

Greater Manchester Combined Authority

Date: 28th March 2025
Subject: GMCA Revenue Update Quarter 3 2024/25
Report of: Councillor David Molyneux, Portfolio Lead Resources & Investment
Steve Wilson, Group Chief Finance Officer

Purpose of Report

This report is to inform members of the Greater Manchester Combined Authority financial position at the end of December 2024 (Quarter 3) and forecast revenue outturn position for the 2024/25 financial year.

Recommendations:

The GMCA is requested to:

Note the forecast position at 31st December 2024.

Contact Officers

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Equalities Impact, Carbon and Sustainability Assessment: N/A

Risk Management

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

Legal Considerations

There are no specific legal implications with regards to the 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

GMCA Revenue Update Quarter 2 2024/25– 29th November 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 3. Further details on the variances are provided in each section of the report.

Summary 2024/25 Quarter 3	Revised Budget Q2			Forecast Outturn Q3			Variance		
	Exp	Income	Total	Exp	Income	Total	Exp	Income	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
GMCA General	330,659	-330,659	0	328,664	-328,664	0	-1,995	-1,995	0
Mayoral	140,542	-140,542	0	140,422	-140,422	0	-120	120	0
GMFRS	145,307	-145,307	0	145,735	-145,735	0	819	-819	0
Waste	173,121	-173,121	0	168,568	-168,568	0	-4,553	4,553	0
Transport inc:	399,883	-399,883	0	392,878	-392,878	0	-7,005	7,005	0
TfGM	325,734	-325,734	0	320,629	-320,629	0	-5,105	5,105	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 2 to £330.659m due to new funding which was reported to GMCA for approval on 29th November 2024.
- 2.3 At quarter 3, there is a decrease in funding of £2m to £328.7m. The decrease in expenditure mainly relates to the reprofiling of various projects as noted within the report. There is a forecast breakeven position for the GMCA General budget by year end. The table below shows the original expenditure and income budgets approved in February 2024, the revised budget at quarter 2 and the forecast outturn and variance against revised budget at quarter 3.

GMCA Revenue General Budget 2024/25 Quarter 3	Original Budget	Revised Budget Quarter 2	Forecast Outturn Quarter 3	Forecast Variance
	£000	£000	£000	£000
Expenditure:				
GMCA Corporate	31,226	33,207	33,912	705
Election	4,055	4,055	4,055	0
Core Investment Team	2,553	4,509	3,689	-820
Digital	2,873	7,107	7,330	223

Economy	4,960	26,745	25,643	-1,103
Environment	3,681	11,116	10,361	-755
Place	54,901	56,910	59,779	2,869
Public Service Reform	39,691	52,197	50,553	-1,644
Work and Skills	131,245	134,813	133,343	-1,470
Total Expenditure	275,185	330,659	328,664	-1,995
Funded by:				
Government Grants	-204,848	-217,737	-219,451	-1,714
District Contributions	-8,503	-8,603	-8,603	0
Internal Recharges	-30,841	-31,658	-31,117	541
Retained Business Rates	-10,531	-40,323	-38,821	1,502
Earmarked Reserves	-7,221	-14,062	-12,697	1,364
Other Income	-13,241	-18,276	-17,975	301
Funding	-275,185	-330,659	-328,664	1,995
Net Expenditure	0	0	0	0

Corporate Services

- 2.1 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.
- 2.2 The original approved budget for 2024/25 was £31.2m and the forecast at quarter 2 was revised to £33.2m. The forecast at quarter 3 is £33.9m showing an increase in expenditure of £0.7m largely attributable to the following:
- The Resilience Unit, which provides expert civil contingencies in areas such as health protection, disaster risk reduction, emergency management, and recovery, ensuring that Greater Manchester's local authorities have continuous access to disaster management expertise, is forecasting an increase of £310k. This increase is due to the funding of new roles from earmarked reserves and the LRF Innovation Fund, which supports the testing of new ideas that may contribute to the broader LRF roles and responsibilities and/or inform national policy.
 - Democratic Services and Members' Fees are forecasting an increase of £229k, funded through earmarked reserve. This increase is attributed to the creation of new roles, ICT costs, and members' allowances and expenses.

