

**GREATER MANCHESTER CORPORATE ISSUES & REFORM
OVERVIEW AND SCRUTINY COMMITTEE 2021/22**

DATE: Tuesday 16 November 2021

TIME: 6.00 pm

VENUE: GMCA, 56 Oxford Street, Manchester M1 6EU

SUPPLEMENTARY AGENDA

**This agenda contains the Revenue and Capital Update reports,
which were marked to follow on the agenda.**

- 6. QUARTER 2 REVENUE AND CAPITAL UPDATE REPORT 1 - 26**

Presented by Rachel Rosewell, GMCA Deputy Treasurer

BOLTON	MANCHESTER	ROCHDALE	STOCKPORT	TRAFFORD
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Corporate Issues & Reform Overview & Scrutiny Committee

Date: 16 November 2021

Subject: GMCA Revenue Update Quarter 2 - 2021/22

Report of: Cllr David Molyneux, Portfolio Holder - Resources
Steve Wilson, Treasurer to GMCA

PURPOSE OF REPORT:

This report will inform the GMCA of the 2021/22 financial position at the end of September 2021 (quarter 2) and forecast revenue outturn position for the 2021/22 financial year.

RECOMMENDATIONS:

At its next meeting on 26 November 2021 the GMCA will be asked to:

1. Approve an increase to Mayoral budget of £535k to be funded from reserves as set out in Section 2.
2. Approve an increase to the GMCA General budget of £13.746m which is fully funded from additional income and use of reserves as set out in Section 3.
3. Approve use of the revenue reserves earmarked for the capital programme to increase the TfGM revenue budget for costs relating to two approved capital schemes that cannot be capitalised. This transfer will be offset by a commensurate reduction in the capital programme.
 - £0.730m to fund Mayors Challenge Fund programme management of £0.650 and GM side road zebra research commission costs of £80k; and
 - £0.800m of revenue costs relating to the temporary Metrolink Park and Ride facility at Whitefield.

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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 2021/22 budget update.

Financial Consequences – Revenue – The report sets out the forecast outturn position for 2021/22.

Financial Consequences – Capital – There are no specific capital considerations contained within the report.

Equalities Implications: The report recommendation an increase to the Mayoral budget for tackling inequalities in response to the recommendations of the Independent Inequalities Commission which was reported to GMCA on 25th June 2021;

Number of attachments included in the report: 0

BACKGROUND PAPERS:

Reports to Greater Manchester Combined Authority:

GMCA Budget Reports – 12th February 2021

GMCA Revenue Update Quarter 1 2021/22 – 30th July 2021 and 10th September 2021

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
TGMC	Overview & Scrutiny Committee
N/A	GM Corporate Issues & Reform 16 th Nov 2021

1. INTRODUCTION

- 1.1 The report details the GMCA actual position to 30th September 2021 and forecast revenue outturn position for 2021/22, covering Mayoral General Budget, Mayoral GM Fire and Rescue Budget (GMFRS), GMCA General Budgets, GM Waste and Transport including Transport for Greater Manchester (TfGM). It provides an analysis of the significant forecast variances in year compared to approved budget and seeks approval for revisions to the budget.
- 1.2 The position at Quarter 2 is summarised in the table below with further detail on the variances provided in the report.

GMCA Revenue Update - Qtr 2	Budget			Q2 Forecast Outturn			Variance		
	Exp	Income	Total	Exp	Income	Total	Exp	Income	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Mayoral	127,032	-127,032	0	127,567	-127,567	0	535	-535	0
GMCA General	245,876	-245,876	0	259,622	-259,622	0	13,746	-13,746	0
GM Fire and Rescue	111,635	-111,635	0	109,926	-111,575	-1,649	-1,709	60	-1,649
Waste	162,402	-162,402	0	160,494	-162,889	-2,395	-1,908	-487	-2,395
Transport	246,426	-246,426	0	253,976	-253,976	0	7,550	-7,550	0
Total	893,371	-893,371	0	911,585	-915,629	-4,044	18,214	-22,258	-4,044
<u>Memorandum item</u>									
TfGM	173,680	-173,680	0	181,230	-181,230	0	7,550	-7,550	0

2. MAYORAL BUDGET

- 2.1 The revised Mayoral budget for 2021/22 approved by GMCA following the GMCA Revenue Update Quarter 1 in July 2021 is £127.032m. At the end of quarter 2 the forecast position for the Mayoral budget is breakeven with projected expenditure of £127.567m.
- 2.2 The quarter 2 position is an increase of expenditure by £535k to be funded by a transfer from Mayoral reserves relating to the following:
- GMCA has been successful in a bid to Government for the Rough Sleeper Initiative to support the A Bed Every Night programme (ABEN). However the amount awarded was £1m against a bid of £1.5m. To ensure the ABEN programme can be delivered as planned an additional contribution from Mayor's budget of £500k is required.
 - Funding to the 'No Child Goes Hungry' scheme over the summer holidays of £53k has been provided. This has been funded £18k from underspend in the Mayoral administrative budget and £35k from reserve.
- 2.3 The table below summarises the position:

