level 3 programme funding of **£6.8m**;
- Department for Education (DfE) Skills Bootcamps funding of **£7.5m** funded via integrated settlement to support adults from diverse groups to retrain and help employers to fill skills shortages. The programme provides the opportunity to build up sector specific skills through fully funded and co-funded flexible courses of up to 16 weeks followed by fast track to a guaranteed interview with a local employer.
- Working Well services to support people experiencing or at risk of long term unemployment, including the Work and Health Programme of **£2.5m**, the Individual Placement & Support in Primary Care Programme of **£1.9m** and the Work and Health Pioneers Programme of **£1.0m**.
- The GM Careers Hub supports the development and delivery of schools' and colleges' careers education programmes, with around 200,000 young people aged 11 to 19 supported by the Hub with funding of **£1.1m** for 2025/26.
- Other programmes and delivery resources totalling **£2.6m** such as Youth Employment & Opportunities (including MBACC), Technical Education and Health & Employment.

## 5. BASIS OF APPORTIONMENT OF COSTS TO DISTRICTS

5.1 Constituent Councils meet the GMCA's costs which are reasonably attributable to the exercise of its functions. The amount payable by each Council is determined by apportioning the costs between the Councils in such proportions as they

(unanimously) agree or, in default of such agreement, in proportion to the resident population. The 2011 Order provides flexibility to deal with the apportionment of costs in respect of the functions. Appendix 3 details the apportionment of costs across the GM local authorities (districts).

5.2 The basis of apportioning historic MIDAS and Marketing Manchester budgets is set out below:

- MIDAS recharge of £1,023m – 84% of the funding is split equally between each District with the remaining 16% being split on a population basis.
- Marketing Manchester recharge of £350k - 80% of the funding is split 35% Manchester City Council and the remaining 65% split equally between the other nine Districts, the remaining 20% of the total funding is split on a population basis.

5.3 The Cultural and Social Impact Fund of £3.3m is unchanged and is allocated on the basis of population. Additional funding of £1.1m has previously been approved by GMCA to be met from retained business rates growth.

5.4 The proposed charge to each District is detailed in Appendix 3 and summarised in the table below:

| <b>Local Authority</b> | <b>2024/25</b> | <b>2025/26</b> | <b>Change</b> |
|------------------------|----------------|----------------|---------------|
|                        | <b>£000</b>    | <b>£000</b>    | <b>£000</b>   |
| Bolton                 | 872            | 805            | -67           |
| Bury                   | 605            | 558            | -47           |
| Manchester             | 1,642          | 1,524          | -118          |
| Oldham                 | 731            | 675            | -56           |
| Rochdale               | 589            | 637            | 48            |
| Salford                | 819            | 763            | -56           |
| Stockport              | 868            | 798            | -69           |
| Tameside               | 703            | 648            | -54           |
| Trafford               | 712            | 655            | -57           |
| Wigan                  | 963            | 890            | -73           |
| <b>Total</b>           | <b>8,504</b>   | <b>7,953</b>   | <b>-551</b>   |

## 6. RESERVES

6.1 An analysis of the forecast and budgeted movements in reserves for 2024/25 and 2025/26 is set out below:

| GMCA General and Earmarked Reserves | Opening Balances<br>1 Apr 24<br>£000s | Forecast movement<br>(in)/out<br>2024/25 Quarter<br>3<br>£000s | Forecast Closing Balances<br>31 Mar 25<br>£000s | Forecast movement<br>(in)/out<br>2025/26<br>Budget<br>£000s | Forecast Closing Balances<br>31 Mar 26<br>£000s |
|-------------------------------------|---------------------------------------|--|---|---|---|
| GMCA General Reserve                | -4,273                                | 0  | -4,273  | 0   | -4,273  |
| Business Rates                      | -55,437                               | 34,686   | -21,620   | 7,420   | -13,756   |
| Housing Investment Fund             | -17,502                               | 915  | -16,587   | 17  | -16,570   |
| Core Investment Team                | -8,872                                | 886  | -7,986  | 3,022   | -4,964  |
| Total Investment Reserves           | -26,374                               | 1,801  | -24,573   | 3,039   | -21,534   |
| Total Directorate Reserves          | -61,644                               | 4,117  | -57,527   | 9,791   | -47,736   |
| Total GMCA Reserves                 | -147,728                              | 40,605   | -107,993  | 20,250  | -87,300   |

### 6.2 General GMCA Reserve

The GMCA general reserve is funded through contributions from the GMCA revenue account. The current balance remained at £4.273m at 1<sup>st</sup> April 2024 with no planned change to this reserve as part of the budget proposals in this report.

### 6.3 Business Rates Growth

This reserve had a balance of £46.3 million at 1 April 2024 which reflected the GMCA share of business rates growth up to end of 2023/24. Planned use of the reserve in 2025/25 and 2025/26 is based on approvals by GMCA up to March 2024, which would leave a balance in reserve of £21.6m by 31<sup>st</sup> March 2025 and £14.2m by 31<sup>st</sup> March 2025. Further proposals will be brought forward to GMCA in relation to GMCA share of expected business rates growth for 2025/26 in March 2025.

### 6.4 Investment Reserves

Housing and Core Investment reserves totaling £26.3m at 1<sup>st</sup> April 2024 are not included in the GMCA General budget as they relate to:



- Interest earned on income received in advance will be re-invested within the fund as per grant conditions and arrangement fees may be off set against specific costs associated with the making of the loans.
- Funding to establish revolving investment funds, promoting a long term locally led solution to local infrastructure constraints.
- Interest, arrangement fees and other income earned from loans funded by the funding agreement with Ministry for Homes, Communities and Local Government. The surpluses will be used to support the GM housing strategy.

## 6.5 GMCA Directorate Reserves

Directorate reserves of £62m at 1<sup>st</sup> April 2024 relate to unapplied revenue grants and earmarked reserves for programme delivery in future years. Planned use of reserves in 2024/25 and 2025/26 would leave a balance in reserve of £57.5m by 31<sup>st</sup> March 2025 and £47.7m by 31<sup>st</sup> March 2026. The most significant reserves relate to:

- Resource to support GM wide budget transformation and efficiency programmes and preparations for the implementation of the GM devolution deal.
- Earmarked funding to manage risk with shared accommodation in the Tootal Building and to develop the repurposing of the building;
- Funds adult further education, community learning and discretionary learner support and Working Well reserve;
- Funding to support School Readiness programmes. Aim to improve early years outcomes and to invest in our early years workforce to ensure they have the right skills and competencies to help children achieve their potential
- Other Public Sector Reform reserves including Reform Investment Fund, Changing Futures Programme. Ageing Well Programme and Youth Pathfinder.

## **7. LEGAL ISSUES**

- 7.1 In coming to decisions in relation to the revenue budget the Authority has various legal and fiduciary duties. The amount of the Transport Levy and the amount charged to the Districts in respect of the Authority's General functions must be sufficient to meet the Authority's legal and financial commitments, ensure the proper discharge of its statutory duties and lead to a balanced budget.
- 7.2 In exercising its fiduciary duty the Authority should be satisfied that the proposals put forward are a prudent use of the Authority's resources in both the short and long term and that they are acting in good faith for the benefit of the community whilst complying with all statutory duties.

### **Duties of the Chief Finance Officer**

- 7.3 The Local Government Finance Act 2003 requires the Chief Financial Officers to report to the Authority on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Authority has a statutory duty to have regard to the CFOs report when making decisions about the calculations.
- 7.4 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Authority to monitor during the financial year its expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Authority must take such action as it considers necessary to deal with the situation. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves.
- 7.5 Under Section 114 of the Local Government Finance Act 1988, where it appears to the Treasurer that the expenditure of the GMCA incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure, the Treasurer has a duty to make a report to the Authority.

7.6 The report must be sent to the Authority's External Auditor and every member of the Authority and the Authority must consider the report within 21 days at a meeting where it must decide whether it agrees or disagrees with the views contained in the report and what action (if any) it proposes to take in consequence of it. In the intervening period between the sending of the report and the meeting which considers it, the authority is prohibited from entering into any new agreement which may involve the incurring of expenditure (at any time) by the authority, except in certain limited circumstances where expenditure can be authorised by the Treasurer. Failure to take appropriate action in response to such a report may lead to the intervention of the Authority's Auditor.

#### Reasonableness

7.7 The Authority has a duty to act reasonably taking into account all relevant considerations and not considering anything which is irrelevant. This Report sets out the proposals from which members can consider the risks and the arrangements for mitigation set out below.

#### Risks and Mitigation

7.8 The Chief Financial Officer has examined the major assumptions used within the budget calculations and considers that they are prudent, based on the best information currently available. A risk assessment of the main budget headings for which the GMCA will be responsible has been undertaken.

## **8. RECOMMENDATIONS**

8.1 Detailed recommendations appear at the front of this report.

**Appendix 1**

| GMCA Budget 2025/26                | Total Budget 2024/25 | Local Authority (District) Contribution | Grant Income | Business Rates Reserve | Earmarked Reserves | Internal Recharges | Other External Income | Total Budget 2025/26 | Change       |
|------------------------------------|----------------------|---|--------------|------------------------|--------------------|--------------------|-----------------------|----------------------|--------------|
| -                                  |                      |   |              |                        |                    |                    |                       |                      |              |
| Senior Management                  | 793                  | 73                                      | 0            | 0                      | 0                  | 477                | 298                   | 848                  | 55           |
| Resilience                         | 1,253                | 0                                       | 0            | 0                      | 181                | 115                | 162                   | 458                  | -795         |
| Strategy                           | 1,563                | 487                                     | 0            | 251                    | 0                  | 652                | 149                   | 1,538                | -25          |
| Research                           | 2,656                | 222                                     | 0            | 103                    | 211                | 1,843              | 180                   | 2,559                | -97          |
| Communications, Media & Engagement | 2,076                | 0                                       | 0            | 199                    | 0                  | 1,900              | 514                   | 2,613                | 537          |
| ICT Technology                     | 6,228                | 374                                     | 0            | 0                      | 0                  | 5,087              | 702                   | 6,164                | -64          |
| Tootal Building                    | 1,918                | 0                                       | 0            | 0                      | 0                  | 1,285              | 485                   | 1,770                | -149         |
| Finance - Accountancy              | 2,481                | 116                                     | 0            | 0                      | 0                  | 2,135              | 493                   | 2,743                | 263          |
| Commercial Services                | 1,284                | 190                                     | 0            | 0                      | 0                  | 1,054              | 238                   | 1,482                | 198          |
| Internal Audit and Risk            | 650                  | 66                                      | 0            | 0                      | 0                  | 579                | 162                   | 806                  | 156          |
| Legal Services                     | 445                  | 78                                      | 0            | 0                      | 0                  | 259                | 124                   | 461                  | 15           |
| Information Governance             | 1,901                | 0                                       | 0            | 100                    | 0                  | 789                | 1,107                 | 1,997                | 96           |
| Democratic Services                | 1,014                | 319                                     | 0            | 0                      | 0                  | 611                | 101                   | 1,031                | 17           |
| Business Support                   | 754                  | 34                                      | 0            | 0                      | 0                  | 624                | 146                   | 804                  | 49           |
| HR/OD inc Management Trainees      | 4,742                | 0                                       | 0            | 0                      | 294                | 5,039              | 322                   | 5,655                | 913          |
| Land and Property Strategy         | 1,466                | 120                                     | 0            | 0                      | 0                  | 1,138              | 137                   | 1,394                | -72          |
| <b>Total GMCA Corporate</b>        | <b>31,226</b>        | <b>2,078</b>                            | <b>0</b>     | <b>653</b>             | <b>685</b>         | <b>23,587</b>      | <b>5,321</b>          | <b>32,324</b>        | <b>1,098</b> |

BOLTON      MANCHESTER      ROCHDALE      STOCKPORT      TRAFFORD  
BURY          OLDHAM          SALFORD      TAMESIDE      WIGAN

