

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

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.

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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 - 5th 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	
Expenditure	£000	£000	£000
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
Total Expenditure	275,185	246,581	-28,604
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
Total Funding	-275,185	-246,581	28,605
Net Expenditure	0	0	0

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 20th 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.

GMCA General Revenue Budget Corporate Budgets	Original Budget 2024/25	Proposed Budget 2025/26	Change
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
Total Expenditure	31,226	32,324	1,098
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
Total Funding	-31,226	-32,324	-1,098
Net Expenditure	0	0	0

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	
Expenditure	£000	£000	£000
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
Total Expenditure	243,959	214,257	-29,702
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
Total Funding	-243,959	-214,257	29,702
Net Expenditure	0	0	0

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:

Local Authority	2024/25	2025/26	Change
	£000	£000	£000
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
Total	8,504	7,953	-551

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 1 Apr 24	Forecast movement (in)/out 2024/25 Quarter 3	Forecast Closing Balances 31 Mar 25	Forecast movement (in)/out 2025/26 Budget	Forecast Closing Balances 31 Mar 26
	£000s	£000s	£000s	£000s	£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 1st 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 31st March 2025 and £14.2m by 31st 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 1st 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 1st 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 31st March 2025 and £47.7m by 31st 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
Total GMCA Corporate	31,226	2,078	0	653	685	23,587	5,321	32,324	1,098

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

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

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

Appendix 3

2025/26 Local Authority (District) Contribution	Mid-Year Population 2023		GMCA General Budget	Cultural & Social Impact 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
Total	2,948,633	100%	3,280	3,300	280	70	350	859	164	1,023	7,953