

Greater Manchester Combined Authority Overview & Scrutiny Committee

Date: 5 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

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.

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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' 7th 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 - 5th 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 27th 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 17th 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.