## Appendix 2

| Programme Budget 2025/26               | District Contribution | Gov Grants   | Integrated Settlement | Other Grants | Business Rates Reserve | Earmarked (Other) Reserves | Internal Recharges | Other External Income | Total Budget 2025/26 |
|--|-----------------------|--------------|-----------------------|--------------|------------------------|----------------------------|--------------------|-----------------------|----------------------|
|  | £000                  | £000         | £000                  | £000         | £000                   | £000                       | £000               | £000                  | £000                 |
| Core Investment                        | 0                     | 38           | 0                     | 0            | 0                      | 3,022                      | 82                 | 0                     | <b>3,143</b>         |
| City Deal - CIT                        | 0                     | 0            | 0                     | 0            | 0                      | 0                          | 0                  | 1,037                 | <b>1,037</b>         |
| <b>Total Core Investment</b>           | <b>0</b>              | <b>38</b>    | <b>0</b>              | <b>0</b>     | <b>0</b>               | <b>3,022</b>               | <b>82</b>          | <b>1,037</b>          | <b>4,180</b>         |
| GM Digital Strategy                    | 0                     | 16           | 0                     | 0            | 0                      | 0                          | 0                  | 0                     | <b>16</b>            |
| Smart Residents Data Exchange Platform | 0                     | 10           | 0                     | 0            | 0                      | 0                          | 0                  | 393                   | <b>403</b>           |
| GM One Network                         | 0                     | 0            | 0                     | 0            | 0                      | 467                        | 576                | 1,326                 | <b>2,368</b>         |
| Digital Social Care                    | 0                     | 0            | 0                     | 1,050        | 0                      | 0                          | 0                  | 0                     | <b>1,050</b>         |
| <b>Total Digital</b>                   | <b>0</b>              | <b>26</b>    | <b>0</b>              | <b>1,050</b> | <b>0</b>               | <b>467</b>                 | <b>576</b>         | <b>1,719</b>          | <b>3,837</b>         |
| Economic Advice                        | 32                    | 0            | 0                     | 0            | 0                      | 0                          | 0                  | 0                     | <b>32</b>            |
| Economy                                | 0                     | 20           | 0                     | 0            | 600                    | 777                        | 592                | 0                     | <b>1,989</b>         |
| Made Smarter Adoption (Phase 2) 22-25  | 0                     | 1,553        | 948                   | 0            | 0                      | 0                          | 0                  | 0                     | <b>2,500</b>         |
| Investment Zones                       | 0                     | 0            | 6,960                 | 0            | 0                      | 0                          | 0                  | 0                     | <b>6,960</b>         |
| MIDAS                                  | 1,023                 | 0            | 0                     | 0            | 0                      | 0                          | 0                  | 0                     | <b>1,023</b>         |
| Marketing Manchester                   | 350                   | 0            | 0                     | 0            | 0                      | 0                          | 0                  | 27                    | <b>377</b>           |
| Business Growth Hub - BIS              | 0                     | 0            | 380                   | 0            | 0                      | 0                          | 0                  | 0                     | <b>380</b>           |
| GM Local Industrial Strategy           | 0                     | 0            | 0                     | 0            | 2,010                  | 60                         | 0                  | 0                     | <b>2,070</b>         |
| Economy 22/23 RBR Programmes           | 0                     | 0            | 0                     | 0            | 1,008                  | 0                          | 0                  | 0                     | <b>1,008</b>         |
| <b>Total Economy</b>                   | <b>1,405</b>          | <b>1,572</b> | <b>8,288</b>          | <b>0</b>     | <b>3,618</b>           | <b>837</b>                 | <b>592</b>         | <b>27</b>             | <b>16,339</b>        |
| Environment and Low Carbon             | 207                   | 4            | 0                     | 0            | 10                     | 0                          | 0                  | 0                     | <b>221</b>           |
| Natural Course                         | 0                     | 4            | 0                     | 0            | 0                      | 4                          | 0                  | 0                     | <b>8</b>             |

|  |       |       |        |       |       |       |     |     |        |
|--|-------|-------|--------|-------|-------|-------|-----|-----|--------|
| Pathways to Resilience                     | 0     | 0     | 0      | 108   | 0     | 0     | 0   | 0   | 108    |
| 5YEP                                       | 0     | 33    | 542    | 70    | 0     | 97    | 550 | 32  | 1,323  |
| Public Sector Decarbonisation Scheme       | 0     | 0     | 223    | 0     | 0     | 0     | 0   | 0   | 223    |
| ECO LA Flex                                | 0     | 0     | 0      | 0     | 0     | 0     | 0   | 171 | 171    |
| IUK Net Zero Living                        | 0     | 0     | 0      | 3,700 | 0     | 0     | 0   | 0   | 3,700  |
| Sustainable Consumption and Production     | 0     | 3     | 0      | 0     | 0     | 0     | 257 | 0   | 259    |
| <b>Total Environment</b>                   | 207   | 43    | 765    | 3,878 | 10    | 101   | 807 | 202 | 6,014  |
| Business, Innovation and Enterprise Policy | 189   | 7     | 0      | 0     | 0     | 78    | 104 | 0   | 378    |
| Planning and Housing                       | 217   | 20    | 0      | 0     | 0     | 577   | 280 | 246 | 1,339  |
| Cultural and Social Impact Fund            | 3,300 | 0     | 0      | 0     | 1,125 | 0     | 0   | 0   | 4,425  |
| Delivery of the Housing Strategy           | 0     | 1     | 0      | 0     | 0     | 34    | 0   | 0   | 35     |
| Voluntary, Community & Social Enterprise   | 0     | 0     | 0      | 0     | 0     | 62    | 228 | 290 | 581    |
| 2049 - Housing Delivery                    | 0     | 0     | 0      | 0     | 105   | 0     | 0   | 0   | 105    |
| Net Zero Social Homes                      | 0     | 0     | 0      | 0     | 80    | 250   | 0   | 0   | 330    |
| GM Delivery Team (HIF)                     | 0     | 12    | 0      | 0     | 0     | 929   | 0   | 0   | 941    |
| Place Graduate Programme 2                 | 0     | 10    | 0      | 0     | 546   | 0     | 0   | 0   | 556    |
| UK Shared Prosperity Fund                  | 0     | 13    | 30,336 | 0     | 0     | 0     | 0   | 0   | 30,349 |
| Good Landlord Scheme                       | 0     | 0     | 0      | 0     | 0     | 394   | 0   | 0   | 394    |
| Growth Locations                           | 0     | 2     | 0      | 0     | 292   | 482   | 0   | 0   | 776    |
| Brownfield Fund (BF)                       | 0     | 0     | 0      | 0     | 0     | 245   | 0   | 0   | 245    |
| Create Growth                              | 0     | 0     | 425    | 0     | 0     | 0     | 0   | 0   | 425    |
| Flood Risk & Integrated Water Management   | 0     | 7     | 0      | 0     | 308   | 0     | 0   | 0   | 315    |
| <b>Total Place</b>                         | 3,706 | 72    | 30,761 | 0     | 2,455 | 3,051 | 612 | 536 | 41,194 |
| Children's Services                        | 0     | 2     | 0      | 0     | 0     | 0     | 153 | 0   | 155    |
| Ageing Better                              | 109   | 5     | 0      | 0     | 0     | 140   | 9   | 0   | 263    |
| GM Trailblazer                             | 0     | 5     | 0      | 0     | 0     | 99    | 329 | 0   | 433    |
| Public Service Reform                      | 404   | 15    | 0      | 0     | 0     | 495   | 347 | 152 | 1,413  |
| Housing First                              | 0     | 3,103 | 0      | 0     | 0     | 0     | 0   | 0   | 3,103  |

|  |            |              |          |              |            |              |              |              |               |
|--|------------|--------------|----------|--------------|------------|--------------|--------------|--------------|---------------|
| Ageing in place pathfinder                       | 0          | 3            | 0        | 327          | 0          | 89           | 0            | 0            | <b>419</b>    |
| Creative Health                                  | 0          | 0            | 0        | 60           | 0          | 0            | 2            | 16           | <b>78</b>     |
| Children & Young People Core costs               | 0          | 1            | 0        | 0            | 0          | 0            | 0            | 118          | <b>119</b>    |
| School Readiness                                 | 0          | 4            | 0        | 0            | 0          | 1,050        | 0            | 0            | <b>1,055</b>  |
| GM Creative Health Place Partnership             | 0          | 1            | 0        | 458          | 0          | 0            | 33           | 30           | <b>523</b>    |
| A Bed Every Night                                | 0          | 100          | 0        | 0            | 0          | 0            | 3,231        | 2,100        | <b>5,431</b>  |
| Rough Sleeping Initiative                        | 0          | 1,825        | 0        | 0            | 0          | 0            | 0            | 0            | <b>1,825</b>  |
| Rough Sleeper Accommodation Programme            | 0          | 605          | 0        | 0            | 0          | 5            | 0            | 0            | <b>610</b>    |
| Special Educational Needs & Disabilities         | 0          | 1            | 0        | 0            | 0          | 0            | 0            | 283          | <b>284</b>    |
| Community Accommodation                          | 0          | 3,507        | 0        | 0            | 0          | 227          | 0            | 0            | <b>3,734</b>  |
| GM Fostering Programme                           | 0          | 110          | 0        | 0            | 0          | 0            | 0            | 0            | <b>110</b>    |
| Regional Care Co-operatives Pathfinder Programme | 0          | 147          | 0        | 0            | 0          | 0            | 0            | 419          | <b>566</b>    |
| Live Well  | 0          | 2            | 0        | 270          | 0          | 0            | 0            | 156          | <b>428</b>    |
| Changing Futures                                 | 0          | 3            | 0        | 0            | 230        | 0            | 0            | 0            | <b>234</b>    |
| Gambling Harm                                    | 0          | 3            | 0        | 234          | 0          | 0            | 0            | 0            | <b>237</b>    |
| BeeWell  | 0          | 3            | 0        | 0            | 0          | 51           | 66           | 93           | <b>214</b>    |
| <b>Total Public Service Reform</b>               | <b>512</b> | <b>9,448</b> | <b>0</b> | <b>1,349</b> | <b>230</b> | <b>2,156</b> | <b>4,170</b> | <b>3,366</b> | <b>21,232</b> |
| Work and Skills                                  | 45         | 18           | 0        | 0            | 0          | 1,050        | 84           | 0            | <b>1,197</b>  |
| Careers & Enterprise                             | 0          | 18           | 0        | 757          | 0          | 388          | 0            | 0            | <b>1,164</b>  |
| Work & Health Programme                          | 0          | 2,382        | 0        | 0            | 0          | 107          | 11           | 0            | <b>2,501</b>  |
| Adult Education Budget                           | 0          | 21           | 97,983   | 0            | 0          | 0            | 0            | 0            | <b>98,004</b> |
| Individual Placement and Support in Primary Care | 0          | 1,880        | 0        | 0            | 0          | 0            | 0            | 0            | <b>1,880</b>  |
| Work & Health Pioneers                           | 0          | 993          | 0        | 0            | 0          | 0            | 0            | 0            | <b>993</b>    |
| Youth Employment & Opportunities                 | 0          | 14           | 0        | 0            | 454        | 233          | 0            | 0            | <b>701</b>    |
| DfE – Skills Bootcamps                           | 0          | 8            | 7,500    | 0            | 0          | 0            | 0            | 0            | <b>7,508</b>  |
| Health & Employment                              | 0          | 8            | 0        | 0            | 0          | 489          | 0            | 0            | <b>497</b>    |
| AEB -National Skills Fund Level 3 Adult Offer    | 0          | 6,770        | 0        | 0            | 0          | 0            | 0            | 0            | <b>6,770</b>  |
| AEB - Multiply                                   | 0          | 4            | 0        | 0            | 0          | 242          | 0            | 0            | <b>247</b>    |

|                              |       |        |         |       |       |        |       |       |         |
|------------------------------|-------|--------|---------|-------|-------|--------|-------|-------|---------|
| <b>Total Work and Skills</b> | 45    | 12,117 | 105,483 | 757   | 454   | 2,510  | 96    | 0     | 121,461 |
| <b>GMCA Programme Total</b>  | 5,875 | 23,317 | 145,297 | 7,034 | 6,768 | 12,144 | 6,935 | 6,887 | 214,257 |

