

GREATER MANCHESTER COMBINED AUTHORITY

DATE: Friday, 29th May, 2020

TIME: 10.00 am

VENUE: This meeting will be held virtually via Microsoft Teams and it will be live-streamed for public viewing. The link to watch the meeting is on the GMCA website meetings page

SUPPLEMENTAL AGENDA

5. **Appointments: GMCA Portfolios, GMCA Overview & Scrutiny Committees, GMCA Audit Committee & Transport for the North Scrutiny Committee - To Follow**

Report of Liz Treacy, GMCA Monitoring Officer.

9. **GM Recovery Response - (attached)** 1 - 4

Report of GM Mayor, Andy Burnham.

13. **A Bed Every Night Phase 3 Homelessness Programme (to follow)**

Report of GM Mayor, Andy Burnham.

15. **Economic Resilience Dashboard - To Follow**

Report of Councillor Elise Wilson, Portfolio Lead for Economy & Business.

16. **Financial Update (attached)** 5 - 18

Report of Councillor David Molyneux, Portfolio Lead for Resources & Investment and Steve Wilson, GMCA Treasurer.

BOLTON	MANCHESTER	ROCHDALE	STOCKPORT	TRAFFORD
BURY	OLDHAM	SALFORD	TAMESIDE	WIGAN

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For copies of papers and further information on this meeting please refer to the website www.greatermanchester-ca.gov.uk. Alternatively, contact the following
 Governance & Scrutiny Officer: Governance and Scrutiny
 ✉ sylvia.welsh@greatermanchester-ca.gov.uk

This agenda was issued on 21 May 2020 on behalf of Julie Connor, Secretary to the Greater Manchester Combined Authority, Churchgate House, 56 Oxford Street, Manchester M1 6EU

Membership 2019/20

District	Member	Substitute Member
Bolton	David Greenhalgh (Con)	Martyn Cox (Con)
Bury	Eamonn O'Brien (Lab)	Andrea Simpson (Lab)
Manchester	Richard Leese (Lab)	Nigel Murphy (Lab)
Oldham	Sean Fielding (Lab)	Arooj Shah (Lab)
Rochdale	Allen Brett (Lab)	Sara Rowbotham (Lab)
Salford	Paul Dennett (Lab)	John Merry (Lab)
Stockport	Elise Wilson (Lab)	Tom McGee (Lab)
Tameside	Brenda Warrington (Lab)	Bill FairFoull (Lab)
Trafford	Andrew Western (Lab)	Catherine Hynes (Lab)
Wigan	David Molyneux (Lab)	Keith Cunliffe (Lab)

Date: 29th May 2020

Subject: Covid-19 Recovery Response Update

Report of: Andy Burnham, Mayor of Greater Manchester and Eamonn Boylan, GMCA
Chief Executive

PURPOSE OF REPORT:

To provide GMCA Members with an update on the approach and work to date for the Greater Manchester recovery response from the Covid-19 pandemic.

RECOMMENDATION:

The GMCA is requested to review and comment on the work to date in developing Greater Manchester's recovery response, endorse the approach being adopted, and note that this response and approaches will continue to evolve.

CONTACT OFFICERS:

Simon Nokes, GMCA, Executive Director
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Dr Carolyn Wilkins, Oldham Council, Chief Executive
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Equalities Implications:

Differential impacts on individuals with protected characteristics will be evident as a result of the Covid pandemic. The recovery work and approaches adopted seek to understand those differential impacts, mitigating and responding to issues as appropriate.

Climate Change Impact Assessment and Mitigation Measures:

Environmental benefits have been seen as a result of the Covid pandemic. The recovery work and approaches seek to ensure those benefits gained are retained and further improvements can be achieved through the recovery phases.

