Public Document

GREATER MANCHESTER COMBINED AUTHORITY

DATE: **Friday, 12th February, 2021**

TIME: **10.00 am**

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

AGENDA

1. **Apologies**

2. **Chairs Announcements and Urgent Business**

3. **Declarations of Interest** 1 - 4

To receive declarations of interest in any item for discussion at the meeting. A blank form for declaring interests has been circulated with the agenda; please ensure that this is returned to the Governance & Scrutiny Officer at the start of the meeting.

4. **Minutes of the GMCA meeting held 29 January 2021** 5 - 12

To approve the minutes of the meeting held on the 29 January 2021 as a correct record.

5. **Minutes of the Overview and Scrutiny Committees - held February 2021**

- Economy, Business Growth and Skills Overview and Scrutiny Committee – 5 February 2021 (to follow)
- Housing, Planning and Environment Overview and Scrutiny Committee – 4 February 2021 (to follow)

6. **Budget Reports**

6.A **GMCA Revenue and Capital Budgets 2021/22 Overview** 13 - 22

Report of Councillor David Molyneux, Portfolio Lead for Resources.

BOLTON	MANCHESTER	ROCHDALE	STOCKPORT	TRAFFORD
BURY	OLDHAM	SALFORD	TAMESIDE	WIGAN

Please note that this meeting will be livestreamed via www.greatermanchester-ca.gov.uk, please speak to a Governance Officer before the meeting should you not wish to consent to being included in this recording.

Report of Councillor Andrew Western, Portfolio Lead for the Green City Region.

14. **The Mayor's Cycling and Walking Challenge Fund** 201 - 210

Report of Andy Burnham, GM Mayor.

15. **GMCA Response to the Consultation on Timetable Options to Improve Rail Performance in the North of England** 211 - 254

Report of Andy Burnham, GM Mayor.

16. **GM Brownfield Housing Fund - Additional award of funding from MHCLG (to follow)**

Report of Salford City Mayor, Paul Dennett, Portfolio Lead for Housing, Homelessness and Infrastructure.

17. **GM Investment Framework, Conditional Project Approval** 255 - 260

Report of Councillor David Molyneux, Portfolio Lead for Resources.

18. **Exclusion of the press and public**

That, under section 100 (A)(4) of the Local Government Act 1972 the press and public should be excluded from the meeting for the following items on business on the grounds that this involved the likely disclosure of exempt information, as set out in the relevant paragraphs of Part 1, Schedule 12A of the Local Government Act 1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

PART B

19. **Biowaste Management Strategy** 261 - 268

Report of Councillor Andrew Western, Portfolio Lead for the Green City Region.

20. **Date and time of future meetings**

To note that the GMCA will next meet on Friday 26 March, as agreed at the Annual Meeting.

District	Member	Substitute Member
Bolton	David Greenhalgh (Con)	Martyn Cox Con)
Bury	Eamonn O'Brien (Lab)	Tariq Tamoor (Lab)

Manchester	Richard Leese (Lab)	Bev Craig (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)

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 4 February 2021 on behalf of Julie Connor, Secretary to the Greater Manchester Combined Authority, Broadhurst House, 56 Oxford Street, Manchester M1 6EU

GMCA Meeting on 12 February 2021

Declaration of Councillors' interests in items appearing on the agenda

NAME: ________________________________

Minute Item No. / Agenda Item No.	Nature of Interest	Type of Interest
		Personal / Prejudicial / Disclosable Pecuniary
		Personal / Prejudicial / Disclosable Pecuniary
		Personal / Prejudicial / Disclosable Pecuniary
		Personal / Prejudicial / Disclosable Pecuniary

PLEASE NOTE SHOULD YOU HAVE A PERSONAL INTEREST THAT IS PREJUDICIAL IN AN ITEM ON THE AGENDA, YOU SHOULD LEAVE THE ROOM FOR THE DURATION OF THE DISCUSSION & THE VOTING THEREON.

QUICK GUIDE TO DECLARING INTERESTS AT GMCA MEETINGS

This is a summary of the rules around declaring interests at meetings. It does not replace the Member's Code of Conduct, the full description can be found in the GMCA's constitution Part 7A.

Your personal interests must be registered on the GMCA's Annual Register within 28 days of your appointment onto a GMCA committee and any changes to these interests must notified within 28 days. Personal interests that should be on the register include:

- Bodies to which you have been appointed by the GMCA
- Your membership of bodies exercising functions of a public nature, including charities, societies, political parties or trade unions.

You are also legally bound to disclose the following information called DISCLOSABLE PERSONAL INTERESTS which includes:

- You, and your partner's business interests (eg employment, trade, profession, contracts, or any company with which you are associated)
- You and your partner's wider financial interests (eg trust funds, investments, and assets including land and property).
- Any sponsorship you receive.

FAILURE TO DISCLOSE THIS INFORMATION IS A CRIMINAL OFFENCE

Page 2

STEP ONE: ESTABLISH WHETHER YOU HAVE AN INTEREST IN THE BUSINESS OF THE AGENDA

If the answer to that question is 'No' – then that is the end of the matter. If the answer is 'Yes' or Very Likely' then you must go on to consider if that personal interest can be construed as being a prejudicial interest.

STEP TWO: DETERMINING IF YOUR INTEREST PREJUDICIAL?

A personal interest becomes a prejudicial interest:

- where the well being, or financial position of you, your partner, members of your family, or people with whom you have a close association (people who are more than just an acquaintance) are likely to be affected by the business of the meeting more than it would affect most people in the area.
- the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest.

<table>
<tr>
<td>
FOR A NON PREJUDICIAL INTEREST
YOU MUST

Notify the governance officer for the meeting as soon as you realise you have an interest
Inform the meeting that you have a personal interest and the nature of the interest
Fill in the declarations of interest form

TO NOTE:

You may remain in the room and speak and vote on the matter
If your interest relates to a body to which the GMCA has appointed you to you only have to inform the meeting of that interest if you speak on the matter.

</td>
<td>
FOR PREJUDICIAL INTERESTS
YOU MUST

Notify the governance officer for the meeting as soon as you realise you have a prejudicial interest (before or during the meeting)
Inform the meeting that you have a prejudicial interest and the nature of the interest
Fill in the declarations of interest form
Leave the meeting while that item of business is discussed
Make sure the interest is recorded on your annual register of interests form if it relates to you or your partner’s business or financial affairs. If it is not on the Register update it within 28 days of the interest becoming apparent.

YOU MUST NOT:

participate in any discussion of the business at the meeting, or if you become aware of your disclosable pecuniary interest during the meeting participate further in any discussion of the business,
participate in any vote or further vote taken on the matter at the meeting

</td>
</tr>
</table>

This page is intentionally left blank

MINUTES OF THE VIRTUAL MEETING OF THE GREATER MANCHESTER COMBINED AUTHORITY HELD ON FRIDAY 29 JANUARY 2021 VIA MICROSOFT TEAMS

PRESENT:

Greater Manchester Mayor	Andy Burnham (In the Chair)
Greater Manchester Deputy Mayor	Baroness Bev Hughes
Bolton	Councillor David Greenhalgh
Bury	Councillor Eamonn O'Brien
Manchester	Councillor Nigel Murphy
Oldham	Councillor Sean Fielding
Rochdale	Councillor Allen Brett
Salford	City Mayor Paul Dennett
Stockport	Councillor Elise Wilson
Tameside	Councillor Brenda Warrington
Trafford	Councillor Andrew Western
Wigan	Councillor Keith Cunliffe

IN ATTENDANCE:

Tameside	Councillor Leanne Feeley

OFFICERS IN ATTENDANCE:

GMCA - Chief Executive	Eamonn Boylan
GMCA - Deputy Chief Executive	Andrew Lightfoot
GMCA – Monitoring Officer	Liz Treacy
GMCA – GMCA Treasurer	Steve Wilson
Bolton	Tony Oakman
Bury	Donna Ball
Manchester	Joanne Roney
Salford	Jim Taylor
Stockport	Pam Smith
Tameside	Steven Pleasant
Trafford	Sara Todd
Wigan	Alison McKenzie-Folan
Office of the GM Mayor	Kevin Lee
GMCA	Simon Nokes
GMCA	Julie Connor
GMCA	Nicola Ward
GMCA	Lindsay Dunn

GMCA 01/21 APOLOGIES

RESOLVED /-

1. That apologies be received and noted from Sir Richard Leese (Councillor Nigel Murphy attending), and Councillor David Molyneux (Councillor Keith Cunliffe attending).

2. That it be noted that Steve Rumbelow (Rochdale) was unable to join due to technical difficulties.

GMCA 02/21 CHAIRS ANNOUNCEMENTS AND URGENT BUSINESS

RESOLVED /-

That it be noted that the GM Mayor and the GMCA expressed their sincere thanks and appreciation to Jim Taylor, retiring Chief Executive of Salford, for his 40 years of dedicated service to Greater Manchester and within seven out of the 10 boroughs.

GMCA 03/21 DECLARATIONS OF INTEREST

RESOLVED /-

There were no declarations of interest made in relation to any item on the agenda.

GMCA 04/21 MINUTES OF THE GMCA MEETING HELD 18 DECEMBER 2020

RESOLVED /-

That the minutes of the GMCA meeting held on 18 December 2020 be approved as a correct record.

GMCA 05/21 MINUTES OF THE GMCA OVERVIEW AND SCRUTINY COMMITTEE MEETINGS HELD IN JANUARY 2021

RESOLVED /-

1. That the minutes of the Corporate Issues & Reform Overview & Scrutiny Committee held on 19 January 2021 be noted.

2. That the minutes of the Housing, Planning and Environment Overview & Scrutiny Committee held on 14 January 2021 be noted.

GMCA 06/21 GMCAMINUTES OF THE GM WASTE COMMITTEE HELD 13 JANUARY 2021

RESOLVED /-

That the minutes of the GM Waste and Re-cycling Committee held 13 January 2021 be noted.

GMCA 07/21 MINUTES OF THE GMCA AUDIT COMMITTEE HELD 22 JANUARY 2021

RESOLVED /-

That the minutes of the GMCA Audit Committee held 22 January 2021 be noted.

GMCA 08/21 MINUTES OF THE GM TRANSPORT COMMITTEE HELD 11 DECEMBER 2020

RESOLVED /-

That the minutes of the GM Transport Committee held 11 December 2020 be noted.

GMCA 09/21 MINUTES OF THE LOCAL ENTERPRISE PARTNERSHIP HELD 19 JANUARY 2021

RESOLVED/-

That the minutes of the GM Local Enterprise Partnership held 19 January 2021 be noted.

GMCA 10/21 GMCA APPOINTMENTS

RESOLVED/-

That the appointment of Councillor Dylan Butt (Trafford) to replace Councillor Brian Shaw on the GM Waste & Recycling Committee be noted.

GMCA 11/21 MAYORAL GENERAL BUDGET & PRECEPT PROPOSALS

The GM Mayor introduced a report which set out proposals for the Mayoral General Budget and precept for 2021-22. It was proposed that the level of precept remained the same as 2020-21 which equated to £70 per year for the majority of households in Greater Manchester, consisting of £51 for fire services and £19 for the mayoral element. Retaining the same level of precept had been considered in light of the current covid situation, the financial pressures that families were already facing and in recognition of the significant deficit in Local Authority finances further exaggerated by the pandemic.

Uniquely amongst Combined Authorities, the proposals included a significant element for the Fire Service. Freezing the level of precept would still allow for 50 pumps to be maintained across GM's fire service, the A Bed Every Night project to continue to provide accommodation for c. 520 people, an extension to the Our Pass scheme offering free travel and new opportunities for young people and the continued support for Bus Reform.

RESOLVED/-

1. That the proposal to freeze the Mayoral General Precept at £90.95 (Band D) comprising of £66.20 for functions previously covered by the Fire and Rescue Authority precept and £24.75 for other Mayoral General functions be approved.

2. That the overall budget proposed for the Fire and Rescue Service, the use of the reserves to support the revenue and capital budgets, the assessment by the Treasurer that the reserves as at March 2022 are adequate, the proposed Fire Service capital programme and proposals for funding, and the medium term financial position for the Fire and Rescue Service covered by the Mayoral precept be noted.

3. That the detailed budget proposals for other Mayoral functions be noted.

4. That the funding included in the budget for Bus Reform be noted, and that a further update on expenditure and funding would be provided following a Mayoral decision on Bus Reform.

5. That the use of reserves as set out in section 4 of the report be noted.

6. That it be noted that the GMCA would consider whether they would wish to submit any written comments to the Mayor in line with the legal process and timetable described in this report.

7. That it be noted that at the meeting of the GMCA on 12 February 2021 there would be an updated budget submitted, consistent with the precept proposals, to reflect final tax base and collection fund calculations and the final Revenue Support Grant.

GMCA 12/21 MONTHLY ECONOMIC RECOVERY UPDATE

Councillor Elise Wilson, Portfolio Lead for the Economy took Members through the latest version of the Greater Manchester Resilience Dashboard. The most recent data from the Office of National Statistics showed that 141,250 people had claimed unemployment benefit during November 2020 which was a slight increase on the previous month. It also highlighted that economic activity in the North West was disproportionate to the rest of the country, and that this should be a focus for Government support going forward.

Many GM businesses were still relying on Government loans and grants, and in the last survey undertaken by the Growth Hub, there had been a 18% increase in the number of businesses who had reported a negative impact from the EU exit compared to the previous month. The issues in relation to leaving the EU were complex and were requiring businesses to undertaken high levels of adjustment specifically in relation to importing and exporting. It was a serious concern amongst businesses that the increased cost of goods transportation would remain, which was just one of the issues that needed to be worked through in more detail to ensure economic growth moving forward.

Members reported that local businesses were not always reporting issues with Brexit through central channels, but directly with their haulier and export companies. There were a number of cross cutting concerns in relation to the bureaucracy of the new systems and associated additional costs which could ultimately result in UK products becoming less competitive and businesses unstable.

It was felt that these issues may be recurring throughout businesses across GM and that it was important to identify them as promptly as possible for collective action through the most appropriate mechanisms.

Members asked whether there was any evidence to date of businesses being advised to set up an EU base to mitigate the challenges of importing and exporting. There were no specific incidents reported, however it was noted that there was difficulty in separating the impact of Covid vs the impact of EU exit. It was still early days for businesses to identify what leaving the EU really meant for their business, and many were reporting just 'muddling through'. There were further concerns that there would be even greater challenges for the movement of people across the EU for work purposes in relation to the recognition of qualifications. The Growth Hub would continue to monitor this data and report back to the GMCA through the dashboard on a regular basis.

RESOLVED/-

That the report be noted.

GMCA 12/21 GREATER MANCHESTER TRANSPORT STRATEGY 2040, OUR FIVE-YEAR DELIVERY PLAN AND LOCAL IMPLEMENTATION PLANS

The GM Mayor informed the GMCA that the GM Transport Strategy and Five Year Delivery Plan had been designed to create the foundation for an affordable, integrated public transport network for Greater Manchester. Specifically addressing the ambitions for a zero carbon city region, full accessibility across all modes and ticketing that was supported between all types of public transport. Its vision was significant, but would be vital to ensuring the levelling up of GM.

Members welcomed the Delivery Plan, with its wide-ranging priorities and ambitions to also connect orbital routes around the conurbation. The ambition for further Metrolink lines was supported, specifically in relation to high frequency connections for northern towns creating intra-GM links that would further support economic prosperity.

RESOLVED/-

1. That the revised Greater Manchester Transport Strategy 2040 be approved for adoption and publication.

2. That the final version of Our Five-Year Transport Delivery Plan (2021-2026) be approved for adoption and publication as a statement of what GM plans to achieve in the next five years through transport investment and reforms, in support of Our Network and the 2040 Transport Vision for Greater Manchester.

GMCA 13/21 GM CLEAN AIR PLAN: CONSULTATION

Councillor Andrew Western, Portfolio Lead for the Green City Region introduced a report which set out the progress that had been made on the development of Greater Manchester's Clean Air Plan following the recent public consultation. The report further detailed the establishment of a Clean

Air Charging Authorities Committee and an Air Quality Administration Committee (with the terms of reference set out in appendix 6 of the report).

In relation to the issue regarding the Mottram By-Pass there were reported increasingly positive dialogues with Government and an assessment was underway that was envisaged to offer further specific asks of Ministers.

Councillor Western firmly emphasised that the Clean Air Plan was Government Policy that GMs approach would only affect older high polluting vehicles. He added that recent reports in circulation from some local Conservative MPs stating that it was akin to a congestion charge were seriously misleading to the public and it was critical that this misinformation is corrected.

RESOLVED/-

1. That the progress of the Greater Manchester Clean Air Plan be noted.

2. That the next steps for the development of the Clean Air Plan and Minimum Licensing Standards, listed at Section 11 of the report, be noted.

3. That the distribution of Bus Retrofit funding commenced in December 2020 be noted.

4. That it be noted that Government ministers had agreed to consider extending Greater Manchester's Clean Air Zone (CAZ) charges to the sections of the A628/A57 which form part of the Strategic Road Network, within the proposed CAZ boundary, subject to the outcomes of an assessment, which was expected to be completed by early 2021.

5. That it be noted that the GM Clean Air Plan was required to take action tackle nitrogen dioxide exceedances until compliance with the legal limits had been demonstrated and that the nearer term influence of COVID-19 on air quality was not expected to lead to sufficiently long term reductions in pollution such that the exceedances of the legal limits of nitrogen dioxide would not occur without implementing a Clean Air Zone.

6. That it be noted that the GM CAP final plan would be brought forward for decision makers as soon as is reasonably practicable and no later than summer 2021.

7. That it be noted that the outputs of the MLS will be reported alongside the GM CAP as soon as is reasonably practicable and no later than summer 2021.

8. That the proposal to establish a Clean Air Charging Authorities Committee (a joint committee created by the 10 Greater Manchester Local Authorities) be noted and that the establishment of an Air Quality Administration Committee (a joint committee created by the ten Greater Manchester local authorities and the GMCA) be agreed for the purposes as set out in the report at paragraph 8.5 with specific terms of reference, as set out in Appendix 6.

9. That the Portfolio Holder with responsibility for the Clean Air Plan for the GMCA be appointed as the representative on the Air Quality Administration Committee and that the Assistant Portfolio Holder with responsibility for the Clean Air Plan be appointed as the substitute member for the purposes as set out in the report at paragraph 8.5 with specific terms of reference, as set out in Appendix 6 of the report.

GMCA 14/21 PRIORITISATION OF SECOND TRANCHE OF TRANSFORMING CITIES FUNDING

The GM Mayor took Members through a report which sought the GMCA's approval for the second tranche of Transforming Cities Funding. In 2017 GM had received its allocation of the first tranche of funding which enabled the establishment of the BeeNetwork and for additional trams to be purchased. This second tranche offered a further £69m for other emerging priorities including improved access at Swinton train station, and a proposal for a new train station at Golbourne.

Members welcomed the proposals for the prioritisation of this funding and reflected on the long campaign for a station in the Golbourne area to ensure that the west of the conurbation was better served by rail links. The Park and Ride proposals for Tyldesley were also welcomed, as due to its success the Guided Busway had experienced some issues relating to parking and congestion. Such a scheme would be welcomed in other areas of GM to improve bus services to further improve the network and provide wider connectivity.

Members urged for consideration to be given as to how to integrate the electric charging network within these proposals to initiate a move towards alternative fuelled vehicles that would encourage the market to follow suit.

RESOLVED/-

1. That the contents of the report be noted.

2. That the prioritisation of the Transforming Cities Funding Tranche 2 (TCF2) funds be approved.

3. That it be approved that the TCF2 programme be governed by the Single Pot Assurance Framework and, as such, the existing Growth Deal governance procedures be used for scheme development and approval.

4. That the TCF2 programme is included in the transport capital programme from 2021/22 be approved.

GMCA 15/21 THE MAYOR'S CYCLING AND WALKING CHALLENGE FUND (MCF)

The GM Mayor introduced a report which sought approval for the detailed funding requirements to ensure the continued delivery of the Mayor's Challenge Fund Programme for Walking and Cycling.

Members welcomed the funding for all areas of GM as this allowed them to reach a competitive position to access further support for active travel schemes. This remained a key priority across the whole of the City Region with further initiatives being built around the MCF funded schemes.

The Mayor added that these funds had been spent well due to full devolution that has allowed them to be allocated to the schemes deemed necessary by local residents. Government's commitment to this funding was welcomed and devolved allocation was recognised as allowing for areas previously neglected by central government funding to see the benefit of such a programme.

RESOLVED/-

1. That the agreed MCF delivery priorities across GM and the prioritised first phase for the programme, as set out in Appendix 1 of the report be noted.

2. That the release of up to £1.3 million of development cost funding for the 4 MCF schemes set out in section 2 of the report be approved.

GMCA 16/21 DATE AND TIME OF FUTURE MEETINGS

RESOLVED/-

That it be noted the next meeting of the GMCA would be held on Friday 12 February 2021, as agreed at the GMCA Annual Meeting.

1.

GREATER MANCHESTER COMBINED AUTHORITY

Date: 12 February 2021

Subject: Budget Paper A - GMCA Revenue and Capital Budgets 2021/22 Overview

Report of: Councillor David Molyneux, Portfolio Leader for Resources and Steve Wilson, Treasurer to GMCA

PURPOSE OF REPORT

This report presents an overview of the proposed GMCA budgets for 2021/22. It summarises the position on the Mayoral General Budget and Precept Proposals, The GMCA General Budget, GMCA Transport budgets including Transport Levy and Statutory Charge and the GM Waste Services Levy.

It sets out the implications of the proposed budgets and the resultant charges on districts and the Mayoral Precept.

RECOMMENDATIONS:

Recommendations on the specific budget areas are contained in the accompanying papers. In relation to this paper, members are asked to note the contents of this summary paper

CONTACT OFFICERS:

Name: Steve Wilson, Treasurer to GMCA
E-Mail: steve.wilson@greatermanchester-ca.gov.uk

Name: Steve Warrener, Finance and Corporate Services Director TfGM

E-mail: steve.warrener@tfgm.gov.uk

Name: Rachel Rosewell, Deputy Treasurer to GMCA
E-Mail: rachel.rosewell@greatermanchester-ca.gov.uk

Equalities Implications: N/A

Climate Change Impact Assessment and Mitigation Measures: N/A

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 a summary of the proposed capital programme for 2020-2024.

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

BACKGROUND PAPERS:

Report to Greater Manchester Combined Authority: 'GMCA Budget Reports' 14th February 2020

<table>
<tr><td colspan="2">TRACKING/PROCESS</td><td></td></tr>
<tr><td colspan="2">Does this report relate to a major strategic decision, as set out in the GMCA Constitution</td><td>Yes</td></tr>
<tr><td colspan="3">EXEMPTION FROM CALL IN</td></tr>
<tr><td colspan="2">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?</td><td></td></tr>
<tr><td>GM Transport Committee</td><td>Overview & Scrutiny Committee</td><td rowspan="2"></td></tr>
<tr><td></td><td>9th February 2021</td></tr>
</table>

1. Introduction and Background

1.1 This report presents an overview of the proposed Greater Manchester Combined Authority (GMCA) budgets for 2021/22. It summarises the position on the Mayoral General Budget and Precept Proposals, The GMCA General Budget, GMCA Transport budgets including Transport Levy and Statutory Charge and the GM Waste Services Levy.

1.2 The report and the attached papers set out the implications of the proposed budgets and the resultant charges on districts and the Mayoral Precept.

2. Principles Underlying development of the Mayoral and GMCA budgets

2.1 The budgets presented to the Combined Authority for approval focus on the delivery of the priorities set out in the Greater Manchester Strategy (GMS).

2.2 Delivery of the GMS priorities will require the GMCA, Districts, businesses and the voluntary and community sector and other stakeholders to work in partnership. The Mayoral precept and GMCA budgets will support key areas of delivery for the strategy and its implementation plan, particularly in areas where the investments made in Districts can be supported by the GMCA.

3. Overview of GMCA Budgets

3.1 The overall GMCA budgets are made up of a variety of both historic budgets and new budgets relating to the functions provided by the Mayor and the GMCA as a whole.

3.2 The various orders under which these functions are provided, determine how such costs are funded such that:

- **Mayoral General Budget** – Funded from the Mayoral precept and statutory charge/contributions from the districts (excluding the transport levy). Fire funding is part of the Mayoral precept but also receives a revenue support grant, business rates income and a top up grant. The Mayoral General budget and precept proposals are detailed in ***Paper B***

- **GMCA Transport Revenue Budget –** This is funded from a contribution from the mayoral budget for statutory mayoral functions include Bus services and from a levy on district budgets for non-mayoral functions in relation to public transport and a contribution to Metrolink financing costs agreed previously as part of the establishment of the Greater Manchester Transport Fund. The budget also includes a number of other grants received in relation to specific activities, for example activities in relation to the development of the Clean Air Plan and Rail. The GM Transport Revenue budgets are detailed in ***Paper C***

- **GMCA Revenue General Budget** – This includes the core cost of the CA funded by district contributions together with functions funded through the retention of business rate growth and central grants funding including the Adult Education grant. The GMCA General budget is detailed in ***Paper D***

- **GM Waste Disposal Budget** – This is funded through a levy to the nine GM districts who participate in the GM waste service (Wigan are not part of the waste contract). The contributions are on the basis of an agreed funding mechanism (LAMA). The Waste Budget is set out in ***Paper E***

- **GM Capital Programme** – The required capital programme to support the delivery of the GMCA and Mayoral functions is set out in ***Paper F*** and is funded from a variety of sources including, where required, external borrowing.

3.3 This paper does not present the budget proposals for GM Police or the Police and Crime function. At their meeting on the 29th January 2021, it was noted by the Police and Crime Panel that the Mayor had considered his proposed increase to the police precept in light of the responses by members of the public to the proposals set out in the consultation which concluded on the 28th January 2021. The Panel approved the Mayor's proposal to reduce the precept increase of £15 per year for a band D property to an increase of £10 per year for a band D property with effect from 1 April 2021. This will take the Band D police precept to £218.30 per year (£169.78 for a Band B property).

3.4 It should be noted that any increase in precept funding is effectively recurrent and therefore to not increase by the full £15 will have a recurrent impact on police and crime funding from 2021/22 onwards. To enable GMP to manage their finances within the proposed envelope savings will need to be identified within the service.

3.5 The proposals for neighbourhood policing, the number of officers to be recruited and the major deliverables described in the original budget proposal are not expected to be affected by this change. The increased funding provided by the uplift to the Government Grant and the proposed increase in the precept would deliver an additional 325 Police Officers in Greater Manchester plus funding for 16 additional officers to support the NW Regional Crime Unit (ROCU).

3.6 The key elements of each budget area are summarised below:

i) Mayoral General Budget and Precept Proposals

Paper B sets out the Mayor's proposals for the Mayoral General Budget (including Fire and Rescue) and seeks approval for the Mayoral General Precept for 2021/22. The GMCA is recommended to:

1. To approve the Mayor's General budget for 2021/22 set out in this report together with the calculation of the precepts and Council Tax rates;
2. To approve a Mayoral General Precept for 2021/22 at £90.95 (Band D) comprising of £66.20 for functions previously covered by the Fire and

Rescue Authority precept and £24.75 for other Mayoral General functions. This is unchanged from 2020/21;

3. To approve the overall budget for the Fire and Rescue Service for 2021/22 and the medium term financial position for the Fire and Rescue Service covered by the Mayoral precept;
4. To approve the funding included in the budget for Bus Reform and note that a further update on expenditure and funding will be provided following a Mayoral decision on Bus Reform;
5. To approve the use of reserves in 2020/21 and 2021/22.

The Mayor's budget allows the continuation of the flagship A Bed Every Night scheme into the next financial year. Over the winter, at least 520 places will be provided across Greater Manchester to people who have been sleeping rough. The 2021/22 budget also supports the continuation of the Our Pass scheme, preparation for a decision on Bus Reform and addresses a deficit on the Council Tax Collection Fund from 2020/21.

ii) GM Fire and Rescue Service

Paper B also sets out in Appendix 2 the GM Fire and Rescue Service revenue budget for 2021/22 and Medium Term Financial Plan (MTFP). The Chancellor announced a one-year Spending Review in November 2020, in relation to the Fire and Rescue Service, the Spending Review announcements covered the following:

- Council Tax referendum limits of 2% for Fire and Rescue Services
- Compensation of 75% for irrecoverable Council Tax revenue relating to 2020/21 arrears, which would otherwise need funded from budgets in 2021/22
- Grant funding to compensate GMFRS for loss of 2021/22 precept income resulting from Local Authorities enhancing local Council Tax relief schemes
- Real terms protection expected with flat cash pensions grant
- Public sector pay is frozen for one year

In 2021/22, savings of £1.458m were originally identified through Programme for Change, however, alternative savings have been identified to replace those held against pump reductions. Further alternative savings of £1.394 have been identified via a line by line review including the reduction in employee budget as a result of pay award being lower than anticipated in 2020/21. This has resulted in total savings of £2.857m for 2021/22.

iii) GMCA Transport Revenue Budget

Paper C sets out the GMCA Transport Revenue Budget for 2021/22. The funding for core GM transport services remains unchanged for 2021/22. The charge made to GM districts through the district levy therefore remains at the same overall cash level as 2020/21. Similarly the statutory charge made to districts for Mayoral travel functions also remains the same at £86.7 million as set out in the relevant legislation.

The Levy will again be subject to a cash 'standstill' for 2021/22, with all cost increases being 'managed' by savings within TfGM's core budgets This has been very challenging in the context of the additional activities that TfGM has been requested to deliver, however the position needs to be considered in the context of the significant funding pressures on the Greater Manchester Authorities, who fund the majority of TfGM's operating budget through the Levy and Statutory Charge.

The development of budget proposals by TfGM has included a review of various elements of its service provision and its cost base, including in the context of School Bus services; the provision of Accessible Transport, including the Ring and Ride services; the delivery of Special Educational Needs transport and reviews of its cost base in the delivery of the services it provides.

As in previous years there are a number of additional activities that TfGM is delivering on behalf of GMCA and the Mayor. The main activities in this regard along with a forecast of the proposed funding in 2021/22 are set out below:

Bus Reform - A report was presented to GMCA in November 2020 which considered the Covid-19 Impact on the Bus Franchising Assessment which was prepared by TfGM on behalf of the GMCA. This report recommended that the GMCA agree to undertake a public consultation in respect of the Covid-19 Impact on Bus Franchising Report, between 2 December 2020 and 29 January 2021. The Mayoral General Budget includes an estimated sum of £4.250m for the costs of pre-decision Bus Reform in 2021/22. However, if a decision is taken by the Mayor to introduce bus franchising a further report will be brought to GMCA for approval of the proposed expenditure and funding arrangements to support the implementation of that decision.

Greater Manchester Infrastructure Programme (GMIP) - At its meeting on 29 January 2021, GMCA approved, for adoption and publication, the revised Greater Manchester Transport Strategy 2040 and the final version of the Five-Year Transport Delivery Plan (2021-2026). In 2021/22, specific transport scheme development activity will focus on responding to the funding opportunities announced in Spending Review 2020, particularly the Intra-City Transport Fund for which government have indicative development funding will be available in 2021/22 and preparing for the multi-year Spending Review expected later this year.

Metrolink - As has been reported regularly to GMCA during the year, due to the impact of the pandemic, farebox revenues on Metrolink have been significantly below budget. In 2020/21 this funding gap has been filled from a combination of efficiency savings where possible and, much more substantially, from a grant from Department for Transport (DfT). The grant is currently committed until 31 March 2021 with no funding yet agreed beyond that date. TfGM has produced a 'Recovery Plan' which sets out the future strategy for the network and the likely requirement for ongoing funding to support its ongoing recovery. The Recovery Plan is currently being considered by DfT and HM Treasury.

Our Pass - The costs of the concession for 16-18s for free travel on bus are funded from the Mayoral budget. The Mayoral General Budget has allowed for extension of the scheme in 2021/22 beyond its initial 2 year pilot period.

Concessionary Support - Since the first lockdown TfGM has continued to reimburse operators for concessionary reimbursement on the basis of pre-pandemic levels of patronage. For the purposes of the 2021/22 budget it has been assumed that this basis will continue, however discussions will continue with DfT and operators on the ongoing appropriateness of this policy. If any changes to the budget result from this it will be reported back to GMCA.

Supported Bus Services will continue to be under significant pressure during 2021/22 due to a combination of inflationary pressures, lower income and the risk of further commercial de-registrations. Currently it has not yet been confirmed whether funding from DfT for lost income, on services where TfGM takes the revenue risk will continue. Some allowances for these risks have been made in the 2021/22 budget.

During 2020/21 DfT has been providing grant funding to bus operators through its COVID-19 Bus Service Support Grant (CBSSG), subject to an 8 week 'notice period' for its withdrawal. The funding position beyond the current 8 week notice period is currently very uncertain and this represents a significant risk in TfGM's budget for 2021/22.

In February 2020, a £10 annual charge for concessionary pass holders to buy a 'product' to access off peak tram and rail services, was introduced. Due to the impact of the pandemic, renewal charges for existing product holders are to be deferred for a period, currently until 31 March 2021. To the extent this extends beyond the end of March this will start to impact the 2021/22 budget and, to the extent that there is no external funding available to offset any losses, will mean that additional savings will need to be delivered to compensate for this loss of income.

iv) GMCA Revenue General Budget

Paper D sets out the overall GMCA revenue budget 2021/22 and includes the core costs of the authority and its central programmes. The proposed District Council contributions to be approved for 2021/22 of £8.603m are included within the report together with the consequent allocations to the Councils. This is a reduction of £437k on the contribution for 2020/21. The total budget proposed for the GMCA revenue budget in 2021/22 is £224 million. This is funded from the following sources:

- District contributions of £8.6 million to the core running costs of the CA, including £3.3 million cultural funding and £1.4 million for MIDAS and Marketing Manchester. This funding remains at the same as in 2020/21;
- Central government grants of £153 million including £94 million funding for Adult Education;

- The 2021/22 budget reflects the decisions made by the GMCA at the meeting on 27th November 2020 on use of planned investment of the remaining Business Rates reserve held by GMCA of £25 million;
- Funding from reserves, other income sources and recharges of £39 million.

v) GM Waste Disposal Budget

Paper E sets out the proposed waste budget for 2021/22 for the nine GM Districts Councils who are part of the GM waste contract. The report highlights the 2020/21 position being breakeven, taking account of a refund of levy of £20m to Districts approved by GMCA in July and September 2020.

For 2021/22 the report recommends:

1. A total levy requirement for 2021/22 of £162.4m, which represents an average 2.9% decrease over 2020/21;
2. The MTFP then proposes levy charges of £163.1m in 2022/23, £164.8m in 2023/24 and £167.6m in 2024/25.

vi) GM Capital Programme

The final paper, paper F, sets out the GMCA capital programme for 2020-2024. The GMCA's capital programme includes Economic Development and Regeneration programmes, Waste 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 Phase 3 extensions;
- Metrolink Trafford Park Line Extension;
- Other Metrolink Schemes;
- Transport Interchanges;
- Bus Priority;
- Other capital projects and programmes including those funded from the Transforming Cities, Early Measures, Cycle Safety, and Cycle City Ambition (CCAG 2) Grants
- 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 programmes;
- Investments including Growing Places, Regional Growth Fund and Housing Investment Fund;
- Economic Development and Regeneration schemes;

The capital programme over the three year period (2021-2024) as presented will require a long term borrowing requirement of £342.5m. Provision has been made in the revenue budgets for the associated financing costs. The expenditure profiles in 2021/22 and future years will remain subject to scrutiny and possible change as part of the continuous review of the capital programme.

4. Conclusion

4.1 The attached reports set out the detailed proposals for each budget area including:

- The Mayor's final proposal for his General Budget, consistent with a precept of £90.95 and the detailed budget and statutory calculations following receipt of final information from District Councils.
- Contributions from District Councils in relation to the Transport Levy, Waste Levy and GMCA costs
- The planned capital programme for GMCA across both Mayoral and non-Mayoral functions.

5. Recommendations

5.1 Recommendations are presented at the front of the paper.

GMCA GREATER MANCHESTER COMBINED AUTHORITY

Date: 12th February 2021

Subject: Budget Paper B - Mayoral General Budget and Precept Proposals 2021/22

Report of: Andy Burnham, Mayor of Greater Manchester

PURPOSE OF REPORT

The report sets out the Mayor's proposals for the Mayoral General Budget (including Fire and Rescue) and seeks approval for the Mayoral General Precept for 2021/22.

The report recommends the setting of the Revenue Budget for 2021/22 as required under Section 42A of the Local Government Finance Act 1992 (updated in the Localism Act 2011) and the precepts and relevant levels of Council Tax required under sections 40, 42B and 47 of the Act.

RECOMMENDATIONS:

The GMCA is recommended to:

1. To approve the Mayor's General budget for 2021/22 set out in this report together with the calculation of the precepts and Council Tax rates set out in Appendix 4.

2. To approve a Mayoral General Precept for 2021/22 at frozen at £90.95 (Band D) comprising of £66.20 for functions previously covered by the Fire and Rescue Authority precept and £24.75 for other Mayoral General functions.

2. To approve:
   i. the overall budget for the Fire and Rescue Service for 2021/22 covered by the Mayoral precept
   iii. the medium term financial position for the Fire and Rescue Service

4. To approve the funding included in the budget for Bus Reform and note that a further update on expenditure and funding will be provided following a Mayoral decision on Bus Reform.

5. To approve the use of reserves as set out in section 4 of the report and the assessment by the Treasurer that the reserves as at March 2022 are adequate.

6. To note that in accordance with legal requirements, the minutes will record the names of those Members voting for or against the Mayor's budget and precept proposals.

CONTACT OFFICERS:

Name: Steve Wilson, Treasurer to GMCA
E-Mail: steve.wilson@greatermanchester-ca.gov.uk

Name: Rachel Rosewell, Deputy Treasurer to GMCA
E-Mail: rachel.rosewell@greatermanchester-ca.gov.uk

Name: Andrea Heffernan, Director of Corporate Support (GMFRS)
Telephone: 0161 736 5866
E-Mail: andrea.heffernan@manchesterfire.gov.uk

Equalities Implications: N/A

Climate Change Impact Assessment and Mitigation Measures: N/A

Risk Management – An assessment of the potential budget risks faced by the authority are carried out quarterly as part of the monitoring process. Specific risks and considerations for the budget 2021/22 insofar as they relate to the Fire Service are detailed in Appendix 2.

Legal Considerations – See Appendix 1 of the report.

Financial Consequences – Revenue

The report sets out the planned budget strategy for 2021/22 and future years.

Financial Consequences – Capital – Proposals for Fire and Rescue Services capital spend are set out in separate report to GMCA on 12th February 2021: Paper F -GMCA Capital Programme 2020-2024

BACKGROUND PAPERS:

GMCA – Mayoral General Budget – 14 February 2020

GMCA – Mayoral General Budget and Precept Proposals – 29 January 2021

TRACKING/PROCESS	
Does this report relate to a major strategic decision, as set out in the GMCA Constitution	Yes
EXEMPTION FROM CALL IN	
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?	N/A

GM Transport Committee	Overview & Scrutiny Committee	
N/A	9th February 2021	

1. INTRODUCTION AND BACKGROUND

1.1 The purpose of this report set out for the Greater Manchester Combined Authority (GMCA) the Mayor's budget for 2021/22, to meet the costs of Mayoral general functions. The functions of the GMCA which are currently Mayoral General functions are:

- Fire and Rescue
- Spatial development strategy
- Compulsory Purchase of Land
- Mayoral development corporations
- Development of transport policies
- Preparation, alteration and replacement of the Local Transport Plan
- Grants to bus service operators
- Grants to constituent councils
- Decisions to make, vary or revoke bus franchising schemes

1.2 The sources of funding for Mayoral costs, to the extent that they are not funded from other sources, are a precept or statutory contributions (not Fire). A precept can be issued by the Mayor to District Councils as billing authorities. The precept is apportioned between Districts on the basis of Council Tax bases and must be issued before 1st March.

1.3 At the meeting of the Greater Manchester Combined Authority held on 29th January 2021, the Mayor's proposed budget was considered and a number of recommendations were made in respect of the budget strategy. Based upon these recommendations being acceptable, this report sets out the necessary resolutions and statements required to be approved in order to set the budget and precept for 2021/22. The legal process (Appendix 1) specifies that the GMCA should notify the Mayor before 8th February, if they intend to issue a report on this proposal for the budget and precept and/or propose an alternative. No such report has been received.

1.4 The Mayoral General Precept is part of the overall council tax paid by Greater Manchester residents and used to fund Greater Manchester wide services for which the Mayor is responsible.

1.5 The Mayoral General Precept for the financial year 2021/22 will be frozen at £90.95 for a Band D property, with the fire service accounting for £66.20 and £24.75 for non-fire (Band B £70.73 - £51.48 for the fire service and £19.25 for other Mayoral-funded services). The proposal to freeze the precept is intended to relieve pressure on residents who are struggling after the pandemic and facing wider increases in council tax bills to meet cost of social care and other council services not funded by government.

1.6 Despite freezing the Mayoral precept, there will be no impact on frontline fire cover provided by Greater Manchester Fire and Rescue Service. The Mayor has committed to running 50 fire engines throughout 2021/22 with crewing at the current level of five firefighters at one pump stations and four firefighters on each engine at two pump stations.

1.7 The Mayor's budget proposal also allows the continuation of the flagship A Bed Every Night scheme into the next financial year. Over the winter, at least 520 places will be provided across Greater Manchester to people who have been sleeping rough.

2. CHANGES SINCE THE LAST REPORT

2.1 At the time of writing the report considered by GMCA on the 29th January, the position on District Council tax bases and the Collection Funds together with the position on the Authority's share of the Retained Business Rates was not finalised, as the deadline for providing this information was 31 January. The figures have now been received and are showing a change from that previously reported as set out in the following paragraphs.

2.2 The tax base is used in the calculation of how much money will be received for the precept levied. Each Council is required by regulations published under the Local Government Finance Act 1992 to calculate a Council Tax Base. The tax base for each Council is shown in Appendix 4. Each Council is required to calculate its estimated position for Council Tax and Business Rates in the form of a surplus or a deficit on the Collection Fund. This is the account that records all council tax and business rates receipts. The share for the Mayoral General budget (including Fire and Rescue) is calculated as part of this process. In addition to this, Fire and Rescue receives 1% of retained business rates income.

2.3 There has been an increase to the District Council Tax base shown in Appendix 4 leading to an additional council tax precept income of £0.193 million and increased income from business rates (including Section 31 grants) of £0.532 million. The Spending Review 2020 included £670m (nationally) of additional grant funding to support households least able to afford council tax payments in 2021/22. GMCA's indicative Local Council Tax Support grant in relation to the Mayoral General Precept is £1.853m. This income has now been reflected in the funding of the budget for 2021/22.

2.4 The Collection Fund position for 2020/21 was previously estimated to be a deficit of £0.438 million. This reflected an expectation from the Spending Review 2020 that local authorities would be compensated for 75% of irrecoverable loss of council tax and business rates revenue in 2020/21 that would otherwise need to be funded through budgets in 2021/22 and later years. Following recent Government guidance on the scheme and interpretation by Districts, this has increased the net deficit on the Collection Fund to £0.985 million. For the Mayoral General Budget, this is an overall Collection Fund deficit of £6.090 million offset by an estimated £5.105 million of irrecoverable council tax compensation and additional NNDR Relief Grant. The deficit position on the Collection Fund in relation to 2020/21 includes the element of the total deficit that is mandatory to be spread over three years 2021/22 to 2023/24 and the compensation grant has also been spread across these financial years in line with the deficit and the budget for 2021/22 reflects this.

3. MAYORAL GENERAL BUDGET

3.1 Attached at Appendix 2 are the outline budgets in relation to the revenue budget for the Greater Manchester Fire and Rescue Service and the Medium Term Financial Strategy (MTFP).

3.2 In addition, income from Business Rates, both a share of the income collected by District Councils and a 'top up' grant, is received. As the GMCA is part of the 100% Business Rates Pilot, the previous receipt of Revenue Support Grant has been replaced by equivalent baseline funding through an increased Business Rates top up.

3.3 At the present time, both Council Tax and Business Rates income is subject to confirmation by District Councils, and the estimate of the Business Rates 'top up' grant will be confirmed in the final settlement.

3.4 In relation to non-Fire functions, in addition to precept income, there are funds relating to the Government 'Mayoral Capacity' funding, the position on Council Tax collection identified by District Councils as relating to the Mayoral Precept, Bus Services Operators Grant, Transport Statutory Charges and External Income.

3.5 Following the GMCA (Functions and Amendment) order being laid in April 2019, the Mayor was given further powers for transport functions. As with the 2020/21 budget, in 2021/22 £86.7 million is met via a statutory charge to District Councils, (with a corresponding reduction in the Transport Levy). A full breakdown by District Council is attached at Appendix 3. The order also states that this amount (£86.7 million) can only be varied with the unanimous agreement of the members of the GMCA.

3.6 The budget supports the continuation of the Our Pass and A Bed Every Night schemes into the new financial year and addresses a deficit on the Collection Fund from 2020/21. An estimated sum of £4.250m has been included for Bus Reform. If a decision is made to introduce bus franchising a further report will be brought to the GMCA setting out for approval the proposed expenditure and funding arrangements to support the implementation of that decision.

3.7 In relation to the level of the precept to be levied for Mayoral functions excluding fire, this will be frozen at £24.75 per Band D property, which will raise (on the latest estimated tax band) £18.7 million. When taken with other funding streams available this will give overall funding of £126.7 million. The overall breakdown of funding for the 2021/22 Mayoral budget (excluding GMFRS) compared to 2020/21 is as follows:

Mayoral (Non Fire)	Approved Budget 2020/21	Proposed Budget 2021/22
	£000	**£000**
Mayoral Direct Costs (inc Corporate Support)	1,239	1,247
Mayoral Priorities (inc A Bed Every Night)	2,633	3,050
Transport Policy & Strategy	3,500	3,500
Bus Service Operators Grant		
-Grants to operators	11,500	11,750
-Administration	50	50
Opportunity Pass	16,200	16,200
Sub-total - Pre-additional transport powers	**35,122**	**35,797**
Bus Reform	5,250	4,250
Bus Concessionary Re-imbursement	51,300	50,000
Supported Bus	27,900	32,000
Accessible Transport/Ring & Ride	4,600	3,600
Allocation of Bus Operational Costs	2,900	1,100
Total expenditure	**127,072**	**126,747**
Funded by:		
Precept	18,877	18,709
Collection Fund Surplus /-Deficit	1,045	-855
Collection Fund Compensation	0	103
Local Council Tax Scheme Grant	0	504
Mayoral Capacity Funds	1,000	1,000
Bus Service Operators Grant	13,100	13,100
Use of Reserves	5,000	6,636
Earnback capital	500	0
External Income	850	850
Transport Statutory Charge	86,700	86,700
Total funding	**127,072**	**126,747**

3.8 Although it is required to set a precept specifying the Band D Charge, by far the majority of properties, 82.6%, in Greater Manchester will be required to pay less than this amount. The following table outlines the additional amounts to be paid by each band and the proportion of properties which fall into each band. Based on Band B being the average charge paid, this equates to £19.25.

2021/22	A	B	C	D	E	F	G	H
Costs for Band £	**16.50**	**19.25**	**22.00**	**24.75**	**30.25**	**35.75**	**41.25**	**49.50**
Proportion of Properties	45.6%	19.6%	17.4%	9.2%	4.8%	2.0%	1.2%	0.2%

3.9 Appendix 4 sets out the amounts of Council Tax for each band, including the Fire element of the precept.

4. RESERVES

4.1 Taking account of the budget outlined in this paper, the reserves for both Mayoral and GMFRS for 2021/22 are as follows:

Mayoral and Greater Manchester Fire & Rescue (GMFRS) Reserves and Balances	**Closing Balances 31 March 2020**	**Transfer out/(in) 2020/21**	**Projected Balance March 2021**	**Transfer out/(in) 2021/22**	**Projected Balance March 2022**
	£000	**£000**	**£000**	**£000**	**£000**
General Reserve - Mayoral & GMFRS	(11,615)		(11,615)	0	(11,615)
Bus Services Operators Grant	(3,040)	(618)	(3,658)	2,750	(908)
Capital Reserve	(4,676)	(2,700)	(7,376)	2,700	(4,676)
Earmarked Budgets Reserve	(2,460)	(4,637)	(7,097)	2,439	(4,658)
Revenue Grants Unapplied	(1,735)		(1,735)	0	(1,735)
Insurance Reserve	(2,849)		(2,849)	0	(2,849)
Business Rates Reserve	(2,093)	(2,000)	(4,093)	2,000	(2,093)
Collection Fund Reserve	0	(5,721)	(5,721)	5,105	(616)
Restructuring Reserve	(418)		(418)	0	(418)
Innovation and Partnership CYP	(127)		(127)	0	(127)
Transformation Fund	(3,604)		(3,604)	0	(3,604)
Total Mayoral & GMFRS Reserves	**(32,617)**	**(15,676)**	**(48,293)**	**14,994**	**(33,299)**

4.2 The current General Fund Reserve balance stands at £11.615m as previously reported in the quarterly revenue update report to GMCA there is no planned use of this reserve.