### Appendix 3

| 2025/26 Local Authority<br>(District) Contribution | Mid-Year Population 2023 |             | GMCA<br>General<br>Budget | Cultural<br>& Social<br>Impact<br>Fund | Marketing Manchester |           |            | MIDAS      |            |              | Total        |
|--|--------------------------|-------------|---------------------------|--|----------------------|-----------|------------|------------|------------|--------------|--------------|
|  |                          |             |                           |  | 80%                  | 20%       | Total      | 84%        | 16%        | Total        |              |
|  |                          |             | £000                      | £000                                   | £000                 | £000      | £000       | £000       | £000       | £000         | £000         |
| Bolton   | 302,383                  | 10.26%      | 336                       | 339                                    | 20                   | 7         | 27         | 86         | 17         | 103          | 805          |
| Bury   | 195,476                  | 6.63%       | 217                       | 221                                    | 20                   | 5         | 25         | 86         | 11         | 97           | 560          |
| Manchester   | 579,917                  | 19.67%      | 645                       | 645                                    | 98                   | 14        | 112        | 86         | 32         | 118          | 1,520        |
| Oldham   | 246,130                  | 8.35%       | 274                       | 276                                    | 20                   | 6         | 26         | 86         | 14         | 100          | 675          |
| Rochdale   | 229,756                  | 7.79%       | 256                       | 257                                    | 20                   | 5         | 26         | 86         | 13         | 99           | 637          |
| Salford  | 284,106                  | 9.64%       | 316                       | 315                                    | 20                   | 7         | 27         | 86         | 16         | 102          | 760          |
| Stockport  | 299,545                  | 10.16%      | 333                       | 336                                    | 20                   | 7         | 27         | 86         | 17         | 103          | 799          |
| Tameside   | 234,666                  | 7.96%       | 261                       | 264                                    | 20                   | 6         | 26         | 86         | 13         | 99           | 650          |
| Trafford   | 237,480                  | 8.05%       | 264                       | 268                                    | 20                   | 6         | 26         | 86         | 13         | 99           | 657          |
| Wigan  | 339,174                  | 11.50%      | 377                       | 379                                    | 20                   | 8         | 28         | 86         | 19         | 105          | 889          |
| <b>Total</b>                                       | <b>2,948,633</b>         | <b>100%</b> | <b>3,280</b>              | <b>3,300</b>                           | <b>280</b>           | <b>70</b> | <b>350</b> | <b>859</b> | <b>164</b> | <b>1,023</b> | <b>7,953</b> |



## Greater Manchester Combined Authority

Date: 7 February 2025

Subject: Waste Budget and Resources - Budget and Levy 2025/26 and Medium-Term Financial Plan to 2027/28 (**Budget Paper E**)

Report of: Cllr David Molyneux, Portfolio Lead for Resources and Steve Wilson, Group Chief Finance Officer, GMCA

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### Purpose of Report

The purpose of the report is to approve the budget and levy for 2025/26 and the Medium-Term Financial Plan (MTFP) to 2027/28. Those plans are delivered by:

1. A total levy requirement for 2025/26 of £179.2m, which represents a 2.8% average increase over 2024/25. At a District level, the levy changes range from 2.2% to 3.6%; and
2. The MTFP then proposes levy charges of £192.2m in 2026/27 and £199.4m in 2027/28.

### Recommendations:

The Committee is recommended to:

1. Note the forecast outturn for 2024/25, and approve a return of £10m of reserves to Districts from the forecast in-year underspend;
2. Approve the proposed 2026/27 Trade Waste rate of £141.94 to allow forward planning by Districts;
3. Approve the capital programme for 2025/26 as set out in Appendix A;
4. Approve the budget and levy for 2025/26 of £179.2m (2.8% increase); and
5. Note the risk position set out in the Balances Strategy and approve a further return of £20m of reserves to Districts in 2025/26.

6. Approve the proposal to a partial return of funds to Districts from the packaging Extended Producer Responsibility Scheme (pEPR) and delegate responsibility to the Group CFO to finalise the amount, estimated to be £17.7m, once the final notice of assessment is received from Department for Environment, Food & Rural Affairs (DEFRA).

## **Contact Officers**

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Lindsey Keech, Head of Finance (Capital and Treasury Management)

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Report authors must identify which paragraph relating to the following issues:

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

N/A

## **Risk Management**

Under Section 25 of the Local Government Act 2003, the Authority's Chief Financial Officer is required to report on the robustness of the estimates made for the purposes of the budget and levy calculations and the adequacy of the proposed reserves. This information enables a longer-term view of the overall financial position to be taken.

In accordance with these requirements a review has been undertaken of the risks that the Authority may face from Waste & Resources activities which would require the allocation of resources over and above those already included in the MTFP budgets. That review broadly supports the proposed Revenue and Balances Strategy.

## **Legal Considerations**

Please refer to risk management section above.

## **Financial Consequences – Revenue**

This report sets out the proposed Revenue budget for waste disposal in 2025/26.

## **Financial Consequences – Capital**

This report sets out the proposed capital budget for waste disposal in 2025/26.

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

1 - Appendix A - Capital Programme

2 - Appendix B – Forecast Levy Increases per Districts

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

N/A

## **Background Papers**

N/A

## **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?

## **GM Transport Committee**

N/A

## **Overview and Scrutiny Committee**

22<sup>nd</sup> and 29<sup>th</sup> January 2025 - Final proposals to Waste & Recycling Committee and Scrutiny Committee

# **1. Introduction/Background**

## **1.1. Base Budget for 2025/26**

The base budget for 2025/26 has been compiled and updated based upon:

- a) District final tonnage information, as supplied in their October 2024 submissions;
- b) Actual inflation (as measured using the CPI September 2024 index) for the Waste and Resource Management Services (WRMS) and Household Waste Recycling Centre Management Services Contracts (HWRCMS); and
- c) Exclusion of income from the new packaging Extended Producer Responsibility Scheme (pEPR). The Authority has received a provisional notice of assessment with estimated total income of £22.7m. Due to the provisional nature of this large amount, the Authority intends to make a refund to Districts later in the year. That amount is expected to be £17.7m with the balance being placed in a reserve for use in future years.

## **1.2. Report Structure**

This report is structured to cover the following matters:

- a) Expected Outturn 2024/25;
- b) Original Estimate 2025/26;
- c) MTFP for two further years to 2027/28;
- d) Balances and Reserves Strategy;
- e) Budget Engagement; and
- f) Risk Assessment.

# **2. Expected Outturn 2024/25**

## **2.1. Revenue**

The budget for 2024/25 was set by the Authority at £178.3m with a contribution from reserves of £4m in February 2024. The forecast outturn position for 2024/25 is shown below.

|                             | <b>Budget<br/>2024/25<br/>£m</b> | <b>Forecast<br/>2024/25<br/>£m</b> | <b>Variance<br/>2024/25<br/>£m</b> |
|-----------------------------|----------------------------------|------------------------------------|------------------------------------|
| Operational Costs           | 116.326                          | 107.602                            | (8.724)                            |
| Operational Financing       | 55.104                           | 54.686                             | (0.418)                            |
| Office Costs                | 6.245                            | 5.681                              | (0.564)                            |
| Non-Operational Financing   | 0.599                            | 0.599                              | -                                  |
| <b>Total Budget</b>         | <b>178.274</b>                   | <b>168.568</b>                     | <b>(9.706)</b>                     |
| Levy                        | (174.274)                        | (174.274)                          | -                                  |
| Levy Adjustment             | -                                | 0.018                              | 0.018                              |
| One-Off Return of Reserves  | -                                | 30.000                             | 30.000                             |
| Transfer (from)/to reserves | (4.000)                          | (24.312)                           | (20.312)                           |
| Levy                        | <b>(178.274)</b>                 | <b>(168.568)</b>                   | <b>9.706</b>                       |

The forecast underspend in Operational Costs is largely driven by savings on residual waste treatment due to lower than forecast tonnages of waste (£2.6m) and forecast income from paper/card and commingled waste being above budget (£2.6m). A combination of other costs projected to be below the forecast budget (£3.5m). Forecast share of third-party income from TPSCo is currently above budget by £2.2m.

The forecast underspend on operational financing arises from a slight reduction in the Minimum Revenue Provision charge for the year and the interest paid on the short term borrowed debt.

The forecast underspend on office costs is largely a result of lower than expected consultancy fees. Spend associated with waste compositional analysis has been reprofiled into 2025/26. Underspends have also been generated by staff vacancies and reduced premises expenditure.

The current Levy Allocation Methodology Agreement (LAMA) provides for in-year adjustments to be made when actual waste arisings vary from declared levels. Based upon updated forecast tonnages an indicative outturn position

has been calculated which predicts at District level, adjustments may be needed as set out below.

|              | <b>Charge/ (Refund)<br/>£m</b> |
|--------------|--------------------------------|
| Bolton       | 0.081                          |
| Bury         | (0.025)                        |
| Manchester   | (0.204)                        |
| Oldham       | (0.159)                        |
| Rochdale     | 0.011                          |
| Salford      | (0.019)                        |
| Stockport    | 0.043                          |
| Tameside     | 0.054                          |
| Trafford     | 0.200                          |
| <b>Total</b> | <b>(0.018)</b>                 |

## 2.2. Capital

A revised capital programme is shown below:

|                        | <b>Budget<br/>£m</b> | <b>Forecast<br/>£m</b> | <b>Variance<br/>£m</b> |
|------------------------|----------------------|------------------------|------------------------|
| Operational assets     | 9.070                | 9.179                  | (0.109)                |
| Non-Operational assets | 0.200                | 0.200                  | -                      |
| <b>Total</b>           | <b>9.270</b>         | <b>9.379</b>           | <b>(0.109)</b>         |

The main changes to the assumptions around Operational Assets are the reprofiling of works to build a new Household Waste Recycling Centre (HWRC) at Reliance Street, Newton Heath into 2025/26 and the commencement of works at Raikes Lane, Bolton to increase reliability and throughput and address a number of historical issues at the site. In addition, there is a reprofiling of the spend on mobile plant and equipment into 2025/26.

### 3. Original Estimates 2025/26

#### 3.1. Revenue

A base budget has been produced based upon achieving the vision and objectives set out in the Greater Manchester Waste Management Strategy.

The effect of the above is to produce a £4.937m increase in net budget requirement for 2024/25 (2.8% increase) as below:

|                           | <b>Budget<br/>2025/26<br/>£m</b> |
|---------------------------|----------------------------------|
| Operational Costs         | 119.952                          |
| Operational Financing     | 56.692                           |
| Office Costs              | 6.173                            |
| Non-Operational Financing | 0.394                            |
| Total Budget              | <u>183.211</u>                   |
| Use of Reserves           | <u>(4.000)</u>                   |
| Levy                      | 179.211                          |

#### 3.2. Levy Apportionment

The tonnages supplied by Districts, in October 2024, have been subjected to scrutiny by the Waste & Resources Team and detailed discussions with District Waste Chief Officers. Future year's projections also include the impact of population/ housing growth.

The method of allocating the levy to Districts has a provision allowing for the rebasing of tonnages used to allocate fixed costs. This rebasing has taken place for the setting of the 2025/26 levy.

The tonnage forecasts mean that individual Districts allocations will vary from the average of 2.8% increase and have a range of 1.4% (covering 2.2% to 3.6%). The final allocations to Districts can be summarised as:

| <b>District</b> | <b>2024/25<br/>Levy<br/>£m</b> | <b>2025/26<br/>Levy<br/>£m</b> | <b>Increase/<br/>(Decrease)<br/>£m</b> | <b>Increase/<br/>(Decrease)<br/>%</b> |
|-----------------|--------------------------------|--------------------------------|--|---------------------------------------|
| Bolton          | 19.990                         | 20.523                         | 0.533                                  | 2.7                                   |
| Bury            | 14.069                         | 14.436                         | 0.367                                  | 2.6                                   |
| Manchester      | 31.809                         | 32.595                         | 0.786                                  | 2.5                                   |
| Oldham          | 17.889                         | 18.279                         | 0.390                                  | 2.2                                   |
| Rochdale        | 16.002                         | 16.514                         | 0.512                                  | 3.2                                   |
| Salford         | 20.583                         | 21.226                         | 0.643                                  | 3.1                                   |
| Stockport       | 21.602                         | 22.182                         | 0.579                                  | 2.7                                   |
| Tameside        | 16.226                         | 16.769                         | 0.544                                  | 3.4                                   |
| Trafford        | 16.104                         | 16.688                         | 0.584                                  | 3.6                                   |
| <b>Total</b>    | <b>174.274</b>                 | <b>179.211</b>                 | <b>4.937</b>                           | <b>2.8</b>                            |

### 3.3. Capital

The revenue budget takes account of the proposed spend on items of a capital nature. Appendix A sets out details of proposed capital spend in 2025/26. The forecast spend of £25.617m can be summarised as:

- a) £4.500m for a HWRC at Reliance Street, Newton Heath;
- b) £11.308m for Works at Raikes Lane
- c) £5.000m for a new MRF at Salford Road
- d) £0.300m for a new welfare unit at Cobden Street, Salford;
- e) £0.300m for an electrical rewire at Higher Swan Lane, Bolton;
- f) £1.320m for rail wagons; and
- g) £3.189m for mobile plant and equipment.