Risk Management:

N/A

Legal Considerations:

N/A

Financial Consequences – Revenue:

The Covid pandemic has likely long term implications on current and future revenue resources

Financial Consequences – Capital:

The Covid pandemic has likely long term implications on future capital investment and availability

Number of attachments to the report:

N/A

Comments/recommendations from Overview & Scrutiny Committee

BACKGROUND PAPERS:

The author of the report must include list of those documents on the subject matter which:

- Disclose any facts or matter on which the report or an important part of the report is based;
- Which have been relied on to a material extent in preparing the report

TRACKING/PROCESS		[All sections to be completed]
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?		Please state the reason the report is exempt from call-in
GM Transport Committee	Overview & Scrutiny Committee	

1. INTRODUCTION

- 1.1 The Covid-19 pandemic introduced a series of health, economic and social crises that have affected communities around the world, including Greater Manchester. The impacts of this pandemic on Greater Manchester's residents will be far-reaching. Those impacts will be experienced differentially across people, places and the economy. The societal effects of the pandemic (both positive and negative), may be sustained over long periods and profound; shaping the future of Greater Manchester and the lives of our residents.
- 1.2 Recognising the need to begin to plan for recovery early, work is now well underway to understand implications arising from the pandemic and the development and delivery of appropriate responses, enabling a rapid restart for the Greater Manchester economy and society.

2. GREATER MANCHESTER APPROACH TO RECOVERY

- 2.1 Recovery planning is being built round three phases of recovery:
1. Release of lockdown (0-2months)
 2. Living with Covid (0-12months)
 3. Building back better (0-beyond 12months)

It is recognised that these timeframes will not be discrete from one another, and there will be significant 'blurring' between timescales and phases, and that multiple phases are likely to be operational at once.

- 2.2 Recovery planning should shape the future vision for Greater Manchester and enhance the resilience of the city-region. It is anticipated that recovery from the pandemic will be a part of life for all residents and communities, and at some point become core business for many, if not all organisations.
- 2.3 Work is underway to understand the issues and opportunities arising, and seeking to ensure that as Greater Manchester recovers from this crisis, that we don't just build back as was before the outbreak, but build back better.
- 2.4 Whilst loss and adverse impacts will be most evident, there will be opportunities to build back better and learn from the current crisis. Greater Manchester needs to capture the positive responses that we have seen, for example an increase in walking, and improvement in our air quality as well as the huge community response, and ensure that in 'building back better' tackling inequalities runs through the whole of our recovery work. Engagement with communities, co-producing responses, and understanding the differential impacts and opportunities for different sectors of society needs to form the foundation of our approaches to building back better, ensuring sustainable and positive changes for the future.
- 2.5 In planning to build back better it will be important to build on the work already underway in Greater Manchester around Resilient Cities, and in the design and delivery of responses

Greater Manchester should be striving to create a fairer society, leading to better jobs and greater prosperity for all, and avoiding creating new types of inequality or increasing existing disadvantage.

3. DEVELOPING RECOVERY ACTION PLANS

- 3.1 Detailed recovery planning will need to be undertaken across the three phases of recovery identified, with the immediate focus on the 'release of lockdown' phase, ensuring Greater Manchester's economy and society can re-start as safely and quickly as possible, when appropriate to do so.
- 3.2 From the work undertaken to date, there are seven key themes which have emerged for consideration in the development of recovery action plan(s):
- Inequalities / poverty
 - Building confidence
 - Safe GM / Standards
 - Co-design, civil society and social infrastructure
 - Resilient city-region
 - Recovery in the context of GMS (opportunities to achieve our aims faster; risks to achieving our aims)
 - Behaviour change
- 3.3 Recovery action planning will engage both new and existing thematic groups and networks, ensuring representation from across the GM system, involving public, private and VCSE sectors, and will seek to draw on evidence and learning to inform our future responses.
- 3.4 From the Greater Manchester Covid emergency response delivered to date, there has been wide recognition from across the city-region, that the neighbourhood and locality led responses have ensured the effect design and delivery of responses and interventions. Further work moving into recovery phases, should continue to ensure interventions are designed and delivered at the appropriate geographical level, with Greater Manchester level activity for example, being those areas where a consistent approach is required, or where there is value added or efficiencies to be achieved through collaboration.

4. RECOMMENDATION

- 4.1 The GMCA is requested to review and comment on the work to date in developing Greater Manchester's recovery response, endorse the approach being adopted, and note that this response and our approaches will continue to evolve.

Date: 29th May 2020
Subject: GMCA Financial Implications of COVID 19
Report of: Steve Wilson, GMCA Treasurer

PURPOSE OF REPORT

The purpose of this paper is to summarise the financial implications of the GMCA and Local Authority response to the impact of measures put in place to support residents and businesses through the Covid-19 crisis and direct implications from loss of income and additional expenditure.