4.3 Full use of Capital Reserve is yet to be confirmed. The planned use was based on the available reserve balance to fund capital expenditure within the programme, however, the reserve may be required to fund revenue investments, mainly in relation ICT due to the move to cloud based technologies.

4.4 Use of Business Rates Reserve was built into the MTFP for one off expenditure, mainly in relation to Programme for Change.

4.5 Given the current scale of activities falling on the General budget, the level of reserves held is felt to be appropriate. In considering the medium term financial position of the Fire Service, the ongoing level of reserves is falling and the short-term position is considered sustainable. However in light of the potential implications following the Grenfell Fire Public Inquiry and locally the Cube fire in Bolton, it is considered appropriate to seek additional funding for the Fire and Rescue Service, through a combination of increases to Council Tax and lobbying Central Government for additional funding.

5. BUDGET SUMMARY 2021/22

5.1 The table below shows the summary of gross and net budget for Mayoral Budget including GMFRS budget for 2021/22:

Budget Summary 2021/22	Gross Expenditure £000	Gross Income £000	Net Estimate £000
Fire Service Budget	109,316	2,422	106,894
Other Mayoral General Budget	126,747	14,950	111,797
Capital Financing Charges	2,316	0	2,316
Revenue Contribution to Capital Outlay	2,700	0	2,700
Contribution from balances/reserves	1,349	14,994	-13,645
Budget Requirement	**242,428**	**32,366**	**210,062**
Localised Business Rates		10,297	-10,297
Business Rate Baseline		40,353	-40,353
Section 31 Grant - Business Rates		2,594	-2,594
Section 31 Grant - pensions		5,605	-5,605
Transport - Statutory Charge		86,700	-86,700
Collection Fund deficit	6,090		6,090
Local Council Tax Support		1,853	-1,853
Precept requirement	**248,518**	**179,769**	**68,750**

6. LEGAL ISSUES

6.1 In coming to decisions in relation to the revenue budget, I have various legal and fiduciary duties. The amount of the precept must be sufficient to meet my legal and financial commitments, ensure the proper discharge of my statutory duties and lead to a balanced budget.

6.2 In exercising my fiduciary duty, I should be satisfied that the proposals put forward are a prudent use of my resources in both the short and long term and that they are acting in good faith for the benefit of the community whilst complying with all statutory duties.

6.3 Given that I intend to make firm proposals relating to the Fire Service budget at the February meeting, there will be a need to reassess the overall prudency of the budget, but at this stage, there are sufficient reserves available to ensure a balanced budget is set.

<u>Duties of the Treasurer (Chief Finance Officer)</u>

6.4 The Local Government Finance Act 2003 requires the Chief Finance Officer to report to me on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. I have a statutory duty to have regard to the CFO's report when making decisions about the calculations.

6.5 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Mayor to monitor during the financial year the expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, I must take such action as I consider necessary to deal with the situation. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves.

6.6 Under Section 114 of the Local Government Finance Act 1988, where it appears to the Chief Finance Officer that the expenditure of the Mayoral General budget incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure, the Chief Finance Officer has a duty to make a report to me.

6.7 The report must be sent to the GMCA's External Auditor and I/the GMCA must consider the report within 21 days at a meeting where we must decide whether we agree or disagree with the views contained in the report and what action (if any) we proposes to take in consequence of it. In the intervening period between the sending of the report and the meeting which considers it, the GMCA is prohibited from entering into any new agreement which may involve the incurring of expenditure (at any time) by the GMCA, except in certain limited circumstances where expenditure can be authorised by the Chief Finance Officer. Failure to take appropriate action in response to such a report may lead to the intervention of the External Auditor.

Reasonableness

6.8 I have a duty to act reasonably taking into account all relevant considerations and not considering anything which is irrelevant. This Report sets out the proposals from which members can consider the risks and the arrangements for mitigation set out below.

Risks and Mitigation

6.9 The Treasurer has examined the major assumptions used within the budget calculations and considers that they are prudent, based on the best information currently available. A risk assessment of the main budget headings has been undertaken and the level of reserves is adequate to cover these.

Appendix 1

LEGAL REQUIREMENTS, MAYORAL PRECEPT – GENERAL COMPONENT

1.1 The Finance Order sets out the process and the timetable for determining the general component of the precept.

Stage 1

1.2 The Mayor must before 1st February notify the GMCA of the Mayor's draft budget in relation to the following financial year.

1.3 The draft budget must set out the Mayor's spending and how the Mayor intends to meet the costs of the Mayor's general functions, and must include "the relevant amounts and calculations".

1.4 "The relevant amounts and calculations" mean:
(a) estimates of the amounts to be aggregated in making a calculation under sections 42A, 42B, 47 and 48;
(b) estimates of other amounts to be used for the purposes of such a calculations;
(c) estimates of such a calculation; or
(d) amounts required to be stated in a precept.

Stage 2

1.5 The GMCA must review the draft budget and may make a report to the Mayor on the draft.

1.6 Any report:
(a) must set out whether or not the GMCA would approve the draft budget in its current form; and
(b) may include recommendations, including recommendations as to the relevant amounts and calculations that should be used for the financial year

1.7 The Mayor's draft budget shall be deemed to be approved by the GMCA unless the Combined Authority makes a report to the Mayor before 8th February.

Stage 3

1.8 Where the GMCA makes a report under 1.5, it must specify a period of at least 5 working days within which the Mayor may:
(a) decide whether or not to make any revisions to the draft budget; and
(b) notify the GMCA of the reasons for that decision and, where revisions are made, the revised draft budget

Stage 4

1.9 When any period specified by GMCA under 1.8 has expired, the GMCA must determine whether to:

(a) approve the Mayor's draft budget (or revised draft budget, as the case may be), including the statutory calculations; or
(b) veto the draft budget (or revised draft budget) and approve the Mayor's draft Budget incorporating GMCA's recommendations contained in the report to the Mayor in 1.5 (including recommendations as to the statutory calculations).

1.10 The Mayor's draft budget (or revised draft budget) shall be deemed to be approved unless vetoed within 5 working days beginning with the day after the date on which the period specified in 1.8 expires.

1.11 Any decision to veto the Mayor's budget and approve the draft budget incorporating the GMCA's recommendations contained in the report to the Mayor in 1.5 must be decided by a two-thirds majority of the members (or substitute members acting in their place) of the GMCA present and voting on the question at a meeting of the authority (excluding the Mayor).

1.12 Immediately after any vote is taken at a meeting to consider a question under 1.9, there must be recorded in the minutes the names of the persons who cast a vote for the decision or against the decision or who abstained from voting.

Appendix 2

GREATER MANCHESTER FIRE AND RESCUE SERVICE REVENUE AND CAPITAL BUDGET 2021/22

1. INTRODUCTION

1.1 This report sets out the updated Medium Term Financial Plan (MTFP) to 2023/24, updated for pay and price inflation, known cost pressures and agreed savings. The funding supporting the 2021/22 budget represented a one-year settlement from MHCLG, with allocations based on the Spending Review 2020.

1.2 The Chancellor announced a one-year Spending Review in November 2020, in relation to the Fire and Rescue Service, the Spending Review announcements covered the following:

- Council Tax referendum limits of 2% for Fire and Rescue Services
- Compensation of 75% for irrecoverable Council Tax revenue relating to 2020/21 arrears, which would otherwise need funded from budgets in 2021/22
- Grant funding to compensate GMFRS for loss of 2021/22 precept income resulting from Local Authorities enhancing local Council Tax relief schemes
- Real terms protection expected with flat cash pensions grant
- Public sector pay is frozen for one year

1.3 The Provisional Local Government Settlement was published in December 2020 and the MTFP has been updated based on this. Final confirmation of the funding position will be confirmed in the Local Government Final Settlement due for late January / early February.

1.4 The table below presents the budget requirements incorporating pressures and savings from 2021/22 onwards:

Medium Term Financial Plan	**2020/21**	**2021/22**	**2022/23**	**2023/24**
	£000	**£000**	**£000**	**£000**
Fire Service	103,570	109,514	106,893	106,400
Pay and price inflation	2,609	212	1,529	1,552
Savings – Prog. for Change and other	-29	-2,857	-1,791	-5,294
Cost – Prog. for Change and other	3,363	24	-231	-22
Cost of service	**109,514**	**106,893**	**106,400**	**102,637**
Capital Financing Charges	1,687	2,316	3,246	4,324
Transfer to Earmarked Reserve	0	1,349	0	0
Revenue Contribution to capital	4,201	2,700	0	0
Use of Capital Reserves	-4,201	-2,700	0	0
Net Service Budget	**111,201**	**110,558**	**109,646**	**106,961**
Funded by:				
Localised Business Rates	10,614	10,297	10,297	10,297
Baseline funding	40,250	40,353	40,353	40,353
Section 31 - Business rates related	2,062	2,594	2,594	2,594
Section 31 - Pension related	5,605	5,605	0	0
Precept income (at £66.20 Band D)	50,494	50,041	50,792	50,792
Collection Fund surplus/deficit	220	-5,236	-311	-311
Local Council Tax Support Grant	0	1,349	0	0

	109,245	105,003	103,725	103,725
	2020/21	**2021/22**	**2022/23**	**2023/24**
Shortfall	**1,956**	**5,555**	**5,921**	**3,236**
due to Pension Increase/Loss of Grant	0	0	5,605	5,605
due to Other Pressures	1,956	5,555	316	-2,369
Funded by:				
Earmarked Reserves	1,956	5,555	204	204
General Reserves/Precept Increase	0	0	5,717	3,032
	1,956	**5,555**	**5,921**	**3,236**

2. REVENUE BUDGET ASSUMPTIONS

Funding

2.1 Funding is based on the details from the Provisional Settlement, released in December. The baseline funding has increased by £103k from the 2020/21 position. Localised business rates are assumed at the same level of income as last year, with information from Districts not yet available to determine next year's position at this stage.

2.2 For 2019/20 the Home Office confirmed a Section 31 grant of £5.605m million, towards estimated costs for GMFRS of £6.1 million. Payment of this grant in 2020/21 was made on a flat cash basis, and in 2021/22 whilst not yet formally confirmed by the Home Office, informal indications suggest that the grant will again be paid on a flat cash basis.

2.3 Precept income has been included at the same rate as 2020/21 - £66.20 per household at Band D equivalent. The forecast Taxbase for 2021/22, i.e. the number of households paying council tax, has seen a decrease when compared to levels assumed in 2020/21, which means that the amounts collected as precept income will fall in 2021/22.

2.4 Collection Fund deficit includes the forecast amounts that will be uncollected during 2020/21, impacted by the pandemic with forecasts from GM Districts showing a significant deficit for the year in relation to GMFRS share of £2.913m relating to Business Rates. This deficit can be spread over the next three financial years, which is £971k per year. Within the Spending Review, the Chancellor announced that 75% of irrecoverable 2020/21 Council Tax arrears will be funded by government. Further information is required on how this funding will be allocated and at this stage a sum of £728k has been estimated to be received to offset of the deficit position.

2.5 The Spending Review also announced Grant funding to compensate GMFRS for loss of 2021/22 precept income resulting from Local Authorities enhancing local Council Tax relief schemes. The indicative sum for GMFRS is £1.349m, the budget will be updated to reflect this once the final Council Tax baseline position is confirmed by GM Districts at the end of January.

2.6 There is no indication at this stage of grants to cover Protection related activities.

Pay and Pensions

2.7 Pay and price inflation includes a small element of non-pay inflation plus an increase of £250 per year per employee for those with a salary of less than £24k on the basis of a pay freeze for public sector announced in the Spending Review.

2.8 Changes by the Treasury in 2019/20 concerning the discount rate for unfunded public sector pension schemes, have had the effect of increasing employers' contributions from 17.6% to 30.2%, equating to £115 million for English Fire and Rescue Authorities (FRAs). For 2019/20 the Home Office confirmed a Section 31 grant of £5.605m, towards estimated costs for GMFRS of £6.1m. Payment of this grant in 2020/21 was made on a flat cash basis, and in 2021/22 whilst not yet formally confirmed by the Home Office, informal indications suggest that the grant will again be paid on a flat cash basis.

Programme for Change

2.9 The GMFRS Programme for Change has undertaken a whole service review and developed a proposed operating model for GMFRS and has affected the GMFRS revenue budget from 2019/20 and onwards. Programme for Change outlined a range of options to deliver savings for GMFRS, alongside investment required to deliver transformational change.

2.10 Programme for Change savings included in the MTFP are set out in the table below.

Savings	**2021/22**	**2022/23**	**2023/24**
	£000	**£000**	**£000**
Role of the Firefighter - Reduce to 48 Pumps			316
Role of the Firefighter - Station Mergers		1,791	
Role of the Firefighter - Crewing			4,267
Role of the Firefighter - Non-SDS			711
Prevention	1,463		
Total Programme for Change savings	**1,463**	**1,791**	**5,294**
New savings (not Programme for Change)	1,394	0	0
Total savings	**2,857**	**1,791**	**5,294**

2.11 In 2021/22, savings of £1.458m were originally identified through Programme for Change, however, alternative savings have been identified to replace those held against pump reductions. Further alternative savings of £1.394 have been identified via a line by line review including the reduction in employee budget as a result of pay award being lower than anticipated in 2020/21. This has resulted in total savings of £2.857m for 2021/22.

2.12 Non-recurrent implementation costs of Programme for Change included in the 2020/21 budget are not required in the budget for 2021/22, this has led to a reduced budget requirement of £340k.

3. BUDGET RISKS

3.1. Future budget risks are set out below:

- The anticipated multi-year 2020 Comprehensive Spending Review was deferred in light of the implications of the pandemic, with a one-year Spending Review for 2021/22 in its place. Future funding beyond 2021/22 has not been confirmed.
- Unresolved pay claims for firefighters and Local Government Employees.
- McCloud/Sargeant Remedy – the judgement refers to the Court of Appeal's ruling that Government's 2015 public sector pension reforms unlawfully treated existing public sectors differently based upon members' age. The implications of the remedy are not yet known but are likely to be significant in future years beyond 2021/22.
- Delivery of sufficient savings to meet the requirements of the Medium Term Financial Strategy, and dependent on availability resources to deliver a change programme of this scale.
- Emergency Services Mobile Communications Project (ESMCP) – a national project to procure and replace the Emergency Services Network.
- Any changes required following the Manchester Arena Public Inquiry, Grenfell Inquiry and Hackett Review – an independent Review of Building Regulations and Fire Safety following the Grenfell Fire.
- Any Business Continuity Arrangements that require funding which are not part of the Base Budget.
- As no capital grants are available to FRAs, future schemes in our Capital Programme will be funded by a combination of revenue underspends and borrowing. The costs associated with additional borrowing will have to be met from the Revenue Budget.

Appendix 3

Proposed Statutory Charge per District

Transport Statutory Charge 2021/22			
District	**Population Mid 2019**	**%**	**£**
Bolton	287,550	10.14%	8,791,730
Bury	190,990	6.74%	5,839,445
Manchester	552,858	19.50%	16,903,419
Oldham	237,110	8.36%	7,249,546
Rochdale	222,412	7.84%	6,800,161
Salford	258,834	9.13%	7,913,749
Stockport	293,423	10.35%	8,971,294
Tameside	226,493	7.99%	6,924,936
Trafford	237,354	8.37%	7,257,007
Wigan	328,662	11.59%	10,048,713
Total	**2,835,686**	**100.00%**	**86,700,000**

Appendix 4

CALCULATION OF AGGREGATE AMOUNTS UNDER SECTION 42A (2) AND (3) OF THE LOCAL GOVERNMENT FINANCE ACT 1992 UPDATED IN THE LOCALISM ACT 2011)

BUDGET SUMMARY 2021/22

Budget Summary 2021/22	**Gross Expenditure £000**	**Gross Income £000**	**Net Estimate £000**
Fire Service Budget	109,316	2,422	106,894
Other Mayoral General Budget	126,747	14,950	111,797
Capital Financing Charges	2,316	0	2,316
Revenue Contribution to Capital Outlay	2,700	0	2,700
Contribution from balances/reserves	1,349	14,994	-13,645
Budget Requirement	**242,428**	**32,366**	**210,062**
Localised Business Rates		10,297	-10,297
Business Rate Baseline		40,353	-40,353
Section 31 Grant - Business Rates		2,594	-2,594
Section 31 Grant - pensions		5,605	-5,605
Transport - Statutory Charge		86,700	-86,700
Collection Fund deficit	6,090		6,090
Local Council Tax Support		1,853	-1,853
Precept requirement	**248,518**	**179,769**	**68,750**

CALCULATION OF TAX BASE

The Tax Base is the aggregate of the Tax Bases calculated by the District Councils in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992. These are currently estimated as:

District	Council Tax Base
Bolton	76,281.0
Bury	53,828.0
Manchester	119,649.3
Oldham	57,200.0
Rochdale	54,637.0
Salford	68,109.0
Stockport	95,945.1
Tameside	61,843.4
Trafford	75,816.0
Wigan	92,600.0
Total	**755,908.8**

AMOUNTS OF COUNCIL TAX FOR EACH BAND

2021/22	A	B	C	D	E	F	G	H
Costs for Band (including Fire)	£60.63	£70.74	£80.84	£90.95	£111.16	£131.37	£151.58	£181.90

CALCULATION OF BAND D EQUIVALENT TAX RATE

	£
Net expenditure	242,428,067
Less funding	-179,768,580
	62,659,487
Adjusted for estimated surplus(-)/deficit on collection funds	6,090,419
Net budget requirement to be met from Council Tax	**68,749,906**
Net budgetary requirement	68,749,906
Aggregate tax base	755,908.8
Basic tax amount at Band 'D'	**£90.95**

This page is intentionally left blank

Date: 12 February 2021

Subject: Budget Paper C - GMCA Transport Revenue Budget 2021/22

Report of: Councillor David Molyneux, Portfolio Leader for Resources and Steve Wilson, Treasurer to GMCA

PURPOSE OF REPORT

The report sets out the transport related Greater Manchester Combined Authority (GMCA) budget for 2021/22. The proposed Transport Levy to be approved for 2021/22 is included within the report together with the consequent allocations to the District Councils of Greater Manchester.

RECOMMENDATIONS:

The GMCA is recommended to:

1. Note the issues which are affecting the 2021/22 transport budgets as detailed in the report.

2. Approve the GMCA budget relating to transport functions funded through the levy, as set out in this report for 2021/22.

3. Approve a Transport Levy on the District Councils in 2021/22 of £105.773 million, apportioned on the basis of mid-year population 2019.

4. Approve a Statutory Charge of £86.7 million to District Councils in 2021/22 as set out in Part 4 of the Transport Order, apportioned on the basis of mid-year population 2019.

5. Approve the use of reserves in 2020/21 and 2021/22 as detailed in section 5.

6. Delegate authority to the GMCA Treasurer, in conjunction with the TfGM Finance and Corporate Services Director, to make to make the necessary adjustments between capital funding and revenue reserves to ensure the correct accounting treatment for the planned revenue spend on the following schemes:

- GMIP development costs of up to £7 million from the second tranche of the Transforming Cities Fund (TCF2);

- Mayors Challenge Fund programme costs of up to £1.5 million; and
- Clean Air Plan Delivery costs of up to £2.2 million

7 Note that the funding position on Bus Reform remains as that set out in the report to GMCA on 27 November 2020.

8 Endorse the proposal to increase fares by Retail Price Index (RPI) where applicable and the increases proposed to Bus Stop closure charges.

CONTACT OFFICERS:

Name: Steve Wilson, Treasurer to GMCA

E-Mail: steve.wilson@greatermanchester-ca.gov.uk

Name: Steve Warrener, Finance and Corporate Services Director, Transport for Greater Manchester

E-Mail: steve.warrener@tfgm.com

Equalities Implications: N/A

Climate Change Impact Assessment and Mitigation Measures: N/A

Risk Management – An assessment of major budget risks faced by the authority are carried out quarterly as part of the reporting process – no risks have been identified in this quarter. For risk management in relation to budget setting, please refer to section 6 of the report.

Legal Considerations – There are no specific legal implications with regards to the 2020/21 budget update, however please refer to section 6 of the report for budget setting considerations.

Financial Consequences – Revenue – The report sets out the proposed budget for 2020/21.

Financial Consequences – Capital – There are no specific capital 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.

BACKGROUND PAPERS:

Report to Greater Manchester Combined Authority: 'GMCA Revenue Update 2020/21' 25 September 2020.

Report to Greater Manchester Combined Authority: 'GMCA Revenue Update 2020/21' 27 November 2020.

Report to Greater Manchester Combined Authority: 'Covid-19 Impact on Bus Franchising Report and Consultation 27 November 2020.

Report to Greater Manchester Combined Authority: 'Mayoral General Budget and Precept' 14 February 2020.

Report to Greater Manchester Combined Authority: 'Transport Revenue Budget' 14 February 2020.

Report to Greater Manchester Combined Authority: 'GMCA Revenue General Budget' 14 February 2020.

TRACKING/PROCESS	
Does this report relate to a major strategic decision, as set out in the GMCA Constitution	Yes
EXEMPTION FROM CALL IN	
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?	N/A

GM Transport Committee	Overview & Scrutiny Committee	
N/A	9th February 2021	

1 INTRODUCTION

1.1 The report provides details of the proposed budget, including Mayoral funded functions as they relate to Transport for 2021/22.

1.2 The allocation to District Councils in relation to the Transport Levy and Transport Statutory Charge is set out in paragraph 3.5 of the report.

1.3 Part 4 of the Transport Order laid before Parliament in April 2019 provides that some £86.7m of funding will be provided to the Mayor by way of a 'statutory charge', in respect of costs that were previously met from the levy.

1.4 The Authority's legal obligations and the responsibility of the Treasurer to the Combined Authority are also set out in more detail later in the report.

2 TRANSPORT REVENUE BUDGET 2021/22

2.1 The proposed Transport budget for 2021/22 is summarised in the table below:

Transport Budget	**Approved Budget 2020/21 £'000**	**Proposed Budget 2021/22 £'000**	**Change**
Resources Available:			
Transport Levy	105,773	105,773	0
Statutory Charge	86,700	86,700	0
Mayoral General Precept	17,050	17,050	0
Mayoral Capacity Grant	550	0	(550)
Government Grants	20,243	24,693	4,450
External Income	850	850	0
Contrib. from Reserves	10,923	11,360	437
Total Resources	**242,089**	**246,426**	**4,337**
Calls on Resources:			
Gross Grant to TfGM	138,322	138,322	0
TfGM Funded Finance Costs	(13,419)	(13,419)	0
Grant Paid to TfGM	124,903	124,903	0
Other Grants	12,429	11,785	(644)
Scheme Development Costs	500	0	(500)
16-18 Concessionary	16,200	16,200	0
Bus Reform	4,750	4,250	(500)
Care Leavers	550	550	0
GMCA Traffic Signals	3,822	3,822	0
Capital Financing Costs			
- Levy Funded	52,904	52,904	0
- GMCA Funded from Reserves/Revenues	7,108	11,558	4,450
- TfGM Funded from Reserves/Revenues	15,029	16,552	1,523
- TfGM Funded from Efficiencies	2,919	2,927	7
GMCA Corporate Core Costs	975	975	0
Total Call on Resources	**242,089**	**246,426**	**4,337**

2.2 Within Government Grants in the table above is £11.593m of Earnback funding which is budgeted to be used to fund Trafford Metrolink Capital Financing Costs (£11.558m) and the costs of the Cycling and Walking Commissioner (£35k).

3 PROPOSED GMCA TRANSPORT LEVY AND MAYORAL STATUTORY CHARGE 2021/22

3.1 Following the 'Transport Order' which was laid before Parliament in April 2019, the funding for transport functions has now been split between the Transport Levy and a Statutory Charge.

3.2 It is proposed that the Transport Levy for 2021/22 will be set at £105.773m and the Statutory Charge be set at £86.7 million, a total of £192.473m which is unchanged from 2020/21.

3.3 The Transport Levy and Statutory Charge is distributed across the Districts based on mid-year 2019 population. An analysis of amounts payable by each District Council in 2021/22 is shown in the table below.

3.4 As was the case in 2020/21, in addition to the Transport Levy, it is anticipated that earmarked reserves will be utilised to fund a number of other activities. These additional activities are set out in Section 5.

Proposed GMCA Transport Levy and Statutory Charge 2021/22 per District

3.5 The table below details both the Transport Levy and the Statutory Charge per district;

District	**2021/22 Transport Levy £000**	**2021/22 Statutory Charge £000**	**2021/22 Total Charge £000**
Bolton	10,726	8,792	19,518
Bury	7,124	5,839	12,964
Manchester	20,622	16,903	37,525
Oldham	8,844	7,250	16,094
Rochdale	8,296	6,800	15,096
Salford	9,655	7,914	17,568
Stockport	10,945	8,971	19,916
Tameside	8,448	6,925	15,373
Trafford	8,853	7,257	16,110
Wigan	12,259	10,049	22,308
Total	**105,773**	**86,700**	**192,473**

3.6 In addition to the Transport Levy and Statutory Charge, it is anticipated that earmarked reserves and Earnback grant will be utilised to fund certain capital financing costs and other devolution and scheme development related costs for 2021/22.

4 TfGM BUDGET STRATEGY 2020/21

4.1 The budget presented relates to the TfGM element of the Transport budgets.

4.2 As in previous years there are a number of additional activities that TfGM is delivering on behalf of GMCA and the Mayor. The main activities in this regard along with a forecast of the proposed funding in 2021/22 are set out below.

Bus Reform

4.3 A report was presented to GMCA in November 2020 which considered the Covid-19 Impact on the Bus Franchising Assessment which was prepared by TfGM on behalf of the GMCA. That report considered the potential impact and effects of Covid-19 on the bus market in Greater Manchester and how they may affect the key conclusions of the assessment of the proposed bus franchising scheme and the recommendations made that franchising is the best option for reforming the bus market in Greater Manchester.

4.4 This report made several recommendations, including that the GMCA agree to undertake a public consultation in respect of the Covid-19 Impact on Bus Franchising Report, between 2 December 2020 and 29 January 2021. The position in relation to the funding for Bus Reform is unchanged from that presented in the November 2020 report.

4.5 The Mayoral General Budget includes an estimated sum of £4.250m for the costs of Bus Reform in 2021/22. However, if a decision is taken by the Mayor to introduce bus franchising a further report will be brought to GMCA for approval of the proposed expenditure and funding arrangements to support the implementation of that decision.

Greater Manchester Infrastructure Programme (GMIP)

4.6 At its meeting on 29 January 2021, GMCA approved, for adoption and publication, the revised Greater Manchester Transport Strategy 2040 and the final version of the Five-Year Transport Delivery Plan (2021-2026) as a statement of what GM plans to achieve in the next five years through transport investment and reforms, in support of Our Network and the 2040 Transport Vision.

4.7 TfGM and the 10 Local Authorities are working to use the interventions identified within the Delivery Plan to continue to develop a pipeline of transport infrastructure to support GM's priorities of sustainable growth as part of the wider GMIP. The programme will cover reviews of prioritisation, approvals and delivery models to ensure that the scheme development activity is focused on effective, value for money delivery of interventions that support GM's placed-based and decarbonisation priorities. In 2021/22, specific transport scheme development activity will focus on responding to the funding opportunities announced in Spending Review 2020, particularly the Intra-City Transport Fund for which government have indicative development funding will be available in 2021/22 and preparing for the multi-year Spending Review expected later this year.

4.8 The Budget report presented to GMCA in February 2020 noted a potential investment of £10m in 2020/21 to support the development of GMIP. The priorities for 2020/21 included 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.

4.9 Recognising the pressures on Local Authority funding, it was agreed to progress the work, but rather than funding from retained business rates, it was proposed and agreed to fund the costs from a 'top slice' of up to 10%, which would equate to c. £7 million, from the previously announced £69.7 million of 'Transforming Cities Fund 2' ('TCF2').

4.10 The forecast spend for 2020/21 is estimated to outturn at c. £6.3 million. In order to fund the continuation of this work into 2021/22 it is proposed that a further £7 million will be top sliced from the same funding source in 2021/22.

4.11 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 adjustments between capital and revenue reserves to ensure the correct accounting treatment for this planned spend.

Our Pass

4.12 The costs of the concession for 16-18s for free travel on bus are funded from the Mayoral budget. The Mayoral General Budget has allowed for extension of the scheme in 2021/22 beyond its initial 2 year pilot period.

TfGM Budget Strategy

4.13 The development of the budget strategy for 2021/22 has been subject to discussions with GM local authority Leaders during November and December 2020. It was recognised that the TfGM's budget has been 'managed' within the same funding envelope in recent years by making year on year savings from various incremental ongoing activities. This has been very challenging in the context of the additional activities that TfGM has been requested to deliver, however the 'cash flat' funding position also needs to be considered in the context of the significant funding pressures on the Greater Manchester Authorities, who fund the majority of TfGM's operating budget through the Levy and Statutory Charge.

4.14 It was also recognised that the ability for TfGM to continue to make year on year 'incremental' savings to fund ongoing cost pressures over the medium to longer term is limited, in particular in view of the widening range of activities that TfGM has been, and continues to be, requested to deliver.

4.15 The development of budget proposals by TfGM with Leaders has included a review of various elements of its service provision and its cost base, including in the context of School Bus services; the provision of Accessible Transport, including the Ring and Ride services; the delivery of Special Educational Needs transport and reviews of its cost base in the delivery of the services it provides. This work will continue through 2021/22.

Concessionary Support

4.16 Since the first lockdown TfGM has, as encouraged by the Department for Transport (DfT), continued to reimburse operators for concessionary reimbursement on the basis of pre-pandemic levels of patronage. The position beyond the current lockdown is currently uncertain as to how long, and to what level, this will need to continue.

4.17 For the purposes of the 2021/22 budget therefore it has been assumed that this basis will continue, however discussions will continue with DfT and operators on the ongoing appropriateness of this policy. If any changes to the budget result from this, it will be reported back to GMCA.

4.18 A new concessionary travel scheme providing free bus travel for young people aged 16-18 was introduced in 2019/20. The funding for this scheme is part of the Mayoral General Budget as set out at section 4.12 above. It was previously agreed by GMCA that the existing balance on the Concessionary Fares Reserve, which is forecast to remain at c. £7.9 million at 31 March 2021, is retained to fund any risks connected with the 16-18 free bus concession.

4.19 'Fixed rate' reimbursement arrangements with the major bus operators are currently in place, all of which expire at 31 March 2021. Discussions are to take place with operators regarding the rates from 1 April 2021, however it is not expected that these will change significantly, if at all, from 1 April given the current circumstances.

Supported Bus Services

4.20 In recent years the Supported Services budget has reduced by over 20%. In the main these savings have been delivered from efficiency savings and service reductions rather than service removals. However there have been cuts to some services which have no longer been deemed to represent value for money, in particular in respect to patronage and cost.

4.21 Throughout 2020/21 supported services have remained at similar levels to support travel, including for key workers, during the pandemic. However the cost of providing the services is expected to outturn c.£2 million above budget, due to a combination of higher contract costs and lower fares income. These additional net costs have been funded from the delivery of savings in TfGM's wider budget. It is expected that the Supported Services Budget will continue to be under significant pressure during 2021/22 due to a combination of inflationary pressures, lower income and the risk of further commercial de-registrations. Cost pressures have already materialised in procuring contract renewals for April 2021. In addition, currently it has not yet been confirmed whether funding from DfT for lost income, on services where TfGM takes the revenue risk, will continue into 2021/22. Some allowances for these risks have been made in the 2021/22 budget.

4.22 During 2020/21 DfT has been providing grant funding to bus operators through its COVID-19 Bus Service Support Grant (CBSSG). This, together with the 'overpayments' on concessionary travel referred at 4.16 above, have offset the substantial reduction in farebox incomes by the bus operators in order for key services to continue. CBSSG funding is currently confirmed by DfT on an ongoing basis subject to an 8 week 'notice period' for its withdrawal, depending on the continuation of social distancing. Supported by this funding bus operators have continued to operate the vast majority of the previously timetabled services. The funding position beyond the current 8 week notice period is currently very uncertain and this represents a significant risk in TfGM's budget for 2021/22.

4.23 As noted at 4.15 above, and due to the ongoing wider pressures on TfGM's budgets, during 2021/22 reviews will continue of the delivery of School Bus services; the provision of Accessible Transport, including the Ring and Ride services; and the delivery of Special Educational Needs transport. Where applicable, these reviews will be factored into budget setting for future years.

4.24 In February 2020, a £10 annual charge for concessionary pass holders to buy a 'product' to access off peak tram and rail services, was introduced. This was forecast to generate c. £1.25 million of income in a full year and experience to date has been in line with that. Due to the impact of the pandemic, renewal charges for existing product holders are to be deferred for a period, currently until 31 March 2021. To the extent this extends beyond the end of March this will start to impact the 2021/22 budget and, to the extent that there is no external funding available to offset any losses, will mean that additional savings will need to be delivered to compensate for this loss of income.

4.25 In 2019/20 the grant to Greater Manchester Accessible Transport Ltd (GMATL) to fund Ring and Ride services increased by £0.3 million to part fund the replacement of up to 31 fleet vehicles which will reach the end of their 'useful economic' life over the next two years. Despite this, significant pressures still existed within the GMATL budget and further efficiency savings have been delivered. In 2020/21, due to the impacts of the pandemic, service reductions have been implemented which have generated a saving in TfGM's budget of c. £0.9 million, due to savings in staff costs and vehicle costs. Due to the ongoing impact of this; and the implementation of a number of efficiency measures, including for example a senior management restructure, it is budgeted that this saving will continue into 2021/22.

4.26 In line with recent years, the fares and charges on certain products or services that TfGM sells, including fares on schools' services and Local Link, and Departure Charges, will all be subject to increases in line with inflation, which will be implemented at various dates between April 2021 and January 2022.

Metrolink

4.27 As has been reported regularly to GMCA during the year, due to the impact of the pandemic, farebox revenues on Metrolink have been significantly below budget. During the first lockdown in spring 2020 revenues reduced to c. 5% of budgeted levels. After the easing of some restrictions volumes recovered to c. 50% later in 2020, before reducing again to the current level of c. 15% following the implementation of the current national lockdown. To date, this funding gap has been filled from a combination of efficiency savings where possible and, much more substantially, from a grant from DfT. The grant is currently committed until 31 March 2021 with no funding yet agreed beyond that date.

4.28 TfGM has produced a 'Recovery Plan' which sets out the future strategy for the network and the likely requirement for ongoing funding to support its ongoing recovery. The Recovery Plan is currently being considered by DfT and HM Treasury.

<u>Other costs and budget pressures</u>

4.29 A number of other budget pressures exist, as follows:

- Costs of supporting the wide and increasing range of additional activities that TfGM has been requested to undertake in recent years;
- Work to consider the options and potential for future rail reform. No specific allowances have been made for this work in the budget. Any work required, which has been funded by additional budget allowances of up to £0.5 million in previous years, will need to be absorbed into base budgets;
- Continuing loss of income in a number of areas due to the ongoing impact of the pandemic;
- Additional COVID-19 related cost pressures, including unfunded project support for GM wide initiatives;
- Other unfunded project support, including for example Housing Investment Fund and Growth Deal Programme support; and Regional Centre co-ordination;
- Costs of operating and maintaining an expanding network of traffic signals, with no additional funding for operational costs;
- Continuing costs required to support the ongoing development of ticketing initiatives. £1.5m is being drawn down from the TfGM Ticketing Reserve to support these costs in 2020/21 and a further drawdown of £1.8 million is proposed in 2021/22 so that the levy is 'protected' from increased required costs in this area; and
- Impact of inflation on operating costs.

4.30 The additional costs and funding pressures on the TfGM budget in 2021/22, including from the matters referred to above, and from increasing pressures on the Supported Bus Services budgets, have added additional cost pressures of c£7.7 million into the base budget for 2021/22. It is proposed that these will need to be offset through the generation of additional savings and efficiencies in operating costs and the generation of additional commercial income. The delivery of savings has been assisted by a voluntary severance programme launched by TfGM late in 2020 and through the launch of the 'Future Ready' programme, which is a programme of work to ensure that TfGM can deliver its outcomes and outputs as effectively and efficiently as possible.

4.31 In addition to the key risks referred to in earlier paragraphs above, including in particular the potential withdrawal of DfT funding for Bus and Metrolink services, there are a number of additional risks in a number of other areas impacting the budget including:

- Currently unknown costs for the work connected with completing the development and implementation of plans to address Air Quality. The budget assumption is that these costs will continue to be funded by grants to GMCA from the Joint Air Quality Unit (JAQU); and
- The levels of scheme development funding, in the context of the development aspirations of the Greater Manchester Infrastructure. Despite the £7million of additional funding requested from TCF2 for scheme / pipeline development requested in this report; and the c£50m (to be, but not as yet, allocated across all of the Mayoral Combined Authorities) Intra City Transport Fund (revenue) development funding that was announced in the 2020 Spending Review, there is a risk that this may not be sufficient to develop the pipeline of schemes as quickly as required. This could limit the scale and pace at which these schemes can be developed and place additional cost pressures on TfGM 'core' budgets.

4.32 Considering the above, the proposal is that:

- The Levy will again be subject to a cash 'standstill' for 2021/22, with all cost increases being 'managed' by savings within TfGM's core budgets;
- A proposed release, following approval by GMCA of the prioritisation of TCF2 at its meeting on 29 January 2021 of £7million of funding from TCF2 to fund ongoing Scheme Development costs as part of the development of the Greater Manchester Infrastructure Programme;
- A drawdown of £1.8 million from the Integrated Ticketing Reserve to to continue to develop the work around Ticketing initiatives to support recovery
- TfGM fares and departure charges to increase in line with inflation at varying points in 2021/22 as set out in this report; and
- Bus Stop Closure Charges to increase as set out in paragraph 4.42 below.

TfGM Proposed Budget 2021/22

4.33 Based on the proposals above the TfGM budget for 2021/22 would be as follows:

	2020/21 Revised Budget £000	2021/22 Proposed Budget £000	Variance £000
Resources			
Levy allocated to TfGM	36,380	36,380	-
Statutory Charge	86,700	86,700	-
Mayoral General budget	10,250	18,650	8,400
Rail Grant	1,900	1,900	-
Metrolink funding from revenues	10,800	10,800	-
Clean Air Plan JAQU Grants	14,700	6,500	(8,200)
TCF2 funding for GMIP	6,300	7,000	700
Utilisation of other Reserves/Grants	2,100	5,750	3,650
Total Revenue	**169,130**	**173,680**	**4,550**
Call on Resources			
Concessionary Support	70,900	77,900	(7,000)
Supported Services	30,000	32,000	(2,000)
Accessible Transport	3,900	3,900	-
Operational Costs	37,020	40,070	(3,050)
Clean air Plan costs	14,700	6,500	8,200
GMIP development costs	6,300	7,000	(700)
Financing	6,310	6,310	-
Total Expenditure	**169,130**	**173,680**	**(4,550)**
Surplus/Deficit	**-**	**-**	**-**

4.34 There are a number of risks to the proposed budget as noted above, including ongoing impact on costs and revenues from COVID-19; increases in supported bus services costs resulting from price increases and bus service deregistrations; the ability to deliver the expanding range of activities within the same budget envelope; and the ability to deliver the remainder of the savings required to balance the budget.

4.35 The main elements of the proposed budget are considered further below.

Resources

4.36 Following Transport Orders being laid in April 2019, the Mayor was given further powers for transport functions, which in relation to TfGM's activities relates to activities associated with delivery of Bus related activities. As noted in the Mayoral Budget report an assessment has been made in relation to the cost of those functions and it is proposed that £86.7 million is raised via a statutory charge to District Councils, with a corresponding reduction in the Transport Levy. The total level of funding from the Levy/Statutory Charge is budgeted to be the same in 2021/22 compared to 2020/21.

4.37 The Mayoral General budget is also funding other costs in 2021/22 which relate to Mayoral functions and which therefore need to be funded from the Mayoral General budget. This includes the costs associated with updating and delivering the Local Transport Plan (LTP) and the costs of the 16-18 Concessionary Travel Scheme. The LTP costs are budgeted to be £3.55 million which is unchanged from 2020/21.

4.38 The funding from the DfT Rail grant in 2021/22 is budgeted to remain at the same level and this has recently been confirmed by DfT.

4.39 The funding from Metrolink Revenue/Reserves represents the contribution from Metrolink net revenues which are ring fenced to fund the financing costs which are incurred in GMCA. These net revenues are subject to the ongoing funding position as set out at section 4.27 above.

4.40 Utilisation of other reserves/funding relates to the proposed drawdown of funding from TCF2 to fund ongoing GMIP development costs and funding from reserves to fund the costs of Bus Reform in 2021/22. The funding included in the budget for Bus Reform will be further updated following a Mayoral decision on Bus Reform.

4.41 The funding from other grants is budgeted to reduce which reflects the profile of expenditure on other grant funded activity, including in particular the costs of activities to develop the Clean Air Plan Full Business Case, which are fully funded by grants from the Joint Air Quality Unit. Of the total costs budgeted to be incurred and funded by JAQU in 2021 of £6.5 million, £2.2 million will be funded from capital grants for JAQU and therefore will need to be subject to a capital revenue 'switch'.

Calls on Resources

4.42 The concessionary reimbursement budget includes the cost of the English National Concessionary Travel Scheme (ENCTS) and the local Concessionary scheme, including the pilot 16-18 concessionary travel scheme. The ENCTS is a statutory scheme and TfGM cannot mitigate these costs other than seeking to manage its risk by agreeing multi-year 'fixed price' arrangements where appropriate.

4.43 The budget for Supported Services for 2020/21 includes some allowance for inflationary cost increases; further de-registrations and loss of income not supported by additional grant income.

4.44 The grant payable to GMATL in the proposed budget will be at the same level as the 2020/21 outturn of c. £3.6 million. The Accessible Transport budget also includes the costs of taxi vouchers which is c. £0.3 million.

4.45 Operational costs include the costs of operating and maintaining the TfGM owned bus stations, travel shops and other infrastructure, and the costs of support functions.

4.46 The budget includes an assumption that Bus Station Departure Charges will increase in line with RPI, by 1p, from April 2021, which represents an increase of c[1.3% and additional income of up to c£40,000. The additional income will be used to partly offset the increasing costs of operating bus stations.

4.47 The budget also assumes that the fees applied to utility companies, commercial contractors and developers when temporarily opening and closing bus stops / shelters are increased from £250 to £270 for the first four stops and that the costs thereafter are increased from £70 to £90 per stop. The costs for 'revisiting' a stop are also assumed to increase from £100 to £120.

4.48 As in previous years the budget includes very challenging targets for savings in operational and support costs, including from reducing costs. Efficiencies from collaboration with GMCA and the generation of additional commercial income. These are required in order that TfGM can deliver the additional activities requested by GMCA within a standstill budget. As discussed with the Scrutiny Panel, c. £7.7 million of cost savings will need to be delivered in 2021/22 to manage within the standstill budget proposed.

5 RESERVES

5.1 An analysis of the forecast and budgeted movements in transport related reserves for 2019/20 and 2021/22 is set out below:

GMCA Transport Reserves	Actual Balance as at 31-Mar-20	Transfer (in)/out 2020/21	Projected Balance as at 31-Mar-21	Transfer (in)/out 2021/22	Projected Balance as at 31-Mar-22
Earmarked Revenue Reserves					
Capital Programme Reserve - GMCA	(91,700)	3,100	(88,600)	(6,060)	(94,660)
Earnback Revenue - GMCA	(10,000)	-	(10,000)	-	(10,000)
Integrated Ticketing Reserve - GMCA	(12,500)	1,500	(11,000)	1,800	(9,200)
Revenue Grants Unapplied Reserve - GMCA	(14,800)	891	(13,909)	-	(13,909)
Concessionary Fares Reserve - TfGM	(7,900)	-	(7,900)	-	(7,900)
Property Reserve - TfGM	(11,600)	1,500	(10,100)		(10,100)
Metrolink Reserve - TfGM	(2,100)	-	(2,100)	-	(2,100)
Joint Road Safety Group Reserve - TfGM	(4,300)	(200)	(4,500)		(4,500)
General Revenue Reserves					
General Reserve - TfGM	(5,100)	2,100	(3,000)	-	(3,000)
General Reserve - GMCA	(1,100)	-	(1,100)	-	(1,100)
	(161,100)	**8,891**	**(152,209)**	**(4,260)**	**(156,469)**

General Reserves

5.2 Current good practice states that reserves should be maintained at an appropriate level as determined by a detailed business risk review. The forecast balance on the General Reserve at 31 March 2021 is £4.1 million, which reflects a drawdown of £2.1 million in 2020/21 to fund the costs of voluntary severance.

Capital Programme Reserve

5.3 GMCA and TfGM hold certain reserves which are primarily ring-fenced to pay for and manage the risks of delivering their ongoing capital programme. These reserves are revenue reserves and can be used for capital and revenue purposes, including repaying capital and interest on borrowings. TfGM is responsible for delivering a capital programme of public transport investment and infrastructure, which during the period up to 2021 has totalled over £3 billion. The programme includes trebling the size of the Metrolink network, including the Trafford Line extension; the construction of new transport interchanges; the bus priority schemes; rail schemes and the introduction of a smart card to operate across all transport modes. The forecast annual capital expenditure in 2021/22 forecast to be circa £203m.

5.4 The current forecast balance on the Capital Programme Reserve at 31 March 2021 is approximately £88.5m. The forecast balance on the Capital Programme Reserve is consistent with the work undertaken in relation to financing costs. There is projected to be significant utilisation of reserves in the next 5-10 years due to combined demands of financing the Capital Programme and costs of future capital scheme development. Specifically for 2021/22 it is anticipated that a net £6m will transfer into the Capital Programme Reserve, to meet future capital financing commitments. The optimum mix of reserves utilisation and borrowings will be determined by the GMCA Treasurer, prior to the closure of the relevant years' accounts.

5.5 The long term balance on the Capital Programme Reserve is very sensitive to the ongoing delivery of the planned net revenues from Metrolink and will be under very significant short term pressure if DfT funding for revenues losses during the pandemic is not extended beyond 31 March 2021.

Earnback Revenue Reserve

5.8 Earnback reserves are fully ringfenced for the costs of Bus Reform, as referenced in recent presentations on Bus Reform financing.

Integrated Ticketing Reserve

5.9 The Integrated Ticketing Reserve had a balance of £12.5m on 31 March 2020. The reserve will be used over a period of time to contribute towards the development and delivery of integrated, including smart, ticketing schemes. Planned use of the reserve is £1.5m in 2020/21 and £1.8m in 2021/22 which would reduce the balance at 31st March 2022 to £9.2m

Revenue Grants Unapplied Reserve

5.6 This relates to grants received ahead of expenditure, with the largest grant of £14.2m being in relation to Clean Air plan funding.

Concessionary Fares Reserve

5.7 A reserve is held to cover specific costs and manage various risks including:

- costs of fixed deal arrangements with the larger bus operators;
- forecast costs of reimbursing other operators;
- costs of renewing existing National Concessionary Travel Passes (cards only valid for five years); these costs were funded by central government when introduced in April 2008; and
- other costs including concessionary travel data collection and 'smart' related costs, which would otherwise be funded from the Levy;
- the costs of new, or extensions to, existing concessions, to the extent that they can't be managed within the 'core' budget, including in particular the 16-18 travel concession and Women's Concessionary Travel Scheme.

Property Reserve

5.8 The Property Reserve has been generated from the disposal of a number of historic surplus assets and is being used to fund the depreciation costs of the TfGM Head Office. The remaining balance will be applied to match the depreciation charges.

Metrolink Reserves

5.9 TfGM Metrolink reserves relates largely to historic reserves which have been retained for specific purposes. The balance will be used, to fund the capital financing costs for the capital programme, in line with the approved financial strategy.

Joint Road Safety Group Reserve

5.10 The Greater Manchester Joint Road Safety Group operates as part of TfGM. The forecast and budgeted movements represent the net income generated from the delivery of driver improvement training offset by the cost of investments in road safety schemes.