Any programme carry forward from 2024/25 will increase the values above.



## 4. Medium-Term Financial Plan (MTFP) to 2027/28

The Authority has adopted a current year plus 2-year planning cycle in this budget paper. A number of assumptions have been made which take a balanced view of the risks facing the service in 2025/26 and beyond.

### 4.1. Retail Price Index excluding mortgage interest payments (RPIx) and Consumer Price Index (CPI) Inflation Assumptions

The forward look assumptions for RPIx and CPI inflation are shown below and have been included in the MTFP.

| Financial Year | Forecast December RPIx | Forecast September CPI |
|----------------|------------------------|------------------------|
| 2025/26        | 3.5%                   | 1.7%                   |
| 2026/27        | 4.0%                   | 2.5%                   |
| 2027/28        | 3.5%                   | 2.0%                   |

### 4.2. MTFP Projections

The MTFP projections have also assumed that:

- a) Districts will be able to deliver on their expected waste declarations;
- b) No change from England's Resources and Waste Strategy;
- c) Landfill tax will continue to rise annually by RPI;
- d) An income for mixed paper and card in 2025/26 equivalent to the handling charge; and
- e) Exclusion of pEPR and Emissions Trading Scheme (ETS) due to commence 1 January 2028.

### 4.3. Estimated Budget and Levy for the MTFP

Taking account of the above, the estimated budget and levy for the MTFP period are:

| Financial Year | Budget Requirement<br>£m | Use of Reserves<br>£m | Levy<br>£m | Increase/<br>(Decrease) |
|----------------|--------------------------|-----------------------|------------|-------------------------|
| 2024/25        | 178.274                  | (4.000)               | 174.274    | 5.521                   |

| <b>Financial Year</b> | <b>Budget Requirement<br/>£m</b> | <b>Use of Reserves<br/>£m</b> | <b>Levy<br/>£m</b> | <b>Increase/<br/>(Decrease)</b> |
|-----------------------|----------------------------------|-------------------------------|--------------------|---------------------------------|
| 2025/26               | 183.211                          | (4.000)                       | 179.211            | 4.937                           |
| 2026/27               | 195.210                          | (3.000)                       | 192.210            | 12.999                          |
| 2027/28               | 199.410                          | -                             | 199.410            | 7.200                           |

#### **4.4. District Levy Changes over the MTFP Period**

Below the headline figures, the impact on Districts will be slightly different and dependent on tonnage forecasts. Appendix B provides indicative details of the District Levy changes over the MTFP period.

### **5. Balances**

The balances attributable to the Waste & Resources team as at 1 April 2024 were £81.559m. During 2024/25, £4m of reserves have been used to offset the cost to Districts of the levy. A return of £10m will be made to Districts. The Levy for 2025/26 contains proposals to utilise £4m of reserves and a further £20m of reserves will be returned to Districts alongside the partial refund of pEPR.

#### **5.1. Balances and Risks**

The level of balances is assessed for adequacy on a risk assessed basis, and this reflects the risks below:

- a) Tonnes of waste delivered and received at facilities;
- b) Achievement of recycling/composting levels by Districts and at the HWRCs;
- c) Reduction in contamination;
- d) Recyclate income prices;
- e) Income from pEPR and expenditure on ETS; and
- f) Upside/ downside risks from energy prices at the Runcorn TPS.

#### **5.2 Level of Balances**

The level of balances is an area of ongoing discussion with Districts. However, financial risk assessment on an annual basis and the need to hold an appropriate

level of balances, will continue to have a major influence on the budget and MTFP for the Waste & Resources Team.

## **6. Budget Engagement**

In accordance with our usual practice, Officers have sought to engage on budget matters with both Waste Chief Officers and Treasurers of constituent Districts. As far as possible the budget and levy take into account their comments.

## **Appendix A - Capital Programme for 2025/26**

### **Reliance Street, Newton Heath**

#### **Household Waste Recycling Centre (HWRC) Redevelopment**

A new HWRC is required at Reliance Street, North Manchester due to the existing facility being beyond its economic life span and a restricted layout which does not encourage recycling of commodities within the household waste stream. The existing layout is restrictive for operational needs often resulting in significant queueing at the HWRC during busy periods. The intention is to provide a new larger facility in place of the existing layout, an increase in size of approximately 0.6 acres will be gained by demolishing an adjacent Anaerobic Digestion (AD) plant.

Benefits to be gained by the new layout include:

- Reduced traffic impacts on Reliance Street at busy periods, provided by a double lane wrapping around the HWRC;
- Separate operational entrance to reduce traffic disruption and provide safer access for operational plant and vehicles;
- Increase in waste recovery and recycling by the introduction of 16 separate containerised bays for individual waste streams;
- Introduction of a re-use shop to support a circular economy, providing a direct benefit to the local community; and
- Improved welfare provisions for HWRC staff.

Planning permission for this redevelopment was achieved early in 2023. Revised timescales will now delay construction commencement until June 2025 to avoid starting works in winter as poor weather conditions could incur further delays and unnecessary risk by exposing the ground works to poor weather. Delaying the start of construction will also ensure that we retain existing HWRC facility during the peak Christmas period and early 2025 which is typically a high demand time of the year for our HWRC's.

## **Works at Raikes Lane**

Works at Raikes Lane were agreed as part of the negotiations to extend the WRMS contract with Suez. The works include replacement of the grate, ash handling systems, cooling system and control systems. The aim of the works is to increase reliability and throughput and to address a number of historical issues with the design of the facility. The works are programmed to commence in October 25 with a duration of 6 months.

## **Salford Road, Over Hulton**

### **New Materials Recovery Facility (MRF)**

The existing MRF located at Longley Lane, Sharston has been operational since 2013 and processes c.90ktpa – 100ktpa of kerbside collected dry, mixed recyclable materials. The Authority is now seeking to build a new MRF within the former in-vessel composter (IVC) building at Salford Road Over Hulton. The new facility will allow the receipt of more materials such as pots, tubs, and trays (PTT's) along with flexible films and tetra cartons which local authorities are expected to collect and extract as part of the National Resources and Waste Strategy (RaWS).

The project is a significant undertaking and will be a priority item of work during 2025/26 – 2026/27.

## **Salford Road, Over Hulton**

### **New Education Centre**

A new education centre is required to accompany the proposed MRF. The intention is to provide a new building on the Authority's wider site ownership next to the MRF. The centre will provide a space for our education team to deliver educational tours of the facility. The building will also provide a multifunctional space for the wider Waste & Resources team. This project will be delivered as separate project to run alongside the MRF, delivery is scheduled for 2026-27 annual period.

## **Cobden Street, Salford**

### **Welfare Building Upgrades**

The existing welfare building at our Cobden Street is now more than 30 years old, it provides welfare provisions to staff the operate the Mechanical Treatment and Reception (MTR)

facility. The proposed capital spend is required to extend the current building to provide additional office space and implement upgrades to the existing building.

## **Higher Swan Lane (HSL), Bolton**

### **Electrical Rewire**

This location incorporates a maintenance depot to support contract delivery providing maintenance and repair facilities associated with transport and container repairs. The building at HSL is a large open framed structure which was constructed in the 1950's and now requires investment to ensure its continued operation. The capital spend is required for electrical upgrades to ensure the buildings wiring meets current electrical standards. This work is part of a phased approach over 2024/25 – 2025/26. Phase 1 was delivered last year.

## **Solar Photovoltaics (PV) on Welfare Buildings at Various Sites**

This proposed capital spend is required to accommodate a small number of solar installations across the portfolio, which will form part of the Waste estates decarbonisation plans. A solar feasibility review is scheduled for the final quarter of 2024/25. This was intended sooner but delayed due to resources and other priorities in 2024/25. The forecasted expenditure is to deliver an initial phased approach for smaller scale opportunities across the waste portfolio. The approach is subject to the finding of the feasibility review..

## **Rail Wagons**

This relates to the second tranche of replacement wagons.

## **Mobile Plant and Equipment**

The proposed capital spend relates to the planned purchase of replacement Mobile Plant and Equipment during 2024/25 and beyond.

## **Access Ramp/ Road at Waithlands former landfill site.**

A new ramped access road is required at Waithlands to provide long term access to a lower section of the site adjacent to the river Roch. The ramp is needed to provide vehicular access to existing manholes associated with a deep culvert running beneath the site. Access is

also needed to manage the wider landscape and inclined slope along the river Roch as the current site is inaccessible.

A ramp design has been defined by a geotechnical consultant and works are under way to deliver this. A contractor is now appointed for delivery with works scheduled to commence early in 2025 for completion by the end of March.

| <b>Capital Programme</b>          |                               | <b>2024/25<br/>Budget</b> | <b>2024/25<br/>Forecast</b> | <b>2024/25<br/>Variance</b> | <b>2025/26</b> | <b>2026/27</b> |
|-----------------------------------|-------------------------------|---------------------------|-----------------------------|-----------------------------|----------------|----------------|
| <b>Facility</b>                   |                               | <b>£m</b>                 | <b>£m</b>                   | <b>£m</b>                   | <b>£m</b>      | <b>£m</b>      |
| <b>Reliance Street</b>            | New HWRC                      | 5.000                     | 0.500                       | 4.500                       | 4.500          | -              |
| <b>Raikes Lane</b>                | Works at Raikes Lane          | -                         | 5.620                       | (5.620)                     | 11.308         | -              |
| <b>Salford Road</b>               | New MRF                       | -                         | -                           | -                           | 5.000          | 17.000         |
| <b>Salford Road</b>               | Education Centre              | -                         | -                           | -                           | -              | 2.000          |
| <b>Cobden Street</b>              | Welfare building upgrades     | 0.300                     |                             | -                           | 0.300          | -              |
| <b>Higher Swan Lane</b>           | Electrical Rewire             | 0.200                     | 0.200                       | -                           | 0.300          | -              |
| <b>Various sites</b>              | Solar PV on welfare buildings | 0.250                     | 0.250                       | -                           | -              | -              |
| <b>Various sites</b>              | Rail Wagons                   | 1.320                     | 1.320                       | -                           | 1.320          | 1.188          |
| <b>Various sites</b>              | Mobile Plant and Vehicles     | 2.000                     | 0.989                       | 1.011                       | 3.189          | 10.540         |
| <b>Waithlands former landfill</b> | Access ramp/ road             | 0.200                     | 0.200                       | -                           | -              | -              |
|                                   |                               | <b>9.270</b>              | <b>9.379</b>                | <b>(0.109)</b>              | <b>25.617</b>  | <b>30.728</b>  |

**Appendix B – Forecast levy increases per District**

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|              | 2024/25 | 2025/26 | Increase/<br>(Decrease) |      | 2026/27 | Increase/<br>(Decrease) |      | 2027/28 | Increase/<br>(Decrease) |      |
|--------------|---------|---------|-------------------------|------|---------|-------------------------|------|---------|-------------------------|------|
|              | £m      | £m      | £m                      | %    | £m      | £m                      | %    | £m      | £m                      | %    |
| Bolton       | 19.990  | 20.523  | 0.533                   | 2.7% | 22.027  | 1.504                   | 7.3% | 22.851  | 0.824                   | 3.7% |
| Bury         | 14.069  | 14.436  | 0.367                   | 2.6% | 15.510  | 1.074                   | 7.4% | 16.116  | 0.606                   | 3.9% |
| Manchester   | 31.809  | 32.595  | 0.786                   | 2.5% | 34.936  | 2.341                   | 7.2% | 36.278  | 1.342                   | 3.8% |
| Oldham       | 17.889  | 18.279  | 0.390                   | 2.2% | 19.513  | 1.233                   | 6.7% | 20.210  | 0.698                   | 3.6% |
| Rochdale     | 16.002  | 16.514  | 0.512                   | 3.2% | 17.708  | 1.194                   | 7.2% | 18.359  | 0.651                   | 3.7% |
| Salford      | 20.583  | 21.226  | 0.643                   | 3.1% | 22.738  | 1.512                   | 7.1% | 23.606  | 0.868                   | 3.8% |
| Stockport    | 21.602  | 22.182  | 0.579                   | 2.7% | 23.863  | 1.682                   | 7.6% | 24.763  | 0.900                   | 3.8% |
| Tameside     | 16.226  | 16.769  | 0.544                   | 3.4% | 18.001  | 1.232                   | 7.3% | 18.667  | 0.666                   | 3.7% |
| Trafford     | 16.104  | 16.688  | 0.584                   | 3.6% | 17.914  | 1.226                   | 7.3% | 18.559  | 0.645                   | 3.6% |
| <b>Total</b> | 174.274 | 179.211 | 4.937                   | 2.8% | 192.210 | 12.998                  | 7.3% | 199.410 | 7.200                   | 3.7% |



## Greater Manchester Combined Authority

Date: 7th February 2025

Subject: GMCA Capital Programme 2024/25 – 2027/2028 (**Budget Paper F**)

Report of: Councillor David Molyneux, Portfolio Lead for Resources and  
Steve Wilson, Group Chief Finance Officer, GMCA

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### Purpose of Report

To present an update in relation to the Greater Manchester Combined Authority's 2024/25 capital expenditure programme and the 2025/26 capital budget and forward plan for approval.