Mayoral Budget 2021/22 Quarter 2 Position	Original Budget	Revised Budget	Forecast Outturn	Variance
	£000	£000	£000	£000
Employee Related	457	457	452	-5
Supplies and Services	2	2	9	7
Travel Related	33	28	8	-20
Corporate Recharge	756	756	756	0
Mayoral Priorities	19,250	19,539	20,092	553
Mayoral Transport	106,250	106,250	106,250	0
Total Expenditure	126,749	127,032	127,567	535
Mayoral Precept	-18,709	-18,709	-18,709	0
Collection Fund Deficit	855	855	855	0
Collection Fund Grant	-105	-105	-105	0
Local Council Tax Scheme	-504	-504	-504	0
BSOG grant	-13,100	-13,100	-13,100	0
Mayoral Capacity grant	-1,000	-1,000	-1,000	0
Statutory charge	-86,700	-86,700	-86,700	0
Use of Reserves	-6,636	-6,919	-7,454	-535
External Income	-850	-850	-850	0
Gross Income	-126,749	-127,032	-127,567	-535
Net Expenditure	0	0	0	0

3. GMCA GENERAL BUDGET

- 3.1 The 2021/22 budget approved for GMCA in February 2021 was £224.044m funded from recurrent and non-recurrent sources, made up of local precepts and levies, government grants and reserves. The budget was revised in the revenue update for quarter 1 to £245.876m as result of additional grant funding received in year and planned use of year end reserves.
- 3.2 The forecast position at the end of quarter 2 is breakeven. The position at quarter 2 includes the impact of 1.75% estimated pay award for Green Book staff, which was not anticipated when the original budget was approved, the impact of this has been managed within overall budgets.
- 3.3 Since the quarter 1 2021/22 revised budget was approved in September 2021 there have been changes to planned expenditure across the Directorates. Overall, this is an increase to the GMCA budget of £13.746m which is fully funded from additional income and reserves as set out below. The GMCA is requested to approve an increase to the 2021/22 GMCA General budget to £259.622m.
- 3.4 The table below provides a breakdown of the GMCA budget and the forecast outturn position at quarter 2.

GMCA Revenue Monitoring 2021/22 – Quarter 2	Original Budget	Revised Budget	Forecast Outturn	Forecast Variance
	£000	£000	£000	£000
Digital	1,674	1,674	3,784	2,110
Economy	18,954	21,027	26,573	5,546
Environment	2,697	2,943	3,235	293
Place	7,941	7,935	8,437	502
Public Service Reform	21,993	21,997	34,211	12,214
Work and Skills	140,406	158,335	151,417	-6,918
GMCA Corporate	26,580	28,165	28,164	0
GM Election	3,800	3,800	3,800	0
Total Expenditure	224,044	245,876	259,622	13,746
Funding	-224,044	-245,876	-259,622	-13,746
Net Expenditure	0	0	0	0

3.5 For the Digital Directorate, there is an overall increase in planned spend of £2.110m in relation to:

- Smart Residents Data Exchange Platform increased spend of £1.998m funded from additional external funding alongside the remaining retained Business Rates allocation;
- Other variances totaling a net increase in budget of £112k which are fully funded.

3.6 For the Economy Directorate there is an increase in planned spend of £5.546m in relation to:

- Made Smarter pilot scheme has been replaced with the Adoption North West programme. There is additional forecast expenditure of £4.761m is to be funded from Department for Business, Energy & Industrial Strategy (BEIS) grant;
- Business Growth Hub for core work and National Cluster Co-Ordination Role undertaken by the Growth Hub of £780k funded by BEIS grant;
- Other variances totaling a net increase in budget of £5k which are fully funded.

3.7 For the Environment Directorate, an increase in planned spend of £293k:

- GM Local Energy Markets forecast increase in expenditure of £337k to be funded from the Innovate UK Greater Manchester Local Energy Market grant;
- The revenue Green Homes budget requires an uplift in budget of £50k to cover the Communications work required around this scheme, to be funded from BEIS grant;
- Great Places is forecast to spend £94k less than anticipated at Quarter 1.

3.8 For the Place Directorate, additional budget of £502k is required in relation to Getting Building Fund of £100k and Brownfield Fund of £402k, both of which will be funded from a transfer from unapplied grant reserve.

3.9 For the Public Service Reform Directorate, a budget increase of £12.214m is forecast with additional funding as follows:

- Children's Services increase of £840k to fully utilise additional income from partners and prior year income rolled forward;
- GM Health Devolution of £2.795m in relation to the GM Covid-19 Self-Isolation Pathfinder funding;
- Public Sector Reform core budget of £3.124m to utilise all income funding available, mainly from unspent funds from 2020/21;
- Rough Sleeping Initiative and Rough Sleeper Accommodation Programme uplift of £1.253m made up of grant funding from Department for Levelling Up, Housing & Communities and Homes and Community Agency Funding;
- An allocation from the Ministry of Justice of £2.962m grant for Community Accommodation Service;
- New funding for What Works for Children's Social Care of £232k funded by the remaining 2020/21 income;
- Homelessness Out of Hospital Care is forecasting additional expenditure of £915k to be funded by grant from the Department of Health & Social Care;
- Other variances totaling a net increase in budget of £93k which are fully funded from external income.

3.10 For the Work and Skills Directorate, there is an overall reduction in planned spend of £6.918m. The majority of this is in relation to the Adult Education of £3.637m and National Skills Fund Adult Level 3 of £2.758m, due to lower than anticipated provider claims.

