

Greater Manchester Combined Authority

Date: 29th November 2024

Subject: GMCA Revenue Update Quarter 2 2024/25

Report of: Councillor David Molyneux, Portfolio Leader, Resources & Investment and
Steve Wilson, GMCA Treasurer

Purpose of Report

This report is to inform members of the Greater Manchester Combined Authority financial position at the end of September 2024 (Quarter 2) and forecast revenue outturn position for the 2024/25 financial year.

Recommendations:

The GMCA is requested to:

1. Note the forecast position at 30th September 2024; and
2. Approve an increase to the Mayoral budget of £80k funded from Mayoral reserves towards spend on mayoral priorities (para 3.2).

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Equalities Impact, Carbon and Sustainability Assessment: N/A

Risk Management

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

Legal Considerations

There are no specific legal implications with regards to the 2024/25 budget update.

Financial Consequences – Revenue

The report sets out the provisional outturn position for 2024/25.

Financial Consequences – Capital

There are no specific capital considerations contained within the report.

Number of attachments to the report: N/A

Comments/recommendations from Overview & Scrutiny Committee N/A

Background Papers

GMCA Budget Reports – 9th February 2024

GMCA Revenue Update Quarter 1 2024/25– 27th September 2024

Tracking/ Process

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

No

Exemption from call in

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

N/A

Bee Network Committee

N/A

Overview and Scrutiny Committee

N/A

1. INTRODUCTION

- 1.1 The purpose of this report is to provide the 2024/25 forecast revenue outturn position in relation to the GMCA General, Mayoral, GM Fire and Rescue, Waste and Resources and Transport, including Transport for Greater Manchester (TfGM).
- 1.2 The table below shows the summary of the financial position at Quarter 2. Further details on the variances are provided in each section of the report.

Summary 2024/25 Quarter 2	Revised Budget Q1			Forecast Outturn Q2			Variance		
	Exp	Income	Total	Exp	Income	Total	Exp	Income	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
GMCA General	326,884	-326,884	0	330,659	-330,659	0	3,775	-3,775	0
Mayoral	140,462	-140,462	0	140,542	-140,542	0	80	-80	0
GMFRS	145,054	-145,054	0	145,307	-145,307	0	253	-253	0
Waste	173,752	-173,752	0	173,121	-173,121	0	-631	631	0
Transport inc:	404,165	-404,165	0	399,883	-399,883	0	-4,282	4,282	0
TfGM	325,812	-325,812	0	325,734	-325,734	0	-78	78	0

2. GMCA GENERAL BUDGET

- 2.2 The original budget for 2024/25 for the GMCA Revenue General budget approved in February 2024 was £275,185m. This was revised at quarter 1 to £326,884m due to new funding which was reported to GMCA for approval on 27th September 2024.
- 2.3 At quarter 2, there is a further increase in external funding of £3.8m to £330.7m. The increase in expenditure relates to additional funding for various projects as noted within the report. There is a forecast breakeven position for the GMCA General budget by year end.
- 2.1 The table below shows the original expenditure and income budgets approved in February 2024, the revised budget at quarter 1 and the forecast outturn and variance against revised budget at quarter 2.

GMCA Revenue General Budget 2024/25 Quarter 2	Original Budget	Forecast Outturn Quarter 1	Forecast Outturn Quarter 2	Forecast Variance Quarter 2
	£000	£000	£000	£000
Expenditure:				
GMCA Corporate	31,226	32,675	33,207	532
Election	4,055	4,055	4,055	0
Core Investment Team	2,553	5,491	4,509	-982
Digital	2,873	6,667	7,107	440
Economy	4,960	25,847	26,745	899

Environment	3,681	10,327	11,116	789
Place	54,901	57,751	56,910	-841
Public Service Reform	39,691	50,815	52,197	1,382
Work and Skills	131,245	133,257	134,813	1,556
Total Expenditure	275,185	326,884	330,659	3,775
Funded by:				
Government Grants	-204,848	-217,362	-217,737	-375
District Contributions	-8,503	-8,503	-8,603	-100
Internal Recharges	-30,841	-32,107	-31,658	449
Retained Business Rates	-10,531	-38,773	-40,323	-1,550
Earmarked Reserves	-7,221	-12,997	-14,062	-1,064
Other Income	-13,241	-17,142	-18,276	-1,134
Funding	-275,185	-326,884	-330,659	-3,775
Net Expenditure	0	0	0	0