6. LEGAL ISSUES

6.1 In coming to decisions in relation to the revenue budget the Authority has various legal and fiduciary duties. The amount of the transport levy and statutory charge must be sufficient to meet the Authority's legal and financial commitments, ensure the proper discharge of its statutory duties and lead to a balanced budget.

6.2 In exercising its fiduciary duty the Authority should be satisfied that the proposals put forward are a prudent use of the Authority's resources in both the short and long term and that they are acting in good faith for the benefit of the community whilst complying with all statutory duties.

Duties of the Treasurer (Chief Finance Officer)

6.3 The Local Government Finance Act 2003 requires the Chief Finance Officer to report to the Authority on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Authority has a statutory duty to have regard to the CFOs report when making decisions about the calculations.

6.4 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Authority to monitor during the financial year its expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Authority must take such action as it considers necessary to deal with the situation. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves.

6.5 Under Section 114 of the Local Government Finance Act 1988, where it appears to the Chief Finance Officer that the expenditure of the GMCA incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure, the Chief Finance Officer has a duty to make a report to the Authority.

6.6 The report must be sent to the Authority's External Auditor and every member of the Authority and the Authority must consider the report within 21 days at a meeting where it must decide whether it agrees or disagrees with the views contained in the report and what action (if any) it proposes to take in consequence of it. In the intervening period between the sending of the report and the meeting which considers it, the authority is prohibited from entering into any new agreement which may involve the incurring of expenditure (at any time) by the authority, except in certain limited circumstances where expenditure can be authorised by the Chief Finance Officer. Failure to take appropriate action in response to such a report may lead to the intervention of the Authority's Auditor.

Reasonableness

6.7 The Authority has a duty to act reasonably taking into account all relevant considerations and not considering anything which is irrelevant. This Report sets out the proposals from which members can consider the risks and the arrangements for mitigation set out below.

Risks and Mitigation

6.8 The Treasurer has examined the major assumptions used within the budget calculations and considers that they are prudent, based on the best information currently available. A risk assessment of the main budget headings for which the GMCA will be responsible has been undertaken and the key risk identified are as follows;

6.9 The pandemic has had a significant impact on the finances of TfGM. This includes, in particular, on passenger revenue from Metrolink, which was significantly adversely impacted during the first national lockdown and continues to be materially below budgeted levels. As a consequence, and alongside exploring all opportunities to minimise its expenditure, TfGM has worked with the Department for Transport (DfT) to secure financial support to alleviate the financial impact of Covid-19 on TfGM. TfGM has received support through 'Covid-19 Light Rail Revenue Grant' which, to date, is providing funding for the period to 31 March 2021 and which has largely mitigated the shortfalls in net revenues over this period. Discussions are ongoing in relation to further funding beyond the end of this period however, to date, no firm commitment has been made.

6.10 TfGM has also suffered reduced levels of income and additional costs in other areas of activity, including loss of bus service related incomes and loss of commercial revenues. Government support has been received to alleviate the loss of revenues for the period to 31 March 2021, and whilst there was a commitment in the Spending Review to continue funding in 2021/22 for bus services, the position beyond 31 March 2021 remains uncertain.

6.11 A downside case scenario would be no DfT grant from 1st April 2021 and 25% of pre-pandemic revenues for the period April 2021 to January 2022 and 50% from February 2022 to July 2022. This would lead to a TfGM negative reserve position of £55m, which could be met from the GMCA Capital Financing Reserve. The reserves would need to be replenished from revenue funding in future years or a re-financing of the debt for Metrolink to manage the long term impact.

6.12 For anticipated borrowings current market interest rate forecasts have been used. While these costs have been budgeted, there remains a risk that until the costs are fixed actual costs may exceed budget. This risk is mitigated by the specific Capital Programme Reserve.

6.13 The budgets for 2021/22 include potential pressure areas, particularly within the TfGM controlled budgets. The budgets are however considered achievable and will be monitored against budget on a regular basis.

6.14 The complex nature of the significant capital developments being undertaken to enhance and extend the transport network is another key risk area. Whilst these projects and programmes are subject to rigorous management and governance arrangements and each contains an appropriate level of risk allowance and contingency, there remains an inherent financial risk with any project or programme of this size.

7. RECOMMENDATIONS

7.1 Detailed recommendations appear at the front of this report.

Date: 12 February 2021

Subject: Budget Paper D - GMCA Revenue General Budget 2021/22

Report of: Councillor David Molyneux, Portfolio Leader for Resources and Steve Wilson, Treasurer to GMCA

PURPOSE OF REPORT

The report sets out the Greater Manchester Combined Authority (GMCA) General budget for 2021/22. The proposed District Council contributions to be approved for 2021/22 of £8.603m are included within the report together with the consequent allocations to the District Councils. This is a reduction of £437k on the contribution for 2020/21.

RECOMMENDATIONS:

The GMCA is requested to:

1. Approve the budget relating to the Greater Manchester Combined Authority functions excluding transport and waste in 2021/22 as set out in section 2 of this report.
2. Approve District Contributions of £8.603 million as set out in section 3 of this report.
3. Approve the use of reserves as set out in section 4 of the report.

CONTACT OFFICERS:

Name: Steve Wilson, Treasurer to GMCA
E-Mail: steve.wilson@greatermanchester-ca.gov.uk

Name: Rachel Rosewell, Deputy Treasurer
E-Mail: rachel.rosewell@greatermanchester-ca.gov.uk

Equalities Implications: N/A
Climate Change Impact Assessment and Mitigation Measures: N/A

Risk Management – An assessment of the potential budget risks faced by the authority are carried out quarterly as part of the monitoring process. Specific risks and considerations for the budget 2020/21 are noted in section 4 of the report.

Legal Considerations – See section 4 of the report.

Financial Consequences – Revenue – The report sets out the planned budget strategy for 2020/21.

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

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

BACKGROUND PAPERS:

Report to Greater Manchester Combined Authority: Revenue Update 2020/21 - 27 November 2020.

Report to Greater Manchester Combined Authority: Revenue Update 2020/21 - 25 September 2020.

Report to Greater Manchester Combined Authority: GMCA General Budget 2020/21 - 14 February 2020.

<table>
<tr><td colspan="2">TRACKING/PROCESS</td><td colspan="3"></td></tr>
<tr><td colspan="4">Does this report relate to a major strategic decision, as set out in the GMCA Constitution</td><td>Yes</td></tr>
<tr><td colspan="5">EXEMPTION FROM CALL IN</td></tr>
<tr><td colspan="2">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?</td><td colspan="3"></td></tr>
<tr><td>GM Transport Committee</td><td colspan="2">Overview & Scrutiny Committee</td><td colspan="2" rowspan="2"></td></tr>
<tr><td></td><td colspan="2">9th February 2021</td></tr>
</table>

1. INTRODUCTION AND BACKGROUND

1.1 This report provides details of the proposed Greater Manchester Combined Authority (GMCA) Revenue General budget for 2021/22. This budget includes all services and functions and reflects the organisation structure implemented in early 2020 and the key funding sources which support the activities of the combined authority (CA). The budgets for Mayoral activities including Fire and Police, Transport and Waste services are reported separately.

1.2 The proposed 2021/22 GMCA General budget reflects the outcome of the Spending Review 2020 and the impact of the Covid-19 pandemic on resources available to the CA. Financial strains and pressures arising from the pandemic will be a reality that the GMCA, along with all other public agencies, will be faced with for this year and many following. Settlements from Government for the coming years are likely to be lower than previous years, and less likely to be multiyear settlements than we have seen previously. The GMCA will achieve a balanced budget for the year ahead, and will ensure activities achieve value for money, add value and drive progress against priorities, supporting Greater Manchester within the current and future context of a more challenging financial envelope.

1.3 During 2020/21 a review of GMCA core budgets and reserves enabled the authority to release non-recurrent resources of £4.7m to provide additional support during the pandemic. For 2021/22 the CA has identified savings of £1.568m of which £437k will be deducted from District Contributions in 2021/22 and £1.132m will be applied to meet spending pressures and priority developments within the CA.

1.4 GM local authorities retain an element of business rates (BR) under the existing 100% BR retention pilot scheme as part of the Greater Manchester devolution agreement. The GMCA general budget for 2020/21 was approved on the basis of GMCA having available £35m (50% share) of retained BR for 2020/21, together with existing BR reserves to support investment into GM priorities.

1.5 During 2020 there was a need to review planned activities and re-prioritise the use of the retained BR resource to meet the financial challenges for GM brought by the pandemic. This resulted in the £35m BR retention anticipated in the 2020/21 budget being removed and a return of £16.7m of the existing BR reserve to GM local authorities. The 2021/22 budget reflects the decisions made by the GMCA at the meeting on 27th November 2020 on use of planned investment of the remaining BR reserve held by GMCA.

1.6 The charges to Districts in relation to the GMCA General budget are set out in section 3 and Appendix 2 to the report. The reserves are detailed within section 4 of the report including planned utilisation in 2020/21 and 2021/22. The Authority's legal obligations and the responsibility of the Treasurer to the Combined Authority (CA) are also set out in section 5 of the report.

2. PROPOSED BUDGET 2021/22

2.1 The proposed budget for 2021/22 in relation to the GMCA Revenue General budget is summarised in the table below. A detailed breakdown of the budget is provided in Appendix 1:

GMCA General Budget	2020/21 Approved Budget	2021/22 Proposed Budget	Budgeted FTEs
	£'000	£'000	
Expenditure			
GMCA Corporate	19,303	20,706	272.6
Work and Skills	117,498	140,406	74.0
Economy	20,306	18,763	11.9
Environment	2,678	2,697	21.5
Place Making	15,863	14,005	57.0
Public Service Reform	25,235	21,993	20.5
Digital	4,432	1,674	20.3
Other	3,800	3,800	
Total Expenditure	**209,115**	**224,044**	**477.8**
Government Grants	139,725	153,046	
District Contributions	9,040	8,603	
Internal Recharge of GMCA Running Costs	16,380	17,000	
Earmarked reserves - Business Rates	18,111	24,569	
Earmarked Reserves - Other	12,409	7,104	
Other Income	13,450	13,721	
Total Resources	**209,115**	**224,044**	

GMCA Corporate

2.2 The proposed GMCA Corporate budgets for 2021/22 totals £20.706m and relates to support for the whole of GMCA including GMFRS, PCC and Waste. The Corporate functions include services such as ICT, HR, Finance, Audit and Procurement, Legal and Governance. Funding of GMCA corporate functions is predominantly from recharges within the GMCA and to grants, external funding and district contributions.

2.3 The proposed budget for 2021/22 reflects savings identified and funding from within GMCA to meet cost pressures of £1.132m in relation to:

- New requirements for information governance, systems development, ICT services and health and safety (£593k);
- Ending of funding from the GM Health and Social Care Transformation Fund (£289k);
- Changes in the planned use of retained Business Rates (£57k) and
- Investment in capacity to support GM priorities, including the influencing the outcome of the Comprehensive Spending Review (£193k).

2.3 The GMCA Corporate budgets have been reviewed to deliver savings to reduce the contribution made from Districts in 2021/22 by £437k. This has included savings from service redesigns in HR and Finance, Audit and Procurement and reduction of two senior posts in Research and Economy together with other workforce efficiencies.

Digital

2.4 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. Activities to deliver on the blueprint have been shaped by the process of developing the one year GM Covid Resilience plan, and will help reach the shared ambition that underpins and enables both the Local Industrial Strategy and the Greater Manchester Strategy.

2.5 GM Digital collaborates across the GM digital system which includes industry, universities, health, Voluntary, Community and Social Enterprise (VCSE) sector to create opportunities, maximise outcomes and generate inward investment. A comprehensive approach to communications and stakeholder engagement supports all the work in the GM Digital Portfolio, ensuring that the successes delivered by the GM Digital Team are shared with on a local, national and global platform.

2.6 The priorities for 2021/2022 include:

- Smart GM Places: A range of initiatives which build and leverage GM Digital infrastructure, technical capability and data to enable innovative public services and empower GM citizens and businesses to live successfully, safely and sustainably. Key programmes include Full Fibre Network and One Network for public services as well as a number projects using the Internet of Things and data led innovation to create Smart GM Places.
- GM Digital Inclusion: Agenda for Change: This vision for 100% Digital Inclusion in GM will be delivered in collaboration with Industry, localities and VCSE sector by innovating to reduce inequality of digital access and opportunity. Working towards full digital inclusion in Greater Manchester key areas of work include the enabling businesses to get online and the provision of access to devices, connectivity and digital skills for citizens and businesses.
- Cyber and Digital Security: A unique, world leading set of collaborative arrangements, establishments, events and projects to support the assurance of safe and secure digital, data and Artificial Intelligence in GM and catalyse inward investment and the creation

of employment opportunities. Key projects include the Cyber Security and Trust Catapult, the Cyber Talent Pipeline and the Cyber and Digital Security Innovation Hub.

- GM Digital Platform: An extensive programme of projects to develop technical architecture and a range of use cases which re-use the technical capabilities of GM Digital Platform. Key activities include the deployment of digitised Early Years support across GM, continued digital support to the Covid response though the Community Hub Application and Contact Track and Trace and the support for assessing and implementing digital public services across GM and in support of place based working.

2.7 The proposed 2021/22 budgets for Digital is £1.674m, this includes the key programmes of GM Connect, GM Digital Strategy and Local Full Fibre Network. Of this £1.420m is funded from the retained Business Rates reserve and £254k from reserves and other income.

Economy

2.8 Economy supports a variety of economic and business policy related priorities focusing on four key areas:

- Shaping the Economic Vision for GM, working with National Government, partners and stakeholders to influence and align economic priorities and maximise investment across GM;
- Delivery of the GM Local Industrial Strategy, coordinating cross cutting priorities with partners, delivering specific projects, commissioning programmes, developing business cases and contributing to effective fund management;
- Analysing and advising on the economic trends of today and tomorrow, led by the evidence, promoting debate and developing new ideas with stakeholders and partners;
- Supporting portfolio holders and leaders, the GM Local Enterprise Partnership, and other stakeholders to make decisions effectively and appropriately.

2.9 The Economy portfolio leads key groups including the Growth Board, Local Industrial Strategy Programme Delivery Executive, GM Economic Resilience Group and GM LEP and has led on the recent CSR submission, bringing together voices and ideas from across the organisation and wider GM system to present an integrated and strategic set of priorities. The implementation of the Local Industrial Strategy is also system wide, with actions delivered by Digital, Education, Work and Skills, Environment, Research and Place Making portfolios as well as partners such as the Growth Company and TfGM.

2.10 The priorities for 2021/2022 include:

- Continuing to understand and respond to the impacts of Covid-19 on the Greater Manchester economy;
- Developing and driving a new model for innovation - ‘Innovation GM’;
- Implementing the Leadership and Management programme;
- Delivering Year 2 of the Local Industrial Strategy Implementation Plan, as well as engaging and influencing the new national Industrial Strategy;

- Continuing to drive GM's priorities through major fiscal events including the Spring Statement and any further Spending Reviews as well as the forthcoming Devolution White Paper;
- Delivery of the Made Smarter Pilot and its potential extension.

2.11 The proposed 2021/22 budget for Economy is £18.763m, of which £12.199m relates to the GM Productivity Programme and £3.505m to the GM Local Industrial Strategy. Both programmes are funded from the retained Business Rates reserve. The budget includes £1.596m of District contributions which largely relates to the budgets for Marketing Manchester and MIDAS.

Environment

2.12 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. The priorities for 2021/22 are as follows:

- Bid for and deliver Green Homes Grant Funding to support retrofit and fuel poverty alleviation;
- Bid for and support District delivery of Public Sector Decarbonisation Scheme;
- Undertake research (Carbon Neutral Homes Retrofit) and develop a Retrofit Accelerator;
- Work with Department for Business, Energy and Industrial Strategy (BEIS) to develop outline business cases for the decarbonisation of heat across sectors;
- Develop business models for increased investment in managing new and existing parks and green infrastructure, through IGNITION;
- Promoting the natural environment with local authorities and partners through a common communications strategy and approach;
- Develop a Local Nature Recovery Strategy to support prioritisation of actions to enhance GM's natural environment for the benefit of biodiversity and people;
- Deliver a Local Energy Market design and 10 District Plans, identify opportunities for investment;
- Continue to implement of the Five-Year Environment Plan, with partners, to address wider low carbon, SCP and natural environment priorities.

2.13 The proposed 2021/22 budget for Environment is £2.697m which is predominantly funded from government grants and external income totaling £2.267m supported by a small amount of Business Rates reserve, internal recharge and District contributions to support delivery of the priorities set out above.

Place making

2.14 Place making focusses 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. The priorities for 2021/22 are:

- Completion of consultation and adoption of the GM Spatial Framework (GMSF), GM's plan for Home, Jobs and the environment;
- Continued development of the GM Infrastructure Programme to enable the delivery of developments set out in the GMSF;
- Implementation of Culture Recovery Plan and Night Time Economy Blueprint – developing approaches to support the wider culture sector that enable them, as far as possible, to adapt and survive during the current pandemic and lobby for funding for those in the sector that miss out on the national support packages;
- Provision of funding to build new assets under both the Getting Building Fund and Brownfield Housing Fund – ensuring prioritised projects receive the necessary grant funding to start construction, creating jobs that will support the economy in the short term and the platform for business and homes in the longer term, crucial for the recovery from the pandemic; and
- Progressing GM bids for national funding pots (One Public Estate, Public Sector Building Decarbonisation and Social Housing Retrofit) – supporting development of plans that underpin town centre regeneration, unlocking the value of the Public Estate and accessing the funding required to reduce carbon emissions from the built environment.

2.15 The proposed 2021/22 budget for Place Making is £14.005m which includes the Cultural and Social Impact Fund of £4.308m funded by District contributions and Business Rates reserve, Business Investment of £6.374m funded from loan interest and fees and Spatial Development Framework £1.045m funded from the Housing Investment Fund reserve.

2.16 On 31st July 2020 the GMCA approved the authority entering into Brownfield Land Fund Agreement with MHCLG for £81m over a five year period. Subsequently GMCA has received allocation of £1.943m in revenue grant funding to support activity related to the delivery of the Brownfield Housing Fund. The funding will be need to be utilised by 31st March 2022 for the administration of the capital grant and accelerating the delivery of Brownfield Housing sites.

Public Service Reform

2.17 Public Service Reform supports reform, innovation and social policy development across GM with the overarching objective of addressing inequality and improving outcomes for all residents across the city-region. It is made up of a number of thematic strands with lead responsibilities that include Early Years, Children and Young People, Troubled Families, Homelessness and Rough Sleeping; Asylum and Refugees, Armed Forces and Veterans, Gambling Harm Reduction and the GM Ageing Hub. The service performs a cross-cutting role across GM in collaboration with localities, other public service organisations and the voluntary, community and social enterprise (VCSE) sector to drive the implementation of unified public services for the people of Greater Manchester. The key priority for 2021/22 will be to support the delivery of the GM Living with Covid plan.

2.18 The proposed 2021/22 budget for Public Service Reform is £21.993m, this includes:

2.19 A Bed Every Night (ABEN) of £6.124m funded from Mayoral Precept, non-recurrent external contributions and MHCLG Rough Sleeper Initiative bid. ABEN has developed from a winter programme to a year round commitment that is critical to ensuring that there is accommodation available to anyone who is rough sleeping. During 2020/21 GMCA has been working with local authorities to develop a sustainable funding model to reduce reliance on non-recurrent funding by maximising the use of Housing Benefit welfare contributions and more formal alignment with the Rough Sleeper Initiative. In 2021/22 there will be a small realisation of this, with further changes planned for 2022/23.

2.20 A continuation of the Troubled Families programme which had been due to end in March 2021 was confirmed as part of the 2020 Spending Review. This includes expected grant funding of £10.772m for 2021/22 which will provide continuation of funding to GM local authorities. District contributions, reserves and internal recharges support the costs of School Readiness, GM Gambling and other reform programmes.

2.21 Greater Manchester Housing First three year pilot commenced in 2019/20 with the aim of rehousing more than 400 people who are homeless or at risk of being homeless across Greater Manchester. There is planned spend of MHCLG funding held in reserve of £3.155m in 2021/22 which relates to grant payments to housing providers working in partnership across GM.

Education, Work and Skills

2.22 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. Priorities include:

- Helping young people to fulfil their potential
- Capitalising on high-growth sectors
- Tackle inequalities and delivers inclusive growth
- Maintaining quality and consistency in GM approach;
- Providing system leadership, challenge and support

2.23 The proposed 2021/22 budget support the priorities above and includes funding for the following programmes:

- The Adult Education Budget of £93.8m devolved to GM to support the city-region's residents to develop skills needed for life and work;
- European Social Fund (ESF) Skills for Growth Programme of £16.2m, part of £40m over three years to support business growth and deliver an integrated approach to employment and skills;

- Working Well services to support people experiencing or at risk of long term unemployment, this includes the Work and Health Programme of £8.6m, Job Entry Targeted Support (JETS) programme of £9.1m and Early Help Programme of £2.2m;
- Future Workforce Fund of £2.2m to focus on supporting the most disadvantaged young people, providing a targeted, flexible and personalized pathway;
- Self-Employment Pilot of £4m to support GM self-employed residents to sustain and grow their business.

Greater Manchester Mayoral Election

2.24 The postponed GM Mayoral election is scheduled to place in May 2021. Whilst some costs will be shared due to local elections taking place, it is anticipated that a budget of at least £3.8m will be required in 2021/22. The authority will continue to lobby government for financial support on the basis that Police and Crime Commissioner Elections are centrally funded by the Home Office.

3. BASIS OF APPORTIONMENT OF COSTS TO DISTRICTS

3.1 Constituent Councils have to meet the GMCA's costs which are reasonably attributable to the exercise of its functions. The amount payable by each Council is determined by apportioning the costs between the Councils in such proportions as they (unanimously) agree or, in default of such agreement, in proportion to the resident population. The 2011 Order provides flexibility to deal with the apportionment of costs in respect of the functions. Appendix 2 details the apportionment of costs across the Districts.

3.2 The basis of apportioning historic MIDAS and Marketing Manchester budgets between Districts is set out below:

- MIDAS recharge of £1.023m – 84% of the funding is split equally between each District with the remaining 16% being split on a population basis.
- Marketing Manchester recharge of £350k - 80% of the funding is split 35% Manchester City Council and the remaining 65% split equally between the other nine Districts, the remaining 20% of the total funding is split on a population basis.
- Additional funding for both MIDAS and Marketing Manchester has been approved by GMCA to be met from retained business rates.

3.3 The Cultural and Social Impact Fund of £3.3m is unchanged from 2020/21 and is allocated on the basis of population.

3.4 The remaining functions are apportioned to Districts on a population basis. For 2021/22 a reduction of 10% (£436.5k) is proposed as part of this budget which results in a charge of £3.930m.

3.5 The proposed charge to each District is detailed in Appendix 2 and summarised in the table below:

District	2020/21	2021/22
	£000	£000
Bolton	908	863
Bury	650	609
Manchester	1,692	1,639
Oldham	773	730
Rochdale	730	692
Salford	824	787
Stockport	925	878
Tameside	745	702
Trafford	775	731
Wigan	1,018	971
Total	**9,040**	**8,603**

4. RESERVES

4.1 An analysis of the forecast and budgeted movements in reserves for 2020/21 and 2021/22 is set out below:

GMCA General Reserves and Balances	Closing Balances 31 Mar 2020	Planned use in 2020/21 Trf (in)/out	Projected Balance 31 Mar 2021	Planned use in 2021/22 Trf (in)/out	Projected Balance 31 Mar 2022
	£000s	*£000s*	*£000s*	*£000s*	*£000s*
General Reserve	**(4,245)**	**0**	**(4,245)**		**(4,245)**
Earmarked Reserves					
Growing Places Revenue Grant	(1,554)		(1,554)		(1,554)
Youth Contract	(2,245)	1,446	(799)		(799)
LEP Strategic Plans Funding (LEP)	(562)	288	(274)	173	(101)
City Deal	(1,560)	380	(1,180)	1,168	(12)
One Public Estate	(531)	531	0		0
Social Impact Bond	(197)		(197)		(197)
GM Housing First	(426)	(2,752)	(3,178)	3,145	(33)
Public Service Reform	(6,739)	2101	(4,638)	470	(4,168)
Core Investment Interest & Arrangement Fees	(10,121)		(10,121)		(10,121)
Regional Growth Fund Deposit Interest	(113)		(113)		(113)
Creative Scale Up Project	(1,300)	460	(840)	97	(743)
Business Rates Top Up Grant	(37,128)	263	(36,865)	(2,634)	(39,499)
Business Growth Hub	(323)		(323)		(323)
Business Rates Growth Pilot & Levy	(87,978)	61,372	(26,606)	24,569	(2,037)
GM Connect	(880)	206	(674)	171	(503)
Accommodation Reserve	(700)	700	0		0

Planning & Delivery Fund	(544)	222	(322)	55	(267)
Working Well-Care and Support	(759)		(759)	492	(267)
Other Earmarked Reserves	(1,169)	334	(835)	332	(503)
Total Earmarked Reserves	**(154,829)**	**65,551**	**(89,278)**	**28,039**	**(61,239)**
TOTAL	**(159,074)**	**65,551**	**(93,523)**	**28,039**	**(65,484)**

4.2 Further information on the reserves is provided in the following paragraphs.

Growing Places Revenue Grant

4.3 The GMCA was allocated one-off revenue funding of £2.828m to fund costs associated with the administration of the Growing Places Fund (Capital) Grant. This has been previously used to support activity within the Core Investment and Low Carbon Investment teams.

Youth Contract

4.4 Greater Manchester was awarded £5.8 million by DWP to test a delivery model for supporting young people that are long term unemployed. As at 1 April 2020 there was £2.245m of funding left and during 2020/21 there is planned spend of £1.446m with agreed use going forward, most notably a contribution towards the Work and Health programme.

LEP Funding

4.5 The balance on 1 April 2020 was £562k with a planned use of £288k in 2020/21 and £173k in 2021/22. The LEP board has approved its use for a variety of projects including a contribution towards the Local Industrial Strategy.

City Deal

4.6 A plan for the use of these funds has been approved by the GMCA. The balance on 1 April 2020 was £1.560m with an anticipated use of £380k in 2020/21 and further £1.168m in 2021/22.

One Public Estate

4.7 Various tranches of One Public Estate grant have been awarded with a multi themed programme of works in place. Whilst the grant is fully committed, draw down has been slower than anticipated. It is expected that the balance will be fully utilised by March 2021.

GM Housing First

4.8 Greater Manchester Housing First three year pilot commenced in 2019/20. There is planned spend of MHCLG funding held in reserve during 2020/21 and 2021/22.

Public Service Reform

4.9 Grants received from a variety of sources make up this reserve such as Troubled Families and Life Chances grants. The balance of the reserves on 1 April 2020 was £6.739m with anticipated £2.101m call against the reserve in 2020/21, including £1.420m for the 'Everyone In' scheme earlier in 2020/21. It is anticipated that £470k will be applied in 2021/22, with the full reserve being applied against future commitments.

Core Investment - Interest & Arrangement Fees

4.10 Income is paid to the Authority for interest on loans and arrangement fees earned through the facilitation of loan agreements. The income will be utilised either through reinvestment in loans or in support of the Core Investment Team and the administration of the loans. Loan interest earned on RGF projects must be ring-fenced for RGF related schemes. The balance at 1 April 2020 was £10.121m.

Regional Growth Fund (RGF) Deposit Interest

4.11 It is a condition of the RGF funding the any interest earned on unspent balances is ring-fenced to RGF related schemes and recycled into funds available, there was a small balance of £113k at 1 April 2020. It is not currently confirmed when the income will be drawn down, however once cash flow estimates have been confirmed for the use of the recycled funds, the reserves position will be updated.

Creative Scale Up Pilot

4.12 The Creative Scale up pilot is a £1.3 million scheme to specifically generate business growth within the creative sector. The scheme is now underway with plans to utilize £460k in 2020/21 and further £97k in 2021/22.

Business Rates Top-Up Grant – Revenue

4.13 The GMCA currently receives revenue funding that is used to support capital spend on Highways and the Local Transport Plan of c£43m annually. The capital financing budget which funds the Capital Programme has a planned revenue contribution from this reserve of £27.5m in 2020/21 and £30m in 2021/22.

4.14 This funding also enables flexibility to support the revenue element of capital schemes. For the 2020/21 and 2021/22 approval has been sought to delegate authority to the GMCA Treasurer to make to make the necessary adjustments between capital funding and revenue reserves to ensure the correct accounting treatment for the planned revenue spend on the following schemes:

- #SafeStreetsSaveLifes £4m of revenue spend from MCF as detailed in Capital Update

2020/21 report to GMCA on 27th November 2020;

- Greater Manchester Infrastructure Programme (GMIP) development costs of up to £6.3m in 2020/21 and £7m in 2021/22 as recommended in reports to GMCA on 12th February 2021;
- Mayors Challenge Fund (MCF) delivery costs of up to £1.5 million in 2020/21 and £1.5m in 2021/22 as recommended in reports to GMCA on 12th February 2021;
- Clean Air Delivery cost of £4.3m in 2020/21 and £2.2m in 2021/22 as recommended in reports to GMCA on 12th February 2021

Business Growth Hub

4.15 Following the introduction of the Productivity Fund in 2018/19, a small balance of funds from the original Business Growth Hub funding is left due to cross over activity between the two programmes. It is forecast that £323k will be in reserves as at 31 March 2021.

Business Rate Pool and Growth Retention Scheme

4.14 This reserve had a balance of £87.978 at 1 April 2020, of this £20m was returned to Districts early in 2020/21 as previously agreed. As referenced in paragraph 1.5 above, during 2020/21 there has been a review of existing commitments and new proposals for use of the current reserve agreed with GMCA on 27th November 2020. This planned spend, together with a further return of £16.7m to Districts leaves a projected balance at 31 March 2021 of £26.606m and at 31 March 2022 of £2.037m.

GM Connect

4.15 Funding was received from the Transformation Challenge award for the GM Connect team. The balance as at 1 April 2020 was £0.880m with a further draw down of £206k expected with 2020/21 and £171k in 2021/22.

Accommodation

4.16 A total of £0.75 million was set aside to fund the fit-out of the additional space at Churchgate House. £0.05 million was utilised in 2018/19 with an anticipated call of £0.7m in 2020/21.

Planning and Delivery Fund

4.17 The Authority received this grant late in 2017/18 and the balance at 1 April 2020 was £0.544m. There is planned spend of £222k in 2020/21 and £55k in 2021/22.

Working Well – Care and Support

4.18 The Working Well – Care and Support scheme has a variety of funds attached to it and a balance of £0.759m at 1 April 2020. Due to the timing and use of other available funds, it is envisaged that the £492k be used in 2021/22.

Other Earmarked Reserves

4.17 A number of grants have been awarded to the Authority for Skills, Low Carbon and Ageing Better activity which has been transferred to earmarked reserve to align with the planned spend over the medium term.

General GMCA Reserve

4.18 The GMCA general reserve is funded through contributions from the GMCA revenue account either planned or as a result of general underspending. The current balance is £4.245m and there is no planned change to this as part of the budget proposals in this report.

5 LEGAL ISSUES

5.1 In coming to decisions in relation to the revenue budget the Authority has various legal and fiduciary duties. The amount of the Transport Levy and the amount charged to the Districts in respect of the Authority's General functions must be sufficient to meet the Authority's legal and financial commitments, ensure the proper discharge of its statutory duties and lead to a balanced budget.

5.2 In exercising its fiduciary duty the Authority should be satisfied that the proposals put forward are a prudent use of the Authority's resources in both the short and long term and that they are acting in good faith for the benefit of the community whilst complying with all statutory duties.

Duties of the Treasurer (Chief Finance Officer)

5.3 The Local Government Finance Act 2003 requires the Treasurer to report to the Authority on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Authority has a statutory duty to have regard to the CFOs report when making decisions about the calculations.

5.4 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Authority to monitor during the financial year its expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Authority must take such action as it considers necessary to deal with the situation. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves.

5.5 Under Section 114 of the Local Government Finance Act 1988, where it appears to the Treasurer that the expenditure of the GMCA incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure, the Treasurer has a duty to make a report to the Authority.

5.6 The report must be sent to the Authority's External Auditor and every member of the Authority and the Authority must consider the report within 21 days at a meeting where it must decide whether it agrees or disagrees with the views contained in the report and what action (if any) it proposes to take in consequence of it. In the intervening period between the sending of the report and the meeting which considers it, the authority is prohibited from entering into any new agreement which may involve the incurring of expenditure (at any time) by the authority, except in certain limited circumstances where expenditure can be authorised by the Treasurer. Failure to take appropriate action in response to such a report may lead to the intervention of the Authority's Auditor.

Reasonableness

5.7 The Authority has a duty to act reasonably taking into account all relevant considerations and not considering anything which is irrelevant. This Report sets out the proposals from which members can consider the risks and the arrangements for mitigation set out below.

Risks and Mitigation

5.8 The Treasurer has examined the major assumptions used within the budget calculations and considers that they are prudent, based on the best information currently available. A risk assessment of the main budget headings for which the GMCA will be responsible has been undertaken and the key risk identified are as follows.

5.9 The budgets for 2021/22 include pressures to deliver additional priorities within existing resources, however this is considered achievable and will be monitored against budget on a regular basis.

6. RECOMMENDATIONS

6.1 Detailed recommendations appear at the front of this report.

Appendix 1 GMCA Budget 2021/22	District Contributions	Other Recharge CC's	Internal Recharges	Grants	Business Rates Reserve	Earmarked Reserves	Other Income	Total Budget 2021/22	FTE Posts
-	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	
Senior Management	89		426	0	0	0	128	**643**	3.0
Resilience	0		0	0	120	0	0	**120**	1.0
Strategy	241		614	0	636	68	61	**1,619**	14.3
Research	378		644	150	169	145	338	**1,824**	34.0
Communications	176		965	0	135	0	0	**1,275**	22.0
ICT Technology	488		3,202	0	0	0	169	**3,859**	41.0
Tootle Building	35		402	0	0	0	1,054	**1,492**	
Finance - Accountancy	331		1,569	0	0	0	22	**1,922**	34.1
Contracts and Procurement	251		328	50	0	0	150	**779**	15.0
Sustainability Initiatives	3		45	0	0	0	66	**114**	2.0
Internal Audit and Risk	67		403	0	0	0	15	**485**	7.8
Churchgate Extension	0		0	0	0	0	0	**0**	
Legal Services	17		292	0	0	0	0	**310**	1.8
Information Governance	63		673	0	0	0	330	**1,065**	16.0
Democratic Services	129		570	0	0	0	50	**749**	12.0
Business Support	238		326	0	0	0	45	**608**	15.6
LEP Core Capacity	0		0	0	0	0	500	**500**	
GM Youth Combined Authority	0		0	0	50	0	0	**50**	
GM Coalition of Disabled People	0		0	0	0	0	50	**50**	
People Development & Support	109		748	0	0	0	390	**1,246**	24.0
Talent Learning & Resourcing	-41		964	0	0	0	0	**923**	17.0
OD & Culture	-22		320	0	0	0	0	**298**	4.0
Safety, Health & Wellbeing	19		757	0	0	0	0	**776**	8.0
Total GMCA Corporate	**2,569**		**13,248**	**200**	**1,109**	**212**	**3,367**	**20,706**	**272.6**

Appendix 1 GMCA Budget 2021/22	District Contributions	Other Recharge CC's	Internal Recharges	Grants	Business Rates Reserve	Earmarked Reserves	Other Income	Total Budget 2021/22	FTE Posts
-	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	
GM Connect	0		0	0	0	171	83	**255**	3.2
GM Digital Strategy	0		0	0	430	0	0	**430**	7.4
Smart Residents Data Exchange Platform	0		0	0	990	0	0	**990**	9.7
Total Digital	**0**		**0**	**0**	**1,420**	**171**	**83**	**1,674**	**20.3**
Business, Innovation and Enterprise Policy	189		70	50	0	0	0	**309**	4.7
Economic Advice	34		0	0	0	0	0	**34**	0.2
Economy	0		249	0	0	0	220	**469**	7.0
MIDAS	1,023		0	0	200	0	0	**1,223**	
Marketing Manchester	350		27	0	350	0	0	**727**	
GM Productivity Programme	0		0	0	12,199	0	0	**12,199**	
GM Local Industrial Strategy	0		0	0	3,477	28	0	**3,505**	
Creative industry scale up	0		0	0	0	97	0	**97**	
Cricket Strategy	0		0	0	200	0	0	**200**	
Total Economy	**1,596**		**346**	**50**	**16,426**	**125**	**220**	**18,763**	**11.9**
Environment and Low Carbon	207		122	109	0	0	19	**457**	7.8
Great Places	0		0	43	0	0	0	**43**	1.0
Natural Course	0		0	0	0	0	456	**456**	3.5
GM Local Energy Markets	0		0	135	0	0	0	**135**	2.8
Ignition	0		0	1,200	0	0	0	**1,200**	3.5
Five Year Environment Plan	0		0	234	100	0	0	**334**	3.0
Green Homes Grant	0		0	70	0	0	0	**70**	
Total Environment	**207**		**122**	**1,792**	**100**	**0**	**475**	**2,697**	**21.5**

Appendix 1 **GMCA Budget 2021/22**	**District Contributions**	**Other Recharge CC's**	**Internal Recharges**	**Grants**	**Business Rates Reserve**	**Earmarked Reserves**	**Other Income**	**Total Budget 2021/22**	**FTE Posts**
-	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	
Planning and Housing	217		92	0	357	0	94	**759**	13.0
Cultural and Social Impact Fund	3,300		0	0	1,000	0	8	**4,308**	
Land and Property Strategy	157		711	0	0	55	0	**923**	21.0
Core Investment	0		34	0	0	0	6,340	**6,374**	18.0
GM Delivery Team (HIF)	0		0	0	0	0	596	**596**	5.0
Spatial Development	0		0	0	45	0	1,000	**1,045**	
Total Place Making	**3,673**		**837**	**0**	**1,402**	**55**	**8,038**	**14,005**	**57.0**
Childrens Services	0		0	204	0	0	0	**204**	3.5
GM Health Devolution	0		0	0	312	0	0	**312**	
Ageing Better	109		0	0	0	6	80	**194**	3.0
Social Impact Bond - Homelessness	0		0	24	0	0	0	**24**	
Public Service Reform	404		138	10,772	0	470	68	**11,851**	13.0
Housing First	0		10	0	0	3,145	0	**3,155**	1.0
A bed every night	0		2,233	1,500	0	0	2,391	**6,124**	
Rough Sleeping Initiative	0		0	128	0	0	0	**128**	
Total Public Service Reform	**513**		**2,381**	**12,629**	**312**	**3,621**	**2,538**	**21,993**	**20.5**
Work and Skills	45		67	437	0	250	0	**799**	9.5
Self Employment Pilot	0		0	4,001	0	0	0	**4,001**	4.0
Skills Capital	0		0	0	0	258	0	**258**	2.5
Fast Track Digital Work	0		0	263	0	0	0	**263**	3.0
Future Workforce Fund	0		0	2,239	0	0	0	**2,239**	1.0

ESF Neet 10m	0		0	74	0	0	0	**74**	1.0
Working Well JETS	0		0	9,053	0	0	0	**9,053**	
Apprenticeship & technical education	0		0	0	0	400	0	**400**	
Careers & Enterprise	0		0	470	0	115	0	**585**	13.0
Work & Health Programme	0		0	8,648	0	0	0	**8,648**	3.5
WW - Early Help	0		0	2,182	0	0	0	**2,182**	4.0
Adult Education	0		0	93,813	0	0	0	**93,813**	15.0
City Deal Tax Incentives	0		0	0	0	653	0	**653**	
WW - Specialist Employment	0		0	1,010	0	242	0	**1,252**	2.0
ESF Skills for Growth	0		0	16,185	0	0	0	**16,185**	15.5
Total Education, Work and Skills	**45**		**67**	**138,376**	**0**	**1,918**	**0**	**140,406**	**74.0**
GM Election	**0**		**0**	**0**	**3,800**	**0**	**0**	**3,800**	
GMCA Totals	**8,603**		**17,000**	**153,046**	**24,569**	**6,104**	**14,721**	**224,044**	**477.8**

Appendix 2

District Charges 2021/22	Population 2019		GMCA General Budget	Cultural & Social Impact Fund	Marketing Manchester	MIDAS	Total
			£000	£000	£000	£000	**£000**
Bolton	287,550	10.14%	399	335	27	103	863
Bury	190,990	6.74%	265	222	25	97	609
Manchester	552,858	19.50%	766	643	112	118	1,639
Oldham	237,110	8.36%	329	276	26	100	730
Rochdale	222,412	7.84%	308	259	26	99	692
Salford	258,834	9.13%	359	301	27	101	787
Stockport	293,423	10.35%	407	341	27	103	878
Tameside	226,493	7.99%	314	264	26	99	702
Trafford	237,354	8.37%	329	276	26	100	731
Wigan	328,662	11.59%	455	382	28	105	971
Total	**2,835,686**	**100.00%**	**3,930**	**3,300**	**350**	**1,023**	**8,603**

This page is intentionally left blank

Date: 12th February 2021

Subject: Budget Paper E - Greater Manchester Waste Budget and Levy 2021/22 and Medium Term Financial Plan to 2024/25

Report of: Cllr David Molyneux, Portfolio Leader for Resources and Steve Wilson, Treasurer to GMCA

PURPOSE OF REPORT

The purpose of this report is to seek comment on the budget and levy for 2021/22 and on the Medium Term Financial Plan (MTFP) for the three year period to 2024/25. Those plan are delivered by:

1. A total levy requirement for 2021/22 of £162.4m, which represents an average 2.9% decrease over 2020/21.
2. The MTFP then proposes levy charges of £163.1m in 2022/23, £164.8m in 2023/24 and £167.6m in 2024/25.

RECOMMENDATIONS:

The GMCA is recommended to:

1. Note the proposed revised budget and levy for 2021/22.
2. Approve the Trade Waste of £102.30 in 2021/22 and £114.83 in 2022/23 to allow forward planning for the Districts.
3. Approve the transfer to earmarked reserves any unspent budget in relation to potential areas of underspend to support activity in 2021/22 as set out in paragraphs 2.3 and 2.5.

CONTACT OFFICERS:

Name: Steve Wilson, Treasurer to GMCA
E-Mail: steve.wilson@greatermanchester-ca.gov.uk

Name: Lindsey Keech, Head of Finance (Waste & Resources)
E-Mail: lindsey.keech@greatermanchester-ca.gov.uk

Equalities Implications

There are no equalities impacts arising from this report.

Climate Change Impact Assessment and Mitigation Measures
A fundamental principle of the WRMS and HWRCMS contracts is the sustainable management of waste in order to reduce carbon emissions from landfill disposal. The carbon impacts of the contracts are monitored and provided annually by the contractor.

Risk Management:
Under Section 25 of the Local Government Act 2003, the Authority's Chief Financial Officer (the Treasurer) is required to report on the robustness of the estimates made for the purposes of the budget and levy calculations and the adequacy of the proposed reserves. This information enables a longer term view of the overall financial position to be taken.

In accordance with these requirements a review has been undertaken of the risks that the GMCA may face from Waste & Resources activities which would require the allocation of resources over and above those already included in the MTFP budgets. That review broadly supports the proposed Revenue and Balances Strategy.

Legal Considerations:

Please refer to Risk Management section above.

Financial Consequences – Revenue:

This report sets out the proposed Revenue budget for waste disposal in 2021/22.

Financial Consequences – Capital:

This report sets out the proposed capital budget for waste disposal in 2021/22.
Number of attachments to the report: 0;

Comments/recommendations from Overview & Scrutiny Committee

BACKGROUND PAPERS:
GM Waste and Recycling Committee, 13th January 2021 'Budget and Levy 2021/22 and Medium Term Financial Plan to 2024/25'

<table>
<tr><td colspan="2">TRACKING/PROCESS</td><td colspan="2"></td></tr>
<tr><td colspan="3">Does this report relate to a major strategic decision, as set out in the GMCA Constitution</td><td>Yes</td></tr>
<tr><td colspan="4">EXEMPTION FROM CALL IN</td></tr>
<tr><td colspan="2">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?</td><td colspan="2"></td></tr>
<tr><td>GM Transport Committee</td><td colspan="2">Overview & Scrutiny Committee</td><td></td></tr>
</table>

	9th February 2021	

1. INTRODUCTION AND BACKGROUND

1.1 The base budget for 2021/22 has been compiled and updated based upon:

a) District final tonnage information, as supplied in their November 2020 submissions; and
b) Actual inflation (as measured using the CPI September 2020 index) for the Waste and Resource Management Services (WRMS) and Household Waste Recycling Centre Management Services Contracts (HWRCMS).

1.2 This report is structured to cover the following matters:

a) Expected Outturn 2020/21;
b) Original Estimate 2021/22;
c) MTFP for three further years to 2024/25;
d) Balances and Reserves Strategy;
e) Budget Engagement; and
f) Risk Assessment.

2. FORECAST OUTTURN 2020/21

2.1 The budget for 2020/21 was set by the GMCA at £167.242m in February 2020. The forecast outturn for 2020/21 is shown below.

	Budget 2020/21 £000	Forecast 2020/21 £000	Variance 2020/21 £000
Operational Costs	109,667	113,820	4,153
Operational Financing	49,118	46,689	-2,429
Office Costs	5,755	4,795	-960
Non-Operational Financing	2,702	2,792	90
Total Budget	167,242	168,096	854
Levy Adjustment 2019/20		27	27
Levy Adjustment 2020/21		-5,197	-5,197
Refund of Levy to Districts		26,951	26,951
(From)/ To Reserves		-22,635	-22,635
Levy	**167,242**	**167,242**	**-**

2.2 The forecast overspend in Operational Costs is driven by increases in tonnages being presented by Districts offset by contingencies not expected to be required. Updated tonnage forecasts per waste stream are shown below.

2.3 The above forecast outturn includes sums of money to cover disruption costs during redevelopment works at Longley Lane, Sharston. Should the works not be completed during 2020/21 to it is proposed to carry forward any underspend in the Medium Term Financial Plan reserve.

	Levy 2020/21	**Latest Projected 2020/21**	**Variance**
Residual	351,741	413,252	61,511
Biowaste	204,607	208,052	3,445
Commingled	107,302	128,280	20,978
Paper and Card	83,482	76,385	(7,097)
Street Sweepings	20,650	22,970	2,320
Trade waste	51,042	40,743	(10,299)
WCA Total	**818,824**	**889,682**	**70,858**

2.4 The forecast underspend on operational financing arises from a slight reduction in the Minimum Revenue Provision charge for the year, but mostly is due to reduced interest rates to be paid on the temporary borrowing that is still in place from the termination of the PFI contract. The Waste & Resources service is currently utilising the cash flow of the wider GMCA.

2.5 The forecast underspend on Office Costs is a combination of reduced spending on consultancy fees, premises related expenditure as a result of the focus on the residual processing at facilities and vacant posts that are not expected to be filled. It is proposed to transfer any underspend from the Communications and Behavioural Change and employee costs team budget to earmarked reserves to support the activity on tackling contamination and contract monitoring in 2021/22.

2.7 The current Levy Allocation Methodology Agreement (LAMA) provides for in-year adjustments to be made when actual waste arisings vary from declared levels. Based upon updated profiled 2020/21 tonnages, an indicative outturn position has been calculated which predicts at District level, additional charges for year-end adjustments may be needed as set out below.

	£m
Bolton	0.567
Bury	0.357
Manchester	1.326
Oldham	0.686
Rochdale	0.520
Salford	0.672

Stockport	0.229
Tameside	0.494
Trafford	0.345
Total	5.197

2.8 The forecast at 2.1 includes a refund of levy of £20m to Districts that was approved at 31 July 2020 GMCA meeting (£15m) and 25 September 2020 GMCA meeting (£5m) alongside the proposal to refund a further amount to offset the levy adjustment payable by Districts so no District pays more than the original levy amount.

3. ORIGINAL ESTIMATES 2021/22

3.1 Revenue

3.1.1 A base budget has been produced based upon achieving the vision and objectives set out in the Greater Manchester Waste Management Strategy.

3.1.2 The effect of the above is to produce a £4.840m decrease in net budget requirement for 2021/22 (2.9% decrease). Further detail is provided below:

	Budget 2021/22 £m
Operational Costs	105.023
Operational Financing	48.830
Office Costs	6.190
Non-Operational Financing	2.629
Total Budget	162.672
Use of Reserves	(0.270)
Levy	162.402

3.2 Levy Apportionment

3.2.1 The tonnages supplied by Districts, in November 2020, have been subjected to scrutiny by the Waste & Resources Team and detailed discussions with District Waste Chief Officers. Future year’s projections also include the impact of population/ housing growth.