4 MAYORAL GENERAL – GM FIRE AND RESCUE SERVICE

4.1 The 2021/22 budget for GM Fire and Rescue Service (GMFRS) in September 2021 was approved at £111.635m. The forecast revenue outturn position at quarter 2 is an underspend of £1.649m. The table below provides a summary of the position:

GMFRS Budget 2021/22 Quarter 2	Approved Budget	Actual Quarter 2	Forecast Outturn	Forecast Variance
	£000	£000	£000	£000
Employees	86,655	41,835	84,932	-1,723
Indirect Employees	1,813	325	1,496	-317
Premises	4,932	1,803	4,931	-1
Transport	2,275	964	1,956	-319
Supplies & Services	8,585	4,535	8,323	-262
Support Services	7,587	-2	7,759	172
Capital Financing Costs	90	0	90	0
Government Grants	-768	-477	-768	0
Other Grants & Contributions	-614	-76	-509	105
Customer & Client Receipts	-2,586	-819	-1,951	635
Capital Financing Costs	2,316	37	2,316	0
Trf to Earmarked Reserve	1,349	0	1,349	0
Total Expenditure	111,635	48,127	109,926	-1,709
Localised Business Rates	-10,297	-5,149	-10,297	0
Baseline funding	-40,353	-20,983	-40,353	0
Section 31 - Business rates	-2,594	-1,269	-2,535	58
Section 31 - Pension related	-5,605	-5,605	-5,605	0
Precept income	-50,041	-25,021	-50,041	0
Collection Fund surplus/deficit	5,236	265	5,236	0
Local Council Tax Support	-1,349	-1,342	-1,347	2

Trf from Earmarked Reserve	-6,632	0	-6,632	0
Total Funding	-105,003	-59,104	-111,574	60
Net Expenditure	0	-10,977	-1,649	-1,649

Employee Related

- 4.2 Employees pay and pensions is a forecast underspend of £1.723m. This forecast is based on the current strength figures across GMFRS with the addition of 1.5% increase from July for pay award for uniformed pay and an assumption on increased costs for non-uniformed salaries. The pay award budget was set at 0%, however, the increase is being absorbed through vacancies.
- 4.3 The forecast also includes expected costs of future new recruit cohorts throughout the financial year. The figures do not include any assumptions of future leavers, however, the Service are expecting that the forecast will reduce from that currently reported as a result due to high numbers of potential leavers through the retirement profile, which will be updated in future reports.
- 4.4 The pay underspend is mainly attributable to the number of uniformed posts being lower than the budgeted establishment. The recruitment strategy seeks to increase headcount up to budgeted establishment numbers by September 2022. Pre-arranged overtime has been included in the forecast based on average cost to date for the hours required to maintain ridership. This cost is expected to reduce as the number of personnel increases which will be factored into future forecasts.

Non-pay related

- 4.5 Indirect Employee Allowances position is an underspend of £317k. The underspend is mainly in relation to insurance and reduced cost of other training expenses in year.
- 4.6 Premises Related expenditure is currently forecast to budget, with repairs and maintenance in an overspend position, offset by a reduction in business rates. Further information is being gained on in year and future year savings on business rates which will be factored into the budget planning for 2022/23 onwards. In year savings include rebates received.
- 4.7 Transport Related forecast is an underspend of £319k based on costs incurred to date, however, travel costs may increase in line with the easing of national restrictions and internal hybrid working arrangements.
- 4.8 Supplies, Services and Other Expenditure is forecast at an underspend of £262k including savings identified in year which will be reinvested if pressures arise during the financial year.
- 4.9 Support Services budget incorporates the central recharges received from the wider Combined Authority. Further charges for specific additional support from HROD for the whole-time firefighter recruitment and selection process and Communications for various projects and strategies outside of central recharges have been forecast which result in an overspend of £172k.

Income

- 4.10 Income is expected to underachieve by £741k in total, however, work is on-going to identify apprenticeship levy income and the requirements of offsetting the costs of

end point assessments. This and other elements of income will be closely monitored to identify any further variances.

5 GM WASTE & RESOURCES

5.1 The 2021/22 budget for Waste in February 2021 was £162.402m based on November 2020 tonnage information supplied by GM Local Authorities and inflation for the Waste and Resource Management Services (WRMS) and Household Waste Recycling Centre Management Services Contracts (HWRCMS).

5.2 The position at quarter 2 is an underspend of £2.395m. The table below provides a breakdown of the position.

GM Waste Budget 2021/22	Approved Budget	Forecast Outturn	Forecast Variance
	£000	£000	£000
Operational Costs	105,023	104,379	(644)
Operational Financing	48,830	47,640	(1,190)
Office Costs	6,190	6,105	(85)
Non Operational Financing	2,629	2,640	11
Total Budget	162,672	160,764	(1,908)
Levy Adjustment	0	(757)	(757)
Use of Reserves	(270)	0	270
Levy	162,402	160,007	(2,395)

5.3 Operational costs are showing a forecast underspend mainly due to higher than budgeted income from recyclables and anticipated income from the sharing of third party income at Runcorn Thermal Power Station.

5.4 Operational financing is showing an underspend due to lower than budgeted interest rates and slightly lower Minimum Revenue Provision (MRP) due to slight delays in the capital programme.

5.5 Currently there is a forecast levy adjustment income from GM Local Authorities of £757k from increased tonnages. However, it should be noted that this forecast adjustment is based on data to quarter 2 only and could be subject to significant variation through the remainder of the year dependent on resident behaviour, further impact of any restrictions and economic activity. Further updates will be provided throughout the remainder of the year.