Digital

- 2.3 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, Faith and Social Enterprise (VCFSE) sector to create opportunities, maximise outcomes and generate inward investment.
- 2.4 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 2, £7.1m forecast was reported. The current forecast position is expenditure of £7.3m, the additional expenditure of £0.2m relates to Smart Residents Data Exchange Platform funded via retained business rates.

Economy

- 2.5 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).
- 2.6 The 2024/25 approved budget for Economy was £4.9m and at quarter 2, the forecast outturn was £26.7m. The current recast is £25.6m which reflects the reduction of £1.1m of funding for following scheme:
- The Greater Manchester Local Industrial Strategy aims to establish a future-ready economy, fostering prosperous communities across the city-region and significantly enhancing productivity and earning potential. The programme, funded through retained business rates, has a £1.1 m reduction due to the reprofiling of activities, including the Foundational Economy, GM International Strategy, and Low Carbon Sector Development Projects, which have been shifted to future years

Environment

- 2.7 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.

2.8 The 2024/25 original approved budget for Environment was £3.7m with forecast expenditure at quarter 2 of £11.1m. The forecast at quarter 3 is £10.4m, the decrease of £0.8m relates to the following:

- Natural course has a reduction of £0.2m funded from retained business rates is a programme that is aimed to understand and overcome the barriers to achieving “good ecological status” under the EU Water Framework Directive across the Northwest England River Basin District.
- Five-Year Environment Plan aims to create a framework for all decision makers to take the next actions required 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 programme funded from retained business rates has a decrease of £0.6m from reprofiling of activities such as Smart Energy, Heat Networks and Public Building retrofit to 2025/26.

Place

2.9 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.

2.9.1 The 2024/25 original approved budget for Place was £54.9m with forecast expenditure at Quarter 2 of £56.9m. The forecast at quarter 3 is £59.8m, an increase of £2.9m since the last period which includes:

- UK Shared Prosperity Fund forecast an increase in spend of £2.6m from adjustment to the Revenue Contribution to Capital Outlay funded via grant.
- Good landlord charter, a voluntary scheme for landlords who want to commit to higher standards than they are currently required to by law and is to all landlords, no matter whether they are private or social landlords forecasts an increase of £0.3m funded via retained business rates and reserve.

Public Service Reform

2.10 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.

2.11 The 2024/25 original approved budget for PSR was £39.7m with forecast expenditure of £52.2m at quarter 2. At quarter 3, forecast expenditure of £50.5m has a decrease of £1.7m 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 decrease spend for 2024/25 is £0.3m from Art Council England grant.
- The forecast for the GM Fostering Programme, a campaign aimed at inspiring individuals from all backgrounds in Greater Manchester to become foster carers, has been reduced by £0.27 million. This decrease is funded through a government grant, reflecting actual claims submitted by local authorities
- The Regional Care Co-operatives Pathfinder Programme projects a £0.3 million decrease in funding from the government as a result of programme extension to 2025/26. The initiative is designed to support the implementation of the transformative 'Project Skyline,' which aims to establish at least ten new children's homes within the city-region. These homes will be strategically designed to support children with complex mental health needs, those at risk of exploitation, and those awaiting foster care placements.
- The School Readiness Programme, aimed at driving improvements in early years services and school readiness across Greater Manchester, is forecasting a £0.25m reduction from reserves

- The remainder of the increase across PSR is to be funded from a range of earmarked reserves, grant funding and external income.

Education, Work and Skills

2.12 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.

2.13 The original 2024/25 budget was £131.2m with forecast expenditure of £134.8m at quarter 2. The current forecast of £133.3m is a decrease expenditure of £1.5m. The decreases are as a result of:

- AEB -National Skills Fund Level 3 Adult Offer shows a reduction of £1.1m in respect of delivery costs for Free Courses for Jobs from the introduction of level 3 one pot approach.
- The Skills Bootcamp programme is forecasting a £0.27m reduction in government grant due to delayed delivery. This programme provides individuals aged 19 and over with the opportunity to develop sector-specific skills through fully-funded and co-funded flexible courses of up to 16 weeks. Upon completion, participants are guaranteed a fast-tracked interview with a local employer
- Work & Health Pioneers shows a decrease of £0.16m 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 decrease are adjustments to 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 3:

Mayoral Budget 2024/25 Quarter 3	Original Budget	Revised Budget	Forecast Outturn Q3	Forecast Variance
	£000	£000	£000	£000
Expenditure:				
Mayors Office	530	584	583	(1)
Corporate Recharge	851	851	851	-
Mayoral Priorities	3,050	3,433	3,314	(119)
Mayoral Transport	135,674	135,674	135,674	-
Gross Expenditure	140,105	140,542	140,422	(120)
Funded by:				
Mayoral Precept	(25,558)	(25,558)	(25,558)	-
Collection Fund Surplus /- Deficit	(463)	(463)	(463)	-
BSOG grant	(13,150)	(13,151)	(13,151)	-
Mayoral Capacity grant	(1,000)	(1,000)	(1,000)	-
Statutory charge	(86,700)	(86,700)	(86,700)	-
Earnback grant	(11,045)	(11,045)	(11,045)	-
Other grants and reserves	(1,339)	(1,775)	(1,655)	120
External Income	(850)	(850)	(850)	-
Total Funding	(140,105)	(140,542)	(140,422)	120
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 2 reflecting the changes required as set out in the report and, at Quarter 3, it is expected that the position will breakeven.

The table below summarises the position:

GMFRS Budget 2024/25 Quarter 3	Approved Budget	Revised Budget	Forecast Quarter 3	Forecast Variance
	£'000	£'000	£'000	£'000
Employees	105,326	110,844	110,881	37
Indirect Employees	2,011	2,108	2,533	426
Premises	6,887	6,907	7,400	493
Transport	2,461	2,450	2,250	-199
Supplies & Services	12,697	15,358	15,441	83
Support Services	9,888	11,245	11,192	-53
Government Grants	-1,187	-1,187	-1,119	68

Other Grants & Contributions	-418	-1,884	-1,770	114
Customer & Client Receipts	-2,202	-2,393	-2,587	-194
Capital Financing Costs	3,800	1,468	1,468	0
Revenue Contribution to Capital Outlay		0	5	5
Transfer to Earmarked Reserve	0	0	41	41
Total Expenditure	139,264	144,917	145,735	819
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	-2,220	-819
Total Funding	-139,264	-144,917	-145,735	-819
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 now advised Fire and Rescue Services that the 2024/25 position will not be changed, meaning that the Service has the budget pressure of £0.843m in 2024/25. This is included in the forecast.
- 4.4. Employees pay and pensions is a slight overspend of £37k based on assumed costs including expected appointments to current vacancies.
- 4.5. Indirect employee costs are forecast to overspend by £426k which is mainly attributable to an increase in detachment mileage payments and training course fees.

- 4.6. Premises related expenditure is an overspend of £493k predominantly in the area of repairs and maintenance based on spend to date as an indication. Where capital funding has been identified for specific schemes, if the works are classed as revenue it is recharged to this area of spend, rather than against the capital programme. 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 overspend of £83k. 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. The forecast also includes £234k of upfront implementation stage cost towards Northwest Fire Control's new computerised mobilising system which assists the control room operators when answering and handling emergency calls. The contract was awarded in January 2025 and GMFRS will be funding our share of the overall contract via capital reserve. Additional resources to support this implementation is yet to be finalised.
- 4.8. Income is forecast to be increased by £14k from a combination of expected secondment income offset by a shortfall external funding in relation to Safer Communities & Interventions compared to the original estimates and a reduction of Firelink grant from Home Office.

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 3, the forecast underspend against revised budget is £4.6m as detailed in the table below:

Waste and Resources Forecast Outturn 2024/25	Original Budget	Revised Budget	Forecast Outturn Quarter 3	Forecast Variance
	£000	£000	£000	£000
Operational Costs	116,326	111,780	107,602	(4,178)
Operational Financing	55,104	55,070	54,686	(384)
Office Costs	6,245	5,672	5,681	9
Non-Operational Financing	599	599	599	-
Total Expenditure	178,274	173,121	168,568	(4,553)
Levy	(174,274)	(174,274)	(174,274)	-
Levy Adjustment	0	(247)	18	265
Return to GM LA's	0	20,000	30,000	10,000

Transfer (from)/to reserves	(4,000)	(18,600)	(24,312)	(5,712)
Total Resources	(178,274)	(173,121)	(168,568)	4,553

- 5.2 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.
- 5.3 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.
- 5.4 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.
- 5.5 The Q3 position also includes an increased rebate to Local Authorities of £30m, which is an increase of £10m from Q2, funded from in year underspends.