### Recommendations:

The GMCA is requested to:

1. Note the current 2024/25 forecast of £631.6m compared to the previous forecast of £581.8m; and
2. To approve the addition to the 2024/25 capital programme of £4.4m for 2024/25 local highways maintenance and £14.8m (£11.1m to be paid to Local Authorities and £3.7m retained by Department for Transport (DfT) as a new incentive element) for 2025/26 local highways maintenance, as outlined in sections 2.9.8 and 2.9.9 of this report; and
3. To approve the addition to the 2024/25 capital programme of £0.3m, funded by borrowing, for the replacement of end-user networking hardware at Tootal buildings as per section 3.17.1.
4. Approve the capital programme budget for 2025/26 of £598.3m and the forward plan as detailed in the report and in Appendix A

### Contact Officers

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

There are no specific equalities impact, carbon and sustainability issues contained within this report.

## **Risk Management**

An assessment of major budget risks faced by the Authority are carried out quarterly as part of the reporting process – at the present time a significant proportion of the capital budget is funded through grant. In order to mitigate the risk of monetary claw back the full programme is carefully monitored against the grant conditions and further action would be taken as necessary.

## **Legal Considerations**

There are no specific legal implications contained within the report.

## **Financial Consequences – Revenue**

There are no specific revenue considerations contained within the report.

## **Financial Consequences – Capital**

The report sets out the forecast capital expenditure for 2024/25 and the budget for 2025/26 and future years.

**Number of attachments to the report:** None

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

None

## **Background Papers**

[GMCA Capital Programme 2023/24 - 2026/27](#)

[GMCA 2024/25 Capital Update - Quarter 1](#)

[GMCA 2024/25 Capital Update – Quarter 2](#)

[Bus Franchising Fleet – 25 October 2024](#)

[Transport Infrastructure Pipeline – 31 January 2025](#)

### **Tracking/ Process**

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

Yes

### **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/Background**

- 1.1. The Greater Manchester Combined Authority approved the 2024/25 capital programme at its meeting on 9 February 2024. The latest 2024/25 capital reforecast at quarter 2 was reported and noted by the authority at its meeting on 29 November 2024.
- 1.2. The Authority's capital programme, funded from a number of sources and grants, includes Greater Manchester Fire and Rescue Services (GMFRS), Economic Development & Regeneration programmes, Waste & Resources Service and the continuation of the programme of activity currently being delivered by the Authority, Transport for Greater Manchester (TfGM) and GM Local Authorities (LA) including the following elements:
- a) Metrolink schemes;
  - b) Rapid Transit schemes;
  - c) Rail schemes;
  - d) Interchange schemes;
  - e) Clean Air schemes;
  - f) Active Travel schemes;
  - g) Bus Infrastructure schemes;
  - h) Bus Franchising schemes;
  - i) Local Authority schemes;
  - j) Other capital projects and programmes such as Public Switched Telephone Network (PSTN); and
  - k) Capital Highways Maintenance, Traffic Signals and Full Fibre.
- 1.3. The Capital Programme for 2024/25 to 2027/28 is summarised in Appendix A, and the major variances are explained in this report.

## **2. Transport Schemes**

### **2.1. Introduction**

- 2.1.1. The transport infrastructure pipeline is a key enabler to delivering the Bee Network – Greater Manchester's plan for a high-quality, affordable and fully integrated

public transport and active travel system; as well as driving growth for the people and businesses of Greater Manchester.

- 2.1.2. Work to develop and deliver the schemes within the Transport Pipeline Programme continues at pace, with the majority of schemes within City Region Sustainable Transport Settlement (CRSTS) achieving their Strategic Outline Business Cases (SOBCs) approval and several schemes either on site and/or completed.
- 2.1.3. Whilst the overall capital budget is on track to be fully expended by the end of the CRSTS1 period, in March 2027, officers have periodically undertaken reviews of the programme and have recently undertaken a further review of the delivery status and its alignment with emerging local and national strategic priorities. This work was summarised in the Transport Infrastructure Pipeline report to GMCA on 31 January 2025.
- 2.1.4. The first tranche of proposals were subject to approval by the Combined Authority on 31 January 2025, with the funding allocations included within this report.
- 2.1.5. Further areas for funding that fall within the emerging plan will continue to be assessed, including Local Authority proposals to support the wider GM Growth agenda, and it is intended to bring a further report to the Combined Authority in March 2025 to consider those further potential opportunities.

## **2.2. Metrolink Schemes**

- 2.2.1. The Metrolink Programme consists of a variety of projects to continue to provide a safe and efficient Metrolink service for customers. These projects include essential safety and operationally critical renewals, safety and operational improvement works and capacity enhancements to the network.

### **Metrolink Renewals and Enhancements**

- 2.2.2. The Metrolink Renewals and Enhancements programme has historically been funded by prudential borrowings, with repayments being made from Metrolink net revenues. However, because of COVID-19 and the associated impact on Metrolink revenues, the programme was reprioritised, with only works that are either safety or operationally critical currently being delivered. The works are now funded from a mixture of borrowings and grant, including CRSTS.
- 2.2.3. The current forecast expenditure in 2024/25 is £19.9m, compared to the previous forecast of £18.3m. The variance is largely driven by advance purchase of rail

spares and earlier than anticipated completion of track renewals that were originally scheduled for 2025/26.

2.2.4. The 2025/26 budgeted expenditure is £25.0m.

### **Metrolink Programme**

2.2.5. The Metrolink Programme includes safety and operational improvement works to the network and close out of the expansion programme. The current forecast expenditure on these works in 2024/25 is £6.9m, compared to the previous forecast of £10.2m. The variance is predominantly driven by the rephasing of some works, which are now forecast to complete during 2025/26.

2.2.6. The 2025/26 budgeted expenditure is £10.5m.

### **Trafford Extension**

2.2.7. The current forecast expenditure in 2024/25 is £0.4m, which is in line with the previous forecast.

2.2.8. The 2025/26 budgeted expenditure, on monitoring and evaluation activities and finalisation of certain land transactions, is £0.1m.

### **Metrolink Capacity Improvement Package (MCIP)**

2.2.9. The Metrolink Capacity Improvement Programme includes the purchase and delivery of 27 additional trams and additional supporting infrastructure. The current forecast expenditure for 2024/25 is £1.5m, compared to a previous forecast of £2.1m. The variance is predominantly due to the rephasing of supporting power infrastructure works into next financial year based on an updated delivery programme.

2.2.10. The 2025/26 budgeted expenditure is £1.8m.

## **2.3. Rail Programme**

2.3.1. The current rail programme consists of a variety of projects to improve accessibility at stations across the rail network, in addition to enhancing existing stations, and the delivery of a new station at Golborne.

2.3.2. Further detail on rail was included in the GM Rail Reform and Devolution report to the Combined Authority on Friday 31<sup>st</sup> January. At the same meeting GMCA will consider proposals detailed in the Transport Infrastructure Pipeline report to allocate up to £34m from CRSTS1 and £80m from CRSTS2 to support the development and delivery of the Rail Integration and Accessibility Programme.

## **Rail Stations**

2.3.3. Ongoing projects at rail stations include improvement, and enhancement works at Salford Central and Stockport stations, and a new station at Golborne. The current forecast expenditure for 2024/25 is £4.5m, compared to a previous forecast of £4.0m, due to entering into contract in October 2024 for the enhancement works at Salford Central rail station.

2.3.4. The 2025/26 budgeted expenditure is £12.5m.

## **Access for All**

2.3.5. The current forecast expenditure in 2024/25 for the Access for All Programme is £8.0m, compared to a previous forecast of £7.4m. The variance is driven by the planned completion of Daisy Hill “step-free” access in this financial year.

2.3.6. The 2025/26 budgeted expenditure is £8.3m.

## **Park and Ride**

2.3.7. The current forecast expenditure in 2024/25, of £0.8m, on the Park & Rides at Tyldesley and Hindley is in line with the previous forecast.

2.3.8. The 2025/26 budgeted expenditure is £2.5m.

## **2.4. Interchanges**

2.4.1. The Interchanges programme consists of the redevelopment of transport interchanges, travel hubs and associated infrastructure.

### **Bury Interchange**

2.4.2. The current forecast expenditure in 2024/25 is £4.8m, compared to a previous forecast of £4.0m. The variance is due to the ahead of schedule submission of the Outline Business Case (OBC) to Government and the commencement of residential development design works this financial year.

2.4.3. The 2025/26 budgeted expenditure is £7.6m.

### **Stockport Interchange**

2.4.4. The current forecast expenditure in 2024/25 is £2.4m, which is in line with the previous forecast of £2.3m.

2.4.5. The 2025/26 budgeted expenditure is £0.04m.

## **Interchanges Programme**

- 2.4.6. The current forecast expenditure in 2024/25 is £0.1m, which is in line with the previous forecast.
- 2.4.7. The 2025/26 budgeted expenditure is nil.

## **2.5. Clean Air Programme**

- 2.5.1. The Clean Air programme aims to tackle air pollution on local roads in a way that protects health, jobs, livelihoods, and businesses. The schemes within this programme are funded through multiple various grants to deliver numerous clean air initiatives.
- 2.5.2. Having submitted evidence in October 2024 to support Greater Manchester's investment-led plan, in January 2025, Government accepted the assessment that an investment-led, non-charging Greater Manchester Clean Air Plan will achieve compliance with nitrogen dioxide levels on the local road network in the shortest possible time and by 2026 at the latest. As a result, Greater Manchester will not need to implement a charging Clean Air Zone (CAZ). Agreed measures with Government include 117 brand new lower and zero emission buses along with depot electrification, targeted local traffic measures on Regent Road, Salford and in St John's area, Manchester, along with a fund to support GM-licensed taxi drivers upgrade to cleaner vehicles.
- 2.5.3. The current forecast expenditure in 2024/25 of £1.8m, is in line with the previous forecast.
- 2.5.4. The 2025/26 budgeted expenditure is £0.4m.

## **2.6. Active Travel Programme**

- 2.6.1. The Active Travel programme delivers a range of interventions, including cycle hire and infrastructure provision – including segregated cycle lanes, crossings, and junction safety improvements, with the rollout of high-quality active travel schemes being at the core of the Bee Network vision.

### **Mayor's Cycling and Walking Challenge Fund (MCF)**

- 2.6.2. The overall programme management of the MCF, including design assurance, is undertaken by TfGM, with the majority of schemes being delivered by the 10 GM Local Authorities. The Programme is jointly funded through Transforming Cities Fund 1 (TCF1) and CRSTS 1 funding. The current forecast expenditure for 2024/25 is £18.4m, compared to a previous forecast of £16.1m. The variance is



due to ahead of forecast progress on (TfGM promoted schemes) Safety Cameras and Cycle Hire and a number of Local Authority schemes starting on site earlier than previously forecast.