6 TRANSPORT REVENUE BUDGET

6.1 The Transport revenue budget approved by GMCA in February 2021 was £246.426m, which includes funding from the Transport Levy and Statutory Charge, Mayoral precept, grants and reserves. The majority of the Transport revenue budget is paid to Transport for Greater Manchester (TfGM) for transport delivery and the budget approved for 2021/22 was £173.680m. The remainder of the Transport revenue budget is retained by GMCA for capital financing costs for Metrolink and other programmes. The position against the capital financing budget is breakeven.

6.2 The table below summarises the original approved budget for TfGM for 2021/22 and the proposed revised budget at quarter 2 of £181.230m, an increase of £7.550m

against the revised budget at quarter 2. A commentary on the key changes is provided below the table.

TfGM Revenue Budget 2021/22 Quarter 2	Original Budget £000	Forecast Outturn £000	Variance £000
Concessionary Support	77,900	74,700	-3,200
Supported Services	32,000	32,000	0
Accessible Transport	3,900	3,900	0
Operational Costs	35,820	41,120	5,300
Clean Air Plan Costs	6,500	4,200	-2,300
GMIP development Costs	7,000	9,000	2,000
Bus Franchising costs	4,250	10,000	5,750
Financing	6,310	6,310	0
Total Expenditure	173,680	181,230	7,550
Levy Allocated to TfGM	-36,380	-36,380	0
Statutory Charge	-86,700	-86,700	0
Mayoral Budget	-18,650	-18,650	0
Rail Grant	-1,900	-1,900	0
Metrolink funding from Revenue / Reserves	-10,800	-10,800	0
Clean Air Plan JAQU grants	-6,500	-4,200	2,300
TCF2 funding for GMIP	-7,000	-400	6,600
ICTF funding for GMIP	0	-8,600	-8,600
Bus Franchising funding	-4,250	-10,000	-5,750
Utilisation of Reserves/other Grants	-1,500	-3,600	-2,100
Total Funding	-173,680	-181,230	-7,550
Net Expenditure	0	0	0

- 6.3 The costs of concessionary reimbursement are currently forecast to outturn lower than budget. Whilst TfGM has, in line with previous Department for Transport (DfT) guidance, continued to reimburse bus operators for concessionary reimbursement in line with pre COVID-19 volumes, adjustments have been made, in line with further DfT guidance, where operated mileage has been less than 100% of pre COVID-19 levels. Payments for the 16-18 free travel concession, where volumes have recovered strongly in recent months, are currently forecast to be in line with budget.
- 6.4 The costs of Supported Services and Accessible Transport are currently forecast to outturn in line with budget.
- 6.5 Operational costs are currently forecast to outturn c.£5.3m million higher than the original budget due to the costs of activities which are funded by additional grants (£2.1m); and other additional costs incurred, including those with respect to COVID-19 (£3.2m).
- 6.6 The costs of completing the Full Business Case for the Clean Air Plan are currently forecast to outturn £2.3m lower than original budget. As in previous years, all of these costs are funded by grants from the Government's Joint Air Quality Unit.

- 6.7 The expenditure in the year on Scheme Development, which relates to the development of a pipeline of transport infrastructures schemes in Greater Manchester by TfGM and the ten Local Authorities, is forecast to outturn £2m higher than the original budget, but below the quarter 1 forecast due to the phasing of work and the impact of the work undertaken on the City Region Sustainable Transport Settlement. On 27 October government announced the award of £1.07bn to GM under this Settlement bid, which includes funding to contribute further to the ongoing development of the pipeline of transport infrastructures schemes.
- 6.8 The total forecast expenditure on implementation costs for Bus Franchising is £10m, which is £5.75m higher than the original budget, but below the increase approved in quarter 1 due to the phasing of a number of workstreams.
- 6.9 Approval is required to make the appropriate switches between capital and revenue:
- From the Mayor's Challenge Fund (MCF) of the £6m of funding that was approved by GMCA in July 2018 for the period up to 31 March 2022;
 - £650k for MCF programme management costs;
 - £80k to complete the final stages of the GM Highways Group Side Road Zebra research commission;
 - Revenue costs of £0.8m relating to the temporary Metrolink Park and Ride facility at Whitefield.

7 RECOMMENDATIONS

- 7.1 Recommendations are included at the front of the report.

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Corporate Issues & Reform Overview & Scrutiny Committee

Date: 16 November 2021

Subject: GMCA Capital Update 2021/2022 - Quarter 2

Report of: Councillor David Molyneux, Portfolio Holder – Resources
Steve Wilson, Treasurer to GMCA

PURPOSE OF REPORT:

To present an update in relation to Greater Manchester Combined Authority 2021/22 capital expenditure programme.

RECOMMENDATIONS:

GMCA is requested to:

1. Note the current 2021/22 forecast of £625.7 million compared to the 2021/22 quarter 1 capital forecast of £681.7 million;
2. Note the additional funding secured of £3.4 million for the Clean Bus Fund from the Joint Air Quality Unit (JAQU) as outlined in para 8.1 of this report; and
3. Note that the GMCA will be asked to approve the addition to the Capital Programme of Clean Air Plan Electric Vehicle Taxi Infrastructure (part of the Greater Manchester Clean Air Plan) as outlined in para 8.3 of this report with a current forecast of £0.9 million in 2021/22, £1.3 million in 2022/23 and £0.8 million in 2023/24.