RECOMMENDATIONS:

The GMCA is asked to:

- Note the estimated financial impacts of COVID 19 on GMCA and TFGM budgets
- Approve the utilisation of £1 million of transport reserves held by GMCA and TfGM to fund the shortfall in Metrolink net revenues in the period to 31 March 2020
- Delegate authority to the GMCA Treasurer, in conjunction with the TfGM Finance and Corporate Services Director to make the necessary 'Capital / Revenue switch' to enable the funding of GMIP development costs of up to £7m from the Transforming Cities 2 fund
- Note the proposed approach to finance in the recovery phase of the COVID 19 response

CONTACT OFFICERS:

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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?	No

Risk Management

Legal Considerations

Financial Consequences – Revenue – these are set out within the report

Financial Consequences – Capital - n o n e

BACKGROUND PAPERS: None

1. INTRODUCTION

- 1.1 The purpose of this paper is to summarise the financial implications of the GMCA and Local Authority response to the impact of measures put in place to support residents and businesses through the Covid-19 crisis and direct implications from loss of income and additional expenditure.
- 1.2 Government has so far provided funding to Local Government and fire and rescue services of £3.2 billion nationally. This is in addition to national schemes for providing support for business through the Business Rates Relief Scheme of £1.8 billion, the Hardship Fund for residents of £500m and funding for bus and light rail services.
- 1.3 The report provides a summary of returns submitted to Ministry for Communities and Local Government (MHCLG) made on 15th May from GM Local Authorities. The report also includes a financial update for Transport for Greater Manchester.

2. IMPACT ON GM LOCAL AUTHORITIES

- 2.1 The table below summarises the funding provided to Local Authorities and GMCA from Government so far (this excludes funding passed through to local businesses for COVID 19 support grants, the business rates relief scheme and hardship fund):

Govt Funding	2019/20	2020/21		
	Homelessness	Coronavirus Response Funding		
		Tranche 1	Tranche 2	Total
National	£3.2m	£1.6 bn	£1.6 bn	£3.2 bn
Districts	£m	£m	£m	£m
Manchester	0.068	18.589	15.167	33.756
Bolton	0.008	9.251	7.857	17.108
Bury	0.003	5.364	5.253	10.617
Tameside	0.004	7.676	6.231	13.907
Trafford	0.001	6.118	6.539	12.657
Stockport	0.000	8.276	8.052	16.328
Wigan	0.006	10.465	9.003	19.468
Rochdale	0.004	7.500	6.116	13.616
Salford	0.008	8.911	7.141	16.052
Oldham	0.003	7.641	6.531	14.172
GMCA	0.000	0.564	2.108	2.672
Total	0.105	90.355	79.998	170.353

2.2 The costs and lost income for local authorities significantly exceeds the funding provided by Government. Local authorities submitted returns to MHCLG on 15th May 2020 which are summarised in the table below for GM districts and shows an estimated funding gap of £406m.

Covid Returns 15th May 2020	GM Local Authorities
	£m
Costs	169
Lost income	405
Total	574
Less Funding	168
Gap	406

2.3 To ensure consistency, the financial implications have been estimated based on the ‘lock down’ period to the end of July. It is not possible to accurately predict the financial impact as the country emerges from ‘lock down’ as the Government’s five tests for controlling the virus are evaluated. The estimated impact does not include potential financial implications of a period of ‘living with COVID’.

3. GMCA BUDGETS

3.1 Costs incurred directly by GMCA will be captured in district returns to Government as appropriate and met from a range of funding sources within districts or GMCA resources as agreed with Treasurers.

Greater Manchester Fire and Rescue

3.2 The GMCA/GMFRS COVID 19 Emergency Funding of £2.672m received from Government is intended to provide support for cost pressures in the following areas:

- Overtime costs as whole-time FF self-isolate or take on caring responsibilities
- On Call staff costs, where relevant
- Overtime costs as support staff self-isolate or take on caring responsibilities ☐ ICT infrastructure/licencing
- Reduction in income due to FRSs not providing ‘special services’ for which they charge
- Personal Protective Equipment to meet public health guidelines
- Station cleaning/decontamination

3.3 During March and April costs of £45k and £56k have been incurred with further commitments of £1.117m and loss of income from Prince’s Trust of £0.794m forecast. This is a total expected impact of £2.012m.