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 £392.9m, of which £318.7m 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	Original Budget	Revised Budget	Forecast Outturn Q3	Forecast Variance
	£000	£000	£000	£000
Resources:				
Mayoral Transport Budget	(135,674)	(135,674)	(135,674)	-
District Levy	(119,473)	(119,473)	(119,473)	-

Transport Revenue Budget Quarter 2	Original Budget	Revised Budget	Forecast Outturn Q3	Forecast Variance
Earnback Revenue Grant	(20,000)	(20,000)	(20,000)	-
Bus Services Improvement Grant	(48,600)	(49,589)	(49,589)	-
Local Transport Block Funding	(35,707)	(35,707)	(35,707)	-
Use of Reserves	(37,142)	(24,841)	(17,836)	7,005
Other Grants	(12,356)	(14,599)	(14,599)	-
Total Resources	(408,952)	(399,883)	(392,878)	7,005
Expenditure:				
Funding to TfGM	330,599	325,734	318,729	(7,005)
GMCA Capital Financing Costs	78,353	74,149	74,149	-
Total Expenditure	408,952	399,883	392,878	(7,005)

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. Working alongside other UK public transport bodies and central government, further work is required on the continuing development of a long term financial plan for the local transport sector. The settlement from government for 2025/26 has been positive with a confirmation of the continuation of both Bus Service Improvement Plan (BSIP) and Bus Services Operators Grant Plus (BSOG+) funding which provide sound co-funding from Government to continue to make the improvements to service delivery across the Bee Network. Additionally, the Integrated Settlement has now been agreed with Government from 2025/26 which will provide greater financial flexibility and certainty over funding allocation.
- 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, Quarter 2 and Quarter 3. A summary of the key variances at Quarter 3 is provided in the table and commentary below.

TfGM Revenue Budget 2024/25 Quarter 3	Original Budget	Revised Budget	Forecast Outturn Q3	Forecast Variance
	£000	£000	£000	£000
Resources				
Funding from GMCA	(330,600)	(325,734)	(318,729)	7,005
Department for Transport (DfT) Rail grant	(1,900)	(1,900)	(1,900)	-
Total Resources	(332,500)	(327,634)	(320,629)	7,005
Expenditure				
Concessionary Support non-Franchised Services	31,784	33,945	34,393	448
Capped Fares Scheme non-Franchised Services	14,513	16,793	16,861	68
Non-Franchised Tendered Services	13,400	13,803	13,803	-
Payment of Devolved Bus Service Operators Grant (BSOG)	3,056	2,700	2,700	-
Bus Franchising implementation costs	24,500	24,300	18,700	(5,600)
Bus Franchising net cost	151,877	150,003	150,761	758
	239,130	241,544	237,218	(4,326)
Metrolink net cost	19,715	15,781	14,694	(1,087)
Operational Costs	42,688	42,508	41,862	(646)
Accessible Transport	3,700	3,700	3,700	-
Traffic signal Costs	3,822	3,822	3,822	-
Scheme pipeline development Costs	17,135	13,969	13,023	(946)
Financing	6,310	6,310	6,310	-
Total Expenditure	332,500	327,634	320,629	(7,005)
Net Expenditure	-	-	-	-

- 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 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 3 is due to the finalisation of reimbursement rates based on the new guidance for 2024/25 and higher than forecast concessionary journeys.

- 6.6 There has been a decrease in bus franchising programme expenditure and in turn grant funding. The reduction in spend is due to rephasing of the programme spend from 2024/25 to 2025/26, programme efficiencies and movement in budgets between revenue and capital spend.
- 6.7 The Q3 reforecast has resulted in an improvement in the expected 24/25 net deficit for Bus Franchising. Revenue continues to outperform the original budgets, improving the YTD to date outturn and the forecast full year result. The forecast total costs have also improved since the Q2 forecast, primarily as a result of savings in IS and ticketing operational costs.
- 6.8 The net operating loss on Metrolink has improved in the quarter mainly as a result of further savings in energy costs due to lower than expected commodity rates (based on effective hedging undertaken by TfGM) and lower non-commodity rates. There are also savings in other contracted costs as a result of the deferral of certain workstreams which are now likely to commence during the 2025/26 financial year and will impact that budget.
- 6.10 There has been a reduction of £0.9m in the forecast costs for the further development of GM's pipeline of future transport schemes. This is due to further 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.
- 6.11 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