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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 – There are no specific revenue considerations contained within the report, however the revenue budget contains resources to meet the capital costs of the authority. Changes in the capital programme can affect the budget to meet these costs.

Financial Consequences – Capital – The report sets out the expenditure for 2021/22.

Number of attachments included in the report: None

BACKGROUND PAPERS:

Reports to Greater Manchester Combined Authority:

GMCA Capital Programme 2020/21 – 2023/24 - 12 February 2021

GMCA Capital Update 2021/22 – Quarter 1 – 10 September 2021

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
	Overview & Scrutiny Committee	
	Corporate Issues and Reform 16 th November 2021	

1. INTRODUCTION AND BACKGROUND

- 1.1 The Greater Manchester Combined Authority (GMCA) approved the 2021/22 Capital Programme at its meeting on 12 February 2021. The latest 2021/22 Capital reforecast was reported to and noted by the GMCA at its meeting on 10 September 2021.
- 1.2 GMCA's capital programme includes Greater Manchester Fire and Rescue Services, Economic Development and Regeneration programmes and the continuation of the programme of activity currently being delivered by Transport for Greater Manchester ("TfGM") and Local Authorities including the following elements:
- The Greater Manchester Transport Fund ('GMTF');
 - Metrolink Trafford Park Line Extension;
 - Clean Air Schemes including Early Measures Investment Fund (EMIF), Clean Bus Initiatives, OZEV-EV Taxi, CAP EV Taxi Infrastructure, Clean Air Zones (CAZ) and Financial Support Scheme (FSS);
 - Other capital projects and programmes including Transforming Cities 1 and 2, Active Travel, Cycle City Ambition Grant (CCAG 2), Rail – Access for All, Cycle Safety, and Bus Franchising;
 - Transport Growth Deal Major Schemes;
 - Minor Works (including schemes funded by Integrated Transport Capital Block and Growth Deal);
 - Capital Highways Maintenance, Traffic Signals and Full Fibre;
 - Investments including Growing Places, Regional Growth Fund and Housing Investment Fund; and
 - Economic Development and Regeneration Growth Deal Schemes.
- 1.3 The 2021/22 Capital Programme is summarised in Appendix A and the major variances are described in this report.

2. IMPACT OF COVID-19

- 2.1 As previously reported, the progression of a significant number of schemes and their associated expenditure profiles has been impacted upon by COVID-19. During 2021, these impacts have been compounded by global pressures on construction materials availability and associated pricing, to which the pandemic and other market forces have proved to be contributory factors.
- 2.2 TfGM and Local Authority Delivery Partners are continuing to work with their respective supply chains to keep the impacts of the above matters to a minimum.
- 2.3 Some of these impacts have manifested themselves on the capital expenditure forecast figures reported within his update. It is anticipated that these impacts will continue, to varying degrees, into the future in respect of expenditure within the current financial year.
- 2.4 These impacts are being kept under regular review and will continue to be reported to the GMCA through future capital updates.

3. GREATER MANCHESTER TRANSPORT FUND (GMTF)

- 3.1 The GMTF programme is funded from a combination of grants from the Department for Transport (DfT); a 'top slice' from the Greater Manchester Integrated Transport Block (ITB) LTP funding; and from a combination of borrowings, to be undertaken by GMCA, and partly from local/third party contributions and local resources (including LTP and prudential borrowings).
- 3.2 The GMTF was established on the basis that GMCA would repay the borrowings in full by 2045, in part through the application of Metrolink net revenues (being Metrolink revenues, net of operating, maintenance and other related costs); in part by the application of the annual ring-fenced levy contributions, which will be raised by the GMCA, under its levying powers; and in part from local, third party, revenue contributions.
- 3.3 The GMCA and TfGM hold earmarked reserves which are ring-fenced to pay for and manage the risks of delivering their ongoing capital programme. This includes the capital programme reserve which will be utilised as the financing costs (which include both the interest costs and minimum revenue provision with respect to the borrowings, which have been or will be taken out to fund the delivery of the schemes).
- 3.4 As reported previously to GMCA, due to the impact of COVID-19, Metrolink has suffered a significant reduction in farebox revenues. DfT have now confirmed additional COVID support up to the end of the financial year with the funding currently forecast to be sufficient to cover the current operating deficit.

Metrolink Programme

- 3.5 The Metrolink Programme includes the close out of certain activities relating to the Phase 3 expansion programme as well as other service and operational improvement works to the network.
- 3.6 The current forecast expenditure for 2021/22 on residual works is £7.0 million, compared to a previous forecast of £6.5 million. The variance relates to the earlier conclusion of procurement and associated contract award activities with service and operational works now having started on site.
- 3.7 The total forecast outturn cost is within the total approved budget.

Metrolink Renewal and Enhancement Capital Programme

- 3.8 The Metrolink Renewals and Enhancements programme has historically been funded by prudential borrowings, with repayments being made from Metrolink net revenues. However, as result of COVID-19 and the associated impact on Metrolink revenues referred to at 3.4 above, the programme was reprioritised, with only works that are either safety or operationally critical currently being delivered.
- 3.9 The current forecast expenditure for 2021/22 of £8.5 million is in line with the previous forecast of £8.6 million.