3.2.2 The tonnage forecasts mean that individual Districts’ allocations will vary from the average of 2.9% decrease and have a range of -3.9% (covering -4.4% to -0.5%). The final allocations to Districts can be summarised as:

	2020/21 Levy £m	2021/22 Levy £m	Increase/ (Decrease)
Bolton	19.679	19.025	(3.3%)
Bury	13.573	13.375	(1.5%)
Manchester	30.051	28.731	(4.4%)
Oldham	17.448	16.892	(3.2%)
Rochdale	15.282	14.992	(1.9%)
Salford	19.572	19.115	(2.3%)
Stockport	20.440	19.614	(4.0%)
Tameside	15.111	15.033	(0.5%)
Trafford	16.085	15.625	(2.9%)
Total	**167.242**	**162.402**	**(2.9%)**

3.3 At the February 2015 GMWDA meeting it was agreed that Trade Waste rates would be increased annually for the following year (to allow for forward planning) using the RPIx measure of inflation. The Levy Allocation Methodology Agreement allows for a review of trade waste each year. This year's review has identified that residual and trade waste being presented by Districts has outstripped the spare capacity that was previously available.

3.4 After discussion with District Waste Chief Officers it has been agreed that the rate set will change from 2022/23 to match the forecast cost of waste processed outside the core capacity. That rate in 2022/23 is forecast to be £114.83 per tonne.

4. MEDIUM TERM FINANCIAL PLAN TO 2024/25

4.1 The GMCA has adopted a current year plus 3 year planning cycle in this budget paper. A number of assumptions have been made which take a balanced view of the risks facing the service in 2021/22 and beyond.

4.2 Our forward look assumptions for RPIx and CPI inflation are shown below and have been included in the MTFP.

Financial Year	Forecast December RPIx	Forecast September CPI
2021/22	2.8%	0.55%
2022/23	3.0%	2.00%
2023/24	3.0%	2.00%
2024/25	3.0%	2.00%

4.3 The MTFP projections have also assumed that:

a) Districts will be able to deliver on their expected waste declarations;
b) No change from England's Resources and Waste Strategy; and
c) Landfill tax will continue to rise annually by RPI.

4.4 Taking account of the above, the estimated budget and levy for the MTFP period are:

	Budget Requirement £m	Use of Reserves £m	Levy £m	Increase/ (Decrease)
2020/21	167.242		167.242	
2021/22	162.672	(0.270)	162.402	(2.9%)
2022/23	163.058		163.058	0.4%
2023/24	164.764		164.764	1.0%
2024/25	167.625		167.625	1.7%

4.5 Below the headline figures, the impact on Districts will be slightly different and dependent on tonnage forecasts.

5. BALANCES

5.1 The balances attributable to the Waste & Resources team as at 1 April 2020 were £54.458m. During 2020/21 it has been agreed that an in-year refund of £20m of levy from reserves will be given back to Districts. It was also proposed at the 31 July 2020 GMCA meeting that the additional levy imposed on Districts from delivering waste in excess of amounts levied for would be managed by a further return of reserves so that no District has a net cost in excess of their levied amount. The balance of reserves as at 31 March 2021 is forecast to be £32.205m.

5.2 The level of balances is assessed for adequacy on a risk assessed basis, and this reflects the risks below:

a) Achievement of recycling/composting levels;
b) Reduction in contamination;
c) Recyclate income prices;
d) Assumptions on timetable for modification of remaining facilities and additional operational costs during the period; and
e) Upside/ downside risks from energy prices at the Runcorn TPS.

5.3 The level of balances is an area that may be reviewed once all outstanding insurance claims and construction works are completed and facilities have passed Acceptance Testing. However, financial risk assessment on an annual basis and the need to hold an appropriate level of balances, will continue to have a major influence on the budget and MTFP for the Waste & Resources Team.

6. BUDGET ENGAGEMENT

6.1 In accordance with our usual practice, Officers have sought to engage on budget matters with both Waste Chief Officers and Treasurers of constituent Districts. As far as possible the budget and levy take into account their comments.

7. RISK ASSESSMENT

7.1 Under Section 25 of the Local Government Act 2003, the Authority's Chief Financial Officer (the Treasurer) is required to report on the robustness of the estimates made for the purposes of the budget and levy calculations and the adequacy of the proposed reserves. This information enables a longer term view of the overall financial position to be taken.

7.2 In accordance with these requirements a review has been undertaken of the risks that the GMCA may face from Waste & Resources activities which would require the allocation of resources over and above those already included in the MTFP budgets. That review broadly supports the proposed Revenue and Balances Strategy.

8. Recommendations

8.1 Recommendations are presented at the front of the report.

GMCA GREATER MANCHESTER COMBINED AUTHORITY

Date: 12 February 2021

Subject: Budget Paper F - GMCA Capital Programme 2020/21-2023/24

Report of: Councillor David Molyneux, Portfolio Leader for Resources and Steve Wilson, Treasurer to GMCA

PURPOSE OF REPORT

To present an update in relation to the Greater Manchester Combined Authority capital expenditure programme for Transport and Economic and Regeneration functions.

RECOMMENDATIONS:

GMCA is requested toL

1. Approve the revisions to the 2020/21 capital forecast as set out in Appendix A and detailed within the report.
2. Approve the capital programme budget for 2021/22 and the forward commitments as detailed in the report and in Appendix A.
3. Note that the capital programme is financed from a combination of grants, external contributions and long term borrowings.
4. Note that provision has been made in the revenue budget for the associated financing costs of borrowing.
5. Approve the addition to the capital programme of the second Transforming Cities Fund (TCF2) as per the prioritised programme. The prioritised TCF 2 programme budgeted capital expenditure for 2021/22 is £2.6 million as set out in section 6 of this report.
6. Approve the addition to the capital programme of the 'OZEV EV (Office for Zero Emission Vehicles Electric Vehicle) Taxi project' (as part of the Greater Manchester Clean Air Programme) with a current forecast expenditure of £0.1 million in 2020/21 and £2.0 million budgeted expenditure for 2021/22, as set out in section 9 of this report.
7. Approve the addition to the capital programme of the Access for All programme (part of the Department for Transport's Access for All programme for rail stations) with a current forecast expenditure of £0.1 million in 2020/21 and £1.1 million budgeted expenditure for 2021/22, as set out in section 10 of this report.

8. Grant delegated authority to the Chief Executives to, where necessary, vary individual scheme allocations for the Growth Deal programmes, in order to optimise Growth Deal grant expenditure by 31 March 2021.

9. Note that the capital programme will continue to be reviewed, with any new schemes which have not yet received specific approval being the subject of future reports.

CONTACT OFFICERS:

Name: Steve Wilson, Treasurer to GMCA
Telephone: 0161 778 7004
E-Mail: steve.wilson@greatermanchester-ca.gov.uk

Name: Steve Warrener, Finance and Corporate Services Director, Transport for Greater Manchester
Telephone: 0161 244 1025
E-mail: steve.warrener@tfgm.com

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 will 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 forecast expenditure for 2020/21, 2021/22 and future years.

Equalities Implications - There are no specific equality implications contained within the report, however the capital programme approved by the GMCA reflects the priorities for Greater Manchester.

BACKGROUND PAPERS:

- Report to Greater Manchester Combined Authority: 'GMCA Capital Programme 2019/20 – 2022/23': 14 February 2020.

- Report to Greater Manchester Combined Authority: 'GMCA Local Growth Fund Programme Update and Approvals': 31 July 2020.
- Report to Greater Manchester Combined Authority: 'GMCA Capital Update 2020/21': 25 September 2020.
- Report to Greater Manchester Combined Authority: 'GMCA Capital Update 2020/21': 27 November 2020.
- Report to Greater Manchester Combined Authority: 'Prioritisation of Second Tranche of Transforming Cities Funding': 29 January 2021

TRACKING/PROCESS	
Does this report relate to a major strategic decision, as set out in the GMCA Constitution	Yes
EXEMPTION FROM CALL IN	
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?	No

TfGMC	Overview & Scrutiny Committee	
N/A	9th February 2021	

1. INTRODUCTION AND BACKGROUND

1.1 The Greater Manchester Combined Authority (GMCA) approved the 2020/21 Capital Programme at its meeting on 14 February 2020. The latest 2020/21 Capital Update report with a forecast at Quarter 2 was reported to and noted by the GMCA at its meeting on 27 November 2020.

1.2 GMCA's capital programme includes Economic Development and Regeneration programmes, Waste, Fire and Rescue Services 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 extensions;
- Metrolink Trafford Line extension;
- Other Metrolink Schemes;
- Transport Interchanges;
- Bus Priority;
- Other capital projects and programmes including Transforming Cities, Active Travel, Joint Air Quality Unit (JAQU) Early Measures Investment Funding (EMIF) , Clean Bus Initiatives, OLEV-EV-Taxi, , Smart Ticketing and Cycle City Ambition Grant (CCAG 2);
- Transport 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 Schemes.

1.3 During Quarter 3 a review took place of progress with the development and delivery of the Local Growth Fund (LGF) Programme and this was reported to GMCA on 18 December 2020. The GMCA approved an increase to the Growth Deal grant allocation for 2020/21 against the MCF Cycling and Walking element of the programme utilising financial flexibilities under the 'Single Pot'. The outcome of this is reflected in the forecast outturn for 2020/21 for both transport and non-transport LGF projects.

1.4 The 2020/21 capital programme is summarised in Appendix A and the major variances are described in this report.

1.5 The capital programme over the three year period (2021-2024) as presented will require a long term borrowing requirement of £341.7m. Provision has been made in the revenue budgets for the associated financing costs. The expenditure profiles in 2021/22 and future years will remain subject to scrutiny and possible change as part of the continuous review of the capital programme.

2. IMPACT OF COVID-19

2.1 The progression of a significant number of schemes and their associated expenditure profiles continues to be impacted by the pandemic. During this period TfGM and Local Authority Delivery Partners have been working with their respective supply chains to keep these impacts to a minimum; whilst simultaneously prioritising the need to ensure that all work that takes place is carried out in a manner which is both safe and compliant with national guidance.

2.2 Some of these impacts continue to manifest themselves on the forecasts reported within this update, and it is anticipated that these impacts will continue to varying degrees into the future. These impacts are being kept under regular review and will continue to be reported to the GMCA through future capital programme updates.

3. GREATER MANCHESTER TRANSPORT FUND (GMTF)

3.1 At its meeting on 12 May 2009, the Association of Greater Manchester A Executive agreed to establish a Greater Manchester Transport Fund (GMTF), incorporating prioritised schemes based on delivering the maximum economic benefit (GVA) to Greater Manchester, consistent with positive package level social and environmental outcomes.

3.2 The GMTF programme is funded from a combination of grants from the Department for Transport; a ‘top slice’ from the Greater Manchester Integrated Transport Block (ITB) Local Transport Plan (LTP) funding over a period of nine years from 2010/11; from a combination of borrowings to be undertaken by GMCA and from local/third party contributions and local resources (including LTP and prudential borrowings).

3.3 The GMCA will 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) and in part by the application of the annual ring-fenced levy contributions, which will be raised by GMCA, under its levying powers; and in part from local, third party, revenue contributions.

3.4 The GMCA and TfGM hold certain 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, including 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 in the GMTF increase in future years.

3.5 The Metrolink works 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 2020/21 on residual works is £5.2 million, which is in line with the previous forecast.

3.7 The 2021/22 budgeted expenditure is £5.8 million.

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

Metrolink Renewal and Enhancement Capital Programme

3.9 The current forecast expenditure for 2020/21 is £4.1 million, compared to previous forecast of £4.5 million. This variance is primarily due to several procurement activities, contract negotiations and start on site start dates being delayed as a result of the need to take account of COVID-19 related risks and issues.

3.10 The 2021/22 budgeted expenditure is £8.4 million.

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

Bus Priority Programme

3.12 The current forecast expenditure for 2020/21 is £0.4 million, compared to previous forecast of £0.3 million. The variance has arisen following the conclusion of final accounts as part the process to close out the programme.

3.13 The 2021/22 budgeted expenditure is £0.1 million.

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

Park and Ride

3.15 The current forecast expenditure for 2020/21 is £0.01 million, which is in line with the previous forecast.

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 for 2020/21 is £2.9 million, which is in line with the previous forecast.

3.19 The 2021/22 budgeted expenditure is £5.6 million and relates predominantly to concluding final accounts on land and property transactions.

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

Stockport Town Centre Access Plan

3.21 Stockport MBC is responsible for the delivery of Stockport Town Centre Access Plan (TCAP), a DfT retained Growth Deal Major scheme.

3.22 The current forecast for 2020/21 of £3.4 million is in line with the previous forecast.

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

4. METROLINK TRAFFORD EXTENSION

4.1 The current forecast expenditure in 2020/21 is £6.9 million, compared to the previous forecast of £8.4 million. The variance is predominately due to the timing and rephasing of the closure of final accounts on land and property transactions.

4.2 The 2021/22 budgeted expenditure is £0.2 million.

4.3 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 for 2020/21 is £21.8 million, compared to previous forecast of £23.3 million. This variance is due to an updated understanding of previously experienced and future anticipated COVID-19 impacts across the programme. The largest proportion of the variance is due to COVID-19 impacts on the tram manufacturer’s delivery schedule. Whilst tram manufacturing has continued throughout, it has been significantly impacted due to availability of resources and parts to maintain progress. Discussions are ongoing with the suppliers and contractors to mitigate these impacts throughout the programme. As at the end of January 2021, two trams have been delivered to Manchester. It is forecast that up to 5 trams per quarter will subsequently be delivered, with the final tram due to be delivered and enter into operational service during spring 2022.

5.3 The 2021/22 budgeted expenditure is £18.1 million and total forecast outturn cost is within the total approved budget.

5.4 The Cycling and Walking Challenge Fund current forecast expenditure in 2020/21 of £27.8 million is in line with the previous forecast of £28.0 million.

5.5 The 2021/22 budgeted expenditure is £54.3 million and total forecast outturn costs are within the total approved budgets.

6. TRANSFORMING CITIES FUND -SECOND ALLOCATION (TCF2)

6.1 The Government announced a second allocation of the TCF i.e. TCF Tranche 2 in January 2019, with Greater Manchester being awarded £69.5m.

6.2 The 'Prioritisation of the Second Tranche of Transforming Cities Funding' report was approved by the GMCA on the 29 January 2021. That report included a list of schemes for potential TCF2 funding has been identified which seek to progress the 2040 transport pipeline under four areas:

- Rail Network, including;
    - A new rail station at Goldborne;
    - Rail and Metrolink station scheme development;
    - Access for All programme for prioritised stations;
    - Contribution to the Network Rail project at Greek Street Bridge in Stockport

- Bus Network, including;
    - A countywide Bus Pinchpoint Fund;
    - Quality Bus Transit schemes as part of the northern and eastern orbitals;
    - Travel Hub and Park and Ride at Tyldesley

- Electric Vehicle Charging Infrastructure GM contribution to a package of funding subject to successful agreement with central government; and

- A further switch of up to £15 million capital TCF2 funding to revenue funding for GMIP development funding for 2021/22 and 2022/23 to ensure development continues across the full 2040 transport pipeline.

6.3 The 2021/22 budgeted capital expenditure for TCF2 is £2.6 million.

7. ACTIVE TRAVEL FUND

7.1 This programme is being delivered in two phases as below:

- Tranche 1 (Emergency Active Travel) short-term to mitigate the impact of COVID-19; and
- Tranche 2 (Active Travel Fund) to increase cycling and walking in the longer term.

7.2 The current forecast expenditure on Tranche 1 (Emergency Active Travel) is £1.9 million which is in line with the previous forecast.

7.3 Active Travel (AT Tranche 2) 2021/22 budgeted expenditure is £6.7 million.

7.4 Total forecast outturn costs are within the total approved budgets.

8. OTHER CAPITAL SCHEMES & PROGRAMMES

8.1 The other capital projects include

- Cycle City Ambition Grant 2 (CCAG);
- Smart Ticketing;
- Joint Air Quality Unit (JAQU) Early Measures; and
- Clean Bus Initiatives.

8.2 The current forecast expenditure in 2020/21 on the CCAG 2 programme is £4.9 million compared to the previous forecast of £2.2 million. The variance is due to Manchester City Council commencing construction activities earlier than originally forecast.

8.3 The 2021/22 budgeted CCAG 2 expenditure is £2.2 million.

8.4 The Smart Ticketing current forecast expenditure in 2020/21 is £0.5 million which is in line with the previous forecast.

8.5 Joint Air Quality Unit (JAQU) Early Measures Investment Funding (EMIF) 2020/21 current forecast expenditure is £0.5 million compared to the previous forecast of £0.8 million. This variance is primarily due to phasing of expenditure now being incurred in 2021/22 following agreement of sites and a revised installation schedule for the rapid chargers for electric vehicles.

8.6 The 2021/22 budgeted expenditure for JAQU EMIF is £0.3 million.

8.7 The Clean Bus Technology Fund current forecast expenditure in 2020/21 of £4.3 million is in line with the previous forecast.

8.8 The 2021/22 budgeted expenditure for Clean Bus Technology Fund is £1.7 million.

8.9 The Clean Bus (Retrofit) Programme 2020/21 current forecast expenditure of £0.2 million compares to the previous forecast of £3.4 million. This variance is primarily due to a revised profile of retrofits following the procurement of a grant administration system.

8.10 The 2021/22 budgeted expenditure for the Clean Bus (Retrofit) Programme is £11.6 million.

8.11 Total forecast outturn cost for all projects and programmes included in Section 8 is within the total approved budget.

9. OFFICE FOR ZERO EMISSION VEHICLES, ELECTRIC VEHICLES - TAXI (OZEV EV)[1]

9.1 The OZEV EV Taxi Project has £1.8 million of funding awarded by OZEV to support the roll-out of the dedicated Taxi Electric Vehicle Charging Infrastructure. TfGM will provide £0.6 million match funding from existing budgets to release the OZEV funding, resulting in a total capital investment of £2.1 million and revenue of £0.3 million.

9.2 This funding will facilitate the rollout of no less than 30 Rapid Chargers.

9.3 The 2020/21 current forecast of capital expenditure is £0.1 million, with a budgeted expenditure in 2021/22 of £2.0 million.

9.4 Total forecast outturn costs are within the total approved budgets.

10. RAIL - ACCESS FOR ALL

10.1 The Greater Manchester Access for All schemes has been awarded £6.7 million of funding by the Department for Transport (DfT) to provide step free access to Daisy Hill, Irlam and Walkden rail stations alongside minor access improvements at 22 GM stations. GMCA/ TfGM will provide £2.7 million match funding from existing budgets to secure the DfT grant.

10.2 The Access for All schemes will be delivered by TfGM, Northern and Network Rail. The development and delivery of the Access for All schemes will follow the Network Rail GRIP (Governance for Railway Investment Project) process. TfGM will lead on the installation of lifts at Daisy Hill and Irlam, installation of a ramp at Bredbury and minor interventions at a further 13 rail stations. Procurement activities relating to detailed design work have commenced and preferred bidders will be appointed in March 2021.

10.3 The 2020/21 current forecast expenditure for the Access for All programme is £0.1 million.

10.4 The 2021/22 budgeted expenditure for this programme is £1.8million.

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

---

[1] In December 2020 it was announced that the Office for Low Emission Vehicles (OLEV), the government unit responsible for overseeing the transition to zero-emission cars and vans, was to be renamed The Office for Zero Emission Vehicles (OZEV) to align with the government's net-zero ambitions.

11. TRANSPORT MAJORS SCHEMES AND TRANSPORT 3 (Major and Minor Schemes)

11.1 The Transport 1 & 3 Majors Programme consists of 18 major schemes (including Stockport TCAP) which are being delivered by TfGM and the Local Authorities. The current forecast expenditure in 2020/21 is £39.4 million compared to previous forecast of £42.3 million. The variance is driven by reduced forecasts on a number of schemes, including Salford Bolton Network Improvements (SBNI) following delays to a number of Salford and Bolton packages as a result of delays to the diversion of statutory undertakers equipment and also securing the necessary powers and consents. The A5063 Trafford Rd (Salford) scheme continues to be impacted further by COVID-19 delays with the main works now anticipated to commence at the end of Feburary 2021.

11.2 Transport 3 Minor schemes are also being delivered by TfGM and the Local Authorities. The current forecast expenditure in 2020/21 is £7.3 million which is in line with the previous forecast of £7.6 million.

11.3 The 2021/22 budgeted expenditure for Transport Majors is £34.5 million and for Transport 3 Minors schemes is £2.4 million.

11.4 Total forecast outturn cost within the total approved budget.

11.5 The forecast outturn for 2020/21 for both transport and non-transport LGF projects demonstrates that the LGF grant is currently forecast to be fully expended by 31 March 2021, in line with the relevant grant conditions. Monitoring of expenditure on individual projects is carried out on a monthly basis and, dependent on progress on individual schemes across the programme, there may be some individual scheme variances, albeit that overall spend will be maintained. Greater Manchester is able to utilise financial flexibilities under the 'Single Pot' framework. This means that, if required, the amount of Growth Deal grant against each approved individual scheme may be varied in order to maximise the Growth Deal grant to be expended by 31 March 2021. It is therefore recommended that delegated authority is granted to Chief Executives to, where necessary, vary individual scheme allocations for the Growth Deal programme, within the overall GMCA approved grant allocations, in order to optimise grant expenditure. Any such variations will be reported to the GMCA as part of the close out of the Growth Deal grant expenditure, once the final position is known.

12. MINOR WORKS

12.1 The Minor Works Programme is a combination of schemes being delivered by the Local Authorities and TfGM.

12.2 The programme consists of schemes funded from a combination of Integrated Transport Block (ITB), Transport 1 and Transport 2 funding.

12.3 The current forecast expenditure in 2020/21 of £7.8 million is in line with the previous forecast of £8.0 million.

12.4 The 2021/22 budgeted expenditure is £8.7 million.

12.5 Total forecast outturn cost is within the total approved budget.

13. GMCA CONTROLLED TRANSPORT SCHEMES

Capital Highways Maintenance

13.1 Included within the Single Pot is the Highways Maintenance allocations previously paid as ring-fenced DfT grants. Whilst the funding is no longer paid as a capital grant, an equivalent amount is received as revenue funding through the 100% business rates pilot. In previous years the allocation to Districts has been agreed as part of the approval of the Capital Programme. For 2020/21 the allocation to Districts was agreed at £27.2m with a further in-year allocation of £20.9m for the Pothole and Challenge Fund which was added to the 2020/21 Capital Programme and approved by GMCA in November 2020.

13.2 The allocation to GMCA for 2021/22 has not yet been received from DfT and is anticipated later in February, subject to ministerial approval. The Capital Programme for 2021/22 onwards reflects an estimate based on the initial allocation for 2020/21 of £27.2m. A further report on the confirmed grant and basis of allocations to Districts for 2021/22 will be brought to a later meeting of the GMCA for approval once information is available from DfT.

Traffic Signals

13.3 The current forecast is in line with the budget of £2.5m. All traffic signals are externally funded and the annual amount will fluctuate year on year dependant on the level of new installations and developments. Future year forecasts are expected to stay within the £2.5m range.

Full Fibre

13.4 Following the award of £19.6m from Department of Digital, Culture, Media and Sport (DDCMS) funding to undertake installation of a full fibre network within Greater Manchester. The full cost is anticipated to be £29.8m, with £12.5m anticipated spend within 2020/21 and the remaining £17.3m expected to be spent in 2021/22. In addition to the grant there is expected to be £5.2m of District contributions alongside a borrowing requirement of £4.9m.

14. ECONOMIC DEVELOPMENT AND REGENERATION FUNCTIONS

Recycled RGF / GPF

14.1 Both the Regional Growth Fund and Growing Places Fund's loans are now being repaid, with the strategy being that a perpetual fund is created to support businesses and commercial property developments to enable growth.

14.2 Between 2021/22 and 2023/24 it is estimated that £25m will be recycled back out to businesses and developers. It should be noted that the forecast will be subject to change once specific loans are approved and the timing of payments confirmed.

Housing Investment Fund

14.3 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.

14.4 Forecasts drawdowns for 2020/21 currently stand at £61.7m, however it should be noted that the forecast will be subject to change once specific loans are approved and the timing of payments confirmed. An estimate has been included for future years but will be updated as loans are approved.

Skills Capital

14.5 £63 million has been allocated to Skills Capital. The allocation will deliver four strands of investment as follows:

- Large Redevelopment of Further Education
- Priority Sectors
- Smaller Investment Projects
- Digital Skills

14.6 The forecast for 2020/21 is currently £40.5m compared to the previous forecast of £37.7m. The variance is primarily due to drawdowns being confirmed following full approval of schemes.

14.7 Forecast spend for 2021/22 currently stands at £9.7m.

Life Sciences

14.8 The Greater Manchester and Cheshire Life Sciences Fund is a seed and early stage venture capital fund targeting life sciences businesses located in the Greater Manchester and Cheshire and Warrington region. The forecast for 2020/21 is £1.1m compared to the previous forecast of £1.7m. The variance is primarily due to drawdowns being confirmed following full approval of loans and investments.

14.9 Forecast spend for 2021/22 currently stands at £1.7m.

School of Digital Arts (SODA)

14.10 This project by Manchester Metropolitan University provides a new £35m facility on the Oxford Road campus and aims to be operational by mid-2021. The forecast spend for 2020/21 is £12.3m and is in line with previous forecasts.

Pankhurst Institute

14.11 The Pankhurst Institute will be a new Institute which will exploit the University of Manchester's strengths in advanced materials, digital technology and precision medicine to drive health benefit, business growth, productivity-gain and employment in Greater Manchester (GM), filling a critical gap in the GM health innovation ecosystem. The Pankhurst Institute will create a complete and robust translational pathway. Research and early translation activities of the Institute will be located in a refurbished and extended building on the University campus (the NatWest building), and later-stage translational and business engagement activities will be located in the CityLabs 4.0 development.

14.12 The forecast for 2020/21 is £4.2m and is in line with previous forecasts and a further £0.8m in 2021/22.

Cyber Innovation Hub

14.13 This project proposes to fit out and purchase IT equipment for the hub with Manchester City Council as the delivery partner. 2020/21 spend is in line with previous forecast.

Protos Loan

14.14 The Protos loan was acquired from the Evergreen Fund in order to create capacity within the Evergreen Fund. Protos is a subsidiary of Peel established to deliver the development of an industrial site in Cheshire for a variety of uses including waste to energy, biomass and environmental technology facilities. These schemes will generate increased economic activity and jobs within Greater Manchester.

14.15 Forecast spend for 2020/21 is £7.8m which is the full amount available.

Broughton House

14.16 Broughton House is developing its site to create a Veteran Care Village. It will be a complex with both a Registered Nursing facility of 64 beds for Nursing, Dementia and Residential Care. The site will also incorporate 24 apartments for predominantly the over 55s as well as an Armed Forces Support Hub.

14.17 The forecast spend for 2020/21 is £3m.

COVID19 Learner Support

14.18 At the 31 July 2020 GMCA meeting it was agreed to increase the provision for Digital Skills elements of LGF spending to now include provision for COVID-19 related adaptations and digital devices, in order to ensure adult learning can continue across the Adult Education providers.

14.19 The forecast spend is in line with the approved budget for 2020/21.

LGBT+ Centre

14.20 The Proud Trust provides services to LGBT+ young people across Greater Manchester and the North West of England from its hub at the LGBT+ Centre, located on Sidney Street in central Manchester. The Centre was established in 1988, in co-operation with Manchester City Council, and was the first fully publicly funded 'LGBT centre' in Europe. The Centre is currently in a state of disrepair and lacks the space to accommodate the numbers of young people the Proud Trust wish to work with, or act as a true community hub.

14.21 The forecast spend in 2020/21 is in line with previous forecasts.

Coronavirus Business Interruption Loan Scheme (CBILS) and Co-Angels

14.22 As part of a £330bn package to support UK businesses affected by Coronavirus, on the 23 March the Government launched the Coronavirus Business Interruption Scheme (CBILS) to provide businesses with loans of up to £5m. CBILS are available from accredited Banks and lenders, funded from their own capital, but with guarantees against default provided by the British Business Bank (BBB) to a maximum of 80% of an individual loan.

14.23 Co-Angels provides investment into early stage companies alongside other Angel investors to ensure that the start up community continues to be supported.

14.24 Forecast spend in 2020/21 is £2.9m.

Bounce Back Loan Fund

14.25 The Government launched the Bounce Bank Loan Scheme on 4 May 2020. The Bounce Back Loan Scheme (BBLS) provides loans of up to £50k to individual businesses, the application supported by a series of applicant self declarations, rather than a lenders assessment of affordability. The GMCA meeting of 29 May 2020 approved up to £10m of capital towards the scheme. The scheme closes on 31 March 2021 and the forecast for 2020/21 is £10m.

Getting Building Fund

14.26 This fund is focussed on 'shovel ready' sites with a key focus on job creation and economic recovery with all allocated spend to be outlaid by 31 March 2022.

14.27 The forecast spend for 2020/21 is £22.9m but will depend on timings of claims from the schemes.

Brownfield Land Fund

14.28 As part of the March 2020 budget, Government announced a £400m Brownfield Land Fund. For GMCA, this means an initial allocation of £81.1m over a 5 year period to make brownfield land available for housing.

14.29 The forecast for 2020/21 is £16.2m as reported to the 31 July 2020 GMCA meeting.

15. GM FIRE AND RESCUE

15.1 The Capital expenditure for 2020/21 has increased from a forecast of £7.252m to £7.344m wholly in relation to vehicles and equipment. The variances for vehicles have been rephased into future years as a result of delays due to Covid-19 in light of resources being redirected to support the response to the pandemic and a review of future requirements incorporating new ways of working. The equipment variance will be funded from revenue contributions to capital expenditure rather than require a capital budget increase.

15.2 An estates strategy has been commissioned for the service to determine where best to invest in improving the fire and rescue service estate. This may not be in the form of new builds, but rather refurbishment to improve the overall standard and condition of fire stations.

15.3 Additional investment is anticipated for the Bury Training and Safety Centre, this investment will support delivery of the training strategy. Equally it strategically unlocks the Training and Development Centre and Manchester Central Fire Station site going forward allowing us to move to a single Training Centre. The capital programme will be updated to reflect this once the position is confirmed.

16. WASTE DISPOSAL

16.1 Operational asset spend is split between

- upgrades and modifications to Mechanical Treatment and Recycling (MTR) plants;
- a new MTR and HWRC at Reliance Street, Newton Heath;
- a replacement Transfer Loading Station (TLS) at Chichester Street, Rochdale;
- new turbine installation at Raikes Lane, Bolton;

- operational improvements at Longley Lane, Sharston Materials Recovery Facility (MRF), and
- replacement mobile plant and equipment.

16.2 The forecast for 2020/21 is slightly higher than previously reported due to the reprofiling from 2019/20 of mobile plant and equipment.

16.3 Non-operational assets relate to the former landfill sites that GMCA maintains along with the solar farm at Salford Road, Over Hulton. Forecast spend is in line with previous reports.

17. FUNDING REQUIREMENTS

17.1 The capital programme over the next three years, results in a borrowing requirement of £341.7m. Provision has been made in the revenue budget for the associated financing costs.

17.2 The estimated funding profile for the forecast spend in financial year 2021/22 is as follows:

Source	**£m**
Borrowing	110.783
Access for All Grant	1.788
Active Travel Grant	6.697
Brownfield Land Grant	30.000
Clean Air Grant	11.571
Clean Bus Technology Grant	1.733
Cycle City Ambition Grant	2.179
Early Measures Grant	0.342
Earnback Grant	5.748
Full Fibre Network Grant	7.152
Getting Building Grant	31.316
OZEV EV Grant	1.709
Transforming Cities Grant	72.422
Transforming Cities 2 Grant	2.625
Capital Receipts	115.142
Revenue Contributions	30.043
Other Contributions	7.700
TOTAL	**438.950**

18. RECOMMENDATIONS

Approval of the recommendations contained at the front of this report will authorise the capital programme detailed in Appendix A.

	Previous 2020/21 Forecast £'000	Current 2020/21 Forecast £'000	Variance 2020/21 £'000	2021/22 Forecast £'000	2022/23 Forecast £'000	2023/24 Forecast £'000	Future years forecast £'000
Greater Manchester Transport Fund	**10,052**	**9,783**	**269**	**14,241**	**58,185**	**40,878**	**319,391**
Road Schemes (Stockport)							
Stockport Town Centre Access Plan (DfT retained scheme)	3,445	3,445	-	-	-	-	-
A6 MARR / SEMMMS	2,908	2,908	-	5,552	3,087	16,127	-
Stockport Council Schemes total	**6,353**	**6,353**	**-**	**5,552**	**3,087**	**16,127**	**-**
Other Metrolink Schemes							
Trafford Extension	8,352	6,853	1,499	196	5,626	6,692	6,692
Other Metrolink Schemes total	**8,352**	**6,853**	**1,499**	**196**	**5,626**	**6,692**	**6,692**
Other Capital Schemes							
Other Capital Schemes	3	3	-	51	5	-	-
Smart Ticketing	493	501	(8)	-	-	-	-
CCAG 2	2,217	4,916	(2,699)	2,179	-	-	-
TCF - Mayors Challenge Fund	27,960	27,804	156	54,290	67,438	-	-
TCF - Metrolink Capacity Improvement Programme	23,284	21,750	1,534	18,132	17,983	-	-
TCF2	-	-	-	2,625	23,625	26,250	-
Active Travel Fund	1,886	1,886	-	6,697	6,000	-	-
Access For All	-	82	(82)	1,788	7,502	-	-
Cycle Safety	-	-	-	-	1,542	-	-
OZEV EV	-	91	(91)	1,986	50		
Clean Bus Technology Fund	4,261	4,261	-	1,733	-	-	-
Clean Bus Fund	3,401	178	3,223	11,571	3,690	-	-
Early Measures	771	469	302	342	-	-	-
Other Capital Schemes total	**64,276**	**61,941**	**2,335**	**101,394**	**127,835**	**26,250**	**-**
TfGM Majors	20,506	19,224	1,282	22,117	46,815	19,898	102
Local Authorities Majors	21,842	20,199	1,643	12,418	3,943	2,456	-
Transport Major Schemes total	**42,348**	**39,423**	**2,925**	**34,535**	**50,758**	**22,354**	**102**
Minor Works							
ITB Local Authorities	1,080	1,080	-	849	-	-	-
Local Authorities 1	422	460	(38)	1,404	-	-	-

	Previous 2020/21 Forecast £'000	Current 2020/21 Forecast £'000	Variance 2020/21 £'000	2021/22 Forecast £'000	2022/23 Forecast £'000	2023/24 Forecast £'000	Future years forecast £'000
Local Authorities 2	5,656	5,831	(175)	5,528	-	-	-
TfGM Schemes 2	859	448	411	910	751	-	-
TfGM schemes 3	4,673	4,363	310	1,347	134	-	-
Local Authorities 3	2,901	2,901	-	1,040	-	-	-
Transport Minor Works total	**15,591**	**15,083**	**508**	**11,078**	**885**	**-**	**-**
Traffic Signals (Externally Funded)	2,500	2,500	-	2,500	2,500	2,500	
Full Fibre Network	20,125	12,484	7,641	17,252			
Highways Capital Maintenance	48,101	48,801	(700)	27,202	27,202	27,202	
Total Capital - Transport	**217,698**	**203,221**	**14,477**	**213,950**	**276,078**	**142,003**	**326,185**
Recycled GF / RGF Capital Receipts	6,601	3,993	2,608	5,000	5,000	5,000	
Growing Places	-	3,291	(3,291)	20,000	20,000	20,000	
Housing Investment Fund	71,034	61,704	9,330	90,142	90,000	90,000	
Skills Capital Round 2 & 3	37,726	40,548	(2,822)	9,673			
Life Sciences Fund	1,651	1,140	511	1,749			
International Screen School Manchester	12,332	12,332	-				
Pankhurst Institute	4,200	4,207	(7)	793			
Cyber Innovation Hub	5,000	5,000	-				
Protos Loan	9,894	7,811	2,083				
Broughton House	-	3,000	(3,000)				
COVID19 Learner Support	-	2,115	(2,115)				
LGBT Centre	338	338	-				
Affordable Homes	-	84	(84)				
Coronavirus Business Interruption Loan Scheme (CBILS) and Co Angels	-	2,900	(2,900)				
Bounceback Loan Fund	-	10,000	(10,000)	-	-	-	-
Getting Building Fund	-	22,884	(22,884)	31,316	-	-	
Brownfield Land Fund	-	16,200	(16,200)	30,000	18,000	8,500	8,400
Total Capital - Economic Development & Regeneration	**148,776**	**197,547**	**(48,771)**	**188,673**	**133,000**	**123,500**	**8,400**
Estates	1,203	1,203	-	4,999	7,029	3,910	1,240

	Previous 2020/21 Forecast £'000	Current 2020/21 Forecast £'000	Variance 2020/21 £'000	2021/22 Forecast £'000	2022/23 Forecast £'000	2023/24 Forecast £'000	Future years forecast £'000
ICT	928	928	-	4,017	1,340	150	600
Vehicles & Equipment	4,977	5,069	(92)	4,186	4,251	2,625	10,572
Sustainability	144	144	-	75	75	75	300
Total Capital - Fire and Rescue Service	**7,252**	**7,344**	**(92)**	**13,277**	**12,695**	**6,760**	**12,712**
Operational Sites	17,200	19,335	(2,135)	21,300			
Non-Operational - Sites	100	125	(25)	1,750	2,200	2,000	
Total Capital - Waste & Resources	**17,300**	**19,460**	**(2,160)**	**23,050**	**2,200**	**2,000**	**-**
Total Capital	**391,026**	**427,572**	**(36,546)**	**438,950**	**423,973**	**274,263**	**347,297**

GMCA GREATER MANCHESTER COMBINED AUTHORITY

Date: 12 February 2021

Subject: Treasury Management Strategy Statement and Annual Investment Strategy 2021/22

Report of: Councillor David Molyneux, Portfolio Leader for Resources and Steve Wilson, Treasurer to GMCA

PURPOSE OF REPORT

To set out the proposed Treasury Management Strategy Statement, Borrowing Limits and Prudential Indicators for 2021/22 to 2023/24 for the GMCA. The strategy reflects the 2020-2024 Capital Programme for GMCA Transport, Economic Development, Fire and Rescue and Waste reported separately on this agenda and the previously approved Police Capital Programme for 2020-2023.

RECOMMENDATIONS:

The GMCA is requested to approve the proposed Treasury Management Strategy Statement and Annual Investment Strategy to apply from the 1 April 2021, in particular:

a) The Treasury and Prudential Indicators listed in Section 5.
b) The Minimum Revenue Provision (MRP) Strategy outlined in Appendix A.
c) The Treasury Management Policy Statement at Appendix B.
d) The Treasury Management Scheme of Delegation at Appendix C.
e) The Borrowing Strategy outlined in Section 7.
f) The Annual Investment Strategy detailed in Section 8.
g) Delegation to the Treasurer to step outside of the investment limits to safeguard the GMCA's position as outlined in section 8.18.

CONTACT OFFICERS:

Name: Steve Wilson, Treasurer to GMCA
Telephone: 07725 481067
E-Mail: steve.wilson@greatermanchester-ca.gov.uk

Equalities Implications:

N/A

Climate Change Impact Assessment and Mitigation Measures –
N/A

Risk Management:

There are considerable risks to the security of the GMCA's resources if appropriate Treasury Management strategies and policies are not adopted and followed. The GMCA has established good practice in relation to Treasury Management.

Legal Considerations:

This report fulfils the statutory requirements to have the necessary prudential indicators to be included in a Treasury Management Strategy.

Financial Consequences – Revenue:

Financial revenue consequences are contained within the body of the report

Financial Consequences – Capital:

Financial capital consequences are contained within the body of the report

Number of attachments to the report: 0
Comments/recommendations from Overview & Scrutiny Committee

N/A

BACKGROUND PAPERS:
Report to the GMCA Audit Committee on 21 January 2021 – Draft Treasury Management Strategy Statement and Annual Investment Strategy

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution	Yes	
EXEMPTION FROM CALL IN		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		
Audit Committee		
22 January 2021		

Treasury Management Strategy for 2021/22

The treasury officers' views on interest rates, supplemented with leading market forecasts provided by the GMCA's treasury advisor, Link Asset Services, are what the suggested strategy, in respect of the following aspects, is based upon.

The strategy covers:

Appendix F: Prospects for Interest Rates

Appendix G: Glossary of terms

1. INTRODUCTION AND BACKGROUND

1.1 Treasury Management in Local Government is regulated by the CIPFA Code of Practice on Treasury Management in Local Authorities. The Authority has adopted the Code and complies with its requirements. A primary requirement of the Code is the formulation and agreement by the Authority of a Treasury Policy Statement which sets out Authority, Committee and Chief Financial Officer responsibilities, and delegation and reporting arrangements.

1.2 The purpose of this report is to set out the proposed Treasury Management Strategy Statement, Borrowing Limits and Prudential Indicators for 2021/22 to 2023/24 for the GMCA. The strategy reflects the 2020-2024 Capital Programme for GMCA Transport, Economic Development, Fire and Rescue and Waste reported separately on this agenda and the previously approved Police Capital Programme for 2020-2023.

<u>Background</u>

1.3 The GMCA is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the GMCA's low risk appetite, providing adequate liquidity initially before considering investment return.

1.4 The second main function of the treasury management service is the funding of the GMCA's capital plans, incorporating transport, economic development and regeneration, waste disposal and those relating to the Mayor's Police and Crime Commissioner (PCC) and Fire functions. These capital plans provide a guide to the borrowing need of the GMCA, essentially the longer-term cash flow planning, to ensure that the GMCA can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet the risk or cost objectives.

1.5 The contribution the treasury management function makes to the GMCA is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to General Fund Balances.

1.6 Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:

'The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'

1.7 As such the GMCA regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

1.8 The GMCA also acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

Reporting Requirements

1.9 The Local Government Act 2003 (the Act) and supporting regulations require the GMCA to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the GMCA's capital investment plans are affordable, prudent and sustainable.

1.10 The Act therefore requires the GMCA to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act and included as Section 9 of this report); the Strategy sets out the GMCA's policies for managing its investments and for giving priority to the security and liquidity of those investments.

1.11 The GMCA has adopted the CIPFA Code of Practice on Treasury Management and this strategy has been prepared under the revised Code of December 2017. The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report, which will provide the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed; and
- the implications for future financial sustainability

1.12 The aim of the capital strategy is to ensure that all members of the GMCA fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

Treasury Management reporting

1.13 The GMCA is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

1.14 **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:

- the capital plans, (including prudential indicators);
- a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
- an investment strategy, (the parameters on how investments are to be managed).

1.15 **A mid-year treasury management report** (last received 27th November 2020) – This is primarily a progress report and will update Members of the Audit Committee on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

1.16 **An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

1.17 The above reports are required to be adequately scrutinised before being recommended to the GMCA. This role is undertaken by the Audit Committee. The Corporate Issues and Reform Overview and Scrutiny Committee may also request to receive such reports for consideration at their meetings.

Training

1.18 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny. The training needs of treasury management officers are periodically reviewed.

Treasury management consultants

1.19 The GMCA uses Link Asset Services as its external treasury management advisors.

1.20 The GMCA recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

1.21 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The GMCA will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2. CONSTITUTIONAL ARRANGEMENTS

2.1 Currently the GMCA's Treasury Management functions are operated under a service level agreement by Manchester City Council Treasury Management which reports directly to the GMCA Treasurer. It is intended that this arrangement continues during 2021/22 whilst consideration is given to developing an in-house function within the GMCA.

2.2 The treasury portfolio position for the GMCA will be managed at a Group level, including Transport for Greater Manchester (TfGM) and Greater Manchester Police (GMP), which means that the combined cash flows of all the consolidated organisations will be taken into account when investing temporary surplus funds or making arrangements to meet borrowing needs.

2.3 As part of the 2016 Autumn Statement, Government announced that it would give mayoral combined authorities powers to borrow for their new functions, which would allow investment in economically productive infrastructure, subject to agreeing a borrowing cap with HM Treasury (HMT).

2.4 Subsequent work with HMT and Ministry of Housing, Communities and Local Government (MHCLG) has led to such an agreement which will limit the GMCA's long-term external debt in 2020/21 and the proposal for 2021/22 is as follows:

As at 31 March	**2020/2021**	**2021/22**
	£m	£m
Long term external debt	2,541	2,541

2.5 The above agreed limits have been derived from the current agreed long-term investment plans of the GMCA including Fire, Police and Waste.

2.6 The debt cap operates on long-term external debt and does not limit capital spending funded from internal cash flow or short-term external debt (less than 1 year). The agreement was reviewed in 2019 but will also be reviewed in light of any initiative, local or national, which has a material impact on GMCA borrowing totals.

2.7 The projection of external debt figures outlined in this report fall well within the year end ceilings incorporated into the debt deal.

3 TREASURY LIMITS AND PRUDENTIAL INDICATORS

3.1 It is a statutory duty under Section 3 of the Act and supporting regulations that GMCA determines and keeps under review how much it can afford to borrow. The amount so determined is termed the 'Affordable Borrowing Limit'. In England, the Authorised Limit represents the legislative limit specified in the Act.

3.2 The GMCA must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon the future levies and precepts is acceptable.

3.3 When considering the Authorised Limit, the capital plans for inclusion in corporate financing include both external borrowing and other long-term liabilities, such as PFI and leasing arrangements.

3.4 The Authorised Limit is one of the Prudential and Treasury indicators recommended by the Code, which the GMCA operates for monitoring its treasury operations.

3.5 Listed below is the full set of indicators the Code recommends and are used by the GMCA. The Prudential Indicators are:

- Capital Expenditure
- Capital Financing Requirement (CFR)
- Authorised Limit – external debt
- Operational Boundary
- Actual external debt
- Gross Debt and the CFR
- Ratio of Financing Costs
- Maturity structure of fixed rate borrowing during the year
- Upper limit for total principal sums invested for over 364 days

4 CURRENT PORTFOLIO POSITION

4.1 The GMCA's forecast treasury portfolio position as at 31 March 2021 is:

		Principal		Ave rate
		£m	£m	%
Fixed rate funding	PWLB	562.5		4.57
	Market	90.0		4.15
	EIB	571.1		3.63
			1,223.6	
Variable rate funding	HILF – HMT[1]	210.4		0.00
	Market	15.0		4.50
			225.4	
Gross debt			**1,449.0**	

[1] The HILF represents the Housing Investment Loans Fund, which was novated from Manchester City Council on 13 March 2019

Money Market Funds Temporary Investments DMO **Net debt**			- 15 - **1,434.0**	0.00

5 PRUDENTIAL AND TREASURY INDICATORS FOR 2021/22 TO 2023/24

5.1 Combined Prudential and Treasury Indicators are relevant for the purpose of setting an integrated treasury management strategy.

Capital Expenditure

5.2 This provides a summary of the GMCA's capital expenditure. It reflects matters previously agreed and proposed for the forthcoming financial periods. The extent to which such expenditure is to be financed will influence how the GMCA's Capital Financing Requirement Indicator will change. The capital programme has been updated from the draft report noted at the 22 January 2021 Audit Committee.

5.3 In reporting this Indicator to Members, the GMCA may choose to include a supplementary table detailing the resources to be applied to finance the capital spend and so highlight any net financing need over the reporting period.

	Actual 2019/20 £m	Estimate 2020/21 £m	Estimate 2021/22 £m	Estimate 2022/23 £m
Capital Expenditure	362.048	468.718	457.069	455.722
Financed by:				
Capital receipts	(21.230)	(92.949)	(115.392)	(127.000)
Revenue Contribution	(60.043)	(37.613)	(37.743)	(29.797)
Grants and other contributions	(110.897)	(239.248)	(175.904)	(143.579)
Total financing	(192.170)	(369.810)	(329.039)	(300.376)
Net financing need for the year	**169.878**	**98.908**	**128.030**	**155.346**

Capital Financing Requirement (CFR)

5.4 The CFR shows the difference between the GMCA's capital expenditure and the revenue or capital resources set aside to finance that spend. The CFR will increase where capital expenditure takes place and will reduce as the GMCA makes Minimum Revenue Provision

(MRP), Voluntary Revenue Provision (VRP) or otherwise sets aside revenue or capital resources to finance expenditure.