Waste

- 3.4 Following the Government's decision to emphasise a 'Stay At Home' message from 23rd March 2020, there has been a change to waste delivered by the GM districts to the authority's facilities. The changes have arisen from the residents of Greater Manchester spending more time at home, from changes to collection regimes as employees self-isolated and from the closure of the Household Waste Recycling Centres (HWRC) which were classed as non-essential services.
- 3.5 During this time, any available Suez employees were diverted to provide additional resources for district waste collections.
- 3.6 Provisional changes to tonnage figures for April 2020 are shown below:

	Additional waste	%
Residual	10,485	37
Biowaste	479	3
Commingled	1,998	22
Pulpables	(908)	(13)
Street Sweepings	(588)	(28)
Trade	(1,460)	(37)
Total	10,004	14

- 3.7 Residual waste is the most expensive to treat and the additional tonnage in April 2020 will result in an additional cost of £0.858m. The levy allocation to districts is based on forecast tonnages and an adjustment is calculated at the end of the financial year to reflect actual tonnages delivered by each district. The impact of the above changes to deliveries from forecast tonnages would normally be passed back to the districts via a levy adjustment. It is proposed that GMCA seek to manage the overall impact on districts within the budget for 2020/21 and if necessary reserves. There will, however, be an impact on individual charges to districts due to changes to relative shares of the overall waste tonnage.
- 3.8 The cost of the commingled and pulpable waste streams incurred by the authority are affected by movements in market prices and it is expected that markets will be affected by decreased global activity. GMCA is exposed to the difference between contract price received and the budget fixed price paid by the districts.
- 3.9 HWRCs were closed from 24 March 2020 until 2 May 2020 when a limited reopening was implemented. The limitations were on opening times, type of waste allowed to be disposed of and vehicle movements. This was designed to prevent the queues and disruption that have been reported in other areas of the country. Additional costs will be incurred by the Authority due to traffic management both on and off site and additional signage. Initially

only residual waste was able to be received but a limited range recycling containers have been added from 16 May 2020. It is currently too early to assess the tonnages being received but limitations on recycling containers could increase the volumes of waste for residual treatment which is the most expensive form of treatment.

- 3.10 It is currently anticipated that there will be no cost saving from the closure of the HWRCs as staff were diverted instead to cover COVID related absences elsewhere and supporting District deliveries of waste. The saving from having no waste to dispose of in April may well be offset against the cost of receiving mostly residual waste, the most expensive to treat, alongside a limited amount of other waste streams in May. It is currently too early to assess this impact.

Rough Sleeping

- 3.11 The 2020/21 budget approved by the GMCA in February 2020 included the continuation of funding for the 'A Bed Every Night' programme. The scheme has provided a key accommodation and support pathway for people who are experiencing rough sleeping, or at imminent risk, in Greater Manchester for the last 2 years. Due to the current pandemic to ensure that everyone who is rough sleeping is provided with an accommodation and support offer, the immediate reaction to Covid-19 in the 'Everyone In' policy will incur costs of £1.9m for the 3 month period to end of June 2020 for 300 people. This is in addition to £2.5m of costs to date for accommodation and support incurred directly by Districts.
- 3.12 The role of A Bed Every Night becomes even more critical as a humanitarian relief programme as we move towards 'living with Covid-19' and manage the continued risk to life that this presents to those who are vulnerable. The continuation of A Bed Every Night is essential to ensure that those currently accommodated within it have the certainty of ongoing accommodation and support, and to ensure that Greater Manchester can continue to offer accommodation and support to people who are sleeping rough, now in the next 9 months. It is intended that Bed Every Night in its third phase will run from July 2020 to March 2021.
- 3.13 Following the change from A Bed Every Night shared provisions into self-contained hotels and other forms of accommodation due to 'Everyone In', the challenge is to rebuild A Bed Every Night to be able to:
- Operate in 'Covid-safe' conditions and provide infection control safety to residents
 - Provide a step down option for hotels and other alternative accommodation procured for 'Everyone In' that cannot be sustained, and prevent a return to rough sleeping
 - Meet the ongoing and potential for increased demand due to the ongoing socio-economic pressures caused by the pandemic
- 3.14 It is proposed that the estimated cost of £1.9m incurred on the 'Everyone In' policy to end of June is met from GMCA earmarked reserve for Life Chances Fund of £5m. The Government is yet to confirm whether it will proactively continue or amend an 'Everyone In' approach that is sustainably funded. This is being fed into the new Taskforce, chaired by Dame Louise Casey.