Corporate Services

- 2.2 GMCA Corporate Services provide support for the whole of GMCA including Fire and Rescue Service, Police and Crime Commissioner, Waste and Resources and Transport. The Corporate functions include services such as Strategy, Research, ICT, Human Resources, Organisational Development, Finance, Internal Audit and Risk, Commercial Services, Legal and Governance. Funding of GMCA corporate functions is predominantly from recharges within the GMCA and to grants, external funding and District contributions.
- 2.3 The original approved budget for 2024/25 was £31.2m and the forecast at quarter 1 was revised to £32.7m. The forecast at quarter 2 is £33.2m showing an increase in expenditure of £0.5m due to:
- Transfer of £0.25m of grant from Department for Levelling Up Housing & Communities (DLUHC) to reserve for the implementation of the integrated settlement as part of the trailblazer devolution deal.
 - Strategy expenditure increase of £0.11m is in relation to the expansion of the staff resources required, subscriptions and computer hardware funded by business rates reserve, earmarked reserve and external contributions.
 - Communication, Media & PR forecasts an increase of £0.10m for resources requested by other Directorates as well as creation of new role and communication equipment for which, costs will be via recharges and external income.
 - Information Governance and Complaints shows an increase of £0.07m from Icasework subscription costs funded via earmarked reserve and external income.
 - Land and property forecast a reduction of £282k spend due to staff vacancies and restructures. The underspend is used to partly offset the overall overspend in the service directorate. This includes Safely Managing Covid-19: Greater Manchester Resident Survey cost of £0.18m of research to provide deeper and more regular insight on the issues and impacts of coronavirus across GM. The remainder of the

£102k underspend is used to offset role regrades in Finance, addition of new roles in Internal Audit and Risk, agency fees in the Commercial team and other change.

Digital

- 2.4 The GM Digital team is committed to delivering on the GM Digital Strategy through a three 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.
- 2.5 The 2024/25 original budget for Digital was £2.9m, which included the key programmes of GM Connect and Smart Residents Data Exchange Platform. At quarter 1, £6.7m forecast was reported. The current forecast position is expenditure of £7.1m, the additional expenditure of £0.4m relates to Smart Residents Data Exchange Platform funded via retained business rates.

Economy

- 2.6 The Economy portfolio leads key groups including the Growth Board, Local Industrial Strategy Programme Delivery Executive, GM Economic Resilience Group, Made Smarter and GM Local Enterprise Partnership (LEP).
- 2.7 The 2024/25 approved budget for Economy was £4.9m and at quarter 1, the forecast outturn was £25.8m. The current recast is £26.7m which reflects the additional £0.9m of funding for following schemes:
- MIDAS forecast an increase of £0.1m funded via district contribution from Rochdale Council.
 - Cricket Strategy, a partnership across 3 key bodies GMCA, English Cricket Board and Lancashire Cricket Foundation to hold cricket sessions for the general public has a forecast of £0.2m funded via retained business rates.
 - Economy business rates funded programmes include Business Angels, Journey to Net Zero - Green Economy, Support for Net Zero and Employment Legal Advice. In quarter 2, there is an increase in expenditure of £0.5m mainly from Support for Net Zero and Employment Legal Advice.

Environment

- 2.8 Environment is the lead for the implementation of the GM Five Year Environment Plan and delivering housing and public retrofit programmes as part of green economic recovery and

progressing the environment plan to continue to reduce carbon emissions and create an improved, more resilient natural environment for socially distanced recreation.

2.9 The 2024/25 original approved budget for Environment was £3.7m with forecast expenditure at quarter 1 of £10.3m. The forecast at quarter 2 is £11.1m, the increase of £0.8m relates to new funding available for the following:

- ECO LA Flex scheme supporting low income and vulnerable households has staff underspend of £57k and £0.4m of ECO4 concession to be transferred to reserve.
- Public Sector Decarbonisation Scheme (PSDS) forecasts an increase of £0.1m from PSDS phase 1 and phase 3 Measurement and verification of energy savings (M&V) funded from partner contributions.
- Net zero accelerator pilot programme has an overall allocation of 6.2m over 2 years to 2025/26 to develop an aggregated bundle of projects across multiple net zero sectors, including projects that provide strong financial returns. In quarter 2, forecast increase of £0.4m due to reprofiling from expected increase in programme activities.