	Actual 2019/20 £m	Estimate 2020/21 £m	Estimate 2021/22 £m	Estimate 2022/23 £m
Opening CFR	**2,138.307**	**2,382.404**	**2,396.554**	**2,436.943**
Net financing need for the year	324.454	98.908	128.030	155.346
MRP and VRP	(80.357)	(84.758)	(87.641)	(92.458)
Movement in CFR	**244.097**	**14.150**	**40.389**	**62.888**

Authorised Limit

5.5 This represents a control on the maximum level of external debt the GMCA can incur. The Authorised Limit is a statutory limit determined under Section 3(1) of the Local Government Act 2003. The GMCA has no legal power to borrow in excess of the limits set. Revision of this Indicator would need to be approved by the GMCA in advance of any external debt taken on in excess of the limit then in force.

5.6 The Authorised Limit reflects a level of external debt that, whilst not desired, could be afforded by the GMCA in the short-term, but which is not sustainable in the longer-term.

	Estimate 2020/21 £m	Estimate 2021/22 £m	Estimate 2022/23 £m
Borrowing	2,620.644	2,636.209	2,680.637
Other long-term liabilities	52.425	48.860	44.835
Total Authorised Limit	2,673.069	2,685.069	2,725.472

Operational Boundary

5.7 The GMCA will also set for the forthcoming financial year and the following two financial years an operational boundary for its total external debt, excluding investments, separately identifying borrowing from other long-term liabilities. This prudential indicator is referred to as the Operational Boundary.

5.8 Both the Authorised Limit and the Operational Boundary need to be consistent with the authority's plans for capital expenditure and financing; and with its treasury management policy statement and practices. The Operational Boundary should be based on the GMCA's estimate of most likely, i.e. prudent, but not worst case scenario. Risk analysis and risk management strategies should be taken into account.

5.9 The Operational Boundary should equate to the maximum level of external debt projected by this estimate. Thus, the Operational Boundary links directly to the GMCA's plans for capital expenditure; its estimates of capital financing requirement; and its estimate of cash flow requirements for the year for all purposes. The Operational Boundary is a key management tool for in-year monitoring.

5.10 It will probably not be significant if the Operational Boundary is breached temporarily on occasions due to variations in cash flow. However, a sustained or regular trend above the Operational Boundary would be significant and should lead to further investigation and action as appropriate.

	Estimate 2020/21 £m	**Estimate 2021/22 £m**	**Estimate 2022/23 £m**
Borrowing	2,501.524	2,516.382	2,558.790
Other long-term liabilities	50.042	46.639	42.797
Total Operational Boundary	2,551.566	2,563.021	2,601.587

Actual External Debt as at 31 March 2021

5.11 After the year end, the closing balance for actual gross borrowing plus (separately), other long-term liabilities is obtained directly from the GMCA's Balance Sheet. This prudential indicator is referred to as Actual External Debt.

5.12 The prudential indicator for Actual External Debt considers a single point in time and hence is only directly comparable to the Authorised Limit and Operational Boundary at that point in time.

	31 March 2021 £m
Borrowing	1,440.740
Other long-term liabilities	44.418
Total External Debt	**1,485.158**

Gross Debt and the CFR

5.13 The GMCA should only borrow to support a capital purpose, and borrowing should not be undertaken for revenue or speculative purposes. The GMCA should ensure that gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the three subsequent financial years.

5.14 If the level of gross borrowing is below the GMCA's capital borrowing need – the CFR – it demonstrates compliance with this Indicator.

	Actual 2019/20 £m	Estimate 2020/21 £m	Estimate 2021/22 £m	Estimate 2022/23 £m
CFR	2,382.404	2,396.554	2,436.943	2,499.831
Gross borrowing	1,602.233	1,485.158	1,521.603	1,621.683
Under/(Over) borrowing	**780.171**	**911.396**	**915.340**	**878.148**

Gross External Debt

	Estimate 2020/21 £m	Estimate 2021/22 £m	Estimate 2022/23 £m
Loans at start of year	1,554.574	1,440.740	1,480.844
Lease/PFI liabilities at start of year	47.659	44.418	40.759
Total gross borrowing at start of year	**1,602.233**	**1,485.158**	**1,521.603**
New borrowing undertaken	-	128.030	155.346
Loan repayments	(113.834)	(87.926)	(51.184)
Lease and PFI repayments	(3.241)	(3.659)	(4.082)
Loans at end of year	1,440.740	1,480.844	1,585.006
Lease/PFI liabilities at end of year	44.418	40.759	36.677
Total gross borrowing at end of year	**1,485.158**	**1,521.603**	**1,621.683**

Ratio of Financing Costs to Net Revenue Stream

5.15 This Indicator shows the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream (levies, precepts and non-specific grant income). The higher the ratio, the higher the proportion of resources tied up just to service net capital costs, and which represents a potential affordability risk.

	Estimate 2020/21 %	Estimate 2021/22 %	Estimate 2022/23 %
Ratio of Financing Costs to Net Revenue Stream	12.9	13.3	13.7

Maturity Structure of borrowing

5.16 The GMCA is required to set gross limits on maturities for the periods shown and covers both fixed and variable rate borrowings. The reason being to try and control the GMCA's exposure to large sums falling due for refinancing.

	Lower Limit	**Upper Limit**
	%	**%**
Under 12 months	0	50
12 months and within 24 months	0	50
24 months and within 5 years	0	50
5 years and within 10 years	0	50
10 years and above	0	100

5.17 The GMCA does not invest sums for longer than one year.

6. PROSPECTS FOR INTEREST RATES

6.1 The GMCA has appointed Link Asset Services as its treasury advisor and part of their service is to assist the GMCA to formulate a view on interest rates. Appendix G draws together a number of current City forecasts for short term (Bank Rate) and longer fixed interest rates. The following gives Link's central view:

Link Asset Services Bank Rate forecast for financial year ends (March)

2021	0.10%
2022	0.10%
2023	0.10%

6.2 Whilst these are the current forecasts, due to uncertainties as a result of COVID-19 the market is unlikely going to see a rise in the foreseeable future.

Investment and borrowing rates

6.3 Investment returns are likely to remain low during 2021/22 due to the uncertainty caused by the ongoing global pandemic. In September 2020, the Bank of England said it is unlikely to introduce a negative Bank Rate in the next 6-12 months, but recognises it as one of the tools available.

6.4 Negative rates have already been seen in the market specifically when placing cash with the Debt Management Office and the Money Market Funds. Investing short term at a negative rate will remain to be the option of last resort. At such time this is no longer possible, alternative longer-term investments no greater than 364 days will be considered to ensure the delivery of value for money.

6.5 Borrowing interest rates remain at historic lows. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when the GMCA may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

6.6 There will remain a cost of carry (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

7. BORROWING STRATEGY

7.1 The GMCA currently has an under borrowed position, which means that the CFR, the underlying need to borrow, has not been fully funded by loan debt as cash supporting the GMCA's balances and reserves has been used as a temporary measure. The borrowing strategy of the GMCA is also heavily influenced by the cashflow. The GMCA, along with other Fire and OPCC authorities, receives pension grants from UK Central Government in July. Cash balances then reduce during the remainder of the year. The trend in cashflow shown below is expected to be replicated in 2021/22.

Borrowing Options

7.2 The GMCA's borrowing strategy will firstly utilise internal borrowing as forgoing investment income at historically low rates provides the cheapest option. However, as the overall forecast is for long term borrowing rates to increase slightly over the next few years, consideration must also be given to weighing the short-term advantage of internal borrowing against potential long-term costs.

7.3 New borrowing will be considered in the forms noted below. At the time of the borrowing requirement the options will be evaluated alongside their availability and an assessment made regarding which option will provide value for money. The options described below are not presented in a hierarchical order. At the point of seeking to arrange borrowing all options will be reviewed.

Public Works Loan Board (PWLB)

7.4 PWLB borrowing is available for between 1 and 50 year maturities on various bases. This offers a range of options for new borrowing which will spread debt maturities away from a concentration in longer dated debt, and allow the GMCA to align maturities to MRP.

7.5 In February 2020 Parliament reformed the statutory basis of the PWLB, transferring lending powers to HM Treasury. In March 2020 the government consulted on revising the PWLB's lending terms to reflect the new governance arrangements as well as to end the situation in which a minority of authorities used PWLB loans to fund debt for yield activity via commercial investments. The government published its response to this consultation and implemented these reforms in November 2020.

7.6 Additional requirements to borrow from PWLB were introduced. Each authority that wishes to borrow from the PWLB will need to submit a high-level description of their capital spending and financing plans for the following three years, including their expected use of the PWLB. Any investment assets bought primarily for yield will not be supported by PWLB.

7.7 Authorities will be asked to:

a) Categorise Capital Spending into: Service Spending, Housing, Regeneration, Preventative Action, Treasury Management, and Debt for Yield activity.
b) Provide a short description covering at least 75% of the spending in each category.
c) Provide assurance from the section 151 officer or equivalent that the local authority is not borrowing in advance of need and does not intend to buy investment assets primarily for yield.

European Investment Bank (EIB)

7.8 Rates can be forward fixed for borrowing from the EIB and this will continue to be considered as a primary borrowing source if the arrangement represents better value for money.

7.9 Historically, the EIB's rates for borrowing were generally favourable compared to PWLB, however following the U.K. withdrawal from the E.U. as well as the reversal of PWLB rates as described above results with a reduced margin of benefit when comparing to the PWLB.

The EIB appraises its funding plans against individual schemes, particularly around growth and employment and energy efficiency, and any monies borrowed are part of the GMCA's overall pooled borrowing. The GMCA has already accessed £571m of borrowing from the EIB.

Third Party Loans

7.10 These are loans from third parties that are offered at lower than market rates, for example, Salix Finance Ltd is offering loans to the public sector at 0% to be used specifically to improve their energy efficiency and reduce carbon emissions.

Housing Investment Funding (HIF)

7.11 The Housing Investment Fund was previously operated on behalf of Greater Manchester by Manchester City Council, but the novation to the GMCA was completed on 13 March 2019. All short-term individual loans part of the HIF novated to the GMCA by 30 March 2020.

7.12 The funding from UK Central Government is held as an interest free loan, until such time as an investment is made. At this point, the approved element of the loan becomes risk-based, with any losses met by UK Central Government (up to £60m overall) or by the GMCA. The interest rate on the loan from UK Central Government, once an investment is made, is at the EU Reference rate, and is funded from the interest received from the investments made as part of the Housing Investment Fund. Part of the Housing Investment Fund funding relating to capital receipts from the HCA will also be transferred to the GMCA at a later date. This funding is also held as an interest free loan, and similarly has a risk based return to UK Central Government.

7.13 At the time of writing the report, it is not clear how MHCLG are anticipating the Fund to operate from 1 April 2021. In particular, whether they will be providing any further cash advances to meet future loan requirements including future legal commitments that amount to £233m and approved loans, which amount to £277m. Detailed conversations are continuing to take place in order to determine the way in which the Fund will operate post 1 April 2021.

Market / Local Authority Loans

7.14 There are occasionally offers available from the general market. These would be utilised when they deliver better value. These types of borrowing will need to be evaluated alongside their availability, particularly whilst there is a very limited availability of traditional market loans.

Sensitivity of the forecast

7.15 In normal circumstances the main sensitivities of the forecast are likely to be the two scenarios noted below. GMCA officers, in conjunction with the treasury advisors, will continually monitor both the prevailing interest rates and the market forecast, adopting the following responses to a change of sentiment:

If it were felt that there was a significant risk of a sharp FALL in long and short term rates, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed.

If it were felt that there was a significant risk of a much sharper RISE in long and short term rates than that current forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, the portfolio position will be re-appraised. It is likely fixed rate funding will be drawn whilst interest rates were still relatively cheap.

External versus Internal borrowing

7.16 The next financial year is again expected to be one of historically low Bank Rate. This provides a continuation of the window of opportunity for organisations to fundamentally review their strategy of undertaking new external borrowing.

7.17 Over the next three years, investment rates are expected to be below long term borrowing rates and so value for money considerations would indicate that value could best be obtained by limiting new external borrowing and by using internal cash balances to finance new capital expenditure, or to replace maturing external debt. This is referred to as internal borrowing and maximises short term savings.

7.18 Short term savings from avoiding new long- term external borrowing in 2021/22 will also be weighed against the potential for incurring additional long-term extra costs by delaying new external borrowing until later years. However, given the current interest rate forecast, future long-term borrowing costs are unlikely going to be material. Consideration will also be given to forward fixing rates via the EIB facility whilst rates are favourable.

7.19 Against this background, caution will continue to be adopted within 2021/22 treasury operations. The Treasurer will monitor the interest rate market and adopt a pragmatic approach to changing circumstances, reporting any decisions to the appropriate decision-making body at the next available opportunity.

Policy on borrowing in advance of need

7.20 The GMCA will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the GMCA can ensure the security of such funds. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Forward Fixing

7.21 The GMCA will give consideration to forward fixing debt, whereby the GMCA agrees to borrow at a point in the future at a rate based on current implied market interest rate forecasts. There is a risk that the interest rates proposed would be higher than current rates, but forward fixing can be beneficial as the arrangement avoids the need to borrow in advance of need and suffer cost of carry. Any decision to forward fix will be reviewed for value for money, and will be reported to members as part of the standard treasury management reporting.

7.22 Forward fixing was a feature of the earlier EIB draw downs and may be available from various market sources.

Debt rescheduling

7.23 As short-term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long-term debt to short-term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred). The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy; and
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

7.24 Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt. All rescheduling will be reported to the GMCA at the earliest meeting following its action.

Lender Option Borrower Option (LOBO) loans

7.25 Within the portfolio there are 2 LOBO loans with Barclays which were taken out in 2005 and 2006 for a period of 60 years. Along with a number of local authorities, the GMCA has engaged specialist legal support to pursue a claim against Barclays in relation to elements of their loans.

8. ANNUAL INVESTMENT STRATEGY

Investment policy – management of risk

8.1 The GMCA's investment policy has regard to the following: -

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

8.2 The GMCA's investment priorities will be security first, portfolio liquidity second and then yield (return).

8.3 The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. The GMCA has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the GMCA will engage with its advisors to maintain a monitor on market pricing such as **"credit default swaps"** and overlay that information on top of the credit ratings.

3. **Other information sources** used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

4. The GMCA has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists under the categories of 'specified' and 'non-specified' investments.

   - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.

- **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by Members and officers before being authorised for use.

8.4 As a result of the change in accounting standards for 2020/21 under **IFRS 9,** the GMCA will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund.

8.5 However, the GMCA will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

Specified and Non-Specified Investments

8.6 Investment instruments identified for use in the financial year are listed below, and are all specified investments. Any proposals to use other non-specified investments will be reported to Members for approval.

	Minimum 'High' Credit Criteria	**Use**
Term deposits – banks and building societies$_2$[2]	See para 9.9	In-house / MCC
Term deposits – other local authorities	High security. Only one or two local authorities credit-rated	In-house / MCC
Debt Management Agency Deposit Facility	UK Government backed	In-house / MCC
Certificates of Deposit issued by banks and building societies covered by UK Government guarantees	UK Government explicit guarantee	In-house / MCC
Money Market Funds (MMFs)	AAA$_M$	In-house / MCC
Treasury bills	UK Government backed	In-house / MCC
Covered Bonds	AAA	In-house / MCC

[2] Banks and Building Societies
The GMCA will keep the investment balance below or at the maximum limit based on the institutions credit rating. If this limit is breached, for example due to significant late receipts, the Treasurer will be notified as soon as possible after the breach, along with the reasons for it. Please note this relates to specific investments and not balances held within the GMCA's bank accounts, including the general bank account. The balance will be kept to the maximum investment limit of the institution, with any breaches reported to the Treasurer.

8.7 Specified investments are sterling denominated, with maturities up to a maximum of one year and meet the minimum 'high' rating criteria where applicable. Further details about some of the specified investments below can be found in later paragraphs within Section 9.

Creditworthiness policy

8.8 The GMCA applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies; Fitch, Moody's and Standard & Poor's. Link supplement the credit ratings of counterparties with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- Credit Default Swap (CDS) spreads to provide early warning of likely changes in credit ratings; and
- sovereign ratings to select counterparties from only the most creditworthy countries.

8.9 This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product is a series of colour-coded bands, which indicate the relative creditworthiness of counterparties. This classification is called durational banding.

8.10 The GMCA has regard to Link's approach to assessing creditworthiness when selecting counterparties. It will not apply the approach of using the lowest rating from all three rating agencies to determine creditworthy counterparties. The Link creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system does not give undue preponderance to just one agency's ratings.

8.11 In summary therefore the GMCA will approach assessment of creditworthiness by using the Link counterparty list as a starting point, and then applying as an overlay its own counterparty limits and durations. All credit ratings will be monitored on a daily basis and re-assessed weekly. The GMCA is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

8.12 If a downgrade results in the counterparty/investment scheme no longer meeting the GMCA's minimum criteria, its further use as a new investment will be withdrawn immediately.

8.13 In addition to the use of Credit Ratings, the GMCA will be advised of information in CDS against the iTraxx benchmark[3] and other market data on a weekly basis. Extreme market

[3] The Markit iTraxx Senior Financials Index is a composite of the 25 most liquid financial entities in Europe. The index is calculated through an averaging process by the Markit Group and is used as the benchmark level of CDS spreads on Capita Asset Services' Credit List.

movements may result in the downgrade of an institution or removal from the GMCA's lending list.

8.14 Sole reliance will not be placed on the use of this external service. In addition GMCA will also use market data and market information, information on government support for banks and the credit ratings of that government support. The GMCA will assess investments only against the criteria listed above, and will not seek to evaluate an organisation's ethical policies when making assessments.

Investment Limits

8.15 In applying the creditworthiness policy described above, the GMCA holds the security of investments as the key consideration when making investment decisions. The GMCA will therefore only seek to make treasury investments with counterparties of high credit quality. The financial investment limits of banks and building societies are linked to their short and long-term ratings (Fitch or equivalent) as follows:

Banks & Building Societies/MMFs

Long Term	Amount
Fitch AA+ and above / AAAM	£25m
Fitch AA/AA-	£15m
Fitch A+/A	£15m
Fitch A-	£10m
Fitch BBB+	£10m

GMCA will only utilise institutions that have a short term rating of F2 or higher, (Fitch or equivalent).

Government (includes Debt Management Office)	£250m
Manchester City Council	£50m
Other Local Authorities	£20m

8.16 In seeking to diversify from solely bank deposits and investments with Local Authorities, the GMCA will utilise other investment types which are described in more detail below. However it is important that the investment portfolio is mixed to help mitigate credit risk and therefore the following limits will apply to each asset type:

Total Deposit	**£m**
Local Authorities (exc. HILF)	250
UK Government (inc. Debt Management Office and Treasury Bills)	250
Banks, Building Societies and Money Market Funds	150
Certificates of Deposit	25
Covered Bonds	25

8.17 In the current economic environment where markets are saturated with cash and rates are historically low as a result of the global pandemic, delivering secure liquidity and value for money is paramount. To do so, it is proposed that the DMO and Treasury Bill Limits are increased by £50m to £250m and Banks, Building Societies, and Money Market Funds limits are increased by £25m to £150m in 2021/22.

8.18 It may be prudent, depending on circumstances, to temporarily increase the limits shown above if it becomes increasingly difficult for officers to place funds. If this is the case officers will seek approval from the Treasurer for such an increase and approval may be granted at the Treasurer's discretion. Any increase in the limits will be reported to Members of the Audit Committee as part of the normal treasury management reporting process.

Money Market Funds

8.19 The removal of the implied levels of sovereign support that were built into ratings throughout the financial crisis has impacted on bank and building society ratings across the world. Rating downgrades can limit the number of counterparties available to the GMCA. To provide flexibility for the investment of surplus funds the GMCA will use Money Market Funds when appropriate as an alternative specified investment.

8.20 Money Market Funds are investment instruments that invest in a variety of institutions, therefore diversifying the investment risk. The funds are managed by a fund manager and they have objectives to preserve capital, provide daily liquidity and a competitive yield. The majority of money market funds invest both inside and outside the UK. Money Market Funds also provide flexibility as investments and withdrawals can be made on a daily basis.

8.21 Money Market funds are rated through a separate process to bank deposits. This looks at the average maturity of the underlying investments in the fund as well as the credit quality of those investments. It is proposed that the GMCA will only use Money Market Funds where the institutions hold the highest AAA credit rating.

8.22 As with all investments there is some risk with Money Market Funds, in terms of the capital value of the investment. From 2019 European Commission Financial regulations require that all Money Market Funds adopt or move to a Low Volatility Net Asset Value (LVNAV) basis. This basis provides a guarantee that every £1 invested in a Money Market Funds will be returned with a range of +/- 20 basis points, whilst the timing of the return is at the discretion of the Fund. (i.e. for every £100 invested the return will be guaranteed +/- 20 pence.

8.23 There is ever growing pressure the MMFs will generate negative returns. Partly because the markets are oversaturated with cash and partly because there is a lack of demand for cash as a result of uncertainties around how the world economies will continue to deal with COVID-19 Pandemic as well as how the economies will manage post the end of the transition period. At the time of writing this report, negative rates have already been seen in MMFs, however Treasury Management has agreed with fund managers to waive administration fees for as long as possible in order to maintain a positive return. At such time, the waiving of fees is not possible alternative longer-term investments will be chosen.

Treasury Bills

8.24 These are marketable securities issued by the UK Government and as such counterparty and liquidity risk is relatively low, although there is potential risk to value arising from an adverse movement in interest rates unless they are held to maturity.

8.25 Weekly tenders are held for Treasury Bills so the GMCA could invest funds on a regular basis, based on projected cash flow information. This would provide a spread of maturity dates and reduce the volume of investments maturing at the same time.

8.26 There is a large secondary market for Treasury Bills so it is possible to trade them in earlier than the maturity date if required; and also purchase them in the secondary market. It is anticipated however that in the majority of cases the GMCA will hold to maturity to avoid any potential capital loss from selling before maturity. The GMCA will only sell the Treasury Bills early if it can demonstrate value for money in doing so.

8.27 At the time of writing this report, Treasury Bills were yielding a negative return. Efforts to use Treasury Bills have been put on hold until the securities are once again yielding a higher than market average return.

Certificates of Deposit

8.28 Certificates of Deposit are short dated marketable securities issued by financial institutions, and as such counterparty risk is low. The instruments have flexible maturity dates, so it is possible to trade them in early if necessary, however there is a potential risk to capital if they are traded ahead of maturity and there is an adverse movement in interest rates. Certificates of Deposit are subject to bail-in risk as they are given the same priority as fixed deposits if a bank was to default. The GMCA would only deal with Certificates of Deposit that are issued by banks which meet the credit criteria.

Covered Bonds

8.29 Covered Bonds are debt instruments secured by assets such as mortgage loans. They are issued by banks and other non-financial institutions. The loans remain on the issuing institutions Balance Sheet and investors have a preferential claim in the event of the issuing institution defaulting. All issuing institutions are required to hold sufficient assets to cover the claims of all covered bondholders. The GMCA would only deal with bonds that are issued by banks which meet the credit criteria, or AAA rated institutions, (e.g. insurance companies).

Liquidity

8.30 Giving due consideration to the GMCA ’s level of balances over the next year, the need for liquidity, its spending commitments and provisioning for contingencies, it is considered very unlikely that the GMCA will have cash balances to invest other than on a temporary basis. For this reason, no cash will be held in term deposit maturities in excess of 1 year.

Investment Strategy

8.31 In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

8.32 If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable. Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Investment returns expectations

Bank Rate is forecast to remain constant over the next few years at 0.10% by 2024. Bank Rate forecasts, provided by the GMCA’s treasury advisors, for financial year ends (March) are:

2021/22	0.10%
2022/23	0.10%
2023/24	0.10%

8.33 The suggested budgeted investment earnings rates for returns on investments placed for periods during 2021/22 are not forecast to be greater than 0.00%-0.05%. The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over the Global Pandemic COVID-19 as well as post transition period adjustment, combined with a softening global economic picture.

8.34 As noted in the latest GMCA Treasury Management Interim Report 2020/21, negative rates are already being seen in the markets. At such time these negative rates will impact the Authority’s short-term investments, alternative longer-term deposits will be necessary in order to protect the overall value for money. As discussed above, investing at a negative return will remain to be the option of last resort.

End of Year Investment Report

8.35 At the end of the financial year, the GMCA will receive a report on its investment activity as part of its Annual Treasury Report.

Policy on the use of External Service Providers

8.36 The GMCA uses Link Asset Services as external treasury management advisors and has access to another provider who is an approved supplier should a second opinion or additional work be required. The GMCA recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon its external service providers.

8.37 The GMCA recognises there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. It will ensure the terms of the Advisor's appointment and the methods by which their value is assessed and properly documented, and subject to regular review.

9. MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE (MIFID) II PROFESSIONAL CLIENT STATUS

9.1 MIFID II is UK law and originates from European Commission legislation for regulation of European Union (EU) financial markets. The legislation requires firms offering products and services in Financial Markets and also external advisors to classify their clients as either Retail or Professional.

9.2 There are key differences between the Retail and Professional classifications, with the Professional classification assuming the client has a higher level of internal treasury expertise and experience. Financial firms may be unwilling to provide access to certain financial instruments to organisations with Retail status as such organisations have to be afforded more protections. Professional status will afford fewer protections, though eligibility for compensation from the Financial Services Compensation Scheme is not affected.

9.3 The default MIFID II classification is Retail and this applies to Local Authorities. There is a discretionary option where a client can elect to adopt Professional status and this will be granted if the client can demonstrate it meets the criteria required and can pass a qualitative test.

9.4 To continue to use the instruments available to it, the GMCA applied for and was granted MIFID II Professional status by each firm. MIFID II classification does not apply to cash deposits the GMCA places with the Bank of England or in its Call accounts held with banks. Failure to secure Professional status would have severely restricted the GMCA's ability to place funds with a diverse range of counterparties and was also likely to have significantly dampened the investment return possible. Any future new relationships with financial firms will also be approached on the basis of the GMCA evidencing its Professional status.

9.5 MIFID II also requires Professional status organisations to hold a Legal Entity Identifier, (LEI) if they wish to participate in financial instruments that are traded on an Exchange, e.g. these include Certificates of Deposit, Corporate Bonds, Treasury Bills, Gilts, etc. Trading in these instruments is included in this Treasury Management Strategy therefore the GMCA applied for and was granted a LEI in December 2017.

9.6 The risks associated with Professional Status are mainly that the protections given to Retail status clients are not available, moreover there is greater emphasis on internal decision making with limited reliance on advice and guidance provided by the financial firms. These risks are acknowledged, however it is believed that the existing risk framework for treasury management, including the Prudential Code and Treasury Management Code, will enable the GMCA to manage these risks. Without Professional Status the GMCA will be unable to continue trading in financial markets using past arrangements.

10. INVESTMENTS THAT ARE NOT PART OF TREASURY MANAGEMENT ACTIVITY

Growing Places Fund (GPF)

10.1 The Growing Places Fund (GPF) originally secured by the GMCA in 2012/13 totalled £34.5m of capital grant funding which is being used to provide up front capital investment in schemes. The Growing Places Fund has three overriding objectives:

- to generate economic activity in the short term by addressing immediate constraints:
- to allow Local Enterprise Partnerships (LEPs) to prioritise infrastructure needs, empowering them to deliver their economic priorities; and
- to establish sustainable recycled funds so that funding can be reinvested.

10.2 The full £34.5m has now been committed and the GMCA is fully in the recycling phase. There is likely to be opportunities to passport similar property investments using GMCA's own funds (prudential borrowing) to allow freeing up of GM wide Evergreen Funds for further investments.

Regional Growth Fund

10.3 The GMCA secured funds of £65m through two rounds of bidding for UK Central Government funding in 2012/13 and 2013/14. The Regional Growth Fund (RGF) has supported eligible projects and programmes raising private sector investment to create economic growth and lasting employment, with over 6,000 jobs being either created or safeguarded. As with the GPF the aim is to create a perpetual fund by using repaid loans to fund future commitments. The original funds were fully utilised by 2015/16.

Recycled Funds

10.4 Between 2018/19 and 2021/22 it is currently forecast that £55m will be recycled back out to businesses using capital receipts from both GPF and RGF. Given that both investment funds were funded through government grant there are no implications for the revenue budget should any loans default.

Housing Investment Fund

10.5 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.

Greater Manchester Loan Fund

10.6 The Greater Manchester Loan Fund (GMLF) was established in June 2013 in response to market constraints which significantly reduced the availability of debt finance. The GMLF was set up to provide debt finance of between £100k and £500k to small and medium enterprises in the Greater Manchester region, with the objective of generating business growth, creating and safeguarding jobs. A maximum of £10 million has been approved for use by the Fund.

Protos Finance Limited

10.7 In order to create capacity, GMCA purchased a £12.1m loan committed by Evergreen to Protos Finance Limited. Protos Finance Limited is a subsidiary of Peel established to deliver the development of an industrial site in Cheshire for a variety of uses including waste to energy, biomass and environmental technology facilities. This has freed up resources in the Evergreen Fund and allowed it to further invest in Greater Manchester.

11. SCHEME OF DELEGATION

11.1 Appendix C describes the responsibilities of member groups and officers in relation to treasury management.

12. ROLE OF THE SECTION 73 OFFICER

12.1 Appendix D notes the definition of the role of the Treasurer in relation to treasury management.

13. MINIMUM REVENUE PROVISION (MRP) STRATEGY

13.1 Appendix A contains the GMCA’s policy for spreading capital expenditure charges to revenue through the annual MRP charge.

Appendix A

Minimum Revenue Policy Strategy

Capital expenditure is incurred on assets that will be of long-term benefit to the GMCA. Such expenditure may not be wholly charged to revenue in the year that it is incurred but may be spread over several years to match the time that the asset will benefit the GMCA and the services it provides. The manner of spreading these costs is through an annual Minimum Revenue Provision (MRP). It should be noted that the MRP liability is not directly related to the actual repayment of principal and interest on long term loans taken.

The GMCA is required by legislation to make a prudent MRP provision each year. The legislation is supported by guidance issued by the Secretary of State which requires the GMCA to approve an MRP Policy Statement before the start of each financial year and sets out 4 options for calculating prudent provision. These options are:

- **Option 1: Regulatory Method**

  Under previous MRP regulations, the charge was set at a uniform rate of 4% of an authority's Capital Financing Requirement (CFR) at the start of the financial year. The CFR is derived from the balance sheet. With the introduction of the current MRP regime the Governments policy aim was that the move should not itself increase an authority's MRP liability. To achieve neutrality an amount, Adjustment A, was calculated at the point the change was made and is used to adjust the CFR each year. MRP under this method is calculated at 4% of the CFR less Adjustment A.

  This option may only be used for capital expenditure incurred before 1st April 2008 or capital expenditure incurred after that date which is part of Supported Capital Expenditure (SCE). Currently no new SCE's are being issued.

- **Option 2: Capital Financing Requirement (CFR) Method**

  This is a variation on option 1 based on 4% of the authority's CFR at the start of the financial year without the benefit of Adjustment A. Removal of the adjustment is likely to increases the MRP charge for most authorities.

  This option may only be used for capital expenditure incurred before 1st April 2008 or capital expenditure incurred after that date which is part of Supported Capital Expenditure (SCE). Currently no new SCE's are being issued.

- **<u>Option 3: Asset Life Method</u>**

  This can only be applied to capital expenditure incurred on or after 1st April 2008 and is intended to spread MRP over the estimated useful life of assets. It may be assessed in one of two ways:-

  a) <u>Equal Instalment Method</u>
  A simple formula generates equal annual instalments over the asset's estimated life. The formula allows for voluntary extra provision to be made in any year.

  b) <u>Annuity Method</u>
  Annual payments gradually increase during the life of the asset.

  <u>Option 4: Depreciation Method</u>

  This can only be applied to capital expenditure incurred on or after 1 April 2008 and is based on the useful life of the asset using the standard accounting rules for depreciation. Any impairment charged to the income and expenditure account should also be included. MRP is made annually until the cumulative provision is equal to the expenditure originally financed by borrowing or credit arrangements, even if the asset is disposed of before that date. This method cannot be applied to Investment properties and Assets Held for Sale (AHFS) as they are not depreciated.

However, the guidance does not rule out use of an alternative method if the GMCA decides this is more appropriate. The GMCA may vary the methodologies it uses to make prudent provision during the year and if it does, should explain in its Statement why the change will better allow it to make prudent provision. The GMCA may choose to overpay MRP in any year. If so, the in year and cumulative amount overpaid should be disclosed in its Statement. It is possible to offset a previous year's overpayment against the current year's prudent provision. This should be disclosed in the statement together with any remaining cumulative overpayment.

The GMCA manages a diverse portfolio of assets and has considered the most appropriate option for each. Based on inherited MRP policies, legislation and guidance the GMCA is recommended to approve the following MRP Policy Statement for 2021/22:

The GMCA will assess its MRP charge for 2021/22 in accordance with the main recommendations contained within the guidance issued by the Secretary of State under Section 21(1A) of the Local Government Act 2003.

- MRP in relation to capital expenditure incurred before 1 April 2008 will be based upon 4% of the adjusted Capital Financing Requirement (CFR) in accordance with Option 1: the Regulatory method of the guidance.

- For capital expenditure incurred between 1 April 2008 and 31 March 2018 the following will apply (being the policies adopted by the previous organisations):
    - For capital expenditure incurred on the Metrolink and Transport Delivery Programme schemes and Waste Disposal assets, MRP will be calculated using Option 3b: the Asset life (Annuity) method.
    - For capital expenditure incurred on PCC assets MRP will be calculated using Option 3a: the Asset Life (Equal Instalment) method.
    - For capital expenditure incurred on GM Fire assets MRP will be calculated using Option 4: the Depreciation method.
- For capital expenditure incurred on or after 1 April 2018, MRP will be calculated using option 3b: the Asset life (Annuity) method for all classes of asset. The interest rate applied will be a rate deemed appropriate over the useful life of the asset. Where capital expenditure is incurred to allow a future capital receipt to be generated, no MRP will be applied to any borrowing to be repaid out of the receipt.
- In March 2019, the GMCA received the novation of loans to the private sector developers from Manchester City Council, totalling £112m in relation to the Housing Investment Loans Fund. These had been funded from loans received from MHCLG. Future investment loans will continue to be made, taking the total outstanding to likely maximum of £240m. Government have guaranteed to meet the first £60m of losses of such loans and, as such, no MRP is being applied. In the event that any losses are projected to exceed that level, then the MRP/debt write down position will be reviewed.
- MRP in respect of on balance sheet leases and PFI contracts is regarded as met by the amount that writes down the balance sheet liability.
- MRP will generally commence in the financial year following the one in which the expenditure was incurred. However, for major expenditure on long life assets, the GMCA may postpone the commencement of MRP until the financial year following the one in which the asset becomes operational.

Estimated asset lives will reflect the life assigned to the asset on the asset register unless the GMCA considers a different life is more appropriate. Estimated asset lives will be determined in the year that MRP commences and may not subsequently be revised. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the GMCA. However, the GMCA reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

Appendix B

Treasury Management Policy Statement

1. This organisation defines its treasury management activities as:

   'The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'

2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The GMCA will invest its monies prudently, considering security first, liquidity second, and yield last, carefully considering its investment counterparties. It will similarly borrow monies prudently and consistent with the GMCA's service objectives.

Appendix C

Treasury Management Scheme of Delegation

(i) Full Authority

- Receiving and reviewing reports on treasury management policies, practices and activities; and
- Approval of annual strategy

(ii) Responsible body – Audit Committee

- Approval of/ amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- Budget considerations and approval;
- Approval of the division of responsibilities;
- Receiving and reviewing regular monitoring reports and acting on recommendations; and
- Approving the selection of external service providers and agreeing terms of appointment.

(iii) Body with responsibility for scrutiny – Audit Committee

- Reviewing the treasury management policy and procedures and making recommendations to the responsible body.

Appendix D

The treasury management role of the Section 73 officer

The S73 (responsible) Officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit; and
- recommending the appointment of external service providers.

Appendix E

Economic Background December 2020 – Link Asset Services

This section has been prepared by the Authority's Treasury Advisors, Link Asset Services, for the Treasury Management Strategy Statement 2021/22.

- **UK.** The key quarterly meeting of the Bank of England Monetary Policy Committee (MPC) kept **Bank Rate** unchanged on 5 November 2020. However, it revised its economic forecasts to take account of a second national lockdown from 5 November 2020 to 2 December 2020 which is obviously going to put back economic recovery and do further damage to the economy. It therefore decided to do a further tranche of **Quantitative Easing (QE) of £150bn**, to start in January 2021 when the current programme of £300bn of QE, announced in March 2020 to June 2020, runs out. It did this so that 'announcing further asset purchases now should support the economy and help to ensure the unavoidable near-term slowdown in activity was not amplified by a tightening in monetary conditions that could slow the return of inflation to the target'.

- Its forecasts appeared, at that time, to be rather optimistic in terms of three areas:
    - The economy would recover to reach its pre-pandemic level in Q1 2022
    - The Bank also expected there to be excess demand in the economy by Q4 2022.
    - Consumer Price Index (CPI) inflation was therefore projected to be a bit above its 2% target by the start of 2023 and the 'inflation risks were judged to be balanced'.

- Significantly, there was no mention of **negative interest rates** in the minutes or Monetary Policy Report, suggesting that the MPC remains some way from being persuaded of the case for such a policy, at least for the next 6 - 12 months. However, rather than saying that it 'stands ready to adjust monetary policy', the MPC this time said that it will take 'whatever additional action was necessary to achieve its remit'. The latter seems stronger and wider and may indicate the Bank's willingness to embrace new tools.

- One key addition to **the Bank's forward guidance in August 2020** was a new phrase in the policy statement, namely that 'it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably'. That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. Our Bank Rate forecast currently shows no increase, (or decrease), through to quarter 1 2024 but there could well be no increase during the next five years as it will take some years to eliminate spare capacity in the economy, and therefore for inflationary pressures to rise to cause the MPC concern. **Inflation** is expected to briefly peak at just over 2% towards the end of 2021, but this is a temporary short-lived factor due to base effects from twelve months ago falling out of the calculation, and so is not a concern. Looking further ahead, it is also unlikely to be a problem for some years as it will take a prolonged time for spare capacity in the economy created by this downturn, to be used up.

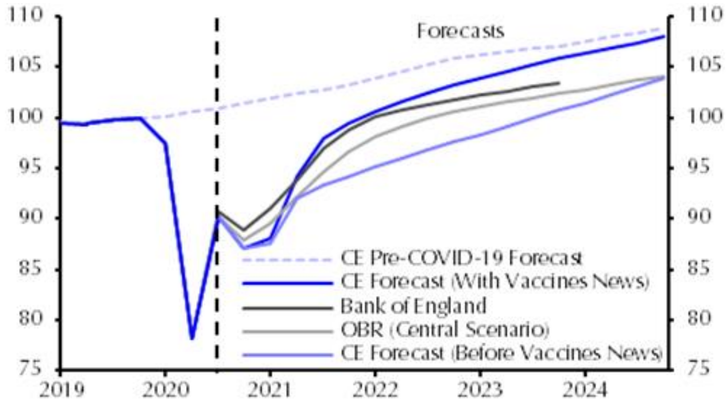
- **Public borrowing** was forecast in November 2020 by the Office for Budget Responsibility (OBR) to reach £394bn in the current financial year, the highest ever peace time deficit and equivalent to 19% of GDP. In normal times, such an increase in total gilt issuance would lead to a rise in gilt yields, and so Public Works Loan Board (PWLB) rates. However, the QE done by the Bank of England has depressed gilt yields to historic low levels, (as has similarly occurred with QE and debt issued in the US, the EU and Japan). This means that new UK debt being issued, and this is being done across the whole yield curve in all maturities, is locking in those historic low levels through until maturity. In addition, the UK has one of the longest average maturities for its entire debt portfolio, of any country in the world. Overall, this means that the total interest bill paid by the Government is manageable despite the huge increase in the total amount of debt. The OBR was also forecasting that the government will still be running a budget deficit of £102bn (3.9% of GDP) by 2025/26. However, initial impressions are that they have taken a pessimistic view of the impact that vaccines could make in the speed of economic recovery.

- Overall, **the pace of recovery** was not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. The initial recovery was sharp after quarter 1 saw growth at -3.0% followed by -18.8% in quarter 2 and then an upswing of +16.0% in quarter 3; this still left the economy 8.6% smaller than in Q4 2019. While the one month national lockdown that started on 5 November 2020 caused a further contraction of 5.7% m/m in November 2020, this was much better than had been feared and showed that the economy is adapting to new ways of working. This left the economy 'only' 8.6% below the pre-crisis level.

- **Vaccines – the game changer.** The Pfizer announcement on 9 November 2020 of a successful vaccine has been followed by approval of the Oxford University/AstraZeneca and Moderna vaccines. The Government has a set a target to vaccinate 14 million people in the most at risk sectors of the population by 15 February 2021; as of mid-January 2021, it has made good, and accelerating progress in hitting that target. The aim is to vaccinate all adults by September 2021. This means that the national lockdown starting in early January 2021, could be replaced by regional tiers of lighter restrictions, beginning possibly in Q2. At that point, there would be less reason to fear that hospitals could become overwhelmed any more. Effective vaccines have radically improved the economic outlook so that it may now be possible for GDP to recover to its pre-virus level as early as Q1 2022. These vaccines have enormously boosted confidence that **life could largely return to normal during the second half of 2021**. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for when life returns to normal.

Provided that both monetary and fiscal policy are kept loose for a few years yet, then it is still possible that in the second half of this decade, the economy may be no smaller than it would have been if COVID-19 never happened. The significant risk is if another mutation of COVID-19 appears that defeats the current batch of vaccines. However, now that science and technology have caught up with understanding this virus, new vaccines ought to be able to be developed more quickly to counter such a development, and vaccine production facilities are being ramped up around the world.

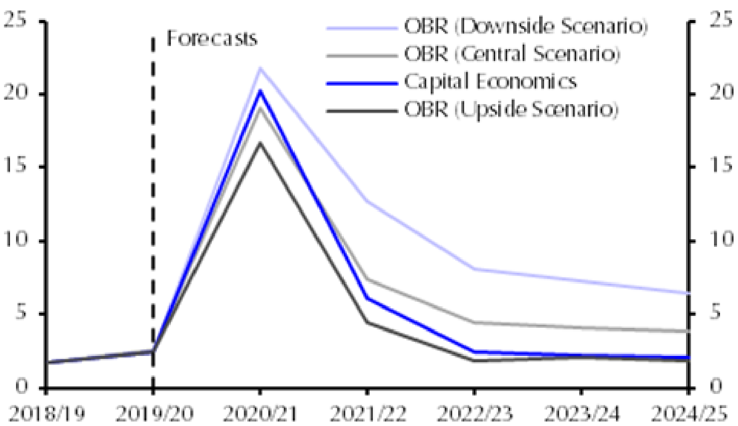
Chart: Level of real GDP (Q4 2019 = 100)



(if unable to print in colour...... the key describing each line in the above graph is in sequential order from top to bottom in parallel with the lines in the graph.

This recovery of growth which eliminates the effects of the pandemic by about the middle of the decade would have major repercussions for public finances as it would be consistent with the government deficit falling to around 2.5% of GDP without any tax increases. This would be in line with the OBR's most optimistic forecast in the graph below, rather than their current central scenario which predicts a 4% deficit due to assuming much slower growth. However, Capital Economics forecasts assumed that politicians do not raise taxes or embark on major austerity measures and so, (perversely!), depress economic growth and recovery.

Chart: Public Sector Net Borrowing (as a % of GDP)



(if unable to print in colour...... the key describing each line in the above graph is in sequential order from top to bottom in parallel with the lines in the graph.

- There will still be some **painful longer term adjustments** as for example, office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever, even if vaccines are fully successful in overcoming the current virus. There is also likely to be a **reversal of globalisation** as this crisis has exposed how vulnerable long-distance supply chains are. On the other hand, digital services are one area that has already seen huge growth.

- **Brexit.** The final agreement of a trade deal on 24 December 2020 has eliminated a significant downside risk for the UK economy. The initial agreement only covers trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. As the forecasts in this report were based on an assumption of a Brexit agreement being reached, there is no need to amend these forecasts.

- **Monetary Policy Committee meeting of 17 December 2020.** All nine Committee members voted to keep interest rates on hold at +0.10% and the Quantitative Easing (QE) target at £895bn. The MPC commented that the successful rollout of vaccines had reduced the downsides risks to the economy that it had highlighted in November 2020. But this was caveated by it saying, "Although all members agreed that this would reduce downside risks, they placed different weights on the degree to which this was also expected to lead to stronger GDP growth in the central case." So, while vaccines are a positive development, in the eyes of the MPC at least, the economy is far from out of the woods in the shorter term. The MPC, therefore, voted to extend the availability of the Term Funding Scheme, (cheap borrowing), with additional incentives for small and medium size enterprises for six months from 30 April 2021 until 31 October 2021. (The MPC had assumed that a Brexit deal would be agreed.)

- **Fiscal policy.** In the same week as the MPC meeting, the Chancellor made a series of announcements to provide further support to the economy: -

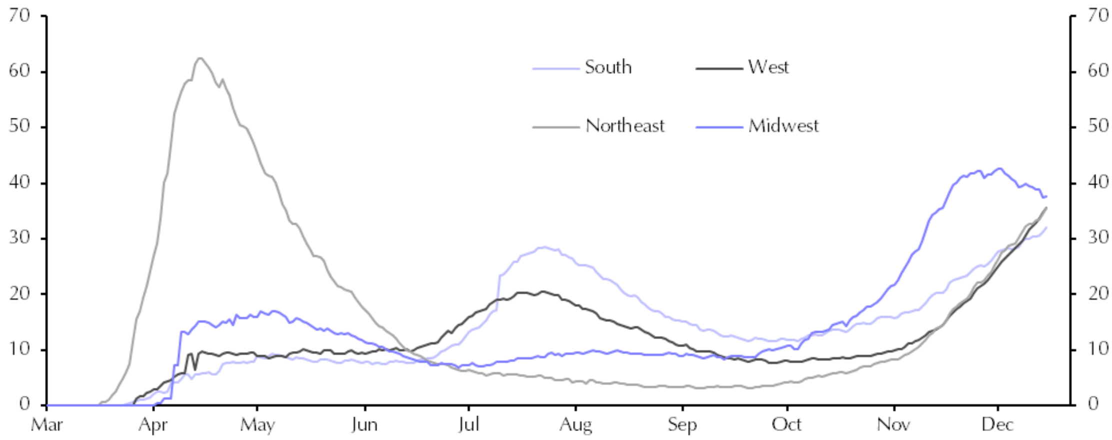
  - An extension of the COVID-19 loan schemes from the end of January 2021 to the end of March 2021.
  - The furlough scheme was lengthened from the end of March 2021 to the end of April 2021.
  - The Budget on 3 March 2021 will lay out the 'next phase of the plan to tackle the virus and protect jobs'. This does not sound like tax rises are imminent, (which could hold back the speed of economic recovery).

- The **Financial Policy Committee** (FPC) report on 6 August 2020 revised down their expected credit losses for the banking sector to 'somewhat less than £80bn'. It stated that in its assessment, 'banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection'. The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.

- **US.** The Democrats gained the presidency and a majority in the House of Representatives in the November 2020 elections: after winning two key Senate seats in Georgia in elections in early January 2021, they now also have a very slim majority in the Senate due to the vice president's casting vote. President Biden will consequently have a much easier path to implement his election manifesto. However, he will not have a completely free hand as more radical Democrat plans may not be supported by all Democrat senators; his initial radical plan for a fiscal stimulus of $1.9trn (9% of GDP) is therefore likely to be toned down in order to get through both houses.

- **The economy** had been recovering quite strongly from its contraction in 2020 of 10.2% due to the pandemic with GDP only 3.5% below its pre-pandemic level and the unemployment rate dropping below 7%. However, the rise in new cases during quarter 4, to the highest level since mid-August 2020, suggests that the US could be in the early stages of a fourth wave. The latest upturn poses a threat that the recovery in the economy could stall. This is **the single biggest downside risk** to the shorter term outlook – a more widespread and severe wave of infections over the winter months, which is compounded by the impact of the regular flu season and, as a consequence, threatens to overwhelm health care facilities. Under those circumstances, individual states might feel it necessary to return to more draconian lockdowns.