In the absence of government funding being forthcoming further investment to extend the ABEN scheme from July 2020 to March 2021 is being considered.

Personal and Protective Equipment (PPE)

- 3.15 As a critical part of the emergency response the GMCA and AGMA procurement teams and GMFRS have provided central purchasing, storage and logistical support to districts and some health functions for PPE, including facial masks, aprons, gloves and hygiene sanitiser. Orders with a total cost of £2.8m have been received to date and charges to districts have been made for onward charge to CCGs where relevant of £0.7m. Funding has been underwritten by retained business rates up to a maximum of £5m to allow for rapid sourcing of stock, however following appropriate onward charges the residual cost to the combine authority is likely to be circa £1m.

Temporary Mortuary

- 3.16 In April the government announced the provision of an extra 30,000 temporary mortuary places nationally during the coronavirus pandemic as a precautionary measure. The Combined Authority has led the implementation a facility for managing the risk of the death management process being overwhelmed during the outbreak, through the creation of a centralised additional storage capacity within Greater Manchester.
- 3.17 The estimated cost for installation of the facility, operational costs and eventual decommissioning is £2.4m. The cost is being shared by the 10 GM Local Authorities on a per capita basis.

SUMMARY GMCA BUDGETS

- 3.18 The table below summarises the costs incurred directly by GMCA and the planned funding source.

Direct costs to GMCA	Costs / lost income to date	Total Estimated April - July	Funding Source		
			Districts	GMCA	To be determined
	£m	£m	£m	£m	£m
GMFRS	0.850	2.012		2.012	
Waste	0.858	2.000		2.000	
Rough Sleeping (to June 2020)	0.656	1.900		1.900	
Personal, Protective Equipment	1.700	2.800	0.700	1.000	1.100
Temp Mortuary	1.409	2.400	2.400		
Total	5.473	11.112	3.100	6.912	1.100

4. OTHER FINANCIAL IMPLICATIONS FOR GMCA

- 4.1 Whilst there is no direct loss of income for GMCA general budget in 2020/21, there is a potential detrimental impact on Business Rates growth for 2020/21 which will reduce the 50% element subsequently retained by the CA. In addition there is likely to be a deficit on Local Authority collection funds and a reduction in the overall Council Tax base which will reduce income from GMFRS, Mayoral and PCC precepts in cash terms from 2021/22.
- 4.2 In order to maintain continuity and stability with key providers and contractors GMCA has put in place measures which align to the principles of the Government's emergency policy advice set out in the Procurement Policy Note (PPN) – Supplier Relief due to COVID-19. It applies to goods, services and works contracts being delivered in the UK and is effective until 30th June 2020 and applicable to all contracting authorities.
- 4.3 GMCA will review the interim arrangements every quarter commencing from June 2020 with the view to returning to the original contracting arrangements as soon as deemed reasonable. Providers are expected to act on an 'open-book' basis and make cost data available during this period. They should continue to pay employees and flow down funding to their subcontractors, which will reduce the need to utilise the Government's Job Retention Scheme for furloughed workers.
- 4.4 There is potential slippage on capital programmes which could lead to risks where time limited grants are a funding source. Whilst GMCA is seeking maximum flexibility from Government, work is ongoing to review the position on this and determine mitigating action where necessary.
- 4.5 Housing and Business loans funds are being reviewed for risk of default. All businesses that have requested it have been given a six month capital and interest repayment holiday. No new business investment applications are being progressed in the immediate term whilst the impact of COVID is being determined and businesses are being directed to the government interventions.
- 4.6 The criteria for housing investments is in the process of being reassessed in order to decrease the risk of losses to the fund. Most housing developments are back on site but delays in planned completion are expected. There is expected to be an increase in demand for housing funds if banks reduce their activity and schemes fail and require support for completion. Measures for the CA to increase capacity are limited, so it will be looking to Government to provide additional funding for housing and commercial property.
- 4.7 In addition to Government grant funding from local authorities, the Coronavirus Business Interruption Loan Scheme (CBILS) has been established to provide loans of between £5,000 and £250,000 to qualifying companies. In conjunction with the Local Enterprise Partnership, working with the Growth Company, GMCA has identified additional capital funding of £3m to supplement capital from the traditional banking sector to provide urgently needed financial support for Greater Manchester businesses via Coronavirus Business Interruption Loan Scheme (CBILS).