3.10 The total forecast outturn cost is within the total approved budget.

Park and Ride

3.11 The current forecast for 2021/22 is £0.1 million is in line with the previous forecast.

3.12 The total forecast outturn cost is within the total approved budget.

Bus Priority Programme

3.13 The current forecast for 2021/22 is £0.2 million, which is in line with the previous forecast.

3.14 The total forecast outturn cost is within the total approved budget.

Interchanges

3.15 The current forecast expenditure for 2021/22 is £0.1 million compared to a previous forecast of £0.3 million. The variance is due to the settlement of agreements.

3.16 The total forecast outturn cost is within the total approved budget.

A6 to Manchester Airport Relief Road (A6MARR)

3.17 Stockport Council is responsible for the delivery of the A6MARR, resulting in the expenditure largely comprising grant payments to Stockport MBC.

3.18 The current forecast expenditure for 2021/22 is £3.4 million and is in line with the previous forecast of £3.5 million.

3.19 The total forecast outturn cost is within the total approved budget.

4. METROLINK TRAFFORD EXTENSION

4.1 The current forecast expenditure in 2021/22 is £0.2 million, compared to a previous forecast £1.0 million. The variance is predominately due to rephasing of risk allowances.

4.2 The total forecast outturn cost is within the total approved budget.

5. TRANSFORMING CITIES FUND (TCF)

5.1 This programme includes:

- Metrolink Additional Capacity; and
- Cycling and Walking Mayoral Challenge Fund (MCF)

- 5.2 The Metrolink Additional Capacity programme includes the purchase of 27 additional trams and additional supporting infrastructure. The current forecast expenditure is £16.9 million in 2021/22 compared to a previous forecast of £18.4 million. The variance is due to previously reported delays in manufacturing and delivery of trams, which have been affected by the supply of materials. The associated Power Upgrades and Depot Improvement works, are due to commence during Quarter 3 of this financial year.
- 5.3 The Cycling and Walking Challenge Fund 2021/22 current forecast spend of £43.5 is in line with the previous forecast of £43.9 million.
- 5.4 Total forecast outturn costs are within the total approved budgets.

6. TRANSFORMING CITIES FUND - SECOND ALLOCATION (TCF2)

- 6.1 The current TCF2 forecast expenditure is £2.2 million compared with a previous forecast of £2.6 million. The variance is due to a realignment of scheme development activities to ensure consistency with the programme of work included in the CRSTS submission.
- 6.2 The total forecast outturn cost is within the total approved budget.

7. ACTIVE TRAVEL FUND (ATF)

- 7.1 The Active Travel Fund (ATF) programme comprises 25 cycling and walking infrastructure schemes located on the public highway, which are to be delivered by the 10 Greater Manchester Authorities. The current ATF forecast expenditure is £3.4 million against a previous forecast of £6.4 million. The variance is due to a review of the schemes within the programme, resulting in a re-phasing of some schemes into future years.
- 7.2 Total forecast outturn costs are within the total approved budgets.

8. CLEAN AIR PROGRAMME

- 8.1 The Clean Bus Fund and Clean Bus Technology Fund current expenditure forecast is £12.2 million compared to a previous forecast of £11.6 million. The variance is due additional funding secured for the Clean Bus Fund of £3.4 million in August 2021 of funding from Joint Air Quality Unit (JAQU) to support replacement of non-compliant vehicles for small and medium sized bus operators who operate registered bus services within Greater Manchester.
- 8.2 The OZEV EV Taxi Project current expenditure forecast is £0.9 million compared to a previous forecast of £1.6 million. The variance is primarily due to the finalisation of site selection shortlisting for Electric Vehicle Charging sites.

- 8.3 In March 2021, JAQU awarded £3.5 million (£3.0 million capital investment and £0.5 million revenue) as part of the Clean Air Programme to facilitate the roll out a minimum of 30 taxi dedicated rapid charging as part of the CAP EV Taxi Infrastructure. The current capital expenditure forecast for this financial year is £0.9 million.
- 8.4 The final Business Case for the GM Clean Air Zone (CAZ) is in the process of being finalised for submission to the JAQU.
- 8.5 The current forecast for implementation of the GM CAZ of £18.1 million is in line with the previous forecast of £18.4 million.
- 8.6 The Financial Support Scheme (FSS) current expenditure is £3.7 million compared to a previous forecast of £5.1 million due to rephasing of risk allowances.
- 8.7 Joint Air Quality Unit (JAQU) Early Measures Investment Funding (EMIF) 2021/22 current forecast expenditure is £0.6 million and is in line with the previous forecast
- 8.8 The total forecast outturn cost is within the total approved budget for both projects.

9. OTHER CAPITAL SCHEMES AND PROGRAMMES

- 9.1 The other capital schemes and programmes include:
- Cycle City Ambition Grant 2 (CCAG2); and
 - Rail - Access for All
- 9.2 The current forecast expenditure in 2021/22 on the CCAG 2 programme is £1.7 million and is in line with the previous forecast.
- 9.3 The Greater Manchester Rail Access for All Programme consists of £6.7 million of funding, awarded by the Department for Transport (DfT) to Network Rail. The Access for All Programme current expenditure forecast is £0.5 million compared to a previous forecast of £1.2 million. The variance is due to the timing of the development of the programme of works with Network Rail.
- 9.4 The total forecast outturn costs are within the total approved budgets for these programmes.

10. BUS FRANCHISING

- 10.1 The current Bus Franchising forecast for 2021/22 is £15.6 million compared to a previous forecast of £24.6 million. The variance is due to phasing of infrastructure works.