COVID-19 hospitalisations per 100,000 population



- The restrictions imposed to control the spread of the virus are once again weighing on the economy with employment growth slowing sharply in November 2020 and declining in December 2020, and retail sales dropping back. The economy is set for further weakness into the spring. GDP growth is expected to rebound markedly from the second quarter of 2021 onwards as vaccines are rolled out on a widespread basis and restrictions are loosened.

- After Chair Jerome Powell unveiled the **Fed's adoption of a flexible average inflation target** in his Jackson Hole speech in late August 2020, the mid-September 2020 meeting of the Fed agreed by a majority to a toned down version of the new inflation target in his speech - that *'it would likely be appropriate to maintain the current target range until labour market conditions were judged to be consistent with the Committee's assessments of maximum employment and inflation had risen to 2% and was on track to moderately exceed 2% for some time.'* This change was aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary 'trap' like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade, (and this year), so financial markets took note that higher levels of inflation are likely to be in the pipeline; long-term bond yields duly rose after the meeting. The Federal Open Market Committee's (FOMC) updated economic and rate projections in mid-September 2020 showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.

- The Fed's meeting on **5 November 2020** was unremarkable - but at a politically sensitive time around the elections. At its **16 December 2020** meeting the Fed tweaked the guidance for its monthly asset quantitative easing purchases with the new language implying those purchases could continue for longer than previously believed. Nevertheless, with officials still projecting that **inflation** will only get back to 2.0% in 2023, the vast majority expect the Fed funds rate to be still at near-zero until 2024 or later. Furthermore, officials think the balance of risks surrounding that median inflation forecast are firmly skewed to the downside. The key message is still that policy will remain unusually accommodative – with near-zero rates and asset purchases – continuing for several more years. This is likely to result in keeping Treasury yields low – which will also have an influence on gilt yields in this country.

- **EU.** In early December, the figures for Q3 GDP confirmed that the economy staged a rapid rebound from the first lockdowns. This provides grounds for optimism about growth prospects for next year. In Q2, GDP was 15% below its pre-pandemic level. But in Q3 the economy grew by 12.5% q/q leaving GDP down by "only" 4.4%. That was much better than had been expected earlier in the year. However, growth is likely to stagnate during Q4 and in Q1 of 2021, as a second wave of the virus has seriously affected many countries. The €750bn fiscal support package eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support, and quickly enough, to make an appreciable difference in the countries most affected by the first wave.

- With inflation expected to be unlikely to get much above 1% over the next two years, **the European Central Bank (ECB)** has been struggling to get inflation up to its 2% target. It is currently unlikely that it will cut its central rate even further into negative territory from -0.5%, although the ECB has stated that it retains this as a possible tool to use. The ECB's December 2020 meeting added a further €500bn to the Pandemic Emergency Purchase Programme (PEPP) scheme, (purchase of government and other bonds), and extended the duration of the programme to March 2022 and re-investing maturities for an additional year until December 2023. Three additional tranches of Targeted Longer-Term Refinancing Operations (TLTRO), (cheap loans to banks), were approved, indicating that support will last beyond the impact of the pandemic, implying indirect yield curve control for government bonds for some time ahead. The Bank's forecast for a return to pre-virus activity levels was pushed back to the end of 2021, but stronger growth is projected in 2022. The total PEPP scheme of €1,850bn of QE which started in March 2020 is providing protection to the sovereign bond yields of weaker countries like Italy. There is therefore unlikely to be a euro crisis while the ECB is able to maintain this level of support. However, as in the UK and the US, the advent of highly effective vaccines will be a game changer, although growth will struggle before later in quarter 2 of 2021.

- **China.** After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and then into Q3 and Q4; this has enabled China to recover all of the contraction in Q1. Policy makers have both quashed the virus and implemented a programme of monetary and fiscal support that has been particularly effective at stimulating short-term growth. At the same time, China's economy has benefited from the shift towards online spending by consumers in developed markets. These factors help to explain its comparative outperformance compared to western economies. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns in the longer term. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.

- **Japan.** A third round of fiscal stimulus in early December 2020 took total fresh fiscal spending this year in response to the virus close to 12% of pre-virus GDP. That's huge by past standards, and one of the largest national fiscal responses. The budget deficit is now likely to reach 16% of GDP this year. Coupled with Japan's relative success in containing the virus without draconian measures so far, and the likelihood of effective vaccines being available in the coming months, the government's latest fiscal effort should help ensure a strong recovery and to get back to pre-virus levels by Q3 2021 – around the same time as the US and much sooner than the Eurozone.

- **World growth.** World growth will has been in recession in 2020 and this is likely to continue into the first half of 2021 before recovery in the second half. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

- Until recent years, world growth has been boosted by increasing **globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a **reversal of world globalisation and a decoupling of western countries** from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation.

Summary

Central banks are, therefore, likely to support growth by maintaining loose monetary policy through keeping rates very low for longer. Governments could also help a quicker recovery by providing more fiscal support for their economies at a time when total debt is affordable due to the very low rates of interest. They will also need to avoid significant increases in taxation or austerity measures that depress demand in their economies.

If there is a huge surge in investor confidence as a result of successful vaccines which leads to a major switch out of government bonds into equities, which, in turn, causes government debt yields to rise, then there will be pressure on central banks to actively manage debt yields by further QE purchases of government debt; this would help to suppress the rise in debt yields and so keep the total interest bill on greatly expanded government debt portfolios within manageable parameters. It is also the main alternative to a programme of austerity.

INTEREST RATE FORECASTS

Brexit. The interest rate forecasts provided by Link in paragraph 3.3 were predicated on an assumption of a reasonable agreement being reached on trade negotiations between the UK and the EU by 31 December 2020. There is therefore no need to revise these forecasts now that a trade deal has been agreed. Brexit may reduce the economy's potential growth rate in the long run. However, much of that drag is now likely to be offset by an acceleration of productivity growth triggered by the digital revolution brought about by the COVID crisis.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is still subject to some uncertainty due to the virus and the effect of any mutations, and how quick vaccines are in enabling a relaxation of restrictions.

- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- **UK government** takes too much action too quickly to raise taxation or introduce austerity measures that depress demand and the pace of recovery of the economy.

- **UK - Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.

- A resurgence of the **Eurozone sovereign debt crisis.** The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for 'weaker' countries. In addition, the EU agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next two or three years. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.

- Weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic.

- **German minority government & general election in 2021.** In the German general election of September 2017, Angela Merkel's Christian Democratic Union (CDU) party was left in a vulnerable minority position dependent on the fractious support of the Social Democratic Party (SPD) party, as a result of the rise in popularity of the anti-immigration Alternative for Germany (AfD) party. Angela Merkel has stepped down from being the CDU party leader but she will remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.

- **Other minority EU governments.** Italy, Spain, Austria, Sweden, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.

- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU, and they had threatened to derail the 7 year EU budget until a compromise was thrashed out in late 2020. There has also been a rise in anti-immigration sentiment in Germany and France.

- **Geopolitical risks,** for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **UK -** a significant rise in inflationary pressures e.g. caused by a stronger than currently expected recovery in the UK economy after effective vaccines are administered quickly to the UK population, leading to a rapid resumption of normal life and return to full economic activity across all sectors of the economy.

The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a rapid series of increases in Bank Rate to stifle inflation.

Appendix F

Prospects for Interest Rates – view of Link Asset Services as at 9 November 2020

Link Group Interest Rate View 9.11.20 These Link forecasts have been amended for the reduction in PWLB margins by 1.0% from 26.11.20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00
10 yr PWLB	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30
25 yr PWLB	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80
50 yr PWLB	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60

Appendix G

Glossary of Terms

Authorised Limit - This Prudential Indicator represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need, with some headroom for unexpected movements.

Bank Rate - The rate at which the Bank of England offers loans to the wholesale banks, thereby controlling general interest rates in the economy.

Certificate of Deposits - Short dated marketable securities issued by financial institutions, and as such counterparty risk is low.

Counterparty - One of the opposing parties involved in a borrowing or investment transaction.

Covered Bonds - Debt instruments secured by assets such as mortgage loans. These loans remain on the issuer's balance sheet and investors have a preferential claim in the event of the issuing institution defaulting.

Credit Rating - A qualified assessment and formal evaluation of an institution's (bank or building society) credit history and capability of repaying obligations. It measures the probability of the borrower defaulting on its financial obligations, and its ability to repay these fully and on time.

Discount - Where the prevailing interest rate is higher than the fixed rate of a long-term loan, which is being repaid early, the lender can refund the borrower a discount, the calculation being based on the difference between the two interest rates over the remaining years of the loan, discounted back to present value. The lender is able to offer the discount, as their investment will now earn more than when the original loan was taken out.

Fixed Rate Funding - A fixed rate of interest throughout the time of the loan. The rate is fixed at the start of the loan and therefore does not affect the volatility of the portfolio, until the debt matures and requires replacing at the interest rates relevant at that time.

Gilts - The loan instruments by which the Government borrows. Interest rates will reflect the level of demand shown by investors when the Government auctions Gilts.

High/Low Coupon - High/Low interest rate.

LIBID (London Interbank Bid Rate) - This is an average rate, calculated from the rates at which individual major banks in London are willing to borrow from other banks for a particular time period. For example, 6 month LIBID is the average rate at which banks are willing to pay to borrow for 6 months

LIBOR (London Interbank Offer Rate) - This is an average rate, calculated from the rates which major banks in London estimate they would be charged if they borrowed from other banks for a particular time period. For example, 6 month LIBOR is the average rate which banks believe they will be charged for borrowing for 6 months.

Liquidity - The ability of an asset to be converted into cash quickly and without any price discount. The more liquid a business is, the better able it is to meet short-term financial obligations.

LOBO (Lender Option Borrower Option) - This is a type of loan where, at various periods known as call dates, the lender has the option to alter the interest rate on the loan. Should the lender exercise this option, the borrower has a corresponding option to repay the loan in full without penalty.

Market - The private sector institutions - Banks, Building Societies etc.

Maturity Profile/Structure - An illustration of when debts are due to mature, and either have to be renewed or money found to pay off the debt. A high concentration in one year will make the Authority vulnerable to current interest rates in that year.

Monetary Policy Committee - The independent body that determines Bank Rate.

Money Market Funds - Investment instruments that invest in a variety of institutions, therefore diversifying the investment risk.

Operational Boundary - This Prudential Indicator is based on the probable external debt during the course of the year. It is not a limit and actual borrowing could vary around this boundary for short times during the year. It should act as an indicator to ensure the Authorised Limit is not breached.

Premium - Where the prevailing current interest rate is lower than the fixed rate of a long-term loan, which is being repaid early, the lender can charge the borrower a premium, the calculation being based on the difference between the two interest rates over the remaining years of the loan, discounted back to present value. The lender may charge the premium, as their investment will now earn less than when the original loan was taken out.

Prudential Code - The Local Government Act 2003 requires the Authority to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable.

PWLB - Public Works Loan Board. Part of the Government's Debt Management Office, which provides loans to public bodies at rates reflecting those at which the Government is able to sell Gilts.

Specified Investments - Sterling investments of not more than one-year maturity. These are considered low risk assets, where the possibility of loss of principal or investment income is very low.

Non-specified investments - Investments not in the above, specified category, e.g., foreign currency, exceeding one year or outside our minimum credit rating criteria.

Treasury Bills - These are marketable securities issued by the UK Government and as such counterparty and liquidity risk is very low.

Variable Rate Funding - The rate of interest either continually moves reflecting interest rates of the day, or can be tied to specific dates during the loan period. Rates may be updated on a monthly, quarterly or annual basis.

Volatility - The degree to which the debt portfolio is affected by current interest rate movements. The more debt maturing within the coming year and needing replacement, and the more debt subject to variable interest rates, the greater the volatility.

Yield Curve - A graph of the relationship of interest rates to the length of the loan.
A normal yield curve will show interest rates relatively low for short-term loans compared to long-term loans. An inverted Yield Curve is the opposite of this.

This page is intentionally left blank

GMCA GREATER MANCHESTER COMBINED AUTHORITY

Date: 12 February 2021

Subject: Capital Strategy 2021/22

Report of: Councillor David Molyneux, Portfolio Leader for Resources and Steve Wilson, Treasurer to GMCA

PURPOSE OF REPORT

This report sets out the Capital Strategy which provides the medium to long term context in which capital investment decisions are made and the governance for those decisions. It also gives a summary of the GMCA approach to investments and the Treasury Management Strategy which is in a separate document and the Treasury Management Strategy Statement for 2021/22.

RECOMMENDATIONS:

The GMCA is requested to approve the Capital Strategy for 2021/22.

CONTACT OFFICERS:

Name: Steve Wilson
Position: Treasurer, GMCA
E-mail: steve.wilson@greatermanchester-ca.gov.uk

Equalities Implications:

None

Climate Change Impact Assessment and Mitigation Measures –
None

Risk Management:

The GMCA's approach to risk is included in section 8

Legal Considerations:

This report fulfils the statutory requirements to have the necessary prudential indicators to be included in a Treasury Management Strategy.

Financial Consequences – Revenue:

Financial revenue consequences are contained within the body of the report

Financial Consequences – Capital:

Financial capital consequences are contained within the body of the report

Number of attachments to the report:? 0

BACKGROUND PAPERS:

Report to the GMCA Audit Committee on 21 January 2021 – Draft Capital Strategy

<table>
<tr><td colspan="2">TRACKING/PROCESS</td><td colspan="2">[All sections to be completed]</td></tr>
<tr><td colspan="3">Does this report relate to a major strategic decision, as set out in the GMCA Constitution</td><td>Yes</td></tr>
<tr><td colspan="4">EXEMPTION FROM CALL IN</td></tr>
<tr><td colspan="2">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?</td><td colspan="2">None</td></tr>
<tr><td>Audit Committee</td><td></td><td colspan="2" rowspan="2"></td></tr>
<tr><td>21 January 2021</td><td></td></tr>
</table>

1. INTRODUCTION AND BACKGROUND

1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to approve and publish an annual Capital Strategy. The Capital Strategy provides:

a) a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
b) an overview of the management of associated risks; and
c) the implications for future budgets and financial sustainability.

1.2 The Strategy sets the framework for all aspects of the GMCA's capital and investment expenditure; including planning, outcomes, prioritisation, management, funding and repayment. The Strategy informs the GMCA's Medium Term Financial Strategy (MTFS) and Greater Manchester Strategy and has direct links to GMCA's Treasury Management and Investment Strategy.

1.3 The strategy gives a clear and concise view of how the GMCA determines its priorities for capital investment, decides how much it can afford to borrow and sets its risk appetite. It should not duplicate other more detailed policies, procedures and plans, but instead sit above those plans and reference them to allow those seeking more detail to know where to find it.

1.4 The Capital Strategy covers the following key topics:

a) GMCA priorities;
b) Governance, reporting and scrutiny arrangements;
c) The Capital Programme;
d) Asset management;
e) Non-Treasury Investments / Commercial Activities;
f) The approach to borrowing, the revenue consequences for setting aside amounts to repay debt and the financial and prudential indicators required by the Prudential Code as set out in the Treasury Management Strategy Statement (TMSS); and
g) The approach to risk.

1.5 The strategy reflects the Capital Programme for 2020-2024 reported separately on this agenda which includes Economic Development and Regeneration programmes, Waste, Fire and Rescue Services and the continuation of the programme of activity currently being delivered by Transport for Greater Manchester ("TfGM") and Local Authorities. The capital programme for Police is approved separately and the capital strategy reflects the latest version of the Police capital programme approved in February 2020.

2. CORPORATE PRIORITIES

2.1 The Capital Strategy maintains a strong link to the vision and aims in the Greater Manchester Strategy (GMS). The GMS vision is to make Greater Manchester one of the best places in the world to grow up, get on and grow old.

2.2 This will be delivered by 10 key priorities:

a) Children starting school ready to learn
All GM children starting school ready to learn

b) Young people equipped for life
Reduced number of children in need of safeguarding and all young people in education, employment or training following compulsory education

c) Good jobs, with opportunities to progress and develop
Increased number of GM residents in sustained, 'good' employment and improved skills levels

d) A thriving and productive economy in all parts of Greater Manchester
Improved economic growth and reduced inequality in economic outcomes across GM places and population groups and increased business start-ups and inward investment, and improved business performance

e) World-class connectivity that keeps Greater Manchester moving
Improved transport networks and more sustainable GM neighbourhoods, reduced congestion and future-proofed digital infrastructure that fully supports commercial activity, social engagement and public service delivery in GM

f) Safe, decent and affordable housing
High quality housing, with appropriate and affordable options for different groups and no one sleeping rough on GM's streets

g) A green city region and a high quality culture and leisure offer for all
Reduced carbon emissions and air pollution, more sustainable consumption and production, and an outstanding natural environment. Increased local, national and international awareness of, pride in, and engagement with GM's culture, leisure and visitor economy

h) Safe and strong communities
People feeling safe and that they belong, reduced crime, reoffending and antisocial behaviour, and increased support for victims and more sustainable GM neighbourhoods

i) Healthy lives, with quality care available for those that need it
More people supported to stay well and live at home for as long as possible, improved outcomes for people with mental health needs and reduced obesity, smoking, alcohol and drug misuse

j) An age-friendly city region
People live in age-friendly neighbourhoods, inclusive growth and reduced inequality across GM places and population groups and reduced social isolation and loneliness

2.2 There are three key strategic documents that provide the frameworks for future investment and translate the ambitions set out in the Greater Manchester Strategy into new development and growth for the next two decades. These are the Greater Manchester Spatial Framework, the Greater Manchester Transport 2040 Implementation Plan and the Greater Manchester Housing Strategy.

3. GOVERNANCE FRAMEWORK

3.1 The GMCA Capital Programme involves the expenditure and financing of £1,382m of capital schemes over the period 2020/21 to 2022/23. It is important therefore that the risks surrounding the delivery and financing of the capital projects are understood and appropriate governance arrangements are in place. For GMCA these governance arrangements are:

a) The Capital Strategy itself which is scrutinised by Audit Committee prior to approval by GMCA;
b) The GMCA which approves the Capital Programme and capital schemes;
c) The Corporate Issues and Reform Overview and Scrutiny Committee which has the remit for budget oversight and other financial matters is responsible for scrutinising the Capital Programme;
d) The GMCA Senior Management Team (SMT) which has overall responsibility for the management and monitoring of the Capital Programme;
e) The Constitution which sets out the powers of Officers with regard to capital expenditure;
f) The GMCA receives quarterly capital monitoring reports which identifies any variation to the approved programme;
g) All capital expenditure follows the GMCA's financial accounting framework which ensures expenditure is treated in a manner compliant with accounting convention / statutory guidance; and
h) The Capital Programme is subject to both internal and external audit scrutiny.

4. CAPITAL PROGRAMME

4.1. Schemes are included in the Capital Programme with the aim of delivering the 10 key priorities of Greater Manchester. The proposed capital programme is shown below along with the along with the associated financing.

	Estimate 2020/21 £m	Estimate 2021/22 £m	Estimate 2022/23 £m
Capital Expenditure	468.718	457.069	455.722
Financed by:			
Capital receipts	(92.949)	(115.392)	(127.000)
Revenue Contribution	(37.613)	(37.743)	(29.797)
Grants and other contributions	(239.248)	(175.904)	(143.579)
Total financing	(369.810)	(329.039)	(300.376)
Net financing need for the year	**98.908**	**128.030**	**155.346**

4.2. The Capital Programme is subject to regular review with quarterly monitoring reports presented to the GMCA. Estimates of capital grant allocations in the financing section above are known to be subject to variation.

4.3 Longer term plans of the GMCA contain rolling programmes of replacement of vehicles for transport, police and fire. The future capital plans of the GMCA are heavily influenced by central government and the Spending Review. Key capital priorities for GMCA include

a) Investment to support low carbon transport such as electric buses, cycling and walking and Clean Air plans ahead of COP26; and
b) Intracity Transport settlements, the Brownfield Land Fund, the UK Shared Prosperity Fund and the Levelling Up Fund to deliver an integrated and extensive infrastructure pipeline which will create livable, sustainable and well-connected places.

5. ASSET MANAGEMENT

5.1. Chaired by the Deputy Mayor for Policing and Crime, the Estates Strategy Group (ESG) adopts an integrated approach to share best practice and optimise all assets to ensure best use of public money.

5.2. The ESG oversees a broad range of assets to ensure GMCA maintains a fit-for-purpose estate that is responsive to change and enables the delivery of organisational objectives.

The focus of the ESG is to:

a) Drive improvement in the asset management of the GMCA's property, utilising it to meet the GMS priorities and targeting resources across the GMCA;

b) Oversee, through the GM Estates Strategy, the strategic management of the whole of the GMCA estate and how it can work constructively with its partners;

c) Overseeing and managing investment programmes within the GMCA; and

d) Managing strategic property asset related risks.

5.3. Assets no longer required will be disposed of and the capital receipt used to fund the capital programme. The Constitution sets out the powers of Officers with regards to the disposal of assets.

6. NON-TREASURY MANAGEMENT AND INVESTMENTS

6.1 The GMCA does not make commercial investments, to the extent that it does not make investments purely to make a financial return. Where the GMCA has and does make capital investments, it is for strategic or regeneration purposes. The investments below align with the safe, decent and affordable housing priority within the GMS.

6.2. <u>Growing Places Fund and Regional Growth Fund</u>

6.2.1 The Growing Places Fund (GPF) originally secured by the GM in 2012/13 totalled £34.5m of capital grant funding which is being used to provide up front capital investment in schemes. The GPF has three overriding objectives:

a) to generate economic activity in the short term by addressing immediate constraints:

b) to allow Local Enterprise Partnerships (LEPs) to prioritise infrastructure needs, empowering them to deliver their economic priorities; and

c) to establish sustainable recycled funds so that funding can be reinvested.

6.2.2 The Regional Growth Fund (RGF) of £65m was secured by GM through two rounds of bidding for UK Central Government funding in 2012/13 and 2013/14. The RGF has supported eligible projects and programmes raising private sector investment to create economic growth and lasting employment, with over 6,000 jobs being either created or safeguarded.

6.2.3 The original GPF and RGF allocations have now been fully committed and the GMCA is in the recycling phase. Between 2018/19 and 2021/22 it is currently forecast that £55m will be recycled back out to businesses using capital receipts from both GPF and RGF. Given that both investment funds were funded through government grant there are no direct impact on the revenue budget should any loans default.

6.2.4 There is likely to be opportunities to passport similar property investments using GMCA's own funds (prudential borrowing) to allow freeing up of GM wide Evergreen Funds for further investments.

6.3 Housing Investment Fund (HIF)

6.3.1 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.

6.3.2 Projects greater than £2m are recommended for approval to the GMCA by the Gateway Panel who review all the detailed information. This results in two separate committees reviewing the detailed proposals. Loans for less the £2m are subject to review and approval by the Credit Committee.

6.4 Greater Manchester Loan Fund (GMLF)

6.4.1 The GMLF was established in June 2013 in response to market constraints which significantly reduced the availability of debt finance.

6.4.2 The GMLF was set up to provide debt finance of between £0.1m and £0.5m to small and medium enterprises in the Greater Manchester region, with the objective of generating business growth, creating and safeguarding jobs. A maximum of £10m has been approved for use by the Fund.

6.5 Protos Finance Limited

6.5.1 In order to create capacity, GMCA has purchased a £12.1m loan committed by Evergreen to Protos Finance Limited. Protos Finance Limited is a subsidiary of Peel established to deliver the development of an industrial site in Cheshire for a variety of uses including waste to energy, biomass and environmental technology facilities. This has freed up resources in the Evergreen Fund for further investments in Greater Manchester.

7 BORROWING, REVENUE CONSEQUENCES AND THE TREASURY MANAGEMENT STRATEGY STATEMENT (TMSS)

7.1 Capital Financing

7.1.1 The net financing need in paragraph 4 is after application of capital receipts, capital grants and revenue contributions. Wherever possible the Capital Programme will utilise and maximise external funding provided by central government or other third-party sources.

7.1.2 The Capital Programme is reliant on prudential borrowing totalling £382m between 2020/21 and 2022/23. This method of financing involves the GMCA borrowing from external sources and results in additional revenue costs of interest and borrowing plus a statutory charge known as the Minimum Revenue Provision. All prudential borrowing is undertaken in full compliance with the CIPFA Prudential Code which requires authorities to approve their own borrowing limits for the year with indicators to measure the affordability and sustainability of the Capital Programme.

7.2 Treasury Management Strategy Statement (TMSS)

7.2.1 The TMSS and the Capital Strategy are closely linked. The Capital Programme identifies the borrowing need of the GMCA whilst the TMSS considers how the GMCA will manage these cash requirements. This may involve arranging loans and taking decisions on whether these loans should be short or long term having regard to prevailing and forecast interest rates. The TMSS will also consider the GMCA's cash surpluses and how these should be managed. At times it may be beneficial to defer borrowing and use these cash surpluses to avoid borrowing and thereby saving interest expenditure.

7.2.2 The GMCA has successfully pursued a policy of internal borrowing using its cash surpluses over the last few years whilst keeping interest rates under review for signs they may increase. In times of increasing interest rates the GMCA may borrow early and then invest the surplus cash until it is required.

7.3 Borrowing Limits

7.3.1 At the end of 2020/21 it is forecast that the GMCA's external debt will be £1,485m (including PFI liabilities) and this is forecast to increase to £1,622m by the end of 2022/23 based on the borrowing needs of the Capital Programme.

7.3.2 The Prudential Code requires the GMCA to set two limits for external debt each year.

a) The Authorised Limit – this represents the maximum limit for external debt, including PFI liabilities, taking account of fluctuations in day to day cash requirements.

b) The Operational Boundary – this is the limit beyond which external debt is not normally expected to exceed. The GMCA is currently under borrowed as a result of pursuing an internal borrowing policy and thereby reducing financing costs.

7.3.3 Based on the forecast Capital Programme, the limits in the TMSS are:

	Estimate 2020/21 £m	Estimate 2022/23 £m	Estimate 2022/23 £m
Authorised Limit	2,673.069	2,685.069	2,725.472
Operational Boundary	2,551.566	2,563.021	2,601.587

8 APPROACH TO RISK

8.1 Risk is inherent with any investment or commercial activity and whilst it cannot be entirely eliminated the GMCA will adopt a strategic approach to risk management. The GMCA's approach to risk is to balance risk with the achievement of its ten priorities.

8.2 There is a clear distinction between capital investments, where the achievement of strategic aims will be considered and treasury management investments which are made for the purpose of cash flow management. The risk appetite for these two distinct types of investment may differ given the difference in expected outcomes.

8.3 For treasury management investments and debt the GMCA's risk appetite is extremely low with security of funds the primary concern. The GMCA seeks to invest surplus cash in instruments with high credit quality and for relatively short periods and to have debt options available at all times.

9 KNOWLEDGE AND SKILLS

9.1 Both the Capital Programme and the Treasury Management Strategy are managed by teams of professionally qualified, local government experienced accountants. Officers maintain and develop their knowledge through Continuous Professional Development and by attending courses offered by CIPFA and other sector experts. The GMCA use Link Asset Services to provide advice on treasury management issues.

9.2 The Treasurer has overall responsibility for ensuring the proper management of the GMCA's capital programme, assets and treasury management activities. The Treasurer is also a professionally qualified accountant.

9.3 The Audit Committee is the body that scrutinises all aspects of the Capital Strategy. Internal and external training is available to members of the committee to ensure they have the relevant skills, knowledge and understanding to undertake this role.

This page is intentionally left blank

GMCA GREATER MANCHESTER COMBINED AUTHORITY

Date: 12th February 2021

Subject: GMCA Revenue Update 2020/21

Report of: Councillor David Molyneux, Portfolio Leader for Resources and Steve Wilson, Treasurer to GMCA

PURPOSE OF REPORT

To inform GMCA of the 2020/21 forecast revenue outturn position as at the end of Quarter 3, 31st December 2020.

RECOMMENDATIONS:

GMCA is requested to:

1. Note that the Mayoral General revenue outturn position for 2020/21 shows an underspend of £5.5m and approve the proposed transfer to Mayoral reserve at set out in Section 2.
2. Note the GMCA General Budget revenue outturn position for 2020/21 which shows a breakeven position.
3. Approve an increase in 2020/21 budget for the GM Delivery Team of £30k funded from revenue grant from Homes England to be spent before 31st March 2021 as set out in paragraph 3.5.
4. Note that the Mayoral General – GM Fire & Rescue revenue outturn position for 2020/21 shows an underspend position of £1.641 million and approve the proposed transfer to general reserve as set out in Section 4.
5. Note the Waste outturn position of breakeven for 2020/21 after proposals agreed with GMCA on 31st July and 25th September and the agreement in principle to refund the Districts for the levy adjustment that will be paid to GMCA as a result of increased tonnages.
6. Note the TfGM revenue position for 2020/21 is in line with budget.
7. Approve the use of reserves of £2.1 million to fund the costs of voluntary severance incurred in 2020/21, the costs of which will be replenished from savings in future years as set out in paragraph 6.2.
8. Delegate authority to the GMCA Treasurer, in conjunction with the TfGM Finance and Corporate Services Director, to make to make the necessary adjustments between capital funding and revenue reserves to ensure the correct accounting treatment for the planned

revenue spend on the following schemes as set out in paragraphs 6.8 and 6.9:

- Greater Manchester Infrastructure Programme (GMIP) development costs of up to £6.3m from Transforming Cities 2
- Mayors Challenge Fund delivery costs of up to £1.5 million and
- Clean Air Plan Delivery costs of up to £4.3 million

CONTACT OFFICERS:

Name: Steve Wilson, GMCA Treasurer
E-Mail: steve.wilson@greatermanchester-ca.gov.uk

Name: Steve Warrener, Finance and Corporate Services Director, Transport for Greater Manchester
E-mail: steve.warrener@tfgm.com

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 2019/20 budget update.

Financial Consequences – Revenue – The report sets out the forecast outturn position for 2019/20.

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

Equalities Implications: There are no specific equality implications contained within the report

Number of attachments included in the report: 0

BACKGROUND PAPERS:
Reports to Greater Manchester Combined Authority:
-GMCA Revenue General Budget - 14 February 2020
-GMCA Covid Finances and Reserve Position - 31 July 2020
-GMCA Covid Finances Update – 25th September 2020
-GMCA Revenue Update 2020/21 – 25th September 2020
-GMCA Revenue Update 2020/21 – 27th November 2020

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	
GM Transport Committee	Overview & Scrutiny Committee	
N/A	N/A	

1. INTRODUCTION

1.1 The report details the GMCA forecast revenue outturn position for 2020/21, covering Mayoral General Budget, Mayoral GM Fire and Rescue Budget, GMCA General Budgets, GM Waste and Transport (TfGM). It provides an analysis of the significant variances in year compared to planned spend.

1.2 The position at Quarter 3 is summarised in the table below:

GMCA Revenue Update 2020/21 Quarter 3	**Approved Budget 2020/21 £000**	**Revised Budget 2020/21 £000**	**Forecast Outturn 2020/21 £000**	**Outturn Variation 2020/21 £000**
Mayoral General (exc Transport)	35,122	35,122	29,641	-5,481
Mayoral General - GM Fire & Rescue	109,245	109,245	107,604	-1,641
GMCA General	209,116	209,116	209,116	0
Transport	242,089	242,089	242,089	0
Waste	167,242	167,242	167,242	0
Total GMCA and Mayoral General	**762,814**	**762,814**	**755,692**	**-7,122**
Memorandum Item				
TfGM	170,430	169,130	169,130	0

2. MAYORAL GENERAL BUDGET

2.1 The Mayoral General Budget for 2020/21 (excluding transport) is £35.122m and the forecast budget position is a net underspend of £5.5m. This position is largely due to the impact of the pandemic on the uptake of the benefits of the Our Pass scheme during the financial year, which is now forecast to be further impacted during Quarter 4 due to current restrictions and partial closure of schools. The planned drawdown from reserves of £2.5m and application of grant funding of £1.350m towards the budgeted cost of the scheme will also be deferred to 2021/22.

2.2 It is proposed that the 2020/21 underspend is transferred to the Mayoral reserve to address a deficit on the Collection Fund in 2021/22 relating to 2020/21 Council Tax arrears and Mayoral priorities, including the extension of the Our Pass pilot scheme in 2021/22 beyond its initial 2 year pilot period.

3. GMCA GENERAL BUDGET

3.1 The approved budget for the GMCA is £209.115m which is funded from a variety of recurrent and non-recurrent sources, made up of local precepts and levies, government grants and reserves.

3.2 For the 2020/21 budget the districts agreed a levy of £9.040m of funding for GMCA, of which £4.367m supports the core GMCA functions. At the meeting on 27th November 2020, the GMCA Revenue Update report reported a reduction of £1m in the District contribution from a 25% non-recurrent reduction in core running costs to be used to support Districts with the financial pressure resulting from the pandemic.

3.3 The saving has been delivered from non-recurrent savings including a recruitment freeze earlier in the year and further savings identified as part of the preparation of the budget for 2021/22. This has included savings from service redesigns in HR and Finance, Audit and Procurement and reduction of two senior posts in Research and Economy together with other workforce efficiencies.

3.4 The table below provides breakdown of the GMCA budget and the forecast outturn position at Quarter 3:

GMCA General Budget 2020/21	Approved Budget £000	Qtr 2 Forecast £000	Qtr 3 Forecast £000	Change £000
GMCA Portfolio				
Work and Skills	117,498	0	0	0
Reform	25,235	0	0	0
Digital	4,432	0	0	0
Economy	20,306	0	0	0
Place	15,863	-215	-170	45
Environment	2,678	0	0	0
GMCA Corporate	19,303	-785	-830	-45
Mayoral Election	3,800	0	0	0
Total Expenditure	**209,115**	**-1,000**	**-1,000**	**0**
Funded by:				
District Contributions	-9,040	1,000	1,000	0
Reallocation of common costs	-16,380	0	0	0
Specific Grants	-139,725	0	0	0
Contribution from Business Rates Reserve	-18,111	0	0	0
Contribution from Other Reserve	-12,409	0	0	0
Other Income	-13,450	0	0	0
Total Funding	**-209,115**	**1,000**	**1,000**	**0**
Net Budget Position	**0**	**0**	**0**	**0**

3.5 The GM Delivery Team are seeking to receive £30k of revenue grant from Homes England to be spent before 31st March 2021, which will be added to the Place Directorate budget for 2020/21. The funding is to hold workshops and undertake analysis work regarding the challenges in the affordable housing market in GM. The outcome will support discussions and initiatives with both Homes England and the Registered Providers and Districts in the delivery of the Housing Strategy.

4. MAYORAL GENERAL – GM FIRE AND RESCUE SERVICE

4.1 The revenue outturn position for GMFRS is a net underspend of £1.641m against budget. This is a decrease in the underspend of £2.362m since Quarter 2 due to increased investment in the Bury Training and Safety Centre and reduction in the underspend on overtime. It is proposed that the underspend is transferred to reserves to fund one-off pressures identified during the budget for 2021/22.

4.2 The forecast 2020/21 Revenue Budget position as at 31 March 2021 is shown in the table below:

Greater Manchester Fire and Rescue Revenue Outturn 2020/21	**Revised Budget**	**Forecast Outturn**	**Variance**
	£000	**£000**	**£000**
Employees	86,438	82,807	-3,631
Indirect Employees	1,313	1,135	-178
Premises	4,864	4,613	-250
Transport	2,264	1,730	-535
Supplies & Services	9,915	12,467	2,552
Support Services	7,203	7,225	22
Government Grants	-1,498	-1,622	-125
Other Grants & Contributions	-1,502	-1,099	403
Customer & Client Receipts	-1,440	-1,068	372
Total	**107,558**	**106,188**	**-1,370**
Capital Financing Costs	1,688	1,688	**0**
Total Expenditure	**109,245**	**107,875**	**-1,370**
Funded by:			
Localised Business Rates	-10,614	-10,614	0
Baseline funding	-40,250	-40,250	0
Section 31 - Business rates related	-2,062	-2,333	-271
Section 31 - Pension related	-5,605	-5,605	0
Precept income (at £59.95 Band D)	-50,494	-50,494	0
Collection Fund surplus/deficit	-220	-220	0
External Funding	**-109,245**	**-109,517**	**-271**
Total Deficit/-Surplus	**0**	**-1,641**	**-1,641**

4.2 The budget in relation to salary related expenditure has been revised in line with the agreed pay award of 2% for operational staff and 2.75% for non-operational staff. Employees pay and pensions has a forecast underspend of £3.631m. This forecast is based on the current strength figures across GMFRS with the addition of 2% increase from July for pay award.

4.3 The pay underspend is mainly attributable to the number of uniformed posts being lower than the budgeted establishment throughout the year. The reduction in forecast from Quarter 2 of £0.673m is related to pre-arranged overtime as the requirement has not been as high as expected. This has been calculated based on trends over the last quarter but also includes an element of expected increased uptake within Quarter 4 due to the pandemic.

4.4 Underspends also relate to the vacant positions within Prevention being held as a contribution to the savings target in 2021/22 as part of the Programme for Change (PfC) efficiency profile.

4.5 Indirect employee allowances position is a forecast underspend of £178k. The underspend is mainly in relation to training due to the reduced levels of externally sourced activity as a result of the pandemic.

4.6 Premises related expenditure underspend is £250k. This underspend is the net impact of overspends in relation to cleaning materials of £329k which is directly linked to additional costs in relation to Covid-19 offset by underspends against utilities and repairs and maintenance.

4.7 Transport Related forecast is an underspend of £0.535m with underspends in the majority of budget headings in this area, the majority of which is in relation to fuel and mileage due to less staff travel during the pandemic.

4.8 Supplies, services and other expenditure is forecast at a net overspend of £2.552m after transfers to reserves to support the proposed increase in investment in the Bury Training and Safety Centre, creation of earmarked reserves to fund one-off pressures identified during the budget setting process and in year funding of ICT and operational equipment capital expenditure. This is offset by in year savings identified which will contribute towards 2021/22 efficiencies.

4.9 Support Services budget incorporates the central recharges received from the wider Combined Authority. This indicates that the actual recharges will be in line with budget with the exception of the resource requirement for the whole-time firefighter recruitment and selection campaign.

4.10 Income, including transfer from reserves, is expected to be less than budget overall by £0.650m. This is in relation to a reduction in expected use of reserves in relation to PfC costs, meals income which is offset by underspends on Food expenditure and Princes Trust income which is offset by Covid-19 grant provided to GMFRS by Ministry of Communities and Local Government (MHCLG).

5 GREATER MANCHESTER WASTE

5.2 The approved budget for 2020/21 is £167.242m and the forecast outturn at Quarter 3 is breakeven. The forecast outturn for 2020/21 is shown below.

	Budget 2020/21 £000	Forecast 2020/21 £000	Variance 2020/21 £000
Operational Costs	109,667	113,820	4,153
Operational Financing	49,118	46,689	-2,429
Office Costs	5,755	4,795	-960
Non-Operational Financing	2,702	2,792	90
Total Budget	167,242	168,096	854
Levy Adjustment 2019/20		27	27
Levy Adjustment 2020/21		-5,197	-5,197
Refund of Levy to Districts		26,951	26,951
(From)/ To Reserves		-22,635	-22,635
Levy	**167,242**	**167,242**	**-**

5.2 The forecast overspend in operational costs is driven by increases in tonnages being presented by Districts offset by contingencies not expected to be required. Updated tonnage forecasts per waste stream are shown below. The above forecast outturn includes funding to cover disruption costs during redevelopment works at Longley Lane.

5.3 The forecast underspend on operational financing arises from a slight reduction in the Minimum Revenue Provision charge for the year, but mostly is due to reduced interest rates to be paid on the temporary borrowing that is still in place from the termination of the PFI contract and benefitting from internal borrowing from cash flow of the wider GMCA.

5.4 The forecast underspend on office costs is a combination of reduced spending on consultancy fees, premises related expenditure as a result of the focus on the residual processing at facilities and vacant posts that are not expected to be filled and delays to campaigns due to the pandemic. It is proposed to transfer any underspend into an earmarked reserve to support an increase in communication and to tackle contamination in 2021/22.

5.5 The current Levy Allocation Methodology Agreement (LAMA) provides for in-year adjustments to be made when actual waste arisings vary from declared levels. Based upon updated profiled 2020/21 tonnages, an indicative outturn position has been calculated which predicts at District level, additional charges for year-end adjustments may be needed.

5.6 The forecast includes a refund of levy of £20m to Districts that was approved at 31 July 2020 GMCA meeting (£15m) and 25 September 2020 GMCA meeting (£5m) alongside the proposal to refund a further amount to offset the levy adjustment payable by Districts to ensure that a District pays no more than the original levy amount.

6 TRANSPORT FOR GREATER MANCHESTER (TfGM)

6.1 Due to the impact of the pandemic, there have been a number of significant changes to the original budget approved by GMCA in February. The reports to GMCA on 29 May, 24 June, 31 July, 25 September and 27 November included updates on the various impacts of the pandemic on the financial position of TfGM. The re-forecasted position presented here reflects those impacts.

6.2 Since the November Outturn report to GMCA that identified that efficiency savings of £1.6 million needed to be delivered to achieve a balanced budget in 2020/21, savings of this amount have been identified and are forecast to be delivered by the end of the financial year. The voluntary severance (VS) programme that was launched in October 2020 will deliver annual savings of c. £1.8 million. The costs of the programme are being funded from a combination of in year savings and from reserves, which will be replenished by savings in future years. Approval for a drawdown of reserves of £2.1 million is requested in 2020/21 for this purpose.

6.3 The table below summarises the full year forecast and budget of income and expenditure of TfGM.

	2020/21			
	Approved Budget	Previous Outturn	Current Outturn	Variance Deficit/ -Surplus
	£000	£000	£000	£000
Expenditure				
Concessionary Support	79,300	79,300	70,900	-8,400
Supported Services	27,900	29,500	30,000	500
Accessible Transport	4,910	4,590	3,900	-690
Operational Costs	38,010	38,330	37,020	-1,310
Clean Air Plan Costs	4,000	11,900	14,700	2,800
GMIP development Costs	10,000	7,000	6,300	-700
Financing	6,310	6,310	6,310	-
Total Expenditure - before efficiencies	170,430	176,930	169,130	-7,800
Funded by				
Levy Allocated to TfGM	-36,380	-36,380	-36,380	-
Statutory Charge	-86,700	-86,700	-86,700	-
Mayoral Budget	-18,650	-18,650	-10,250	8,400
Rail Grant	-1,900	-1,900	-1,900	-
Metrolink funding from Revenue / Reserves	-10,800	-10,800	-10,800	-
Retained Business Rates	-10,000	-	-	-
Clean Air Plan JAQU Grant	-4,000	-11,900	-14,700	-2,800
TCF2 grant funding for GMIP costs	-	-7,000	-6,300	700
Utilisation of Reserves/Other Grants	-2,000	-2,000	-2,100	-100
Total Funding	-170,430	-175,330	-169,130	6,200
Efficiency savings and general reserves	-	-1,600	-	1,600

Deficit/-Surplus	-	-	-	-

6.4 A commentary is provided below on the key changes between the budget and the current reforecast.

6.5 Spend on concessionary support is forecast to outturn £8.4 million below the budget. This is largely due to the impact of the pandemic on the uptake of the benefits of the Our Pass scheme during the financial year as referred to in paragraph 2.1 above.

6.6 The net costs for supported bus services is currently forecast to outturn circa £2.1 million higher than the budget. These higher net costs reflect lower forecast income on services where TfGM takes farebox revenue risk and higher contract costs. These costs have been offset by savings in other areas in the budget in order to deliver an overall forecast outturn in line with the budgeted break even position, after utilisation of reserves.

6.7 The outturn for the Accessible Transport budget reflects reduced net costs due to reduced levels of service as a result of the pandemic.

6.8 The 2020/21 budget included a contribution of £10.8 million from Metrolink net revenues, as the mechanism for contributing towards the financing costs which are incurred by GMCA. This amount was deducted from the budgeted levy payable to TfGM. As reported previously to GMCA, due to the impact of the pandemic, Metrolink has suffered a significant reduction in farebox revenues. In the period to 31 March 2021, based on the grant funding announced to date by Department for Transport (DfT), it is forecast that the loss in net revenues will be largely offset by grant funding from DfT.

6.9 In the original budget it was assumed that £10 million would be made available from Retained Business Rates to support the development of the Greater Manchester Infrastructure Programme (GMIP). Subsequently, on 28 May 2020 GMCA approved the release of up to c.£7 million from the previously announced £69.7 million of 'Transforming Cities Fund 2' to fund these works instead. The forecast outturn expenditure for 2020/21 is currently estimated to be £6.3 million, with the underspend, that is due predominantly to timing differences between budgeted and actual expenditure profiles, being carried forward to fund expenditure in future years.

6.10 The expenditure on the Greater Manchester Clean Air Plan in 2020/21 is fully funded from capital and revenue grants from the Joint Air Quality Unit (JAQU). Total grants and expenditure in 2020/21 are forecast to outturn at £14.7 million.

6.11 It is proposed that delegated authority is granted to the GMCA Treasurer to make the necessary adjustments between capital funding and revenue reserves to ensure the correct accounting treatment for the planned revenue spend for GMIP development costs and Clean Air Plan costs in 2020/21.

7. RECOMMENDATIONS

7.1 The recommendations appear at the front of this report.

This page is intentionally left blank

GMCA GREATER MANCHESTER COMBINED AUTHORITY

Date: 12 February 2021

Subject: Greater Manchester - A City-region that Supports the 'Right to Food'

Report of: Andy Burnham, Mayor of Greater Manchester, GM Portfolio Lead for Reform
Elise Wilson, Leader of Stockport Council, GM Portfolio Lead for Economy

PURPOSE OF REPORT

This report outlines the 'Right to Food' campaign, a lobbying effort calling on central government to make access to food a legal right in the UK as part of the National Food Strategy. This report seeks agreement of Greater Manchester Combined Authority to show Greater Manchester wide support to the Right to Food pledge, recognising the far-reaching opportunities and benefits this would have for all residents.

RECOMMENDATIONS

Members of GMCA are asked to:

1. Endorse the call for the 'Right to Food' to be incorporated into the 'National Food Strategy' and in time enshrined in legislation, recognising that such a national reassurance could address wider issues in the welfare system and enable us to focus local efforts on upstream poverty prevention.

2. Co-sign a unified message from Greater Manchester in the form of a letter to the Independent Lead of the National Food Strategy commission to highlight this request.

3. Note the intention to develop the Greater Manchester 'No Child Should Go Hungry' campaign into a broader GM-wide ambition around tackling the root causes of poverty with an appropriate balance of targeted work and early intervention & prevention.

CONTACT OFFICERS:

Jane Forrest, Director, Public Service Reform, GMCA
Dave Kelly, Head of Reform, GMCA

The National Picture

The National Food Strategy is an independent review commissioned by government intending to set out a vision and a plan for a better food system for England. It is the first such review in 75 years and is comprehensive in its approach to cover issues from ‘field to fork’, pulling together environmental, economic and social issues.

Whilst such a review is long overdue it also comes at a time when the COVID-19 pandemic has laid bare the stark socio-economic inequalities that exist across communities. The crisis of poverty and inequality manifest in many ways with food poverty perhaps being one of the most impactive and visible in terms of the immediate physical, mental and social strain it places on individuals and families.

A series of government U-turns in responding to food provision for children during the pandemic demonstrates the distant nature of Whitehall machinery, but queues outside foodbanks have not appeared merely as a result of the pandemic and its social wave of harm. Systemic failures in the welfare system over a considerable period of time and too much of a top-down approach have led to a crisis point where there is now a need for strong action.

The UK’s food poverty rate is among the highest in Europe and despite being the sixth richest country in the world, millions are struggling to access the food they need. It is estimated that around 10 million people in the UK are living in food poverty, with BAME, disabled and older people worst affected. Many people struggling for food are employed as 72 per cent of children in poverty have at least one parent who works, according to the Child Poverty Action Group.

Marcus Rashford has modelled the epitome of public advocacy in recent months highlighting the plight of thousands of families trying to make ends meet during the pandemic and forcing the government to reassess its position on provision to Free School Meal eligible children outside of school term time. In addition, there has been the emergence of many other campaigns and alliances built to highlight and call for action in responding to food poverty and its causes.

The Right to Food campaign is led by Fans Supporting Foodbanks with the aim of making access to food a legal right in the UK. On 3rd February 2021 an Early Day Motion set before parliament had 56 signatures representing cross-party support and a petition for parliamentary debate on the issue had attracted over 41,000 signatures. The Right to Food campaign argues that it is the 10 million people in food poverty that should be central to the National Food Strategy and a right to food should be enshrined in law.

In January 2021 Liverpool City councillors voted on a motion agreeing to call for the right to food to be made a central feature of the Government’s National Food Strategy, becoming the first city to back the right to food.