5. TRANSPORT BUDGETS - GM TRANSPORT LEVY AND STATUTORY CHARGE

5.1 YEAR ENDED 31 MARCH 2020 OUTTURN

Metrolink

- 5.1.1 Before the implementation of lockdown on 16th March 2020, Metrolink net revenues were forecast to outturn in line with the budget including the amounts required to contribute to GMCA financing costs.
- 5.1.2 Following lockdown, patronage reduced significantly and has subsequently 'stabilised' at approximately 5% of pre COVID 19 levels. In recognition of the reduced patronage and in order to mitigate costs, whilst ensuring a service was maintained which continued to support travel for key workers, service patterns were adjusted to a 20-minute service on 6 April 2020.
- 5.1.3 As a result of the 95% reduction in patronage, Metrolink income for 2019/20 was some £3m below the amount that had been included in the 2019/20 budget.
- 5.1.4 On 1st May 2020, following a number of weeks of discussions, the Department for Transport (DfT) announced a funding package to support the significant reduction in Metrolink revenues for the period from mid-March to 8 June. This totaled £11.6 million for the period, which equates to c. £970,000 per week. This represents around 73% of the current net weekly deficit of £1.33 million, based on the current 20-minute service pattern and net of cost mitigations, including the impact of the operator, KAM, having furloughed in the order of 350 members of staff.
- 5.1.5 For the period to 31st March 2020 the DfT funding will contribute c. £2 million, leaving a remaining shortfall of £1 million, which will need to be funded from Transport Reserves. As this was an 'unplanned' drawdown, TfGM was not able to obtain prior approval for the release and therefore this is included in the recommendations for approval in this report.

Our Pass

- 5.1.6 The actual drawdown on the concessionary reserve for Our Pass costs was, primarily as a result of lower patronage in March, £0.4 million below the amount included in the last reforecast of £1.7 million.

5.2 ESTIMATED IMPACT ON 2020/21 BUDGETS

Metrolink

- 5.2.1 Following the initial reduction in service frequency from 6 minute to 12 minutes on 23 March 2020, a further reduction to a 20 minute cross network service was implemented on 6 April 2020.

- 5.2.2 The vast majority of Metrolink costs relate to the operating contract with Keolis Amey (KAM), these costs are largely 'fixed'. TfGM has been working closely with KAM to mitigate revenue losses as far as possible. This has primarily been through reducing service levels, whilst at the same time ensuring that it continues to maintain services for key workers.
- 5.2.3 This reduction of service frequencies has resulted in reductions in operating costs of £1.2 million per month through reduced variable costs such as electricity; mileage-driven maintenance as well as KAM furloughing around 320 employees through the Covid Job Retention Scheme.
- 5.2.4 Outside of the operating contract the majority of other operating costs are also 'fixed'. These relate to rates, insurances and depreciation, and includes 'other costs' including communications and marketing. Ongoing savings are being delivered in 'other costs', although these are being offset in the short term by additional costs associated with COVID 19, including PPE and additional costs of cleaning.
- 5.2.5 Based on the above the current monthly net income (after financing costs) is a monthly deficit of c.£5.3 million, compared to the budgeted break-even position, after financing costs. For the period to 8th June 2020, this position is mitigated through the grant from DfT which provides c. £4 million or around 73% of this deficit position, leaving a shortfall (including financing costs) of approximately £1.3 million per month.
- 5.2.6 This deficit will need to be funded from reserves to the extent that any further savings are not deliverable.
- 5.2.7 Discussions are ongoing with DfT about the funding position beyond this initial period.
- 5.2.8 With the easing of lockdown measures, the operator is preparing to increase Metrolink from the current 20 minute service, that we implemented on 6 April, to a 12 minute, mostly double, tram service from 26 May. This will enable us to provide additional capacity across the Metrolink network to respond to the anticipated increase in demand and to enable those who need to travel by public transport to do so more safely.
- 5.2.9 There is still a great deal of uncertainty as to how public transport provision will, and will be expected to, recover over the coming months. However, our current sensitivity analysis projects that we can expect to experience net losses of between £40 million to £50 million (or potentially higher) for the remainder of the financial year (from early June 2020 to 31 March 2021) in addition to the circa £4 million of unfunded losses in the period from mid-March to 8 June. This is before any additional costs which may be incurred in order to manage social distancing protocols. These costs could potentially be in the order of £30 million for the remainder of this financial year.
- 5.2.10 Out with the immediate impact of COVID 19 and social distancing, it is very likely that commuting travel patterns will be significantly impacted by the recent events. This includes the likelihood that working from home, for at least part of each week, will become much more