Place

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

2.11 The 2024/25 original approved budget for Place was £54.9m with forecast expenditure at Quarter 1 of £57.8m. The forecast at quarter 2 is £56.9m, a reduction of £0.8m since the last period which includes:

- UK Shared Prosperity Fund forecast a decrease in spend of £0.7m from adjustment to the Revenue Contribution to Capital Outlay funded via grant.
- GM Delivery Team (HIF) forecasts an underspend of £0.073m due to staff vacancies originally funded via reserve.
- Brownfield Fund (BF), due to the capitalisation of legal fees has an underspend of £0.6m previously funded from reserve.
- Planning and Housing costs and the are expected to exceed the budget allocation by £0.1m due to staff resources to be funded via reserve, recharges and external income.

Public Service Reform

- 2.12 Public Service Reform (PSR) supports reform, innovation and social policy development across GM with the overarching objective of addressing inequality and improving outcomes for all residents across the city-region. It is made up of a number of thematic strands with lead responsibilities that include Early Years, Children and Young People, Troubled Families, Homelessness and Rough Sleeping, Asylum and Refugees, Armed Forces and Veterans, Gambling Harm Reduction and the GM Ageing Hub. The service performs a cross-cutting role across GM in collaboration with localities, other public service organisations and the voluntary, community and social enterprise (VCSE) sector to drive the implementation of unified public services for the people of Greater Manchester.
- 2.13 The 2024/25 original approved budget for PSR was £39.7m with forecast expenditure of £50.8m at quarter 1. At quarter 2, forecast expenditure of £52.2m has an increase of £1.4m which mostly relates to:
- GM Creative Health Place Partnership- a 3-year grant of £0.8m from Arts Council England to work with public services, health and social care providers, cultural and voluntary organisations, universities, and residents to ensure everyone has access to culture and creativity to support their health and wellbeing. The forecasted spend for 2024/25 is £0.6m with £0.4m from the grant and £0.2m from recharges and external contributions towards the programme.
 - A bed every night has an increase of £0.5m funded via reserve to provide grants for more beds available this winter.
 - Project Skyline- this is to create a new Greater Manchester shared children's residential care service to deliver a significant system change and improve the lives of children and young people living in residential care in our region has forecast increase of £0.2m for legal fees.
 - The remainder of the increase across PSR is to be funded from a range of earmarked reserves, new grant funding and external income.

Education, Work and Skills

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

2.15 The original 2024/25 budget was £131.2m with forecast expenditure of £133.2m at quarter 1. The current forecast of £134.8m is an increase expenditure of £1.6m. The increases are to be funded from earmarked reserves, business rates reserve or existing grant arrangements which are paid in arrears based on activity:

- AEB -National Skills Fund Level 3 Adult Offer £1.48m to be funded from reserve in respect of delivery costs are forecast to increase from Free Courses for Jobs costs from the introduction of level 3 one pot approach.
- Work & Health Pioneers shows an increase of £0.2m due to profiling following an improved provider performance. This grant is an extension to the Work and Health programme providing a universal support offer with a wider scope of referrals through to the Pioneers programme.
- The remainder of the increase will be funded via existing grants, whereby, claims are made in arrears within specified allocations or via earmarked reserves.

3. MAYORAL GENERAL BUDGET

3.1 The Mayoral General budget (excluding Fire & Rescue) funds the Mayor's Office and Mayoral functions, the majority of which relates to Transport functions. The budget approved by in February 2024 was £140.1m funded from Precept income, Transport Statutory Charge, reserves, grants and external income.

3.2 The Mayor agreed to provide support for the launch of Black History month and has agreed to expenditure on Civic Leadership Programme.