Greater Manchester Context

Recent analysis suggests that over 4,500 additional children across GM have crossed a poverty threshold and become eligible for Free School Meals since the pandemic began. This is above and beyond the incremental rise in eligibility that would have been expected. DWP data also reports that the number of households in receipt of Universal Credit across Greater Manchester has increased from 149,638 in February 20 to 252,609 by August 2020, representing a 69%

increase. Amongst other recent statistical measures these are viewed as early warning signs of the social impact of COVID which is yet to show its full extent.

Within Greater Manchester we have been running a 'No Child Should Go Hungry' initiative since October 2020. A report to the December GMCA meeting outlined the use of funding from the GM Mayor's Charity to support three key components of this initiatives over Christmas 2020 namely: 1) provision of 3,000 emergency food cards to respond to the immediate needs of children and young people as well as those not meeting government eligibility criteria; 2) targeted support for families directed through local VCSE organisations; and 3) helping people help each other through promotion of the of the 'Co-operate' digital platform, that seeks to connect local people to local causes.

The December GMCA report also outlined the need to develop a response to food poverty in a way that is cognisant of the ongoing humanitarian assistance required in the face of the pandemic, whilst at the same time starting to develop more medium and long term objectives and activity focussing on moving upstream of the issue of food insecurity and into the space of prevention.

Greater Manchester: The First City Region to Support the 'Right to Food'

In January 2021 Liverpool City Council became the first council in England to vote in favour of a motion to support the Right to Food campaign and earlier last year a proposal was set out by Elaine Smith MSP for a Bill to incorporate the Human Right to Food into Scottish Law.

The Right to Food is in-keeping with the GM approach to ensure help is provided to those that need it most and builds on the recognition that there should be the right to education, health care, housing and other essential human rights.

It should be highlighted that no single 'right' should necessarily be viewed in isolation or without recognition of the variety of vital factors that come together to provide the basic foundations for anyone to participate fully and thrive in society. The right to food would contribute significantly to tackling poverty but it is not the solution in itself.

A right to food enshrined in law would however make it necessary for a range of public bodies to take action and responsibility to ensure everyone has access to essential foodstuffs. This could be far-reaching in its consequence and elicit wider measures such as improving people's incomes e.g. by requiring a Real Living Wage, providing reasonable limits to everyday costs such as utility and fuel bills, and ensuring access is available to good, nutritious food e.g. through free school meals and 'fit and fed' school holiday programmes.

If Government were to legislate to make access to food a legal right it would mean an end to many of the situations that lead people to poverty in the first place and hold Government accountable for ensuring citizens do not have to go hungry. It could act as a mechanism to help address many of the systemic issues that are apparent in the welfare system, for example the five-week wait for Universal Credit payment would have to go and there would need to be ongoing, sustained provision for children eligible for free school meals outside of term time.

Should the reassurance of the right to food be enshrined in law it would enable much more local action to be taken upstream in the space of prevention, rather than picking up the pieces. It would mean we could put more resource locally into employment support, benefits advice, financial inclusion and debt advice services.

Supporting this ask of Government through a letter to Henry Dimbleby, Independent Lead of the National Food Strategy clearly comes at no financial cost to localities, it does however show a shared commitment in seeking to mitigate the social harm caused by COVID and demonstrates a strong example of how we could emerge from the pandemic as a much stronger and fairer society.

In light of this it is intended that the existing work to develop the ‘No Child Should Go Hungry in Greater Manchester’ is broadened into an ambition around tackling the root causes of poverty. In developing a programme proposal around this there will an emphasis be on the levers in our control locally to prevent and reduce poverty, seeking to ensure everyone has access to the financial resources they need to meet their basic needs.

RECOMMENDATIONS

Members of GMCA are asked to:

1. Endorse the call for the ‘Right to Food’ to be incorporated into the ‘National Food Strategy’ and in time enshrined in legislation, recognising that such a national reassurance could address wider issues in the welfare system and enable us to focus local efforts on upstream poverty prevention.

2. Co-sign a unified message from Greater Manchester in the form of a letter to the Independent Lead of the National Food Strategy commission to highlight this request.

3. Note the intention to develop the Greater Manchester ‘No Child Should Go Hungry’ campaign into a broader GM-wide ambition around tackling the root causes of poverty with an appropriate balance of targeted work and early intervention & prevention.

GREATER MANCHESTER COMBINED AUTHORITY

Date:	14th February 2021
Subject:	Climate Emergency 6 Month Update
Report of:	Councillor Andrew Western, Portfolio Leader for Green City Region and Alison McKenzie-Folan, Portfolio Lead Chief Executive for Green City Region

PURPOSE OF REPORT

GMCA declared a climate emergency at its meeting on 26th July 2019 and required that progress reports be reviewed every 6 months. This paper outlines the actions undertaken since the last progress report in June 2020.

RECOMMENDATIONS:

GMCA is requested to:

1. Note the paper and the progress against the GMCA Climate Emergency declaration (Fig.1)
2. Note and disseminate to elected members the GM Green City Region briefing on delivery against the GM 5 Year Environment Plan for September-December 2021 (Annex).

CONTACT OFFICERS:

Mark Atherton mark.atherton@greatermanchester-ca.gov.uk

Equalities Implications:

There are no immediate equalities implications of this paper. Future iterations of the Members briefing will be reviewed to ensure alignment with accessibility protocols.

Climate Change Impact Assessment and Mitigation Measures –
Delivery of both the GMCA Sustainability Strategy and the 5 year Environment Plan will act to reduce carbon emissions across the organisation and conurbation respectively.

Risk Management:

There are reputational risks associated with any non-delivery of GMCA's aims under the Declaration. Current progress is on track, however future delivery of decarbonization measures across the GMCA estate needs to be accelerated.

Legal Considerations:

The GMCA's climate emergency declaration in non-statutory and not legally binding.

Financial Consequences – Revenue:

There are no financial implications associated with the recommendations of this paper.

Financial Consequences – Capital:

There are no financial implications associated with the recommendations of this paper.

Number of attachments to the report: 1
Green City Region members briefing (Q3).

Comments/recommendations from Overview & Scrutiny Committee
The Green City Region members briefing (Annex) was circulated to Scrutiny for comment in January. No feedback at the time of writing.

BACKGROUND PAPERS:

GMCA Climate Emergency Declaration – GMCA Paper - July 2019

<table>
<tr><td colspan="2">TRACKING/PROCESS</td><td colspan="2"></td></tr>
<tr><td colspan="3">Does this report relate to a major strategic decision, as set out in the GMCA Constitution</td><td>No</td></tr>
<tr><td colspan="4">EXEMPTION FROM CALL IN</td></tr>
<tr><td colspan="2">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?</td><td colspan="2">No</td></tr>
<tr><td>GM Transport Committee</td><td>Overview & Scrutiny Committee</td><td colspan="2" rowspan="2"></td></tr>
<tr><td>N/A</td><td>4th February (Annex only)</td></tr>
</table>

1.0 INTRODUCTION

1.1 GMCA declared a climate emergency at its meeting on 26th July 2019. Following this decision, the actions arising were developed into an Action Plan for the first 12 months (Annex A) divided into Administrative, Governance and Operational actions. The Action Plan has now been largely completed (See Fig1.) and will be subsumed into the GMCA refresh of it's internal sustainability strategy.

1.2 GMCA's existing sustainability strategy has provided a focal point for sustainability activity across the organisation. The planned refresh of the strategy has been slowed due to Covid, however internal consultation is now back underway and will be concluded by the end of January. It is anticipated that the updated Strategy will be completed by the end of March and launched in April.

1.3 The refreshed strategy will be updated to reflect how the organisation intends to support both the delivery of the GM 5 Year Environment Plan and requirements of the Climate Emergency declaration. It will feature action plans to drive progress in key carbon reduction areas e.g. heat decarbonisation and fleet management. It will set out a carbon reduction pathway for the organisation with indicative costs.

2.0 GMCA CLIMATE EMERGENCY ACTION PLAN - PROGRESS SINCE JUNE 2020

2.1 The Administrative and Governance actions of the Climate Emergency Action Plan (Fig. 1) have been progressed and are complete. All the Operational actions have been progressed but some have slipped from the original timescale. The outstanding actions which will be completed over the next quarter include:

- Undertake a systemic evaluation of GMCA's existing programmes from a carbon perspective - to be commenced in February.
- Development of a sustainability appraisal tool for GMCA decision papers - to be operational in March.
- Review of local authority levers for behaviour change, including public procurement mechanisms – to be commenced in February.
- Complete carbon literacy training of all Senior Managers and Extended Leadership Team before extending training to staff with buildings, energy, transport and procurement responsibilities – online training course to be devised this quarter

The learning from each of these activities will be shared with District colleagues to allow for replication where desired.

2.2 From January 2021, GMCA and GMFRS will run internal communications to staff throughout the year. The objective is to raise awareness of the climate emergency and the progress made by GMCA and GMFRS on improving the energy efficiency of our buildings and improvements in processes such as procurement and investment. Internal communications will also engage and motivate staff to make individual changes to their own carbon footprint both at work and from a personal perspective. The communications will be adapted according to our working arrangements in response to COVID, taking into account the fact that more people may be working at home.

2.3 Internal communications will include an improved intranet page where all environmental information is in one place; for example, cycle scheme, internal recycling facilities. Internal channels will include regular mention of environmental issues. National awareness days will be promoted as well as relevant projects currently run by the GMCA Environment team such as the Green Homes Grant Fund and Big Clean Switch.

2.4 The Climate Emergency Action Plan also sets out how GMCA will support Districts and the wider conurbation to deliver the GM 5 Year Environment Plan, ulitising a Mission Based Approach. The Governance arrangements for the Mission Based Approach are largely working well however will be tweaked following the first year of operation to further improve delivery. A new Green City Region Board, comprising lead Environment Portfolio elected members from each District, has been established and has met twice.

2.5 At its first meeting, the Board received an overview of the GM 5 Year Environment Plan and related programmes. At its second meeting, the Board reviewed established programmes for decarbonizing the public estate, increasing energy efficiency in fuel poor homes and decarbonizing transport and provided advice on the future development of these programmes. The Board also received a presentation on the Climate Emergency work of one District (Wigan MBC) with a view to sharing the learning across all 10 Districts.

2.6 A quarterly Member's briefing report has also been produced for the Board (Annex 1). To raise awareness of the progress made across all Districts, it is suggested that this report should be disseminated more widely to elected Members across the Districts. Key highlights include: securing £10m investment for energy efficiency measures in domestic properties; establishing an Energy Innovation Agency with GM Universities and private sector partner and bidding for £80m for carbon reduction measures across the public estate.

2 RECOMMENDATIONS

3.1 GMCA is requested to:

1. Note the paper and the progress against the GMCA Climate Emergency declaration (Fig.1)
2. Note and disseminate to elected members the GM Green City Region briefing on delivery against the GM 5 Year Environment Plan for September-December 2021 (Annex).

	Fig 1. Climate Emergency Commitments - Action Plan	Progress Update
Administration	To declare a 'climate emergency' to support the delivery of the Greater Manchester 5 Year Environment Plan.	Completed 26th July 2019
	That the Mayor will write to the Prime Minister to inform them that GMCA has declared a climate emergency and ask them to provide the resources and powers necessary to deal with it.	Completed September 2019
	Report to GMCA every six months on progress and actions that GMCA needs to take to address this emergency and how it will work with GM Districts to develop a Mission Based Approach to implementation.	Completed - timetabled in Agenda items to GMCA at appropriate intervals (every 6 months)
Governance	To establish a Green City Region Board and Partnership Group, building on the existing Low Carbon Hub Board.	Completed - Green City Region (GCR) Partnership (external) fully established and operational for 18 months. New GCR Board (elected members from 10 Districts) established in September 2020 and has met twice.
	To take a mission based approach to achieving this target date as part of our Local Industrial Strategy agreed with Government, and to ensure we maximise the economic opportunities presented by the move to carbon neutrality	Completed - Mission based approach developed and established. Thematic Challenge and Task & Finish groups operational and active. A review of the structure and operation of the Mission Based Approach has been undertaken after the first year of operation and will be tweaked to further improve delivery this year.
	Monitor progress against the carbon budgets set out in the 5 Year Environment Plan and to achieve a challenging target date of 2038 for carbon neutrality or earlier if possible	All GCR Board and Partnership meetings have received detailed Quarterly update reports. Currently working with partners to assess how to improve KPI monitoring arrangements for the 5 Year Environment Plan.
Operations	To task a director level officer with responsibility for reducing as rapidly as possible, the carbon emissions resulting from the GMCA's activities.	Completed - Assigned responsibility to Mark Atherton (Director of Environment)
	Consider systematically the climate change impact of each area of the GMCA's activities	Tender prepared to systemically evaluate GMCA's existing programmes from a carbon perspective, to be let in February. Tender let in January to review local authority levers, including public procurement eg forward procurement commitments for behaviour change.
	Make recommendations and set an ambitious timescale for reducing these impacts in line with the tasks set out in the 5 Year Environment Plan;	Produced report on GMCA's operational carbon footprint and actions required to reduce this including monitoring of staff business travel. Will develop a refreshed GMCA Sustainability Strategy by April 2021 using existing Environmental Management System and produce business cases for priority projects e.g. PV, Fleet
	To assess the feasibility of requiring all report risk and procurement assessments to include Carbon Emission Appraisals, including presenting alternative approaches which reduce emissions wherever possible.	Included a brief climate change impact assessment and mitigation measures on all GMCA reports from November 2019. Now working with Tyndall Centre to develop an evaluation tool for all GMCA decision papers – to be operational in March 2021.
	To equip staff, particularly those involved with buildings, energy and transport management and procurement of goods and service, with an awareness of the CO_2 costs and impacts of everyday activities, and the ability and motivation to reduce emissions	Three training sessions held for staff as part of `learning at work' weeks. Still need to complete carbon literacy training of all Senior Managers and Extended Leadership Team before extending training to staff with buildings, energy, transport and procurement responsibilities

Completed	Commenced/On track	Delayed/Behind schedule

This page is intentionally left blank

THE GREEN CITY REGION BRIEF

#1 SEPTEMBER - DECEMBER 2020

GREATER MANCHESTER
DOING THINGS DIFFERENTLY FOR THE ENVIRONMENT

Welcome to the first bi-monthly brief which aims to keep Environment Portfolio Leads, Council Members and sector stakeholders updated on Greater Manchester Green City Region projects and news.

With the UK hosting the most important, global climate change event next November, we want to ensure that our members have full knowledge of the all projects taking place in Greater Manchester, demonstrating how we are achieving our carbon neutral 2038 target within the region.

We aim to keep these updates light and to the point; should you want further information on projects taking place in your area, either click on the hyperlink or contact the GMCA Environment Team who would be happy to help with detail.

Best wishes,

Councillor Andrew Western, Leader of Trafford Council, Green City Region Lead.

Greater Manchester Five Year Environment Plan

Launched at the Green Summit 2019, the GM5YEP is delivering actions through a mission-based approach via thematic Challenge Groups. Membership of the Challenge Groups is cross-sectoral representing their specialism. Delivery of aims identified within the plan is through multi-partner projects ensuring shared expertise, resources and commitment.

Download the GM Five Year Environment Plan in full.

Green Recovery Action and Planning

A Greater Manchester Living with Covid Resilience Plan has been published following a special Combined Authority that took place at the beginning of September 2020. The plan has a number of deliverables which will have a positive impact on Greater Manchester's environment:

- Immediate implementation of the GM Social Value Framework
- Deliver housing and public building retrofit programme as part of greener economic recovery
- Provide support to enable businesses including social enterprises to innovate and adapt
- Targeted support to sectors facing lasting impacts from Covid, and growing sectors with investment where they can exploit new opportunities
- Secure infrastructure investment needed to kick start the economy
- Invest in public building retrofit and local energy generation
- Deliver the Cycling and Walking Plan, and build on positive shift in travel behaviour
- Progress Environment Plan to continue to reduce carbon emissions and create an improved, more resilient natural environment for socially distanced recreation.

National opportunities and resources

COP26 – The UK will host the 26th UN Climate Change Conference of the Parties (COP26) in Glasgow on 1 – 12 November 2021. Planning has commenced with organisations representing the region's interests on how to amplify Greater Manchester's green credentials and aligning next year's Green Summit. The Government have recently launched two campaigns to engage citizens and businesses to demonstrate action taking place prior to COP26:

Together for our Planet - Working closely with businesses, civil society groups, schools and people across the UK as part of our conversation on tackling climate change.

Race To Zero - A global initiative, backed by science-based targets, to commit businesses, cities, regions, investors and universities to achieve net zero emissions by 2050 at the very latest.

Government announce £12 Billion for Green Recovery [EDIE link]

CONTACTS FOR FURTHER INFORMATION

General enquiries: GreenCity@greatermanchester-ca.gov.uk

Twitter: @GMGreenCity

GMCA webpage: www.greatermanchester-ca.gov.uk/what-we-do/environment/

News website: www.gmgreencity.com

GMCA Environment Updates from September to December 2020

Energy

Decarbonisation of the energy sector is a priority to achieving the region's 2038 target. Recent launches include:

- The Energy Innovation Agency. The first step towards an Energy Transition Region. The University of Manchester, Manchester Metropolitan University and University of Salford will apply their energy and environmental research expertise to work with GMCA and SSE Enterprise to ensure GM continues to lead on ambitious regional decarbonisation innovation and action.
- The Local Energy Market project: Funded by Innovate UK, this 12 partner, 2 year project, bringing £6.1 million to the region, will provide a consumer focused approach to future energy management, looking at where we need interventions and how we can optimise energy generation, heating cooling and storage assets across all districts.
- Unlocking Clean Energy Generation for Greater Manchester Led by Energy Systems Catapult, brings together 5 local authorities, Manchester, Rochdale, Salford, Stockport and Wigan, in a scheme (funded by ERDF) which sees buildings, land and locations being revitalised, optimised and future-proofed with a blend of renewable, clean energy generation.
- DEEP Heat Decarbonisation Delivery Plan: Managed by BEIS and delivered by AECOM, the project is focused on identifying opportunities for delivering large-scale roll-out of retrofit, heat pump and heat network projects and developing these to outline further business cases.

Building

Projects are primarily focused on reducing heat demand in the region's homes and commercial buildings whilst also looking at the future skill demand for fitting these measures:

- Retrofit Accelerator Programme – Led by the University of Salford, the project is looking at the future skills needs and potential for decarbonising GM housing stock.
- GMCA has been awarded £4.7 million in Government funding to roll out the Green Homes Grant Local Authority Delivery scheme. GM residents can apply for grants of up to £10K to be used towards the cost of installing energy efficiency insulation measures and low carbon heating systems, such as air source heat pumps.
- DOPE Public Sector Retrofit - £80.7m capital bid has been submitted for the Salix Public Sector Decarbonisation Scheme and a further £450,000 Skills fund submission to support delivery of carbon reduction measures in154 GM public sector buildings. This is in addition to the £983,000 already received and defrayed across all districts to support the development of our capital submission.

Natural Environment

We are working to support local authorities improve their local natural environment and secure funding and investment to do so – given the multiple benefits we know it provides to people and our economy. This includes:

- Local Nature Recovery Strategy pilot – running until next spring, we are 1 of 5 national pilots being funded to develop strategies to help us prioritise where investment in GM's natural environment will bring the most benefit, to the economy and our residents, as well as for nature.
- GM Environment Fund – supporting the establishment of the fund by Lancashire Wildlife Trust, which over time will aim to secure greater funding and investment in our environment – particularly in opportunities for habitat creation and carbon trading. As part of a coordinated effort across partners, £1.8m has been secured for projects across GM as part of the government's Green Recovery Challenge Fund.
- IGNITION GM – working closely with local authorities, particularly Salford and Manchester, to build the evidence base and investment case for enhancing our natural environment in urban areas to better adapt to the impacts of climate change. The project focuses on retrofitting Sustainable Drainage Systems, green roofs and street trees and the opportunities to support the management of existing and new green spaces.

Sustainable consumption, production and waste

Working alongside GMWDA and our contractors, priorities include ensuring the sustainable production of goods and services, reducing and managing waste sustainably and urging consumers to become more responsible.

- Planning permission submitted for Household Waste Recycling Centre, Reuse Shops (SUEZ) at Woodhouse Lane, Altrincham, Boysnope Wharf, Eccles and Ackwright Street, Oldham to promote the resale and reuse of previously discarded items.
- Buy, Eat, Keep, Repeat: Initial campaign launched in November in Oldham to encourage residents to reduce and recycle their food waste. Further roll-out of the campaign is planned across the other 8 local authority districts.
- GM Public Sector Plastic Pact 'tackling plastics through procurement' – Supporting GM public sector organisations to take informed steps towards reducing the impact of problematic and single-use plastics purchased, we are undertaking research and data analysis with a specific focus on catering consumables and disposables used on the public estate.
- Procurement on local levers for sustainability – As part of the GMCA 'Living with Covid' Plan the team is undertaking research to underpin Social Value goals with deeper sustainable public procurement policy including utilisation of local levers affecting behaviour changes towards sustainable business models and lifestyles.

Transport

TfGM's key priorities within the 5YEP are to increase uptake of active travel and improve air quality. Their latest updates:

- Latest cycling and walking schemes secure £5.6m funding for next steps (27 November 2020)
- Landmark moment for Metrolink as first new vehicle arrives (16 November 2020)
- Greater Manchester launches consultation on bus reform proposals in light of new report on Covid-19 (2 December 2020)
- £16m of government Active Travel funding for 24 miles of new, permanent cycling and walking routes across GM (15 December)

GREATER MANCHESTER ENVIRONMENT RESOURCES:

- Hydrogen and Fuel Cell Strategy 2021-2025 launched at Green Summit 2021 by Manchester Metropolitan University.
- GM Decarbonisation Pathway Report – Produced by Cadent and Electricity North West, the decarbonisation pathway report provides near to mid-term certainties around the future of energy supply and demand, to inform decision-making and investment planning for the adoption of low carbon technologies (including solar PV and electric vehicles) as the North West transitions to a net zero future.
- Carbon Literacy Toolkit for Local Authorities
- GM Green Summit 2020 - All content available for viewing.

GMCA GREATER MANCHESTER COMBINED AUTHORITY

GREATER MANCHESTER COMBINED AUTHORITY MEETING

Date: 12th February 2021

Subject: Biowaste Management Strategy

Report of: Councillor Andrew Western, Portfolio Leader for Green City Region

---

PURPOSE OF REPORT

This report sets out the steps required to develop a strategy to manage kerbside collected biowaste from across the conurbation in light of potential service changes arising from the implementation of the English Resources and Waste Strategy.

RECOMMENDATIONS:

The GMCA is requested to:

Note the report and provide any comments on the proposed biowaste strategy.

CONTACT OFFICERS:

David Taylor
Executive Director
Waste and Resources Team
Greater Manchester Combined Authority, 1st Floor, Broadhurst House, 56 Oxford Street, Manchester M1 6EU
Tel: 07515 191 277
Email: david.taylor@greatermanchester-ca.gov.uk

Equalities Implications:

There are no equalities implications arising from this report.

Climate Change Impact Assessment and Mitigation Measures:

Food and garden waste (biowaste) when not collected for composting or anaerobic digestion can generate significant volumes of greenhouse gases if landfilled instead. The GMCA and its constituent districts already collect a significant quantity of biowaste for composting thereby eliminating the generation of methane and creating a carbon-rich resource that can be applied to land for agricultural benefit.

The strategy proposed here continues the GMCA's record of climate change mitigation through the proper treatment of biowaste and the Authority's wider communications work seeks to increase the capture of biowaste reducing climate change impacts further.

Risk Management:

As part of the development of the proposed biowaste strategy a risk assessment will be undertaken of options. However, at this stage key risks are considered to be:

- Market appetite for the GMCA's biowaste in the short and longer terms;
- Market capacity to accommodate the GMCA's biowaste;
- The capital and revenue implications of change – however, if change is a requirement of implementing the English Resources and Waste Strategy new burdens funding from Government will apply; and
- English Strategy non-compliance – during the life of the biowaste strategy a clearer understanding of the position will emerge and this will be included in the options appraisal.

Legal Considerations:

Procurement law – final options will be assessed to ensure compliance with applicable procurement legislation.

Financial Consequences – Revenue:

Affordability of options is a consideration but work will consider the whole life costs to inform our future new burdens claim.

Financial Consequences – Capital:

As with the revenue consequences, work will consider the whole life costs to inform our future new burdens claim.

Number of attachments to the report:

None

Comments/recommendations from Overview & Scrutiny Committee

No comments

BACKGROUND PAPERS:

1. Biowaste Package B procurement reports presented to Committee in January 2020
2. **Our Waste, Our Resources: A Strategy for England**
3. (Draft) Biowaste Treatment Assessment – WRM Ltd

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution		Yes
EXEMPTION FROM CALL IN		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?	N/A	
GM Transport Committee	Overview & Scrutiny Committee	
N/A	Housing, Planning and Environment 04/02/2021	

1. INTRODUCTION/BACKGROUND

1.1 Mixed biowaste collections form an important part of the recycling services provided by the authorities across Greater Manchester with different districts currently adopting different collection frequencies to suit their local circumstances (and currently in response to any local COVID-19 staffing pressures). The material collected is delivered to GMCA facilities for bulking up before being treated at contracted merchant facilities.

1.2 The English Resources and Waste Strategy proposes that food waste should be collected separately from garden waste and on a weekly basis. If this approach is mandated (it will feature in forthcoming consultations anticipated to be released in March 2021) then that would require a significant change of services across the conurbation.

1.3 This report summarises:

- The implications of a move to weekly separate food waste collections on the district councils;
- The consequential impacts on GMCA facilities and contracts; and
- Proposals for a strategic approach for agreement to examining alternative contractual and infrastructural approaches to managing biowaste in the future.

2. CURRENT CONTRACTUAL POSITION

2.1 The biowaste collected at the kerbside is delivered by the districts to our network of biowaste transfer loading stations and distributed to merchant treatment facilities (in-vessel composting sites) through two different contractual routes:

- Around 80,000 tonnes is managed by Suez through the Waste and Resources Management Services (WRMS) contract; and
- Outside of the main Suez contract, a framework of contractors is in place and through call-off arrangements two 'packages' of biowaste quantities are composted - an annual 'baseline' of around 136,300 tonnes and a seasonal amount of c.36,300 tonnes.

2.2 The Suez biowaste treatment contract is part of the WRMS Contract and the initial term expires in March 2026. The biowaste framework expires in March 2023 with the current call-off contracts expiring in May 2022.

3. IMPLICATIONS OF THE RESOURCES AND WASTE STRATEGY

3.1 The English Resources and Waste Strategy proposes that food waste should be collected separately from garden waste and on a weekly basis. This proposal will be explored further through consultation by Defra in the Spring. In anticipation of this requirement, the GMCA commissioned research to assess the implications of this proposal on waste collection and treatment across Greater Manchester.

3.2 If our Waste Collection Authorities are mandated to change to the weekly separate collection of food waste there are clearly significant implications not only for those authorities but also for the GMCA as Waste Disposal Authority and the wider market.

3.3 Currently it is not believed that there is sufficient capacity in the market place (especially in the North West) to treat the potential increase in separately collected food waste that is likely to be generated (food waste as a separate stream is more appropriately treated using the anaerobic digestion (AD) technology).

3.4 The GMCA commissioned a consultancy, WRM, to investigate and quantify the implications of a number of scenarios.

3.5 In brief the biowaste study found that in the scenario where collections change to a service where food waste is collected weekly using a new fleet of vehicles, overall costs would increase by around 36%.

3.6 For treatment, cost increases changed by a relatively small amount – a change to treating mixed biowaste using dry AD saw a modelled 6% cost increase and a saving (but not enough to offset additional collection costs) could come from treating food waste via AD and garden waste via open windrow composting.

3.7 The treatment of commingled biowaste via dry AD creates the greatest carbon savings (as gas from digestion of the material is collected and converted to electricity). Scenarios using IVC have a lower carbon saving compared to AD-based technologies.

3.8 These results and the thinking around them will form the central evidence base for our biowaste strategy going forward. The study did not look at any consequential opportunities of options (such as the opportunity to charge for the collection of garden waste if that stream is collected separately at source), this will be considered in the further modelling work on wider collection systems being undertaken by Wood.

4. POTENTIAL OPTIONS FOR THE MANAGEMENT OF GREATER MANCHESTER'S BIOWASTE

4.1 It is clear that one way or another the collection of biowaste will continue to form a key service which we will be required to provide. If the English Resources and Waste Strategy mandates the separate collection of food waste there will be fierce competition for market capacity resulting in inflated gate fees as demand exceeds supply. The worst-case scenario would be landfill of biowaste if market treatment capacity cannot not be sourced.

4.2 In the development of a future strategy for Greater Manchester's biowaste we need to explore our options and their implications in greater detail. There are measures we will need to take in the shorter term to ensure continuity of services and others that have a longer development period which will require business cases to progress to fruition.

4.3 The strategy will take into account the 'whole system' impacts such as the purchase of containers, promotion and communication and the impact of our residents as well as identify any opportunities that may arise from options.

5. NEXT STEPS

5.1 To develop the strategy the GMCA needs to understand the Government's position on food and garden waste collections and that will not become clear until it has analysed and responded to the Spring 2021 consultation. However, this understanding is not likely to be gained until late 2021 which does not give enough time to make changes within the lifetime of the current non-Suez biowaste contracts.

5.2 Through informal discussions with WRAP and Defra we have sought insight into current thinking which has and will inform the development of our strategy.

5.3 In the first instance a scope to ensure this work is captured is required which will commence on approval of the recommendations contained within this report.

GMCA GREATER MANCHESTER COMBINED AUTHORITY

Date:	19 February 2021
Subject:	The Mayor's Cycling and Walking Challenge Fund (MCF)
Report of:	Andy Burnham, Mayor of Greater Manchester, Portfolio Lead for Transport and Eamonn Boylan, Chief Executive Officer, GMCA & TfGM.

PURPOSE OF REPORT

To note and approve the funding requirements set out in the following report, in order to ensure the continued delivery of the Mayor's Challenge Fund programme for Walking and Cycling.

RECOMMENDATIONS:

The GMCA is requested to:

1. Note the agreed MCF delivery priorities across GM and the prioritised first phase for the programme, as set out in Appendix 1;

2. Approve the release of up to £0.7 million of development cost funding for the 2 MCF schemes set out in section 2 of this report; and

3. Approve the release of up to £0.51 million MCF funding for Salford's Liverpool Street scheme (Phase 1), in order to secure full approval and enable the signing of a delivery agreement, as set out in section 3 of this report.

CONTACT OFFICERS:

Steve Warrener	Director of Finance and Corporate Services	0161 244 1025
Richard Nickson	Cycling and Walking Programme Director	0161 244 0987

Simon Warburton	Strategy Director	0161 244 1427

Equalities Implications:

The Bee Network and the infrastructure which will enable it, will be fully inclusive in its design and development, with the proactive involvement of organisations such as the Disability Design Reference Group (DDRG).

Climate Change Impact Assessment and Mitigation Measures:

The Mayor's Cycling and Walking Challenge Fund programme has been designed to support and expedite delivery of a network which is designed to facilitate a switch from a mechanised mode to walking or cycling, which will see a reduction in both local pollutants and greenhouse gases. By 2040 130,000 daily trips are expected to switch to cycling and walking from private car and taxi use. This equates to around 735,000 less vehicle kilometres being driven per day, with the resultant environmental benefits.

Risk Management:

The recommendations of this report will directly support MCF scheme delivery and enable prioritised infrastructure spend. This will directly assist in mitigating the programme risk of not fully expending the available budget. A programme risk register is maintained and updated by the TfGM MCF programme team.

Legal Considerations:

Legal Delivery Agreements and legal side-letters will be produced and implemented for full scheme and development cost approvals as appropriate.

Financial Consequences – Revenue:

Revenue consequences are set out in paragraphs 2.5 and 3.3 – 3.4.

Financial Consequences – Capital:

Financial consequences are set out in paragraphs 2.5 and 3.3 – 3.4.

Number of attachments to the report:

No attachments.

BACKGROUND PAPERS:

- 29 March 2018 – Transforming Cities Fund report to GMCA
- 25 May 2018 – Cycling & Walking Update
- 29 June 2018 – Transforming Cities Fund report to GMCA
- 27 July 2018 – Transforming Cities Fund report to GMCA
- 28 September 2018 – Mayor’s Cycling & Walking Challenge Fund
- 29 March 2019 – Mayor’s Cycling & Walking Challenge Fund
- 28 June 2019 – Mayor’s Cycling & Walking Challenge Fund
- 29 November 2019 - Mayor’s Cycling & Walking Challenge Fund
- 05 May 2020 – Mayor’s Challenge Fund Update and Prioritisation
- 26 June 2020 – Mayor’s Challenge Fund Cycling and Walking Financial Approvals
- 31 July 2020 – Mayor’s Challenge Fund Cycling and Walking Financial Approvals
- 02 September 2020 – Mayor’s Challenge Fund Cycling and Walking Financial Approvals
- 25 September 2020 – Mayor’s Challenge Fund Cycling and Walking Financial Approvals
- 30 October 2020 - Mayor’s Challenge Fund Cycling and Walking Financial Approvals
- 27 November 2020 - Mayor’s Challenge Fund Cycling and Walking Financial Approvals
- 18 December 2020 - Mayor’s Challenge Fund Cycling and Walking Financial Approvals
- 29 January 2021 - Mayor’s Challenge Fund Cycling and Walking Financial Approvals

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution		YES
EXEMPTION FROM CALL IN		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?	No exemption	
GM Transport Committee	Overview & Scrutiny Committee	
[Date considered at GM Transport Cttee if appropriate]	[Date considered by the relevant Overview & Scrutiny Committee]	

1. INTRODUCTION

1.1 On 29 March 2018, GMCA agreed to allocate £160 million of Greater Manchester's £243 million Transforming Cities Fund (TCF) to develop a Mayor's Cycling and Walking Challenge Fund (MCF).

1.2 The fund is being used to deliver the first phase of the Bee Network, which is the walking and cycling element of the Our Network plan to transform Greater Manchester's transport system. The Bee Network, once complete, will cover circa 1,800 miles and be the longest, integrated, planned network in the country connecting every neighbourhood of Greater Manchester. The initial network plan was contained in Greater Manchester's cycling and walking infrastructure proposal (adopted by GMCA in June 2018), as part of a GM Streets for All highways improvement programme.

1.3 On 29 June, 28 September, 14 December 2018 and 29 March, 28 June, 29 November 2019, GMCA sequentially approved Tranches 1 to 6 of the Mayor's Cycling and Walking Challenge Fund, granting schemes Programme Entry. In total this comprised 82 cycling and walking schemes with a forecast MCF funding requirement of £358.5 million, and a forecast overall value of £492.7 million, including local contributions. This figure excludes Programme Management costs and the forecast costs of the GM Bike Hire scheme.

1.4 Following the over-programming of the MCF and the creation of an infrastructure pipeline, on the 5 May 2020 GMCA approved the first phase of Bee Network delivery, based on identified District priorities. This phase has a forecast value of £216.5 million. Details of the schemes contained within this phase can be found at Appendix 1.

1.5 The £216.5million includes the current forecast costs of the GM Bike Hire scheme and allowances for programme management costs. The additional c£66.5 million of funding required to deliver the overprogrammed element of the first phase of the Bee Network delivery will be sought from a combination of the additional funding announced in the recent Spending Review for Active Travel in 2021/22 over and above the (Emergency) Active Travel Fund and from other sources including the IntraCity Transport funding for Combined Authority areas that was also announced in the Spending Review.

1.6 This paper recommends funding approvals associated with the ongoing implementation of the Bee Network through the Mayor's Cycling and Walking Challenge Fund, and includes funding approvals for both scheme development costs and full scheme delivery. This is intended to be a monthly funding approval paper in support of MCF programme delivery.

2 MCF DEVELOPMENT COST APPROVAL

2.1 Over the last 2 years, TfGM has been working closely with scheme promoters to set up and progress the projects in line with the agreed governance arrangements, in particular those agreed on 25 May 2018 and continues to utilise TfGM's established Cycling & Walking Infrastructure Support Team to provide collaborative support to Local Authority partners.

2.2 Following Programme Entry, Local Authority partners can proceed with the development of their schemes, including progressing the necessary powers and consents, prior to obtaining either Conditional Approval and/or Full Approval of their scheme Business Cases.

2.3 Under MCF governance, once a scheme has secured Programme Entry, scheme promoters submit a development cost budget request signed off by the relevant Section 151 officer. Once agreed, this provides the confidence that all reasonable development costs through to the next approval stage (either Outline or Full Business Case) will be funded.

2.4 The funding for these development costs is available to support Districts in securing the necessary support and resources to carry out the work involved in scheme delivery from business case development, design, consultation, community engagement through to procurement and delivery.

2.5 Details of the schemes for which Development Cost funding approval is sought, is set out below. These forecast development costs have been submitted to TfGM and reviewed and signed off by the MCF programme team.

- **Rochdale Castleton (Phase 1)** is the first phase of a route between Castleton and Rochdale which will provide a high quality cycle route separated from traffic, between Castleton railway station and Sudden. It will also deliver three new or improved signal-controlled pedestrian crossings and one separating pedestrians and cyclists at the Manchester Road/ Nixon Street junction . A proportion of these development costs will be used to model and develop the second phase, which will complete the route to Rochdale town centre. The scheme was granted MCF Programme Entry by the GMCA on 29 June 2018 and has a development cost funding ask of £428,500.

- **Salford Monton Cycling and Walking** scheme will greatly improve active travel connectivity between Swinton Greenway, Roe Green Loopline and Bridgewater Canal. Achieved through providing protected cycle lanes on Monton Road, improved crossing facilities at the Monton Road/Monton Green roundabout and a link between the Loopline and canal towpath. The scheme was granted MCF Programme Entry by the GMCA on 29 November 2019, and has a development cost funding ask of £236,405.

2.6 These 2 schemes represent a combined development cost budget ask from the MCF of £664,905. Their approval would result in a total of 65 MCF schemes having received development cost budget approval, with a combined development cost budget of £35.3 million.

3 MCF FULL SCHEME APPROVAL

3.1 Having previously received MCF Programme Entry, delivery of the **Salford Liverpool Street (Phase 1)** scheme is now recommended for Full Approval, requiring a total MCF contribution of £506,170. Full Approval will enable the release of delivery funding via a legal delivery agreement.

3.2 The scheme was subject to a full business case review, undertaken by the Growth Deal and MCF Programme Teams, which concluded that the scheme fulfils the required five-case criteria (Strategic, Economic, Management, Financial and Commercial). This recommendation was endorsed by the 4 February Cycling and Walking Programme Board, and was subsequently approved by the GM Cycling and Walking Board via written procedures.

3.3 **The** Salford Liverpool Street (Phase 1) scheme has an MCF Funding ask of £506,170. Forming part of the Growth Deal programme, this first phase of the Liverpool Street Corridor will deliver protected cycle lanes for a length of 1km between Cross Lane and Oldfield Road. The route will be supported and enhanced by junction improvements, bus stop bypasses, a new signalised pedestrian crossing and environemtal enhancements, including Sustainable Urban Drainage.

3.4 The scheme has a total forecast cost of £3,106,170, with £2,500,000 of Growth Deal funding and a £100,000 local contribution, supplementing the MCF funding ask of £506,170.

3.5 Full Approval of this scheme would result in a total of 21 MCF work packages having secured full funding approval, with an associated total committed value of £41.3 million of MCF funding.

4 RECOMMENDATIONS

4.1 The recommendations are set out at the front of the report.

Eamonn Boylan

Chief Executive Officer, GMCA & TfGM

Appendix 1: MCF Prioritised Schemes

Schemes to be Delivered – in full or in part

Tranche 1
Bolton: B6226 Chorley New Road
Bury: Metrolink Bury Line – Cycle Parking
Bury: New and Upgraded Crossing Points and Junctions
Manchester: Manchester to Chorlton
Oldham: King Street foot/cycle bridge
Oldham: Union Street West foot/cycle Bridge
Rochdale: Castleton Local Centre Corridor
Salford: SBNI – A6 Broad Street / B6186 Frederick Road
Salford: Chapel Street East Phase 1: Demonstrator Project
Stockport: Gillbent Road – Crossing Upgrade
Tameside: Tameside Active Neighbourhoods
Trafford: A5014 Talbot Road
Wigan: Victoria Street/Warrington Road Junction Improvements
Tranche 2
Salford: Swinton Greenway
Stockport: Hazel Grove Access Upgrades
Trafford: Talbot Road A56 Chester Road
Wigan: Standish Mineral Line
Tranche 3
Salford: Trafford Road
Wigan: Toucan Crossings – Wigan Central
Tranche 4
GM: GM Bike Hire
Manchester: Levenshulme Mini Holland
Manchester: Mancunian Way/Princess Parkway Junction
Manchester: Rochdale Canal Bridge 88-80a
Manchester: Route 86 (Northern Quarter)
Rochdale: Castleton Town Centre Phase 2
Salford: Barton Aqueduct
Stockport: A6 MARRR Links
Stockport: Bramhall Park to A6
Stockport: Crossings package
Stockport: Heatons Cycle Link
Stockport: Interchange
Stockport: Ladybrook Valley

<u>Appendix 1: MCF Prioritised Schemes</u> – continued

Tameside: Crown Point
Trafford: Wharfside Way
Wigan: Leigh Atherton Tyldesley
Tranche 5
Bolton: Town Centre Phase 1 (East)
Bury: Fishpool
GM: Active Neighbourhoods Support
GM: Safety Camera Digitisation and Upgrade
Manchester: Northern and Eastern Gateway
Salford: City Centre Package
Salford: RHS Links
Stockport: Heaton Norris Park Bridge
Stockport: Hempshaw Lane
Tameside: Ashton South
Tameside: Ashton Streetscape Scheme
Trafford: Sale - Sale Moor - Sale Water Park
Trafford: Urmston Area Active Neighbourhood
Wigan: Standish to Ashton
Tranche 6
Bolton: Astley Bridge-Crompton
Bolton: Westhoughton Bee Network
Bury: Elton
Bury: Pimhole
Bury: Radcliffe Central
GM: Bee Network Crossings
Manchester: Beswick Filtered Neighbourhood
Manchester: Manchester Cycleway
Oldham: Chadderton Improvements
Oldham: Oldham Town Centre Improvements
Oldham: Park Road (NCN 626) Town Centre Connection
Oldham: Royton Town Centre Connection
Stockport: Romiley Neighbourhood and Links
Stockport: Thompson Street Bridge
Tameside: A57 Denton to Hyde
Trafford: North Altrincham Bee Network
Trafford: Seymour Grove

<u>Appendix 1: MCF Prioritised Schemes</u> - continued

Schemes for Development Only

Stockport: Welkin Road - Town Centre Severance Package
Tameside: Ashton West Retail Centre Link Bridge
Oldham: Park Bridge (NCN 626) – Ashton under Lyne
Manchester: Oldham Road (Inner Radial)
Stockport: Heatons WRH
Salford: Trinity Way/Springfield Lane Crossing
Salford: Monton Town Centre
Salford: Ordsall Filtered Neighbourhood
Salford: Liverpool Street Corridor

This page is intentionally left blank

GMCA GREATER MANCHESTER COMBINED AUTHORITY

Date: 12 February 2021

Subject: GMCA Response to the Consultation on Timetable Options to Improve Rail Performance in the North of England

Report of: Andy Burnham, Mayor of Greater Manchester, Portfolio Lead for Transport and Eamonn Boylan, Chief Executive Officer, GMCA & TfGM.

PURPOSE OF REPORT

To set out the proposed approach in response to the consultation into the Timetable Options to Improve Rail Performance in the North of England and recommend next steps in line with this.

RECOMMENDATIONS:

The GMCA is requested to:

1. Note the content of this report.
2. Delegate authority to the Chief Executive Officer, in consultation with the Mayor of Greater Manchester, to approve and submit a response to the consultation on behalf of GMCA.

CONTACT OFFICERS:

Bob Morris bob.morris@tfgm.com

Caroline Whittam caroline.whittam@tfgm.com

Equalities Implications:

The consultation affects all areas of Greater Manchester served by rail, including areas of economic deprivation. The premise of the options under the consultation are to change services in order to improve performance leading to passenger trust and higher rail patronage in all areas served by rail in Greater Manchester.

Climate Change Impact Assessment and Mitigation Measures –

1. *The consultation sets out options to improve the reliability of rail services in Greater Manchester. The net impact of which is predicted to be an increase in rail patronage, and a reduction in car usage for journeys which could reasonably be made by rail. Therefore, the overall environmental impact is expected to be positive.*

Risk Management:

N/A

Legal Considerations:

N/A

Financial Consequences – Revenue:

No direct consequences for GMCA, although an increase in the reliability of the railway and predicted patronage increase associated with this would be an economic gain for the region.

Financial Consequences – Capital:

N/A

Number of attachments to the report: 1

Full consultation 'Timetable Options to Improve Rail Performance in the North of England' to be included as an Appendix to this report.

Information about the consultation is also available via Transport for the North's website at: https://transportforthenorth.com/rail-franchising-investment/improving-rail-services/

The consultation is hosted on DfT's website at:
https://www.gov.uk/government/consultations/timetable-options-to-improve-rail-performance-in-the-north-of-england

BACKGROUND PAPERS:

This paper refers to the consultation 'Timetable Options to Improve Rail Performance in the North of England' included as an Appendix to this report.

<table>
<tr><td colspan="2">TRACKING/PROCESS</td><td colspan="2">[All sections to be completed]</td></tr>
<tr><td colspan="3">Does this report relate to a major strategic decision, as set out in the GMCA Constitution?</td><td>No</td></tr>
<tr><td colspan="4">EXEMPTION FROM CALL IN</td></tr>
<tr><td colspan="2">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?</td><td colspan="2">No</td></tr>
<tr><td>GM Transport Committee</td><td>Overview & Scrutiny Committee</td><td colspan="2" rowspan="2"></td></tr>
<tr><td>N/A</td><td>N/A</td></tr>
</table>

1. INTRODUCTION

1.1 On 14 January 2021 the Department for Transport, in conjunction with Transport for the North and Network Rail, launched a public consultation: Timetable Options to Improve Rail Performance in the North of England.

1.2 The consultation sets out three options which feature increasing levels of change from the pre-Covid service patterns, planned to be implemented from the May 2022 timetable. The three options affect different routes, and which routes have direct services to Manchester Oxford Road, Manchester Piccadilly, and Manchester Airport stations.

1.3 The options have been developed along a set of principles to achieve the objective of increasing overall reliability of services for all passengers. In simple terms these principles are:

- simplifying and spacing service patterns more evenly
- reducing the number of services running on the most congested part of the network
- separating train movements as far as possible to minimise the amount of delay one train may cause on another

1.4 The consultation is seeking views on:

- the principles used to develop these options
- the details of the options
- how any proposed changes may affect people's journeys

1.5 The consultation closes on 10 March 2021.

2 BACKGROUND

2.1 The story of rail in Manchester over the last few decades is one of unfulfilled promises and long-suffering passengers. Lack of funding in infrastructure and, until recently, rolling stock, alongside booming economic growth and rail usage has led to overcrowding, poor performance and the Castlefield Corridor being one of very few places in the UK to be declared 'congested infrastructure' by Network Rail.

2.2 The plan to rectify this emerged in 2009 as the Northern Hub. This was an ambitious infrastructure project designed to facilitate the objectives of the new franchises set up for Northern and TransPennine Express in 2016. These objectives were rightly hailed as transformative for the North and included new service links, improved frequencies and better rolling stock and station facilities for passengers to support the fulfilment of regional and pan-northern economic potential and environmental targets to shift people to more sustainable modes of transport.

2.3 The technical components of the Northern Hub project included the Ordsall Chord to link Manchester Victoria and Manchester Piccadilly (opened in 2017), a full rebuild and remodelling of Oxford Road station and 2 new through platforms and Manchester Piccadilly known as Platforms 15 and 16. These components were designed to work together as a package to deliver the benefits required, the fact they have only been partially completed means that the infrastructure was unable to support the new services which the franchises promised. The result was the failure of the May 2018 timetable when the infrastructure simply could not reliably support the level of services operating on it.

2.4 Prior to the pandemic, rail services continued to perform poorly with the infrastructure unable to support the reliable operation of service levels as they were. This consultation seeks to provide an interim solution by reconfiguring the timetable to match the limitations of the existing infrastructure. However, GMCA remains clear that as set out in Our Prospectus for Rail[1], published in September 2019, the long-term solution is to complete delivery of the Northern Hub and the capacity enhancements necessary in central Manchester to improve the rail system throughout the North.