2.6.3. The 2025/26 budgeted expenditure is £23.7m.

#### **Active Travel Fund (ATF 2, 3 and 4) including Cycle Safety Grant**

2.6.4. The Active Travel Fund (ATF) programme (ATF 2, 3, 4 and 4 extension and the Cycle Safety Grant) comprises 46 cycling and walking infrastructure schemes. The ATF capital programme is being delivered predominantly by the GM Local Authorities. The total current forecast expenditure for 2024/25 is £10.4m, compared to a previous forecast of £12.6m. The variance is due to the rephasing of some construction works into 2025/26 as land, procurement and third-party agreements are being finalised.

2.6.5. The 2025/26 budgeted expenditure is £12.9m.

## **2.7. Bus Infrastructure Schemes**

2.7.1. Bus infrastructure schemes consist of a variety of on-highway measures across the bus network, working in partnership with GM Local Authorities, to support the improvement of bus journey times and reliability of services and the growth of travel by bus, walking, wheeling and cycling as well as the acquisition, and the renewal and enhancement, of the GM Bus Shelter estate.

#### **Salford Bolton Network Improvement (SBNI)**

2.7.2. The current 2024/25 forecast expenditure of £3.4m, is in line with the previous forecast of £3.3m. The variance is due to scheme monitoring and evaluation being brought forward into the current financial year.

2.7.3. The 2025/26 budgeted expenditure, on monitoring and evaluation activities, is £0.1m.

#### **Bus Priority Programme**

2.7.4. The current 2024/25 forecast expenditure is £0.1m, which is in line with the previous forecast.

2.7.5. The 2025/26 budgeted expenditure, on monitoring and evaluation activities, is £0.1m.

#### **Quality Bus Transit, City Centre Radials & Bus Pinchpoint & Maintenance**

2.7.6. The current 2024/25 forecast expenditure is £13.5m, compared to the previous forecast of £15.6m. The variance is predominantly due to the rephasing of some

design and construction works into 2025/26 following programme updates from Local Authorities.

2.7.7. The 2025/26 budgeted expenditure is £26.7m.

### **Bus Shelters Estates Renewal**

2.7.8. JCDecaux currently owns and manages 3,464 shelters within the current contract. In addition, TfGM has funded and installed 730 non-advertising shelters which are separately managed and maintained by TfGM.

2.7.9. The vision for TfGM's future bus shelter estate is to transform, modernise and enhance the passenger waiting environment with the intention being for shelter design to be consistent across GM, so that customers can expect the same provision of facilities across the Bee Network. In order to deliver this vision, TfGM will require greater direct control over GM's bus shelter assets.

2.7.10. GMCA will consider a Transport Infrastructure Pipeline report on Friday 31<sup>st</sup> January 2025 which will include a proposal to allocate £15m of CRSTS1 funding to acquire the GM bus shelter assets owned by JCDecaux, carry out procurement activity for the proposed new Shelter contract, and develop a renewal programme for the estate over the period to 31 March 2027. Subject to GMCA approval, the forecast expenditure for 2024/25 is £13.0m. The 2025/26 budgeted expenditure is £2.0m.

## **2.8. Bus Franchising**

2.8.1. The programme of works consists of the acquisition or construction and the electrification of a number of bus depots, the delivery of a Zero Emission Bus (ZEB) fleet as well as upgrades to Ticketing, IS and Customer systems, applications and infrastructure to support the implementation of Bus Franchising.

2.8.2. The current 2024/25 forecast expenditure is £173.0m, compared to the previous forecast of £119.2m. The variance is due to the purchase of 72 Stagecoach Euro VI diesel buses to replace 'life expired' and other older vehicles and to strengthen services; the purchase and novation of 94 zero emission electric buses (ZEBs) from Stagecoach and Go North West in order to reduce operational costs in future years, via a reduction in the service fee payable to franchise operators. These transactions were approved by GMCA in October 2024. In addition, CCTV on-bus infrastructure expenditure brought forward to the current financial year was offset by the rephasing of some depot electrification works to 2025/26.

2.8.3. The budgeted 2025/26 expenditure is £33.9m.

## 2.9. Local Authority Schemes

2.9.1. These interventions are led and delivered by the 10 Local Authorities across Greater Manchester. The schemes include Stockport Road schemes (SEMMMS) highway scheme, along with others such as the CRSTS-funded Streets for All programme and ongoing improvements to the key route network and other highway corridors.

### Stockport Road Schemes

2.9.2. Stockport Council is responsible for the delivery of the A6 to Manchester Airport Relief Road (A6MARR), resulting in the expenditure largely comprising of grant payments to Stockport MBC.

2.9.3. The current forecast expenditure in 2024/25 is £6.4m, which is in line with the previous forecast.

2.9.4. The 2025/26 budgeted expenditure, on finalising a number of land transactions, is £7.7m.

### Other Local Authority Schemes

2.9.5. The current forecast expenditure in 2024/25 is £53.6m, compared to the previous forecast of £57.3m. The variance is predominantly due to the rephasing of Streets for All design and business case works, which are now expected to complete in 2025/26, along some with Local Authorities utilising third party funding to deliver works, therefore, resulting in grant being rephased to fund future years works.

2.9.6. The 2025/26 budgeted expenditure is £77.3m.

### Highways Maintenance

2.9.7. Within the 2025/26 budgeted expenditure, £35.0m relates to Core Highways Maintenance, £8.15m to Minor Works / Road Safety and £6.35m for Strategic Highways Maintenance, allocated to the GM Local Authorities is as per the table below:

| <b>Local Authority</b> | <b>Core Highways Maintenance 2025/26 £'000</b> | <b>Strategic Highways Maintenance 2025/26 £'000</b> | <b>Minor Works /Road Safety 2025/26 £'000</b> | <b>Total 2025/26 £'000</b> |
|------------------------|--|---|---|----------------------------|
| Bolton                 | 3,822  | -   | 829   | 4,651                      |
| Bury                   | 2,549  | 600   | 543   | 3,692                      |

|              |               |              |              |               |
|--------------|---------------|--------------|--------------|---------------|
| Manchester   | 4,757         | -            | 1,685        | 6,442         |
| Oldham       | 3,067         | 2,250        | 707          | 6,024         |
| Rochdale     | 3,058         | -            | 652          | 3,710         |
| Salford      | 3,143         | 1,000        | 796          | 4,939         |
| Stockport    | 3,978         | 2,500        | 791          | 7,269         |
| Tameside     | 2,905         | -            | 631          | 3,536         |
| Trafford     | 2,912         | -            | 607          | 3,519         |
| Wigan        | 4,807         | -            | 908          | 5,715         |
| <b>Total</b> | <b>35,000</b> | <b>6,350</b> | <b>8,150</b> | <b>49,500</b> |

2.9.8. Last year, Government announced additional capital funding for local highways maintenance activities in the North, (of which GM has been allocated £4.4m in each of 2023/24 and 2024/25) and have recently announced a further £14.8m in 2025/26, of which 75% (£11.1m), will be paid to Local Authorities and 25% retained by Department for Transport (DfT) as a new incentive element to ensure that best practice in sustainable highways asset management is followed, with the criteria details due to be communicated in due course.

2.9.9. The proposed allocation, based on the previously agreed (GMCA 26 May 2023) core maintenance allocations, for 2024/25 and 2025/26 to the GM Local Authorities is as per the table below:

| <b>Local Authority</b> | <b>2024/25 funding<br/>£'000</b> | <b>2025/26 funding<br/>£'000</b> |
|------------------------|----------------------------------|----------------------------------|
| Bolton                 | 485                              | 1,214                            |
| Bury                   | 323                              | 808                              |
| Manchester             | 602                              | 1,506                            |
| Oldham                 | 389                              | 973                              |
| Rochdale               | 388                              | 971                              |
| Salford                | 399                              | 998                              |
| Stockport              | 505                              | 1,264                            |

|              |              |               |
|--------------|--------------|---------------|
| Tameside     | 368          | 921           |
| Trafford     | 369          | 923           |
| Wigan        | 610          | 1,527         |
| <b>Total</b> | <b>4,438</b> | <b>11,105</b> |

## 2.10. Other Capital Schemes

2.10.1. Other capital schemes and programmes include

- a) Public Switched Telephone Network (PSTN) Traffic Signals; and
- b) Other Capital Schemes (other transport related facilities renewals)

2.10.2 The March 2024 BNC noted £1.0m of funding for the replacement of the Public Switched Telephone Network (PSTN) that communicates between 448 traffic signals and the Urban Traffic Control fault reporting system with a digital solution. This scheme is now complete.

2.10.3 The current forecast for Other Capital Schemes is £0.1m, in line with the previous forecast.

2.10.4 The 2025/26 budgeted expenditure is £1.3m.

### **Traffic Signals**

2.10.5 General traffic signals are externally funded and spend will fluctuate dependent on the level on new installations requested.

2.10.6 The Authority has received Traffic Signal Obsolescence and Green Light Funding from central government to upgrade traffic signal systems by replacing obsolete equipment and tune up traffic signals to better reflect current traffic conditions and get traffic flowing.

2.10.7 The total 2024/25 forecast expenditure has increased to £4.2m to include these schemes.

2.10.8 The 2025/26 budgeted expenditure is £6.4m.

### **GM One Network**

2.10.9 The GM One Network scheme is for Wide Area Network services across several GM councils and GMCA and fulfils the Department for Culture, Media and Sport (DCMS) grant conditions for activating the Local Full Fibre Network (LFFN) dark fibre infrastructure.

2.10.10 The total 2024/25 forecast expenditure has increased to £2.2m due to slippage in 2023/24.

2.10.11 The 2025/26 budgeted expenditure is £0.9m.

### **3. Economic Development & Regeneration**

#### **3.1. Regional Growth Fund**

3.1.1. The RGF was secured in 2012/13 and 2013/14 to create economic growth and lasting employment. This fund is now in the recycling phase.

3.1.2. The total forecast 2024/25 expenditure on these schemes has decreased to £2.1m due to pipeline schemes now not progressing or being reprofiled into 24/25.

3.1.3. The 2025/26 budgeted expenditure is £5.0m.

#### **3.2. Growing Places**

3.2.1. The Growing Places Fund was secured in 2012/13 to generate economic activity and establish sustainable recycled funds. This fund is now in the recycling phase.

3.2.2. The total forecast 2024/25 expenditure on these schemes has increased to £14.1m due to a new scheme being approved.

3.2.3. The 2025/26 budgeted expenditure is £5.0m.

#### **3.3. Housing Investment Loan Fund (HILF)**

3.3.1. The GM Housing Investment Loan Fund has been designed to accelerate and unlock housing schemes to help build the new homes and support the growth ambitions of Greater Manchester.

3.3.2. The total forecast 2024/25 expenditure on these schemes has decreased to £74.2m due to some schemes being reprofiled to 2025/26.

3.3.3. The 2025/26 budgeted expenditure is £108.8m.

#### **3.4. Life Sciences Fund**

3.4.1. The Life Sciences Funds are a 15-year venture capital funds investing in life sciences businesses across the region.

3.4.2. The total forecast 2024/25 expenditure has increased to £2.2m due to slippage of drawdowns in 2023/24.

3.4.3. The 2025/26 budgeted expenditure is £2.0m.

### **3.5. Pankhurst Institute**

- 3.5.1. The Pankhurst Institute is a University of Manchester led initiative to promote needs-led health technology research and innovation.
- 3.5.2. The forecast of £0.8m is in line with the previous forecast.

### **3.6. City Deal**

- 3.6.1. The original City Deal from 2012 was to cover a 10-year period. The expenditure was included in the budget due to ongoing negotiations with Homes England for a new City Deal fund, this has now been agreed.
- 3.6.2. The total forecast 2024/25 expenditure on these schemes has increased to £14.0m due to the reprofiling of drawdowns.
- 3.6.3. The 2025/26 budgeted expenditure is £7.6m.