11. TRANSPORT LOCAL GROWTH DEAL 1 MAJORS SCHEMES AND 3 (Major and Minor Schemes)

- 11.1 The Transport Local Growth Deal 1 & 3 Majors Programme consists of 15 major schemes (excluding Stockport TCAP) which are being delivered by TfGM and the Local Authorities. The total current forecast expenditure is £27.5 million compared to a previous forecast of £34.2 million with the variance being due to rephasing of works on the Oldham Town Centre scheme into next financial year, a rephasing of design works on the TfGM led Stockport Mixed Used scheme and a rephasing of risk allowances on the Metrolink Improvement Package.
- 11.2 The Local Growth Deal 3 Minor Works schemes are being delivered by TfGM and the Local Authorities. The current forecast expenditure in 2021/22 is £3.1 million and is in line with the previous forecast of £3.2 million.
- 11.3 Total forecast outturn costs are within the total approved budgets.

12. MINOR WORKS

- 12.1 The 2021/22 current expenditure forecast for these schemes is £7.3 million compared to a previous forecast of £5.3 million. The reason for this variance is works across various schemes being progressed ahead of schedule.
- 12.2 Total forecast outturn costs are within the total approved budgets.

13. GMCA CONTROLLED TRANSPORT SCHEMES

- 13.1 The final allocation of the devolved Local Transport Grant, which includes funding for the Integrated Transport Block and Highways Maintenance Block and Incentive Element totalling £35.7m was confirmed later than in previous years and was not received in time to be included in the 2021/22 budget approved by GMCA on 12 February 2021. The Government also confirmed the allocation for the Pothole and Challenge Fund of £15.5m. The update to the capital programme and allocations to GM local authorities was agreed by GMCA on 25th June 2021 as is now reflected in the revised capital programme.

14. ECONOMIC DEVELOPMENT AND REGENERATION FUNCTIONS

14.1 Regional Growth Fund (RGF)

The RGF of £65m was secured by GM through two rounds of bidding in 2012/13 and 2013/14. The RGF has supported eligible projects and programmes raising private sector investment to create economic growth and employment. The forecast loan advances, equity investments and loan repayments would lead to a net spend of £10.1m in 2021/22.

14.2 Growing Places

The Growing Places Fund originally secured by GM in 2012/13 totalled £34.5m of capital grant funding which is being used to provide up front capital investment in schemes. Loan advances of £11.2m are forecast for 2021/22.

14.3 Housing Investment Fund

The Greater Manchester Housing Investment Fund has been designed to accelerate and unlock housing schemes. It will help build the new homes to support the growth ambitions across Greater Manchester. To facilitate this DCLG have provided a £300 million loan to provide the up-front funding and loans are approved by GMCA. Forecasts drawdowns for 2021/22 currently stand at £148.2m, a reduction of £21.5m since quarter 1 as pipeline projects are subject to change once specific loans are approved and the timing of payments confirmed. This means the forecast expenditure may come to fruition during 2021/22 but may be carried forward in to 2022/23.

14.4 Former Growth Deal

The 2021/22 current expenditure forecast for these schemes is £5.7m which is a reduction of £0.9m since quarter 1 against the budget of £12.2m. The variance relates to rephasing of the works, where the remaining spend will take place in 2022/23

14.5 Getting Building Fund

The 2021/22 current expenditure forecast is £34.6m which is unchanged from quarter 1 based on full spend of the grant by 31st March 2022.

14.6 Brownfield Land

The 2021/22 current expenditure forecast is £37.9m compared to an original budget of £30m. The variance relates to rephasing and timing of drawdowns by participants.

14.7 Public Sector Decarbonisation Scheme

The submission of a bid for the Public Sector Decarbonisation Scheme (PSDC) was reported to the 27 November 2020 meeting of the GMCA. The purpose of the grant via Salix is to half carbon emissions from the Public Estate by 2032, through the deployment of energy efficiency and heating measures, excluding gas powered boilers and Combined Heat and Power (CHP).

The 2021/22 current expenditure forecast remains at £78.2m which is being spent by GMCA, TfGM, GM Local Authorities and other partner organisations within GM. Full spend of the grant must take place by 31st March 2022 otherwise grant must be returned.

14.8 Homelessness Rough Sleeper Programme

The 2021/22 current expenditure forecast is £1.3m and was approved at the 27 November 2020 meeting of the GMCA.

14.9 Green Homes Grant

The 2021/22 current expenditure forecast is £27.2m which includes phases 1a, 1b and 2 and is to support domestic retrofit projects fully funded by UK central government.

15. **GREATER MANCHESTER FIRE AND RESCUE SERVICE**

15.1 Estates

A long-term Estates Strategy is being formulated, the approved Phase 1 of the scheme with plans for extension and refurbishment works on Littleborough Fire Station underway and the remainder of the Phase 1 plan to commence from 2022/23 and complete by 2025/26. Alongside this is the Bury Training and Safety Centre scheme which is also underway and due to complete in the first quarter of 2022/23.

15.2 ICT

Work is on-going with the ICT Governance Group to identify future investment requirements to underpin the Fire Plan and Annual Delivery Plan using digital solutions.

15.3 Vehicles and Equipment

Forecasts have been reprofiled to reflect the expected value of vehicle and equipment to be received by March 2022.