3.3 The table below shows the original budget and breakeven forecast outturn at Quarter 2:

Mayoral Budget 2024/25 Quarter 2	Original Budget	Forecast Outturn Quarter 1	Forecast Outturn Quarter 2	Forecast Variance Quarter 2
	£000	£000	£000	£000
Expenditure:				
Mayors Office	530	563	584	21
Corporate Recharge	851	851	851	-
Mayoral Priorities	3,050	3,374	3,433	59
Mayoral Transport	135,674	135,674	135,674	-
Gross Expenditure	140,105	140,462	140,542	80
Funded by:				
Mayoral Precept	(25,558)	(25,558)	(25,558)	-
Collection Fund Surplus /-Deficit	(463)	(463)	(463)	-
BSOG grant	(13,150)	(13,150)	(13,151)	(1)
Mayoral Capacity grant	(1,000)	(1,000)	(1,000)	-

Mayoral Budget 2024/25 Quarter 2	Original Budget	Forecast Outturn Quarter 1	Forecast Outturn Quarter 2	Forecast Variance Quarter 2
Statutory charge	(86,700)	(86,700)	(86,700)	-
Earnback grant	(11,045)	(11,045)	(11,045)	-
Other grants and reserves	(1,339)	(1,696)	(1,775)	(79)
External Income	(850)	(850)	(850)	-
Total Funding	(140,105)	(140,462)	(140,542)	(80)
Net expenditure	-	-	-	-

4. GM FIRE AND RESCUE

4.1. The 2024/25 budget for GM Fire and Rescue Service (GMFRS) set in February 2024 was approved at £139.264m, the budget was revised following Quarter 1 reflecting the changes required as set out in the report and, at Quarter 2, it is expected that the position will breakeven.

The table below summarises the position:

GMFRS Budget 2024/25 Quarter 2	Approved Budget	Revised Budget	Forecast Quarter 2	Forecast Variance
	£0	£0	£0	£0
Employees	105,326	110,844	111,869	1,025
Indirect Employees	2,011	2,108	2,495	387
Premises	6,887	6,907	7,303	396
Transport	2,461	2,450	2,509	59
Supplies & Services	12,698	15,359	14,252	-1,107
Support Services	9,888	11,245	10,790	-455
Government Grants	-1,187	-1,187	-1,119	68
Other Grants & Contributions	-418	-1,884	-1,695	189
Customer & Client Receipts	-2,202	-2,393	-2,519	-126
Capital Financing Costs	3,800	1,468	1,378	-90
Revenue Contribution to Capital Outlay	0	0	3	3
Transfer to Earmarked Reserve	0	0	41	41
Total Expenditure	139,264	144,917	145,307	390
Localised Business Rates	-11,347	-11,347	-11,347	0
Baseline Funding	-51,281	-51,281	-51,281	0
Funding Guarantee	0	-1,185	-1,185	0

SFA - Services Grant	-204	-224	-224	0
Section 31 - Business Rates	-10,017	-8,711	-8,711	0
Section 31 - Pension Related	0	-4,769	-4,769	0
Precept Income	-65,555	-65,555	-65,555	0
Collection Fund surplus/deficit	-444	-444	-444	0
Transfer from Earmarked Reserve	-416	-1,401	-1,791	-390
Total Funding	-139,264	-144,917	-145,307	-390
Net Expenditure	0	0	0	0

- 4.2. The revised budget reflects the changes in relation to pay. The original budget was based on an estimate firefighter pay award for 2024/25 of 5%, the budget has been adjusted by £0.609m to take into account the negotiated pay award of 4%. The pay award for non-uniformed staff was agreed in October 2024, an increase of £1,290 on pay points 2 to 43 inclusive and 2.5% above 43 which has been reflected in the budget which required a decrease of £0.104m.
- 4.3. The forecast expenditure against employees includes an increase in pension contribution. The budget was revised to reflect this alongside the expected grant allocation. A change in firefighter employer pension rate was announced at an increase from 28.8% to 37.6% which is estimated at a £5.612m increase in budget requirement within 2024/25. Notification of pension grant has been received from the Home Office which shows an allocation of £4.769m which would result in a budget pressure of £0.843m. Home Office have been informed of the GMFRS position which will be reviewed alongside all organisations following submission of the pension forecast data.
- 4.4. Employees pay and pensions is an overspend of £1.025m based on assumed costs including expected appointments to current vacancies. The increase in expenditure is mainly from estimates in respect of pre-arranged overtime and detachments which is utilised to maintain ridership.
- 4.5. Indirect employee costs are forecast to overspend by £387k which is mainly attributable to an increase in recruitment costs and training.
- 4.6. Premises related expenditure is an overspend of £396k predominantly in the area of repairs and maintenance based on spend to date as an indication. The information supporting this area of spend is being utilised to understand the needs against the estates strategy capital.