### **3.7. Brownfield Land Fund**

- 3.7.1. The Authority has been successful in receiving funding from central government from the Brownfield Land Fund. The grant from central government has been provided with the aim of creating more homes by bringing more brownfield land into development.
- 3.7.2. The current forecast of £75.2m is an increase to the budget of £0.25m, this is due to the capitalisation of legal fees, approval was sought at the 27 September 2024 meeting.
- 3.7.3. The 2025/26 budgeted expenditure is £85.9m.

### **3.8. UK Shared Prosperity Fund**

- 3.8.1. The Fund from central government is designed to build pride in place and increase life chances by investing in community and place, supporting local businesses and people and skills.
- 3.8.2. The total forecast 2024/25 expenditure has increased to £15.4m due to reprofiling of expenditure between capital and revenue.
- 3.8.3. The 2025/26 budgeted expenditure is £12.9m.

### **3.9. Social Housing Quality Fund**

- 3.9.1. The Social Housing Quality Fund is to make improvements in the physical decency of social housing with a focus on serious hazards, e.g. mould and damp.
- 3.9.2. The forecast of £0.1m is in line with the previous forecast.

### **3.10. Public Sector Decarbonisation Schemes**

- 3.10.1. The Public Sector Decarbonisation Scheme is grant funding received from central government for public building retrofit projects.
- 3.10.2. The forecast of £1.5m is in line with the previous forecast.
- 3.10.3. The 2025/26 budgeted expenditure is £2.9m.

### **3.11. Social Housing Decarbonisation**

- 3.11.1. The Social Housing Decarbonisation fund is to improve the energy performance of social rented homes. This is the final year of the three-year delivery period.
- 3.11.2. The current forecast expenditure in 2024/25 is £35.5m, compared to the previous forecast of £36.8m.

### **3.12. Warm Homes: Social Housing Fund**

- 3.12.1. A new 3 year allocation has been agreed from April 2025 to provide funding to registered social housing providers in England for energy performance improvements in their homes.
- 3.12.2. The 2025/26 budget expenditure is £21.3m.

### **3.13. Warm Homes: Local Grant**

- 3.13.1. A new 3 – 5 year funding allocation has been agreed as part of the Integrated Settlement for The Warm Homes: Local Grant, this is to deliver energy performance and low carbon heating upgrades to low-income homes in England.
- 3.13.2. The 2025/26 budgeted expenditure is £5.3m.

### **3.14. Rough Sleeper Accommodation Programme**

- 3.14.1. The scheme is to support those rough sleeping or with a history of rough sleeping into longer-term accommodation with support. The expenditure is dependent on suitable properties becoming available.
- 3.14.2. The forecast of £1.4m is in line with the previous forecast.

### **3.15. Project Skyline**

- 3.15.1. Project Skyline is intended to create a supply of children's homes to increase availability of Looked After Children (LAC) placements in the Greater Manchester region for some of the most vulnerable young people whilst tackling the significant costs associated with these types of placements.



3.15.2. The current forecast expenditure in 2024/25 is £2.1m, compared to the previous forecast of £5.0m, this is due to a reprofiling of expenditure to 2025/26.

3.15.3. The 2025/26 budgeted expenditure is £2.9m.

### **3.16. 5G Innovation**

3.16.1. The programme aims to champion the use of innovative applications powered by 5G from proof of concept to widespread adoption.

3.16.2. The forecast of £3m is in line with the previous forecast.

### **3.17. Networking Hardware**

3.17.1. Approval is sought to add £0.3m to the 2024/25 programme, this is to replace end-user networking hardware at Tootal Buildings.

### **3.18. Trailblazer**

3.18.1. The scheme is to fund local priority projects aligned to the Greater Manchester Strategy Shared Commitments and the UK Government Levelling Up Missions with a focus towards prioritising growth opportunities.

3.18.2. The current forecast of £5m is in line with budget.

### **3.19. Investment Zones**

3.19.1. The investment zone grant funding from central government will be used to support the development of high-potential clusters identified as Investment Zones with a focus on developing Advanced Manufacturing & Materials.

3.19.2. The forecast of £4.8m is in line with the previous forecast.

3.19.3. The 2025/26 budgeted expenditure is £10.8m.

## **4. Fire and Rescue Service**

4.1.1. GMFRS have reviewed capital investment requirements for the Fire estates, Fire ICT schemes and operational vehicles and equipment. As the current approved budget ends at 2027/28, estimates to 2032/33 have been included to be agreed in principle. The Capital programme will be reviewed following confirmation of the final local government funding settlement and any updates to the MTFP

## **4.2. Estates**

- 4.2.1. A long-term estates strategy has been formulated, the approved phase 1 of the scheme with plans for new builds, extensions, refurbishments and carbon reduction schemes is underway with expected completion by 2027/28.
- 4.2.2. In 2024/2025 a full budget review of the Phase 1 Estates Strategy and linked programmes of work has been undertaken and approval of additional funding of £13.0m was given by the Deputy Mayor to take into account the significant cost pressures arising from significant supply chain inflation, site specific conditions and highways related costs emerging across the Estates programme.
- 4.2.3. Phase 2 of the Estates Strategy is expected to cover period 2028/29 to 2032/33, to align to the proposed extended capital programme timeline.
- 4.2.4. Alongside the estates strategy is a refresh programme of work to replace and update fitness equipment and enhance the facilities across stations in line with the Service's managing contaminants guidance. The investment for the full rollout of rest facilities across the service of £3.4m was approved, forecasting to start in 2025/26.
- 4.2.5. On 20 September 2024, ISG Construction Ltd, our main contractor for the construction of two new fire stations at Whitefield and Blackley entered administration. This led to an immediate halt to all works on site and termination notices to ISG were issued. Implications from delays caused by ISG construction entering administration were still to be determined and this continues to be discussed with administrators. A Stage 1 award has been granted for a contractor for the Blackley and Whitefield sites with an estimated costing expecting by late January 2025.

## **4.3. Transport**

- 4.3.1. Transport and equipment replacement programme budgets are profiled in accordance with expected need and delivery profiles allowing for lead times where supply chains require orders to be placed up to 18 months prior to goods being delivered. The replacement profile of vehicles beyond the current approved

capital programme has been included at estimated costs including an allowance for inflation.

#### **4.4. Equipment**

4.4.1. The 2025/26 budgeted expenditure is £0.98m

#### **4.5. Sustainability**

4.5.1. Carbon schemes have been encompassed into the wider estates strategy, therefore, the budget for other sustainability activities has been reprofiled into 2025/26 to be utilised against EV infrastructure improvements.

4.5.2. The 2025/26 budgeted expenditure is £0.3m

#### **4.6. Waking Watch Relief Fund**

4.6.1. Following the successful roll out of the Waking Watch Relief Fund, Department for Levelling Up, Housing and Communities (DLUHC) requested further support from GMFRS to assist with the delivery of the Waking Watch Replacement Fund. This is due to come to an end within 2024/25.

### **5. Waste and Resources**

#### **5.1. Operational Assets**

5.1.1. This budget line covers all spend associated with the operation of the waste disposal assets used by the operator of the waste management contracts. The forecast expenditure has decreased to £9.2m from the previous forecast.

5.1.2. The 2025/26 budgeted expenditure is £25.6m

#### **5.2. Non-Operational Assets**

5.2.1 This budget line covers all spend associated with the closed landfill sites inherited from Greater Manchester Waste Disposal Authority and any other land not being used for waste management.

5.2.2 The current forecast of £0.2m is in line with budget.

### **6. Funding Requirements**

6.1. This capital programme over the next three years results in a borrowing requirement of £234.5m. Provision has been made in the revenue budget for the associated financing costs

6.2 The estimated funding profile for the forecast spend in 2024/25 and 2025/26 is as follows:

| <b>Source</b>                                  | <b>24/25<br/>£'000</b> | <b>25/26<br/>£'000</b> |
|--|------------------------|------------------------|
| Borrowing                                      | 66,622                 | 24,605                 |
| Grants   | 274,639                | 230,749                |
| External Contributions                         | 8,997                  | 7,266                  |
| <b>Transport</b>                               | <b>350,258</b>         | <b>262,620</b>         |
| Borrowing                                      | 277                    | -                      |
| Grants   | 143,979                | 141,931                |
| Capital Receipts                               | 107,380                | 128,424                |
| <b>Economic Development &amp; Regeneration</b> | <b>251,636</b>         | <b>270,355</b>         |
| Borrowing                                      | 17,750                 | 39,605                 |
| Grants   | 2,429                  | -                      |
| Revenue Contribution                           | 155                    | 90                     |
| <b>Fire</b>                                    | <b>20,334</b>          | <b>39,695</b>          |
| Borrowing                                      | 9,379                  | 25,617                 |
| <b>Waste</b>                                   | <b>9,379</b>           | <b>25,617</b>          |
| <b>TOTAL</b>                                   | <b>631,607</b>         | <b>598,287</b>         |

## 7. Integrated Settlement

7.1. From 1 April 2025, the following Capital grants have been confirmed as forming part of the Integrated Settlement:

|  | <b>25/26<br/>£'000</b> |
|--|------------------------|
| UK Shared Prosperity Fund                    | 12,866                 |
| Investment Zones                             | 10,800                 |
| Brownfield Infrastructure and Land Fund      | 57,500                 |
| Brownfield Housing Fund                      | 25,831                 |
| Brownfield Land Release Fund                 | 2,556                  |
| Warm Homes: Social Housing Fund              | 21,318                 |
| Public Sector Decarbonisation Scheme         | 2,883                  |
| Warm Homes: Local Grant                      | 5,280                  |
| City Region Sustainable Transport Settlement | 226,576                |
| Additional Highways Maintenance              | 14,806                 |
| Active Travel Fund                           | 12,139                 |
| <b>TOTAL</b>                                 | <b>392,555</b>         |

Appendix A

|  | 2024/25<br>Budget | 2024/25<br>Previous<br>Forecast | 2024/25<br>Forecast | 2024/25<br>Variance | 2025/26<br>Forecast | 2026/27<br>Forecast | 2027/28<br>Forecast |
|--|-------------------|---------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | £'000             | £'000                           | £'000               | £'000               | £'000               | £'000               | £'000               |
| Metrolink Programme                      | 10,594            | 10,246                          | 6,855               | 3,391               | 10,480              | 22,150              | 2,919               |
| Metrolink Renewals and Enhancements      | 18,322            | 18,260                          | 19,894              | (1,634)             | 24,997              | 50,533              | 12,759              |
| Trafford Extension                       | 208               | 350                             | 360                 | (10)                | 51                  | 10,431              | -                   |
| Metrolink Improvement Package            |                   | 46                              | 2                   | 44                  | 49                  |                     |                     |
| Metrolink Capacity Improvement Programme | 3,058             | 2,054                           | 1,456               | 598                 | 1,848               | 1,480               | 2,214               |
| <b>Metrolink</b>                         | <b>32,182</b>     | <b>30,956</b>                   | <b>28,567</b>       | <b>2,389</b>        | <b>37,425</b>       | <b>84,594</b>       | <b>17,892</b>       |
| Rapid Transit Integration                |                   |                                 |                     |                     | 636                 | 1,936               |                     |
| Future Rapid Transit                     | 189               | (61)                            | (61)                | -                   | 168                 | 16,406              |                     |
| <b>Rapid Transit</b>                     | <b>189</b>        | <b>(61)</b>                     | <b>(61)</b>         | <b>-</b>            | <b>804</b>          | <b>18,342</b>       | <b>-</b>            |
| Rail Stations                            | 4,077             | 4,032                           | 4,530               | (498)               | 12,522              | 27,921              | -                   |
| Access For All                           | 5,983             | 7,388                           | 7,961               | (573)               | 8,331               | 2,124               | -                   |
| Park and Ride                            | 2,026             | 767                             | 833                 | (66)                | 2,495               | 6,896               | -                   |
| Other Rail Schemes                       | -                 | -                               | -                   | -                   |                     | 28,437              |                     |
| <b>Rail</b>                              | <b>12,086</b>     | <b>12,187</b>                   | <b>13,324</b>       | <b>(1,137)</b>      | <b>23,348</b>       | <b>65,378</b>       | <b>-</b>            |
| Bury Interchange                         | 3,173             | 4,040                           | 4,814               | (774)               | 7,545               | 8,405               | -                   |
| Stockport Interchange                    | 5,412             | 2,309                           | 2,362               | (53)                | 39                  | 3,146               |                     |
| Interchange Programme                    | 158               | 131                             | 120                 | 11                  | -                   | -                   | 4,104               |
| <b>Interchanges</b>                      | <b>8,743</b>      | <b>6,480</b>                    | <b>7,296</b>        | <b>(816)</b>        | <b>7,584</b>        | <b>11,551</b>       | <b>4,104</b>        |
| <b>Clean Air Schemes</b>                 | <b>800</b>        | <b>1,772</b>                    | <b>1,758</b>        | <b>14</b>           | <b>404</b>          | <b>30,512</b>       | <b>5,999</b>        |