15.4 Waking Watch Relief

This scheme is administered by GMFRS for the City Region and funded by Government Grant. The funding is for the implementation of alarm systems to allow the release of costs of employing a waking watch. The full allocation of the grant has been successfully awarded under the governance of a panel and reported back to Government.

16. **WASTE**

16.1 Operational Assets

The 2021/22 current expenditure forecast has increased slightly from quarter 1 by £0.950m to allow for planning and initial groundworks to commence in 2021/22 at Reliance Street, Newton Heath if resources allow.

16.2 Non-Operational Assets

The 2021/22 current expenditure forecast has decreased by £0.910m due to projects being reprofiled into 2022/23 to allow for the works on the operational assets to continue.

17. **RECOMMENDATIONS**

17.1 The recommendations appear at the front of this report.

Appendix 1

	2021/22 Original Budget	2021/22 Revised Budget at Qtr 1	2021/22 Forecast Outturn at Qtr 2	Change
	£'000	£'000	£'000	£'000
<u>TRANSPORT</u>				
Greater Manchester Transport Fund				
Metrolink Programme	5,770	6,494	7,029	535
Metrolink Renewals and Enhancements	8,394	8,614	8,513	(101)
Park and Ride	-	129	115	(14)
Bus Priority Programme	77	216	233	17
Interchanges	-	212	83	(129)
Greater Manchester Transport Fund	14,241	15,665	15,973	308
Road Schemes (Stockport)				
Stockport Town Centre Access Plan (DfT retained scheme)	-	-	-	-
A6 MARR / SEMMMS	5,552	3,493	3,410	(83)
Stockport Council Schemes total	5,552	3,493	3,410	(83)
Other Metrolink Schemes				
Trafford Extension	196	976	174	(802)
Other Metrolink Schemes total	196	976	174	(802)
Other Capital Schemes				
Wythenshawe Interchange	51	51	51	-
Cycling-CCAG 2	2,179	1,736	1,732	(4)
TCF - Mayors Challenge Fund	54,290	43,889	43,509	(380)
TCF - Metrolink Capacity Improvement Programme	18,132	18,358	16,925	(1,433)
Transforming Cities 2	2,625	2,625	2,222	(403)
Active Travel Fund	6,697	6,368	3,372	(2,996)
Access For All	1,788	1,245	502	(743)
Bus Franchising	-	24,600	15,600	(9,000)
Cycle Safety	-	-	-	-
OLEV Taxi	1,986	1,579	922	(657)
CAP EV Taxi Infrastructure	-	-	930	930
Clean Funds Scheme (CFS)	-	5,137	3,678	(1,459)
Clean Air Zone (CAZ)	-	18,358	18,065	(293)
Clean Bus Technology Fund	1,733	2,071	2,071	-
Clean Bus Fund	11,571	9,571	10,092	521

Early Measures	342	563	563	0
Other Capital Schemes total	101,394	136,151	120,234	(15,917)
Growth Deal - Transport				
TfGM Majors	22,117	20,715	16,335	(4,380)
Local Authorities Majors	12,418	13,508	11,144	(2,364)
Growth Deal 3 TfGM schemes	1,347	3,169	3,094	(75)
Growth Deal 3 Local Authorities	1,040	56	-	(56)
Growth Deal total	36,922	37,448	30,573	(6,875)
Minor Works				
ITB Local Authorities and TfGM	849	1,047	1,160	113
Growth Deal 1&2 Local Authorities	6,932	3,563	5,395	1,832
Growth Deal 2 TfGM Schemes	910	725	703	(22)
Minor Works total	8,691	5,335	7,258	1,923
GMCA Transport Schemes				
Traffic Signals	2,500	2,500	2,500	-
Full Fibre Network	17,252	17,252	17,252	-
Highways Maintenance	27,202	34,940	34,940	-
GMCA Transport Schemes	46,954	54,692	54,692	-
Total - Transport	213,950	253,760	232,314	(21,446)
Regional Growth Fund	5,000	7,950	10,103	2,153
Growing Places	20,000	20,000	11,182	(8,818)
Housing Investment Fund	90,142	169,694	148,181	(21,513)
Growth Deal - Skills Capital Round 2 & 3	9,673	5,932	5,053	(879)
Growth Deal - Life Sciences Fund	1,749	814	814	-
Growth Deal - Pankhurst Institute	793	-	-	-
Getting Building Fund	31,316	34,612	34,612	-
Brownfield Land Fund	30,000	37,500	37,907	407
Affordable Homes	-	200	200	-
Public Sector Decarbonisation Scheme	-	78,237	78,237	-
Homelessness Rough Sleeper Programme	-	1,335	1,335	-
Green Homes	-	27,222	27,222	-
Total Capital - ED&R	188,673	383,496	354,846	(28,650)
Estates	4,999	6,372	4,275	(2,097)
ICT	4,017	2,218	2,205	(13)
Vehicles & Equipment	4,186	7,162	4,446	(2,716)
Sustainability	75	471	342	(129)
Waking Watch Relief	-	2,050	2,050	-

Total Capital - Fire and Rescue Service	13,277	18,273	13,318	(4,955)
Operational Sites	21,300	24,050	25,000	950
Non-Operational - Sites	1,750	1,110	200	(910)
Total Capital - Waste & Resources	23,050	25,160	25,200	40
Total Capital	438,950	680,689	625,678	(55,011)