- 4.7. Supplies, services and other expenditure is forecast at an underspend of £1.107m. The budget incorporates expected increases in costs for inflation against various areas of spend. Where inflation has been identified, the budget will be reallocated, with updates to be included in future reports.
- 4.8. Corporate recharges is forecast to decrease by £455k mainly from reduced business partnering function costs.
- 4.9. Income is forecast to be reduced by £63k mainly due to a shortfall in external funding in relation to Safer Communities & Interventions compared to the original estimates.
- 4.10. At quarter 1, a forecast of £1.4m was proposed to utilise revenue funding towards capital costs, however, the identified spend is likely to be revenue in nature, therefore included in the revenue estimates. This will be monitored closely and any changes will be reflected in future reports and budget allocated accordingly.

5. WASTE AND RESOURCES

- 5.1 The levy for the Waste and Resources service was set in February 2024 for a total of £174.3m after a use of reserves of £4m. At the end of Quarter 2, the forecast underspend is £5.2m as detailed in the table below:

Waste and Resources Forecast Outturn 2024/25	Approved Budget	Forecast Outturn Quarter 1	Forecast Outturn Quarter 2	Forecast Variance
	£000	£000	£	£000
Operational Costs	116,326	111,840	111,780	(60)
Operational Financing	55,104	55,070	55,070	-
Office Costs	6,245	6,243	5,672	(571)
Non-Operational Financing	599	599	0,599	-
Total Expenditure	178,274	173,752	173,121	(631)
Levy	(174,274)	(174,274)	(174,274)	0
Levy Adjustment	0	61	(247)	(308)
Return to GM LA's	0	20,000	20,000	0
Transfer (from)/to reserves	(4,000)	(19,539)	(18,600)	939
Total Resources	(178,274)	(173,752)	(173,121)	631

- 5.2 The operational costs element of the budget is forecast to underspend by £4.5m due to tonnages for the first five months being lower than budget and income from pulpables and commingled recyclates being higher than budget during the first part of the year. The position will be updated based on actual income as the year progresses. Tonnages and recycle prices will be monitored monthly through the remainder of the year.

- 5.3 An underspend on office costs of £0.6m is forecast. This can be broken down between £0.2m underspend on employee costs due to vacant posts and £0.4m underspend on supplies and services mainly related to professional fees.
- 5.4 At the Authority meeting of 9 February 2024 approval was given to make a one-off payment of £20m funded from reserves which has now been paid.

6. TRANSPORT

- 6.1 The Transport original revenue budget was approved by GMCA in February 2024, which includes funding from the Transport Levy and Statutory Charge, Mayoral precept, grants and reserves. Since the budget was set additional grant funding has been received and further changes to TfGM's budget as described in paragraphs 6.3 onwards have lowered the forecast budget expenditure to £399.9m, of which £325.7m is forecast to be paid to Transport for Greater Manchester (TfGM) for transport delivery as shown in the table below. The remaining £74.1m of the Transport revenue budget is retained by the Authority for capital financing costs for Metrolink and other programmes, which is forecast to be lower than budget due to delays in capital expenditure and lower than budgeted interest payable.

Transport Revenue Budget Quarter 2	Budget	Forecast Outturn Q1	Forecast Outturn Q2	Forecast Variance
	£000	£000		£000
Resources:				
Mayoral Transport Budget	(135,674)	(135,674)	(135,674)	-
District Levy	(119,473)	(119,473)	(119,473)	-
Earnback Revenue Grant	(28,714)	(26,801)	(27,793)	(992)
Bus Services Improvement Grant	(48,600)	(44,309)	(49,589)	(5,280)
Government Recovery Funding	(6,500)	(6,500)	(6,500)	-
Use of Reserves	(64,135)	(62,779)	(52,755)	10,024
Other Grants	(5,856)	(8,629)	(8,099)	530
Total Resources	(408,952)	(404,165)	(399,883)	4,282
Expenditure:				
Funding to TfGM	330,599	325,812	325,734	(78)
GMCA Capital Financing Costs	78,353	78,353	74,149	(4,204)
Total Expenditure	408,952	404,165	399,883	(4,282)

Transport for Greater Manchester (TfGM)

- 6.2 As previously reported the budget includes the continuation of cost savings and additional income generation, both of which are being delivered as part of TfGM's Financial Sustainability Plan. As part of this Plan the funding includes the use of a number of 'non-recurring' sources of funding, including reserves. Further work is required on the continuing

development of the long-term plan. In common with the other UK public transport bodies, this will include discussions with government about further funding as part of developing a long-term sustainable funding model.