prevalent, which will impact the challenging growth assumptions on which the Metrolink funding plan is based.

Bus

- 5.2.11 As part of its work to support Bus operators, and to ensure that a viable bus network has remained in place to support essential travel for key workers, the DfT has put in place a package of financial measures to support commercial bus operators.
- 5.2.12 These include 'urging' transport authorities such as TfGM to continue to reimburse bus operators for concessionary travel and subsidised bus services at 'pre Covid' levels of activity. Based on this TfGM has continued to pay bus operators in GM at c. 85% of pre Covid levels, with all reimbursement based on pre COVID 19 activity levels with the exception of the Our Pass 16-18 concession, which is in a pilot phase, where reimbursement is being made based on actual usage. It is estimated that of the c£6 million per month paid to operators in both April and May, c£1 million relates to tendered services not provided; and £3.2 million relates to concessionary journeys not made i.e. an 'overpayment' of c£4.2 million per month.
- 5.2.13 DfT has made a further grant available to bus operators through the 'Coronavirus Bus Services Support Grant' (CBSSG) from mid March to 8 June. GM is receiving c. £3.5 million a month through this source to pay onto bus operators based on them operating up to 50% of pre Covid mileage.
- 5.2.14 TfGM continues to have discussions with DfT on the future basis for payments for the period beyond 8 June. The GM Mayor and other city region Mayors and Local Authority Leaders have written separately to the Secretary of State in relation to proposals for Bus funding beyond this period, including proposals to:
- allow transport authorities to deploy available resources to ensure networks meet the specific needs of the areas they serve and to coordinate the provision of bus networks with light and heavy rail services; and
 - reflect the Government's stated intention to devolve responsibility for local transport services and for city regions to be able to write their own recovery plans which reflect local circumstances and aspirations

Other Income

- 5.2.15 TfGM is experiencing significant reductions in its non-grant income streams. Should this remain the case this will significantly impact the budget for the current year and further savings would be required, which would very likely impact service levels. The following income streams are currently running at significantly reduced levels compared to budget during lockdown:
- On Bus Revenues: farebox income on the services TfGM provides, primarily on schools' services (budget £0.5 million per month);

- Departure Charges: charges to bus operators for use of bus stations (£0.3 million a month); and
- Other commercial income: relates to rental income; advertising; ticket sales commissions; income from issuing travel passes; and others specific service charges (£0.5 million a month).

Cost impacts

- 5.2.16 TfGM is incurring additional costs in a number of areas including cost of additional PPE; additional IS costs to support remote working; and staff time where resources have been deployed to support or deliver GM priority Covid related infrastructure and other projects.
- 5.2.17 Discussions are ongoing via GMCA to attempt to recover this lost income and additional costs from government.
- 5.2.18 The range of likely outturn is dependent on the levels and timescales of ramp up of commercial/rental revenues and on bus income. Work is currently ongoing to develop options for meeting the likely shortfall in the current year and further, regular, updates will be presented to GMCA.