|  | 2024/25<br>Budget | 2024/25<br>Previous<br>Forecast | 2024/25<br>Forecast | 2024/25<br>Variance | 2025/26<br>Forecast | 2026/27<br>Forecast | 2027/28<br>Forecast |
|--|-------------------|---------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | £'000             | £'000                           | £'000               | £'000               | £'000               | £'000               | £'000               |
| Active Travel Fund                           | 13,256            | 12,630                          | 10,363              | 2,267               | 12,940              | 11,532              | 5,426               |
| Active Travel CRSTS                          | 22,608            | 16,064                          | 18,430              | (2,366)             | 23,673              | 28,614              | 5,548               |
| <b>Active Travel</b>                         | <b>35,864</b>     | <b>28,694</b>                   | <b>28,793</b>       | <b>(99)</b>         | <b>36,613</b>       | <b>40,146</b>       | <b>10,974</b>       |
| SBNI   | 3,597             | 3,316                           | 3,424               | (108)               | 125                 |                     |                     |
| Bus Priority Programme                       | 37                | 110                             | 85                  | 25                  | 62                  | 291                 | 71                  |
| Bus Shelters                                 |                   |                                 | 13,000              | (13,000)            | 2,000               |                     |                     |
| Bus Infrastructure                           | 19,921            | 15,613                          | 13,522              | 2,091               | 26,718              | 62,988              |                     |
| Other Bus Schemes                            | 209               | 22                              | 22                  | -                   |                     |                     | 35                  |
| <b>Bus</b>                                   | <b>23,764</b>     | <b>19,061</b>                   | <b>30,053</b>       | <b>(10,992)</b>     | <b>28,905</b>       | <b>63,279</b>       | <b>106</b>          |
| <b>Bus Franchising</b>                       | <b>123,236</b>    | <b>119,170</b>                  | <b>172,976</b>      | <b>(53,806)</b>     | <b>33,911</b>       | <b>116,270</b>      | <b>(102)</b>        |
| Stockport Road Schemes                       | 3,000             | 6,437                           | 6,437               | -                   | 7,697               | 4,750               | -                   |
| LA Major Highway Interventions (Growth Deal) | 834               | 834                             | (1,605)             | 2,439               | 600                 | 1,200               | 3,525               |
| ITB Local Authorities                        | 733               | 51                              | 91                  | (40)                | 593                 | -                   | -                   |
| Growth Deal 1 & 2 Local Authorities          | 500               | 516                             | 106                 | 410                 | 570                 | 6                   | -                   |
| Streets for All                              | 7,958             | 5,630                           | 4,795               | 835                 | 17,544              | 57,168              |                     |
| Key Route Network & Road Improvements        | 41,500            | 42,100                          | 42,100              | -                   | 41,350              | 37,256              |                     |
| Vision Zero                                  |                   |                                 |                     | -                   | 385                 | 10,615              |                     |
| Other Highways                               | 8,150             | 8,150                           | 8,150               | -                   | 16,300              | 16,300              |                     |
| <b>Local Authority</b>                       | <b>62,675</b>     | <b>63,718</b>                   | <b>60,074</b>       | <b>3,644</b>        | <b>85,039</b>       | <b>127,295</b>      | <b>3,525</b>        |
| Public Switched Telephone Network (PSTN)     |                   | 993                             | 993                 | -                   |                     |                     |                     |
| Other TfGM schemes                           |                   | 99                              | 87                  | 12                  | 1,292               | 3,331               | 87                  |

|  | 2024/25<br>Budget | 2024/25<br>Previous<br>Forecast | 2024/25<br>Forecast | 2024/25<br>Variance | 2025/26<br>Forecast | 2026/27<br>Forecast | 2027/28<br>Forecast |
|--|-------------------|---------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | £'000             | £'000                           | £'000               | £'000               | £'000               | £'000               | £'000               |
| Traffic Signals (Externally Funded)                | 2,500             | 4,198                           | 4,198               | -                   | 6,430               | 2,500               | 2,500               |
| GM One Network                                     | 1,074             | 2,200                           | 2,200               | -                   | 865                 | -                   | -                   |
| <b>Other Transport</b>                             | <b>3,574</b>      | <b>7,490</b>                    | <b>7,478</b>        | <b>12</b>           | <b>8,587</b>        | <b>5,831</b>        | <b>2,587</b>        |
|  |                   |                                 |                     |                     |                     |                     |                     |
| <b>Total Capital - Transport</b>                   | <b>303,113</b>    | <b>289,467</b>                  | <b>350,258</b>      | <b>(60,791)</b>     | <b>262,620</b>      | <b>563,198</b>      | <b>45,085</b>       |
| Regional Growth Fund                               | 5,900             | 9,451                           | 2,131               | 7,320               | 4,965               | 4,390               | 4,000               |
| Growing Places                                     | 2,000             | 2,600                           | 14,100              | (11,500)            | 5,000               | 5,000               | 5,000               |
| Housing Investment Fund                            | 209,573           | 82,472                          | 74,176              | 8,296               | 108,816             | 51,312              | 2,701               |
| Life Sciences Fund                                 | 1,850             | 2,337                           | 2,150               | 187                 | 2,000               | 2,000               | 250                 |
| Pankhurst  | -                 | 793                             | 793                 | -                   | -                   | -                   | -                   |
| City Deal  | 13,022            | 15,556                          | 14,030              | 1,526               | 7,643               | 204                 | -                   |
| <b>Investment Team</b>                             | <b>232,345</b>    | <b>113,209</b>                  | <b>107,380</b>      | <b>5,829</b>        | <b>128,424</b>      | <b>62,906</b>       | <b>11,951</b>       |
| Brownfield Land Fund                               | 74,921            | 75,171                          | 75,171              | -                   | 85,887              | 50,000              | 50,000              |
| UK Shared Prosperity Fund                          | 10,664            | 14,951                          | 15,449              | (498)               | 12,866              | -                   | -                   |
| Social Housing Quality Fund                        | -                 | 113                             | 113                 | -                   | -                   | -                   | -                   |
| <b>Place Team</b>                                  | <b>85,585</b>     | <b>90,235</b>                   | <b>90,733</b>       | <b>(498)</b>        | <b>98,753</b>       | <b>50,000</b>       | <b>50,000</b>       |
| Public Sector Decarbonisation Scheme 3a multi year | 1,550             | 1,550                           | 1,550               | -                   | 2,883               | 14,198              | 14,198              |
| Social Housing Decarbonisation                     | 18,481            | 36,784                          | 35,466              | 1,318               | -                   | -                   | -                   |
| Warm Homes: Social Housing Fund                    | -                 | -                               | -                   | -                   | 21,318              | 26,163              | 26,163              |
| Warm Homes: Local Grant                            | -                 | -                               | -                   | -                   | 5,280               | 12,360              | 12,360              |
| <b>Environment Team</b>                            | <b>20,031</b>     | <b>38,334</b>                   | <b>37,016</b>       | <b>1,318</b>        | <b>29,481</b>       | <b>52,721</b>       | <b>52,721</b>       |
|  |                   |                                 |                     |                     |                     |                     |                     |
| Rough Sleeper Accommodation Programme              | -                 | 1,401                           | 1,401               | -                   | -                   | -                   | -                   |

|  | 2024/25<br>Budget | 2024/25<br>Previous<br>Forecast | 2024/25<br>Forecast | 2024/25<br>Variance | 2025/26<br>Forecast | 2026/27<br>Forecast | 2027/28<br>Forecast |
|--|-------------------|---------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | £'000             | £'000                           | £'000               | £'000               | £'000               | £'000               | £'000               |
| Project Skyline  | -                 | 5,000                           | 2,029               | 2,971               | 2,897               | -                   | -                   |
| <b>Public Sector Reform Team total</b>                         | -                 | <b>6,401</b>                    | <b>3,430</b>        | <b>2,971</b>        | <b>2,897</b>        | -                   | -                   |
| 5G Innovation  | -                 | 3,000                           | 3,000               | -                   | -                   | -                   | -                   |
| Networking Hardware – Tootal Buildings                         | -                 | -                               | 277                 | (277)               | -                   | -                   | -                   |
| <b>Digital Team total</b>                                      | -                 | <b>3,000</b>                    | <b>3,277</b>        | <b>(277)</b>        | -                   | -                   | -                   |
| Trailblazer  | 5,000             | 5,000                           | 5,000               | -                   | -                   | -                   | -                   |
| Investment Zones   | -                 | 4,800                           | 4,800               | -                   | 10,800              | 9,990               | 9,263               |
| <b>Strategy, Economy &amp; Research Team total</b>             | <b>5,000</b>      | <b>9,800</b>                    | <b>9,800</b>        | -                   | <b>10,800</b>       | <b>9,990</b>        | <b>9,263</b>        |
|  |                   |                                 |                     |                     |                     |                     |                     |
| <b>Total Capital - Economic Development &amp; Regeneration</b> | <b>342,961</b>    | <b>260,979</b>                  | <b>251,636</b>      | <b>9,343</b>        | <b>270,355</b>      | <b>175,617</b>      | <b>123,935</b>      |
| Estates  | 21,660            | 10,067                          | 10,067              | -                   | 31,059              | 21,761              | 3,482               |
| Transport  | 2,964             | 3,045                           | 3,070               | (25)                | 7,030               | 4,095               | 275                 |
| ICT  | 465               | 756                             | 756                 | -                   | 350                 | 150                 | 150                 |
| Equipment  | 3,465             | 3,998                           | 3,316               | 682                 | 981                 | 1,505               | 801                 |
| Sustainability   | 838               | 325                             | 325                 | -                   | 275                 | 75                  | 75                  |
| Health & Safety  | -                 | 371                             | 371                 | -                   | -                   | -                   | -                   |
| Waking Watch Relief  | 429               | 2,429                           | 2,429               | -                   | -                   | -                   | -                   |
| <b>Total Capital - Fire &amp; Rescue Service</b>               | <b>29,821</b>     | <b>20,991</b>                   | <b>20,334</b>       | <b>657</b>          | <b>39,695</b>       | <b>27,586</b>       | <b>4,783</b>        |
| Operational Sites  | 9,070             | 10,190                          | 9,179               | 1,011               | 25,617              | 30,728              | -                   |
| Non-Operational Sites  | 200               | 200                             | 200                 | -                   | -                   | -                   | -                   |



|  | <b>2024/25<br/>Budget</b> | <b>2024/25<br/>Previous<br/>Forecast</b> | <b>2024/25<br/>Forecast</b> | <b>2024/25<br/>Variance</b> |  | <b>2025/26<br/>Forecast</b> | <b>2026/27<br/>Forecast</b> | <b>2027/28<br/>Forecast</b> |
|--|---------------------------|--|-----------------------------|-----------------------------|--|-----------------------------|-----------------------------|-----------------------------|
|  | <b>£'000</b>              | <b>£'000</b>                             | <b>£'000</b>                | <b>£'000</b>                |  | <b>£'000</b>                | <b>£'000</b>                | <b>£'000</b>                |
| <b>Total Capital - Waste &amp; Resources</b> | <b>9,270</b>              | <b>10,390</b>                            | <b>9,379</b>                | <b>1,011</b>                |  | <b>25,617</b>               | <b>30,728</b>               | <b>-</b>                    |
|  |                           |  |                             |                             |  |                             |                             |                             |
| <b>Total Capital</b>                         | <b>685,165</b>            | <b>581,827</b>                           | <b>631,607</b>              | <b>(49,780)</b>             |  | <b>598,287</b>              | <b>797,129</b>              | <b>173,803</b>              |

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