- 6.3 The table below summarises the original approved budget for TfGM for 2024/25 and the updated forecast outturn as at the end of Quarter 1 and Quarter 2. A summary of the key variances at Quarter 2 is provided in the table and commentary below.

TfGM Revenue Budget 2024/25 Quarter 2	Budget	Forecast Outturn Q1	Forecast Outturn Q2	Forecast Variance
	£000	£000	£000	£000
Resources				
Funding from GMCA	(330,600)	(325,813)	(325,734)	(79)
Department for Transport (DfT) Rail grant	(1,900)	(1,900)	(1,900)	-
Total Resources	(332,500)	(327,713)	(327,634)	(79)
Expenditure				
Concessionary Support non- Franchised Services	31,784	33,780	33,945	(165)
Capped Fares Scheme non- Franchised Services	14,513	17,180	16,793	387
Non-Franchised Tendered Services	13,400	13,850	13,803	47
Payment of Devolved Bus Service Operators Grant (BSOG)	3,056	3,230	2,700	530
Bus Franchising implementation costs	24,500	24,300	24,300	-
Bus Franchising net cost	151,877	149,011	150,003	(992)
	239,130	241,351	241,544	(193)
Metrolink net cost	19,715	14,243	15,781	(1,538)
Operational Costs	42,688	42,508	42,508	-
Accessible Transport	3,700	3,700	3,700	-
Traffic signal Costs	3,822	3,822	3,822	-
Scheme pipeline development Costs	17,135	15,779	13,969	1,810
Financing	6,310	6,310	6,310	-
Total Expenditure	332,500	327,713	327,634	79
Net Expenditure	0	0	0	0

- 6.4 As included in the table above, funding from GMCA has been updated to reflect actual government grant funding secured alongside the required drawdown of funding from reserves. There has been a small reduction in expenditure as explained below and therefore there has been an equivalent reduction in the required use of reserves funding.

- 6.5 The costs of concessionary reimbursement are currently forecast to outturn slightly higher than budget. In previous years TfGM has, in line with DfT guidance, reimbursed non-franchised bus operators for concessionary reimbursement in line with pre COVID-19 volumes, adjusted, in line with further DfT guidance, where operated mileage has been less than 100% of pre COVID-19 levels. This year the guidance is no longer in place and TfGM are reimbursing based on actual patronage and using the new reimbursement calculator. The further increase in costs in quarter 2 is due to the finalisation of reimbursement rates based on the new guidance for 2024/25.
- 6.6 Forecast expenditure on non-Franchising Capped Fares has decreased in the quarter following a re-review of the impact of seasonality on the number of journeys made. Total expenditure is still higher than the initial budget due to the impact of further increases in the operator shadow fares and higher patronage, this is offset by a lower net cost on bus franchising, again mainly due to higher than budgeted patronage. However, there has been an increase in the quarter on the net operating loss for Bus Franchising expenditure which is due to several risks in relation to operating costs that were unquantified at the end of Q1 and have now crystallised and therefore being reflected in the net loss.
- 6.7 The forecast payments to external operators for devolved BSOG have reduced in the quarter, this is due to commercial operators running lower than originally forecast mileage on the non-franchised network.
- 6.8 The net operating loss on Metrolink has increased in the quarter mainly due to the financial impact of the partial closure on the Oldham to Rochdale line that took place in the quarter due to a landslip. The closure of the line was not expected and was therefore not included in the original budget or reforecast at quarter 1. The closure lasted for approximately 5 weeks and due to additional costs as a result of the works and lost revenue has resulted in the increase in net Metrolink expenditure. However, the net operating loss on Metrolink is still below budget due to stronger trading (strong patronage growth).
- 6.9 There has been a reduction of £1.8m in the forecast costs for the further development of GM's pipeline of future transport scheme. This is due to rephasing of business case works across Tram Train, Travel Hubs and Development of Metrolink Stops along with developing the scope of Northern Powerhouse Rail (NPR). There has been an equivalent decrease in grant funding for these schemes within the other revenue grants.
- 6.10 All other costs are currently forecast to outturn in line with budget.

7. RECOMMENDATIONS

- 7.1 The recommendations appear at the front of this report