Our Pass

- 5.2.19 As described above, journeys being undertaken by 16-18s using Our Pass are being reimbursed on an actual basis, rather than at pre Covid levels. This has resulted in payments of c£70,000 per month in April and May compared to an average month's budget of c£1.3 million. The resultant annual underspend is, like a number of other issues, extremely difficult to predict, but will need to be considered in the context of the broader financial issues. It is proposed that an update on Our Pass will be brought to GMCA in July.

5.3 OTHER 'NON LEVY/PRECEPT' FUNDED TFGM PROGRAMMES AND ACTIVITIES

- 5.3.1 The CA and Mayoral Transport Budgets approved on 14 February 2020 included a number of other transport activities which were being funded from other funding sources. An update on these is given in this section.

Greater Manchester Infrastructure Programme (GMIP)

- 5.3.2 The Budget report presented to GMCA in February noted a potential investment of £10m in 2020/21 to support the development of the Greater Manchester Infrastructure Programme (GMIP). Release of this funding was to be subject to a business case which it was originally anticipated would be submitted in March 2020.
- 5.3.3 Due to COVID 19, the business case was not presented and subsequent work has been undertaken to reconsider the requirements for expenditure in 2020/21 in the context of the

wider pressures on funding and reserves. It remains essential, however, that GM has an appropriate pipeline of infrastructure schemes in place for when funding is brought forward beyond the immediate COVID 19 time horizon.

- 5.3.4 The revised priorities for 2020/21 include scheme development for early delivery of infrastructure to support fiscal stimulus objectives; developing solutions that assist in the viability of the Existing Land Surplus element of the GMSF; in formulating GM's response to the Integrated Rail Plan, including HS2; and supporting the delivery of Our Network.
- 5.3.5 Recognising the pressures on Local Authority funding, it is proposed to progress the work, but rather than funding from Retained Bus Rates in 2020/21, it is proposed to fund the revised forecast costs in 2020/21 from a 'top slice' of up to 10%, which would equate to up to c. £7 million from the previously announced £69.7 million of 'Transforming Cities Fund 2'.
- 5.3.6 Subject to approval of the proposal above, it is proposed to delegate authority to the GMCA Treasurer, in conjunction with the TfGM Finance and Corporate Services Director, to make the necessary 'Capital/Revenue switch'.

Bus Reform

- 5.3.7 It is proposed that an update report on Bus Reform will be brought to GMCA in June.

5.4 TFGM CAPITAL PROGRAMME

- 5.4.1 TfGM has been reworking the Transport Capital Programme for 2020/21 to take account of the anticipated impacts of COVID 19 on capital projects. An initial high-level review based on an assessment of status and criticality of all projects indicates a forecast reduction in expenditure of between £11m to £32m in 2020/21. Further work is ongoing to review the projects and programmes in further detail.

6. NEXT STEPS AND FINANCIAL RECOVERY

- 6.1 Beyond the immediate impact of the COVID 19 emergency, there will be an important role for finance teams across GM to undertake as part of the recovery process. This includes ongoing work to manage and mitigate the financial impact of the crisis as well as work to support other areas of recovery, including both humanitarian and economic elements.
- 6.2 Work has commenced with a sub group of treasurers looking at ways to mitigate financial impact through joint work across GM. This will include:
- Maintenance of accurate record of COVID related expenditure incurred and forecast including recovery costs
 - Lobbying of central government for funding of all COVID costs
 - Ensuring all recovery activities are appropriately costed and financed
 - Developing opportunities for financial recovery working across GM and within districts

- Reviewing existing pre-COVID investment priorities to determine whether these are still applicable in the short to medium term world but also identifying new priorities which may have emerged
- Support other recovery activities where appropriate

7. RECOMMENDATIONS:

7.1 The GMCA is asked to:

- Note the estimated financial impacts of COVID 19 on GMCA and TFGM budgets
- Approve the utilisation of £1 million of transport reserves held by GMCA and TfGM to fund the shortfall in Metrolink net revenues in the period to 31 March 2020
- Delegate authority to the GMCA Treasurer, in conjunction with the TfGM Finance and Corporate Services Director to make the necessary 'Capital / Revenue switch' to enable the funding of GMIP development costs of up to £7m from the Transforming Cities 2 fund
- Note the proposed approach to finance in the recovery phase of the COVID 19 response