3 THE MANCHESTER RECOVERY TASKFORCE

3.1 At the start of 2020, Government asked Network Rail to lead a Task Force to look at the recovery of rail services across the Manchester area. This Task Force had two roles, to look at the short to medium term timetable solutions to improve performance and to look at the infrastructure required to enable the delivery of services to meet the needs of passengers.

3.2 Network Rail and the Department for Transport requested that TfGM be a member of the Task Force alongside Transport for the North, Northern and TransPennine Express. The Task Force has been led by the consultancy, Steers, commissioned by Network Rail for this work. TfGM's role in this consultation has been to help agree principles and requirements of the work. One such principle has been to ensure all the options are fully modelled to ensure they would work on the ground to avoid similar problems to those in 2018. TfGM believes that had that timetable been modelled the industry would have realised it was fundamentally flawed. Another principle has been to ensure the process is as clear and transparent as possible. This has led to a full public consultation on both the options and principles behind the planning of the timetable.

3.3 Whilst TfGM has provided data and evidence to the Task Force, the Task Force continues to refine the options and to confirm the operational feasibility and business case of each one. Therefore, any enquiries regarding the consultation, especially those of a technical nature, should be made directly with the Task Force team. Contact details can be found at https://www.gov.uk/government/consultations/timetable-options-to-improve-rail-performance-in-the-north-of-england

[1] https://www.greatermanchester-ca.gov.uk/what-we-do/transport/rail-prospectus/

3.4 The options have been developed in response to the requirement of the Task Force to look at the short to medium term timetable solutions to improve performance in Manchester. Manchester is at the heart of rail services in the north and thus the consultation refers to performance improvements for the whole of the North of England taking into account the knock on delays caused by and to areas outside of GM by services operating through it.

3.5 In developing the options, the Task Force looked at which services historically caused the most delay and analysed why in order to tackle the 'repeat offenders'. The principles were then developed into options by a technical team of train planners.

3.6 The results of this are available as part of the consultation document (Appendix 1). It needs to be noted that it is impossible for a timetable change to eliminate delay. Any of the options in this consultation will still see delays in the system. The Task Force's role is to produce a timetable construct which reduces this as far as possible within certain parameters.

4 THE WIDER CONTEXT

4.1 The Task Force was set up before the impact of the Covid-19 pandemic was understood. Whilst its core remit has not changed the pandemic has caused challenges in a practical sense around availability of operator resource in particular.

4.2 The most significant impact of the pandemic on rail services has been the dramatic reduction of rail patronage in Greater Manchester and across the UK. Rail services will have an important role to play in Greater Manchester's post-Covid economic recovery and in achieving local ambitions for a shift to more sustainable travel and a reduction in carbon emissions. Therefore, the need to provide rail services which people can rely on is perhaps more important than ever if passengers are to return to the railway in future.

4.3 Other recent developments have also given rise to concerns about future investment in northern rail services and infrastructure such as the National Infrastructure Commission's Rail Needs Assessment published in December 2020, and the announcement last month that Transport for the North's core budget by was to be reduced by 40%. At the other end of the scale a number of improvements to GM stations, due to be funded under Northern's Service Improvement Fund, have been put on hold.

4.4 Finally, the government is yet to publish its response to the Williams review.

5 GMCA RESPONSE

5.1 By their very nature the options being proposed will require changes which may provide overall benefits to reliability and performance of services in the short to medium term but which may impact on connectivity. TfGM officers continue to review the impact of the three options as they relate to GMCA's strategic objectives as set out in Our Prospectus for Rail and the Greater Manchester 2040 Transport Strategy. TfGM is also engaging with local authority officers and Manchester Airport to identify wider passenger impacts and understand specific concerns. This work will inform GMCA's final response, but individual local authorities may also wish to respond.

5.2 The consultation closes on 10 March and it is recommended that GMCA delegates authority for the Chief Executive, GMCA and TfGM to submit a response to the consultation on behalf of the GMCA in consultation with the Mayor of Greater Manchester as Transport Portfolio Holder. In addition to highlighting impacts of each options on GM, it is intended to make the following points in the response:

- That we must learn the lessons of the failure of the May 2018 timetable.

- That a first step to improve rail performance and rebuild passenger trust should be 'making best use of what is available now' providing longer, higher capacity vehicles with simpler service patterns to improve reliability and punctuality.

- That deliverability is as important as choosing the right solution. If any of these options cannot be delivered robustly in May 2022 they should not be considered. It is important to implement a robust option and one which will perform well in practice.

- That any changes to the timetable must be part of a wider Covid-19 recovery plan for the railway which helps encourage people back to the railway post-pandemic to support Greater Manchester's economic and environmental objectives.

- That the long-term solution to improving the reliability and resilience of rail services across the north is to deliver infrastructure enhancements in central Manchester at the earliest opportunity.

This page is intentionally left blank

Department for Transport

Network Rail

Transport for the North

Manchester Recovery Task Force Public Consultation

Summary

1. This consultation is seeking views from the public and stakeholders on rail timetable work that has been undertaken during 2020 to address the poor performance of the rail network in the Manchester area which has been the source of much train delay on rail services across the whole north of England since late 2017. The consultation will inform decisions to be made in Spring 2021 on potential changes to the passenger timetable that would be implemented from May 2022.

2. This consultation document sets out the objectives of the work and explains how options have been considered and assessed. It asks for views on the principles for the work. It also sets out the type of changes that are being considered.

3. Passengers have been experiencing poor performance to, from and through central Manchester for too long. The key objective of this work has been to find timetable-based solutions for making performance much better. Better performance in the Manchester area will have far reaching beneficial impacts across the north of England rail network.

4. There has been some important investment in the region over the last ten years, including the Ordsall Chord (linking Manchester Victoria to Deansgate), the redevelopment of Victoria station, electrification of lines and the introduction of new rolling stock, allowing the withdrawal of the Pacer trains.

5. In addition, there have been increases in train service frequency and connectivity secured through the franchising process. Although very welcome, this has put greater demands on the whole network, particularly the congested 2-track railway which runs through Manchester Piccadilly and Deansgate via Manchester Oxford Road, known as the Castlefield Corridor. This has consequently pushed the railway beyond the point at which it can operate reliably.

6. Performance issues relating to the infrastructure being unable to cope with the planned frequency of trains are not unique to Manchester, with similar reliability issues being found across the railway network in the north, and elsewhere in the Britain. The first step of resolving some of the structural timetable issues around Manchester will have knock-on positive impacts across the wider north of England.

7. This timetable work is therefore the starting point from which we can build resilience and reliability. The rail industry is also developing a long-term vision for the network, infrastructure and train services in the region, including ways in which additional services can be introduced reliably in the future. The vision is exploring which infrastructure schemes around Manchester will best help unlock capacity, improved connectivity and support economic growth in the longer term.

8. This work and the consultation are concerned with the shorter-term trade-offs between competing demands on the rail network to deliver the best possible overall service. Making trade-offs requires balancing the requirements of some against those of others. Because the outcome of these trade-offs may affect passenger journey opportunities, we want the public, passengers and stakeholders to have the opportunity to comment on the options that are under consideration. In all cases, we are aiming to improve overall train performance so that everyone has a better journey.

9. Although the COVID-19 pandemic is currently dominating everybody's life, it is important to do all we can to ensure that when everyone is able to travel freely again the railway offers them a reliable and dependable service. Over recent years, this has not often enough been the case. The railway must and will continue to play a key role in supporting the economic recovery, helping communities to reconnect and rebuild, and to play its part in supporting the move to a zero-carbon economy.

10. This consultation does four things:

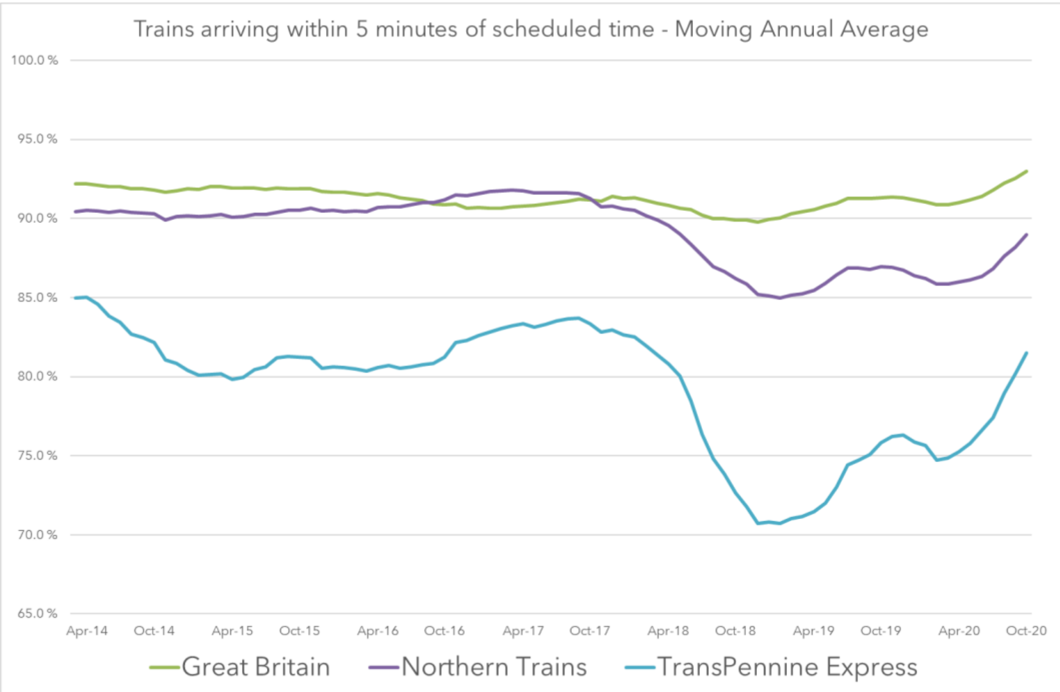
- Explains the problem we are trying to solve, how we have developed the three main options and how they are being assessed. The consultation document contains technical explanations and information which is intended to help respondents understand how we have done this.
- Explains the trade-offs and seeks views on them.
- Explains the detail of the options and their possible impacts on different routes into Manchester and seeks views on them.
- Sets out next steps.

Manchester Recovery Task Force

11. The Manchester Recovery Task Force was set up in January 2020 to address the unacceptable levels of train performance in the north west of England. Performance fell sharply following the forced[1] late change to the May 2018 timetable. The poor implementation of this change and the chaos it caused was subject of its own inquiry[2] and led the Government to undertake a more fundamental reform of the railway under the leadership of Sir Keith Williams, whose review is now expected to be published in early 2021.

12. The May 2018 timetable was not just poorly executed, it also added more trains to the central Manchester network. This meant that even when the implementation issues were rectified, performance levels recovered only marginally, suggesting continued structural issues with the timetable[3]. The graph below shows the performance for Northern and TransPennine Express (TPE) and Great Britain services overall, over the last seven years. The drop in 2018 is clear, followed by a small recovery, which then stalls until the recent improvement caused by the reduction in services and passengers due to the pandemic. Note that the figures are for Northern as a whole.

Graph showing historic train performance for Northern and TPE services compared to Great Britain overall



[1] The forced late change was due to the delay in the electrification of the Bolton line which then in turn required a short notice change in planned use of diesel trains throughout the Manchester area

[2] https://www.orr.gov.uk/search-news/orr-inquiry-concludes-passengers-let-down-rail-industry-failures

[3] The work of the Task Force has been based on pre-pandemic performance, capacity and demand

13. The Castlefield Corridor infrastructure in central Manchester was declared 'congested' by Network Rail in 2019. The official designation of the area as 'congested' formally acknowledges that the infrastructure is not able to deliver all the train service frequency requirements being demanded of it, resulting in repeated and regular poor performance. In practice, the designation of 'congested infrastructure' means that Network Rail must work with Train Operators and other industry partners to devise a timetable that can deliver a level of performance upon which the travelling public can reasonably depend[4].

14. The Manchester Recovery Task Force is made up of industry and stakeholder representatives from the Department of Transport, Network Rail, Northern, TransPennine Express, Transport for the North and Transport for Greater Manchester. It is the first to include such wide representation to address a congested infrastructure issue. Its aim has been to work collaboratively through difficult problems together with the purpose of delivering the best possible outcomes achievable for passengers and provides a model for how the industry should work going forward.

15. The Task Force has looked at the timetable from first principles to develop a timetable structure will support better performance by design. Work has progressed during the year to develop timetable options for consideration, and to assess carefully how these options would improve the overall reliability of the network as well as the impact they would have on passengers. Work will continue to refine these options and to confirm the operational feasibility and business case of each one in parallel with this consultation.

[4] https://www.networkrail.co.uk/wp-content/uploads/2019/05/Management-of-Congested-Infrastucture-Code-of-Practice.pdf

Impact of COVID-19

16. The impacts of the COVID pandemic have been far-reaching and are likely to be felt for many years. During the pandemic, timetables have been altered several times. These changes have been made to accommodate operational restrictions resulting from the requirements for social distancing and staff availability whilst maintaining a level of service to support essential travel. Services are running at a lower level than before the pandemic, and passenger numbers – although having picked up during the summer - are understandably still low. For example, the current timetable has 12 trains per hour running each way on the Castlefield corridor compared with the pre-COVID December 19 timetable of up to 15 trains per hour each way.

17. It is not particularly unexpected that these circumstances have allowed train performance to improve. Even though things are less busy, this improvement in performance is testament to the dedication and commitment of railway colleagues who have been continuing to provide essential services throughout the pandemic.

18. This has led to some discussion as to whether the changes under consideration are still needed, given that performance is so much better, and it may take some time for passenger demand to recover from the pandemic. The Task Force is strongly of the opinion that they are. There are three important reasons for this:

    - The current infrastructure cannot reliably deliver the (pre-COVID) timetable. This has not changed despite the pandemic and putting the previous timetable back with the number and pattern of trains there had been, is not an option.
    - It is sensible to plan and make changes to the timetable whilst fewer people are travelling by rail.
    - Although it may take some time, it is imperative that we attract and encourage passengers back to the railway when the time is right. We must be ready for them with a robust and reliable timetable, and with sufficient capacity to ensure that rail remains attractive and competitive compared to other modes.

19. Making any changes in the railway takes a lot of planning and time to implement. This is because the consequences of change are far reaching and complex. After plans have been made and agreed, working through the full resource implications takes a long time. Major timetable re-casts take years to develop and implement, especially if recruitment and training of staff is required. Changes of the order we are talking about here will be implemented from May 2022 at the earliest.

Initial first steps

20. A couple of initial 'quick wins' were identified by the taskforce and were implemented at the December 2020 timetable change. This involved Transport for Wales (TfW) services from North Wales and Chester via Warrington Bank Quay which often caused delay when terminating at Manchester Piccadilly. From December the service moved to a common all-day pattern of running through to Manchester Airport. Although this has meant the loss of an additional peak service, station stopping patterns have been adjusted to ensure there is sufficient capacity for passengers for Chester and North Wales in the peak.
21. In addition, the taskforce agreed that when TransPennine Express reinstated its service from Newcastle to Manchester it should terminate at Victoria rather than continue round the Ordsall Chord to the Airport.
22. Separately, following the East Midlands franchise competition in 2018/19, it was decided that the East Midlands Railway (EMR) Liverpool – Norwich service will be split into two separate services – Liverpool to Nottingham and Nottingham to Norwich. Historically, this service has performed poorly, as it crosses several congested routes. Splitting the service should allow both halves of the service to perform better. It will also allow each to develop separately given the different markets and passenger volumes served either side of Nottingham. This split is currently planned for December 2021 or May 2022. The planned transfer of the Nottingham to Liverpool section to TransPennine Express has been put on hold due to the pandemic, so East Midlands Railway will continue to run the service.
23. Finally, changes in rolling stock intended to improve performance, are expected over the next couple of years. Both Transport for Wales and East Midlands Railway are planning to replace trains with doors at the end of carriages with those that have doors along the carriage. This will help speed up passenger boarding and alighting, which can sometimes contribute to delay on very busy services.
24. The other key work progressing is the future service pattern on the East Coast Mainline. Decisions emerging from this work may impact on the service patterns from the North East and Yorkshire to Manchester and Liverpool. The Manchester Recovery Task Force work is based on the existing service patterns. These could change in the future, and the two projects are working closely to ensure their conclusions are compatible.

Manchester's railway geography

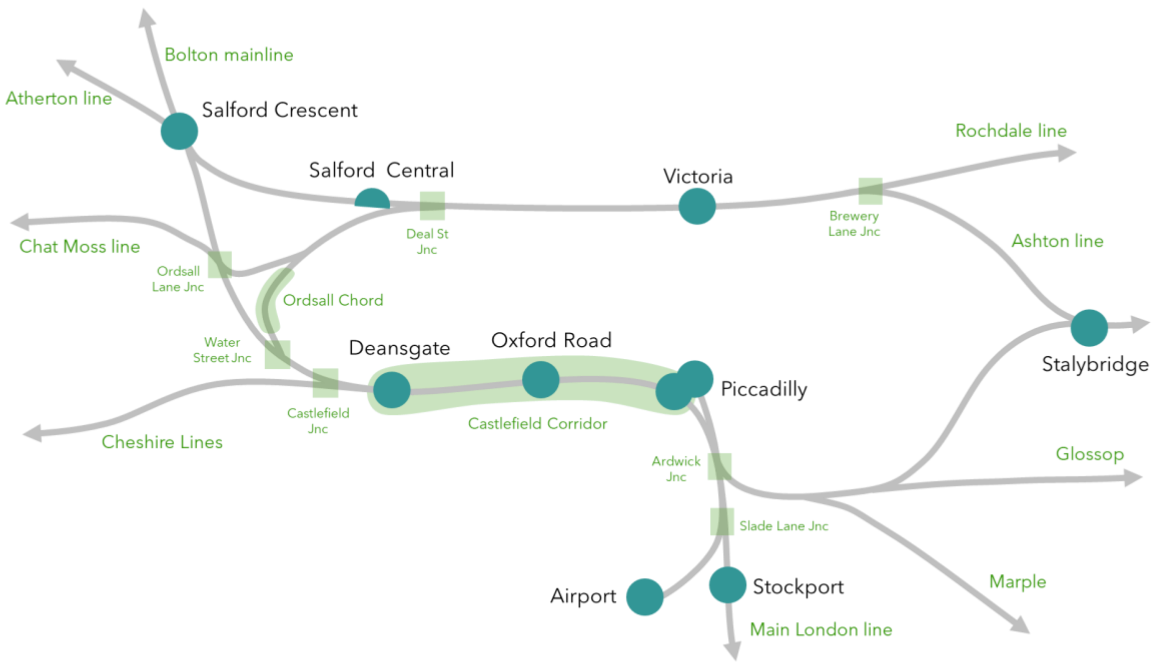
25. The railway geography in the Manchester area is complicated. Following its dominance as a mode of transport from the end of the 19th to the post-war period, rail travel declined as the era of the car and motorway took over. The configuration of the network is partly the result of history, partly the result of rationalisation following railway decline, and partly the result of investment over recent decades. This recent investment has facilitated passenger growth, but the investment has not been systematic, meaning that investment in one place has sometimes exposed bottlenecks and weaknesses elsewhere.

26. There are several characteristics of the current configuration that pose particular challenges when planning services. They are:

- The two main stations (Piccadilly and Victoria) are a mile apart and do not offer a particular easy walking interchange.
- The only north-south heavy rail link via the recently opened Ordsall Chord crosses several junctions – although it did help relieve crossing movements south of Piccadilly as intended.
- Most approaches into Manchester are two track railways.
- Unlike many railways around London these two track railways are mixed use – i.e. long distance, inter-regional and local passenger as well as some freight services.
- Passenger services use many different types of rolling stock with doors in different places, extending the station dwell times needed for passenger boarding and alighting.
- Long distance and airport trains often convey passengers unfamiliar with travelling by rail. Significant numbers of passengers with luggage can also be difficult to manage in a mixed environment that is busy with regular travellers and commuters.

The diagram below gives a simplified picture of the railway lines in Central Manchester. Not all lines are shown, but the diagram does give an indication of the junction complexity.

Simplified diagram of railway stations, lines and junctions in central Manchester



Over recent years, the growth of rail use and the increase in services has meant that train operators have increased the range and frequency of services on offer, particularly with the new TransPennine Express and Northern franchises which commenced in April 2016. Although this has been with the best intentions of offering passengers choice and convenience – intentions that have been fully supported by funders and stakeholders alike – the extent to which the infrastructure has been able to manage the demands placed on it has been pushed beyond breaking point.

27. To maximise the capacity of any transport system, the best way is to have no junctions, and everyone travelling at the same speed. Think of the 50mph limit on motorways when there is congestion. The equivalent on a rail network is to have dedicated services doing the same thing with the same stops with as few junctions and crossovers as possible. Most underground networks are planned and built in this way. Uniformity across the board is the most reliable way to get maximum capacity for a particular network.

28. Very few rail networks have the fortune of being exactly suitable for the requirements the travelling public in the 21st century. There always needs to be a degree of compromise between the requirements of commuters versus long-distance travellers; those who want fast services versus other who want more stops at their station; those who want their service to go via one route, versus those via another; those who want a seat versus those who would prefer more standing space so there is room to get on the train further down the line. Making these compromises or trade-offs is a key

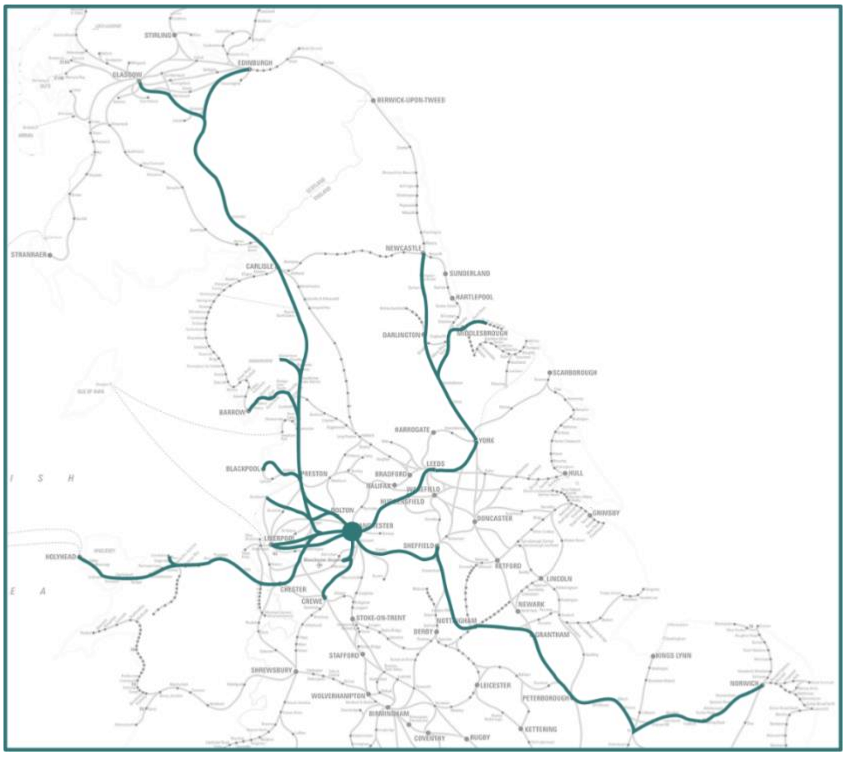
element of how railway services are assessed, and we come back to this later.

29. When the demands placed on the network become too high, the performance of everyone's journey is affected, because the knock-on effects of normal minor day-to-day disruption – which Network Rail and train operators aim to minimise but can never be fully removed – escalate into delays way beyond the initial incident. This is due to the high level of interaction that trains have with each other, particularly at junctions where trains cross paths.

30. When passengers cannot depend on a reasonably reliable service, they will avoid travelling by train where they can. Many will not have a choice in the short term, but over the longer term they will make different travel, job or home choices on a range of many factors including the reliability of the train service. So, there are sound financial reasons for having a reliable network. There are also wider economic reasons too. Delay caused by late trains wastes peoples' time, and time is valuable. We assess this too when we look at the value of rail services, and this helps quantify the impacts of poor train performance.

31. The following map shows the origin of services travelling through the Castlefield corridor. Services using the Castlefield Corridor have diverse origins, including Scotland, Lancashire, Yorkshire, the North East, the East of England and Wales. The map gives an indication of the distance travelled by many of these services, each scheduled to arrive at critical points of their journey timed to seconds.

Map showing span of rail services travelling through the Castlefield corridor (December 2019 timetable)



Objectives for the options

32. Over the last few months, the Task Force has been considering options available to improve the situation without significantly compromising journey opportunities. There are many things that have been taken into consideration when devising options. These include:

- the impact that changes will have on existing and potentially new passengers;
- the impact that changes will have on overall train reliability;
- the changes required from an operational perspective – for example, the location and use of rolling stock and train staff;
- whether changes in services require significant train crew training[5];
- the costs and benefits of all the above. Costs and benefits include both operational cost and revenue changes as well as non-financial impacts such as journey time savings or gain, and changes to passenger delay time. Further description is provided in 'Assessment method' section.

33. The Task Force has sifted and refined many options and now has three main options which are the focus of this document. Each option comprises a package of changes that simplify the pattern of train services and train planning experts believe they are deliverable. The options for consideration have the same objectives – namely:

- to improve train performance for everybody;
- to maintain service levels and capacity for as many passengers as possible;
- to create a timetable that is based on sound principles from which it will be possible to build improvements, as infrastructure investment becomes available.

34. One way in which timetable planners design a timetable to perform reliably is to avoid services terminating on through platforms where possible – particularly where platform capacity is limited. This is because terminating trains require a further train movement (either in passenger service or not) to clear the platform.

35. The second main way to design a reliable timetable is to segregate train movements as much as possible, so that the number of conflicting movements across infrastructure is minimised. As we have seen, the railway geography in Manchester has many junctions, and a reliable timetable is more likely to come from a timetable that uses as few conflicting crossing movements as possible.

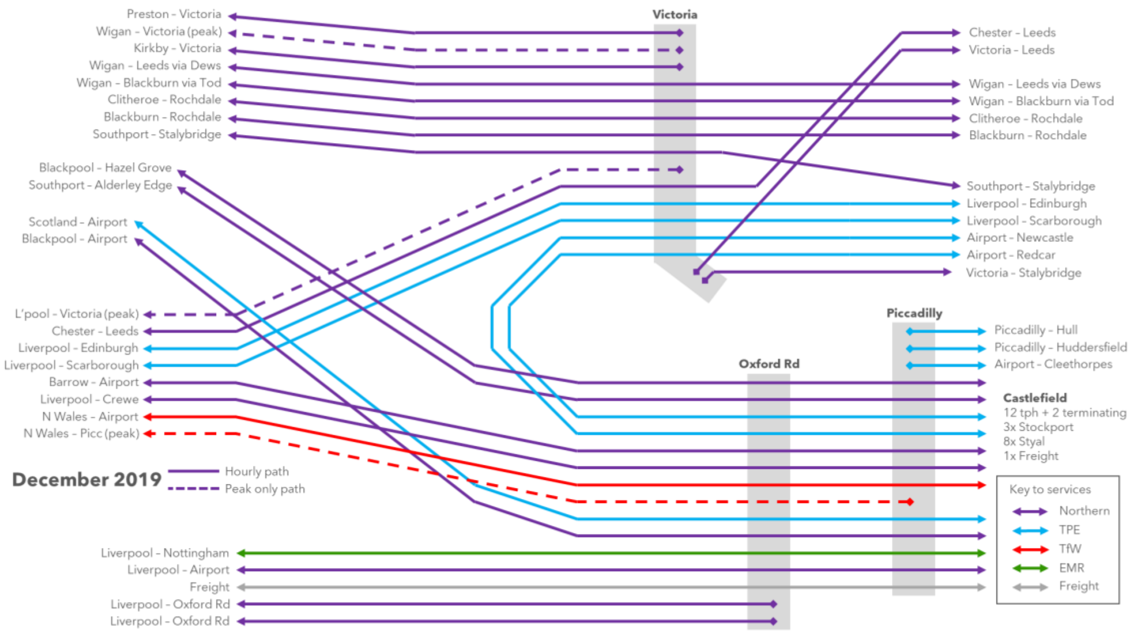
36. Finally, the timetable planners have aimed to create regular intervals between services as far as possible. This makes the timetable easier to

[5] Train crew require 'route learning' for every section of track they operate on. If services alter routes and train crew require new, or updated learning, training slots must be scheduled into the crew rosters so that individuals can gain the relevant knowledge. This requires considerable advance planning so that services can be covered while staff are training and not available for regular duty

understand for passengers, and helps ensure that passenger demand is distributed evenly, rather than 'bunching' when two trains are scheduled close together. This 'standardisation' is a positive feature for both passengers and train operators who are aiming to run a reliable service.

37. The diagram below shows the pattern of services travelling through Manchester. Note that the diagram represents services, not track. The Castlefield corridor (Oxford Road to Piccadilly) is a 2-track railway only.

Diagram showing the current (pre-COVID) service pattern in Manchester[6]
(note that south Manchester services are not shown)



38. The options for consideration have been developed in this context, with these objectives. All options have got several essential features in common, which are:

- A reduction in frequency on the Castlefield Corridor - the key 'Congested Infrastructure' constraint – to a maximum of 12 trains per hour each way off-peak, which is assessed to be the reliable train service limit of the corridor.
- Better spacing of trains on the Castlefield Corridor to avoid delays knocking-on to following trains.
- Fewer conflicts at key junctions to avoid trains crossing each other's paths.
- Better linkage of services at Victoria to reduce trains turning round in platforms.

6 Other operators run services to Manchester, including Cross Country Trains and Avanti West Coast. These are not planned to change and have therefore been omitted for clarity

- A move towards repeating 30 minute and 60 minute service patterns, to standardise operations and make train service patterns simpler for passengers, particularly when they need to interchange to complete their journey.

39. The train services which are best candidates for change to achieve the objectives above are generally those that are travelling from the north to Manchester Airport (because Manchester Airport is south of Manchester, and to reach it from the north requires travelling through the Castlefield corridor) and services from Manchester Piccadilly to the North West. These services must navigate Castlefield, Water St, Ordsall Lane and Windsor Bridge (Salford Crescent) junctions on their journeys and present multiple opportunities to either pick up or generate delay throughout the network. However, Manchester Airport also provides valuable Manchester terminal capacity which is limited.

40. Direct services to Manchester Airport are valued very highly by stakeholders across the whole region, as is the option for services to more than one of the Central Manchester stations. The Task Force is very mindful of this value, and understands that passengers make significant choices about home, work and leisure depending on the promised timetable. Although it is always easier for passengers to have a direct service where possible, we believe that the current provision of direct services, and choice of Manchester destinations, is related to the poor performance of the network overall. Needing to interchange is never ideal, but if it is accompanied by anxiety about missing a connection, the overall journey is further compromised.

41. Our intention is to deliver a reliable, dependable service so that making an interchange to complete a journey isn't a deal breaker for travelling at all.

Question 1: Do you support the aim of standardising and simplifying service patterns if this will significantly improve overall train performance?

Description of options

42. The three options for a May 2022 timetable recast that we present here are named Option A, Option B and Option C. Details of each option are provided as an appendix at the end of this document. The options offer increasing levels of intervention compared with the December 2019 timetable pattern of services (the "No Change" option) with Option A involving the least change, and Option C the most. These options are being developed to operate on the current infrastructure.

43. Work is also progressing on developing infrastructure interventions for the longer term. Given the long lead time for railway enhancement projects, none will be available to address the current performance issues by 2022. That is why this work is focussed on improving the timetable structure to deliver better performance.

44. Each of the options is designed to provide either the same level or an increase in peak capacity when compared with the 'No Change' option. Where reductions in peak frequency occur on a particular route, trains will be lengthened to maintain overall peak capacity. The detail of peak train lengths will be confirmed during the next phase of work.

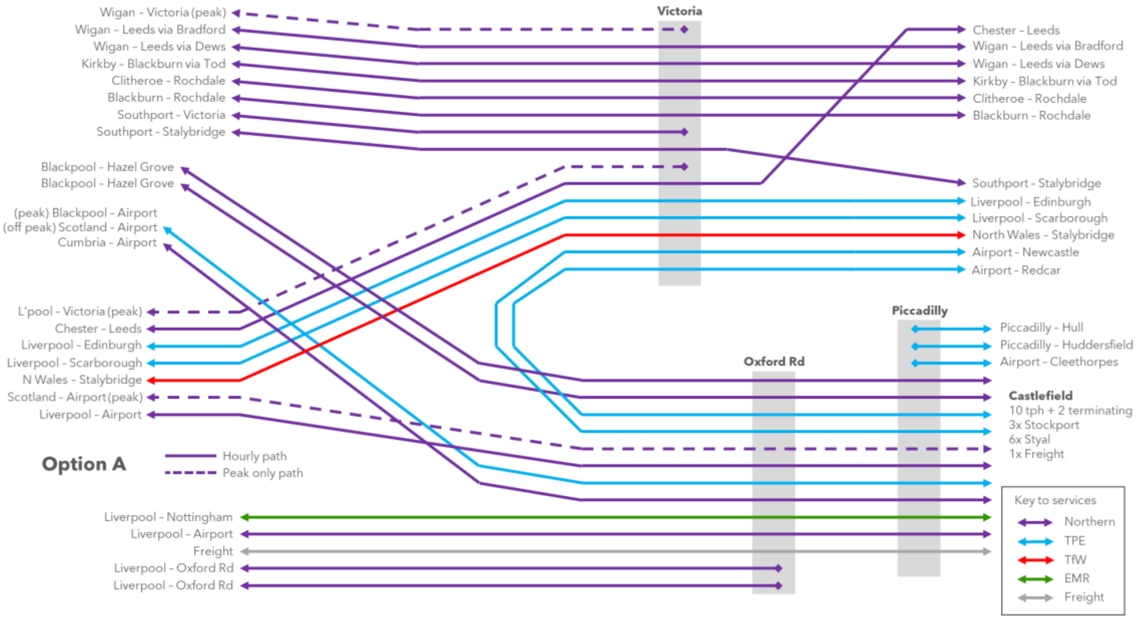
45. Under each option there could be changes to the central Manchester destination station – with trains on some routes running to Victoria rather than Piccadilly. These changes form part of the overall network design to improve performance and reduce the level of delay in Manchester.

Option A

46. Option A has the fewest change from December 2019 of the three options.

- Most existing origins and destinations are retained, particularly for Newcastle to Piccadilly and Sheffield to Airport journeys.
- Some standardisation is possible in this option, for example Blackpool trains to Hazel Grove, with 4 trains per hour being provided all day from Bolton to the south of Manchester. Cumbria to Manchester Airport trains (currently routed via Wigan) instead run via Bolton.
- The current pattern of TPE Scottish, North route and South route services remain.
- Services through Victoria have been linked to reduce the number of terminating trains at this busy station, with more trains running through (e.g. Wigan – Leeds via Bradford).
- The Transport for Wales service from North Wales and Chester train is re-routed from Manchester Piccadilly and the airport to operate to Stalybridge via Victoria.
- South Manchester stays largely consistent with the December 2019 plan, but Buxton services are reduced to an hourly service outside the peak periods. The Southport service to Alderley Edge is split into a Southport to Victoria service and Piccadilly to Alderley Edge service.

Proposed service pattern in Manchester for Option A (note that south Manchester services are not shown)



The diagram shows the reduction in services using the Castlefield corridor (from 14 to 12 in off-peak periods). This has been achieved by routing the Transport for Wales North Wales service to Stalybridge and all Southport services to Victoria.

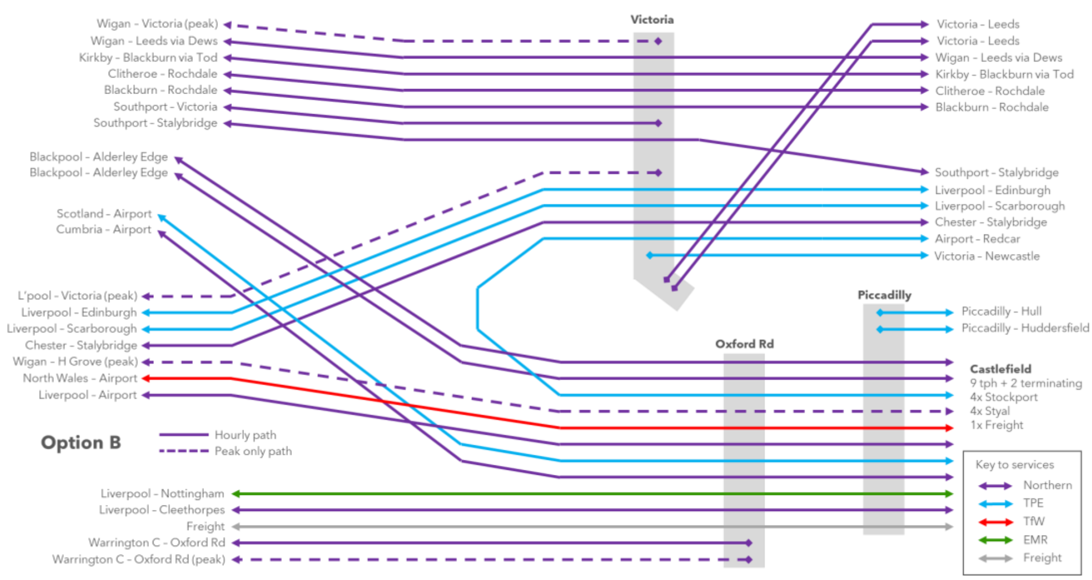
Option B

47. Option B is a variant that maintains Airport connectivity for Liverpool and North Wales. The Cleethorpes/Nottingham service via Sheffield to Liverpool is increased to a standard 2 trains per hour. This means there is no longer a through service from Sheffield to Manchester Airport; a movement which is very operationally challenging at Manchester Piccadilly. Passengers from Warrington Central would also need to change at Piccadilly to access the Airport.

- Stopping trains on the line from Warrington Central are split at Warrington rather than running through from Liverpool, and run at only one per hour off-peak, calling at all stations. This offers an improved pattern for most stations rather than the present pattern of alternate hours at some smaller stations. The two Liverpool-Sheffield services would call at the larger intermediate stations such as Birchwood, Irlam and Urmston.
- There is some standardisation of paths at Manchester Victoria, with 2 trains per hour from Victoria to Leeds via Bradford. Southport trains run to Stalybridge/Victoria all day.
- There is some standardisation of services south of Manchester. One TPE Ordsall Chord train (i.e. that travels to Manchester Airport) is terminated at Victoria, all day.

- In the peak periods, Wigan has a fast hourly service to the south side of Manchester.
- On the Bolton line, the Scotland to Manchester Airport service calls every hour at Bolton and Chorley.
- To the south of Manchester, Buxton would retain two services per hour, but the Crewe line local station services would both be diverted to run via Styal/Manchester Airport.

Proposed service pattern in Manchester for Option B (note that south Manchester services are not shown)



Option C

48. Option C makes the most interventions and moves closest to 30-minute frequencies on most of the corridors into Manchester, including services on the Blackburn, Calder Valley, Chorley, Wigan, Buxton, Chester via Warrington Bank Quay, Airport (stopping) and Crewe lines.

49. As for Option B, the Cleethorpes/Nottingham service via Sheffield to Liverpool becomes 2 services per hour, meaning there is no direct service from Sheffield to Manchester Airport – a move that is very operationally challenging at Manchester Piccadilly.

- Stopping trains on the line from Warrington Central are split at Warrington rather than running through from Liverpool, and run at only one per hour off-peak, calling at all stations. This offers an improved pattern for most stations rather than the present pattern of alternate hours at some smaller stations. The two Liverpool-Sheffield services would call at the larger intermediate stations such as Birchwood, Irlam and Urmston.
- In this option, there would be no direct service from either Sheffield or Liverpool to Manchester Airport.

- In peak periods, one train per hour would run via the Ordsall Chord to Manchester Airport. The train from Newcastle would terminate at Manchester Victoria. Off-peak, the train will run to Manchester Airport.
- The TfW North Wales and Chester service also loses its direct airport link, with the service instead diverted to run to Manchester Piccadilly via Knutsford. This offers a new semi-fast service on the Mid-Cheshire line in addition to the existing hourly service.
- There would be regular calls in the Scotland and Cumbria trains at Bolton and Chorley, with these services running at 30 minute intervals.
- Chester would have two trains per hour to Manchester Victoria at 30 minute intervals, continuing on to Leeds.
- In the peak periods Wigan maintains a fast hourly service to the south of Manchester.
- To the south of Manchester, Buxton retains two trains per hour.
- The Crewe line local station services run at 30 minute intervals and call at all stations, and run via Manchester Airport.

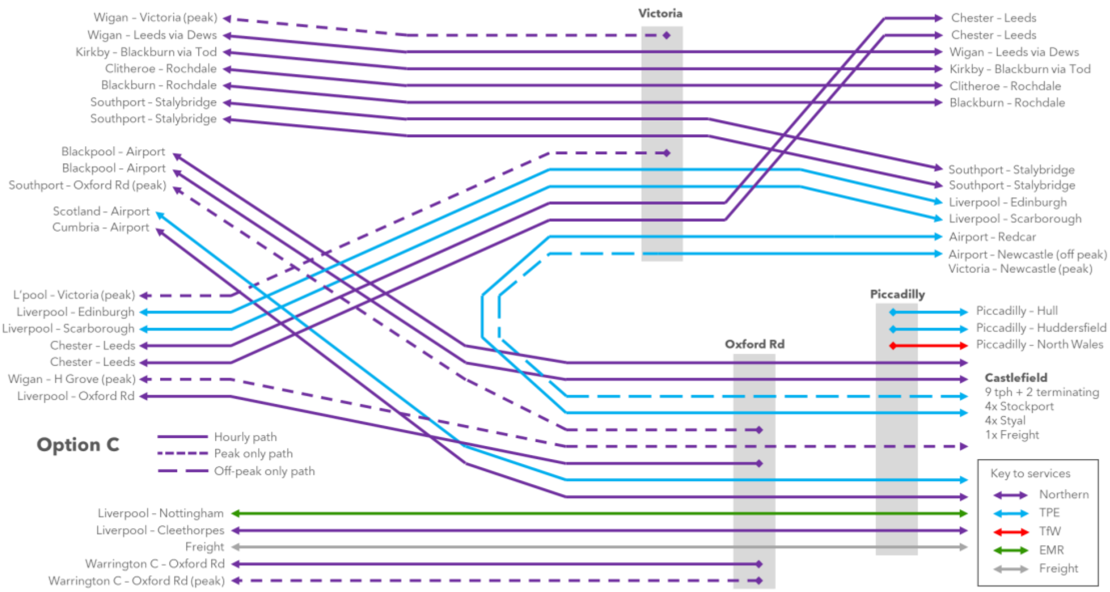
50. This options also offers:

- Standard 15-minute frequency (broadly) for the key flows of Bolton to Manchester Piccadilly, and Wigan Wallgate to Manchester Victoria.
- Standardised paths at Manchester Victoria, with 2 trains per hour from Southport to Stalybridge and 2 trains per hour from Chester to Leeds, running via Warrington Bank Quay.
- A peak train from Southport to Oxford Road running semi-fast via Atherton.
- An even 15 min frequency at Levenshulme and Heaton Chapel.
- Regular half hourly stops at all of the Bolton line stations between Leyland and Kearsley.
- Extended turnrounds at terminal stations and trains operating on single routes (with reduced ‘interworking’), significantly helping performance by reducing the level of delay transmitted from one route to another.
- The elimination of trains using the same platform at Manchester Airport, also helping improve performance.

51. In Timetable Option C, a number of stations gain an improvement in frequency, helping contribute to overall benefits. For example:

- Kearsley, Farnworth, Moses Gate, Mossley, Greenfield, Marsden, Slaithwaite, Walsden, Runcorn East, Frodsham and Helsby receive a half hourly instead of hourly service.
- Trafford Park, Humphrey Park, Chassen Road, Flixton and Glazebrook receive an hourly rather than 2 hourly service (off peak).
- Northwich, Knutsford and Altrincham receive a half hourly rather than hourly service.

Proposed service pattern in Manchester for Option C (note that south Manchester services are not shown)



Assessment method

52. Each of the options has been assessed using two established quantitative methods:

- A rail simulation model that calculates the expected minutes of train delay accumulated by all trains for any given timetable. This measures the impact of the options on performance; and
- A rail passenger demand model, which calculates the effects on passenger numbers of changes in proposed timetables. This measures the impact of the options on the numbers of people travelling – both from the timetable changes themselves and from having a more reliable railway

53. Train performance simulation is a powerful way to test how a timetable could work in practice. The simulation models variations in typical delay which services bring into the complex Manchester network. The model then simulates how this delay would impact upon other services within the area of study. The ability to model variations in delay is important because even though a timetable may be 'theoretically' possible to operate – i.e. operate with no delay if every train runs perfectly to time – when delay does occur, it may magnify the impacts across many more services and leading to more passengers being affected. The simulations allow these effects to be measured systematically for each option.

54. The rail passenger demand model works by calculating all the journey opportunities across the network throughout the day and calculates the overall time of a journey (including actual travel time, a service frequency allowance, time needed to change between trains – including an 'interchange penalty' which reflect the inconvenience of having to change trains on a journey). This overall time measurement is used to give a fairer overall assessment of how rail passengers experience their journey and is underpinned by well-established, industry-standard research. The calculations are weighted by the number of passengers (pre-COVID) travelling across the day.

55. The results provide quantitative comparisons of the options, with the ability to weigh up the impacts on passengers of changes in journey options against those of changes in train performance. The passenger demand modelling takes account of all journeys across the day, so it calculates the benefits of, for example, an increase in frequency of services for some, versus a loss of a direct service for others. It measures, for example, the additional time impact of a station stop for those already on the train, versus the benefit of an additional station stop at a particular location.

Question 2: Do you support the approach of measuring the service level and performance impacts across all passengers to allow fair trade-offs between options?

Initial Assessment results

56. The initial results of the assessment of the options show the further we move towards a 30-minute or 60-minute even frequency for all corridors into Manchester, the better the timetable passenger benefits and passengers' performance benefits. This comes at the expense of the loss of some direct services to Manchester Airport, and choice of Manchester destination station for some journeys. Pre-COVID, of all passengers travelling to Manchester, 93% are travelling to city centre destination stations, compared to 7% to the airport. Airport journeys tend to be longer distance trips by passengers travelling infrequently.

57. Initial results confirm that the No Change (December 2019) option does not perform well in terms of train performance/reliability, supporting the need for change. Over the coming weeks, work will continue to refine the options and particularly to optimise the arrangements for the additional peak services traditionally required across all options. The Task Force will continue with the assessment timetabling and performance modelling work to ensure we have the best evidence as well as the responses to this consultation before making a recommendation for a decision in Spring 2021.

Table showing initial results of performance impacts

Performance results	No Change option	Option A	Option B	Option C
Average delay per train (minutes)	3.0	2.5	2.3	2.1

58. The table shows the extent to which the options reduce the amount of average delay a train collects on its journey. We have seen that services often start from well beyond the Manchester area, so it would be difficult to eliminate all delay from the system by revising the Manchester services alone. The results indicate that changing the timetable in the ways proposed can make a significant difference in train performance across the network. The best result significantly reduces average delay per train from 3 to 2.1 minutes. This will have a positive impact on all rail travellers.

59. Results also indicate that for each of the options, performance improves on the Castlefield Corridor. This confirms that the approach of reducing train frequency and improved spacing of trains is helping to improve reliability.

Table showing initial results of passenger impacts

Passenger results	No Change option	Option A	Option B	Option C
Change in daily demand due to connectivity changes compared to 'No Change' option	n/a	-1,100	+400	+2,200
Change in daily demand due to improved performance compared to 'No Change' option	n/a	+2,200	+3,500	+4,800
Net impact of changes on daily demand compared to 'No Change' option (total of rows 1 and 2)	n/a	+1,100	+3,900	+7,000

60. In this table the first row shows the way the changes in demand respond to the timetable changes. A positive number corresponds to more people travelling each day because of the changes. A positive number means more people have been attracted to use the services because of improvements, and this has outweighed those who may be lost because their journey would be affected adversely.

61. The second row shows the demand change resulting from high level performance changes – more people travel when the service is more reliable, with fewer people travelling if performance worsens. All three options improve on the 'No Change' case, with increasing improvements in network performance resulting in attracting more passengers.

62. Whilst the timetable changes are expected to have a positive impact on overall demand, some passengers will need to change trains who previously had direct services – including to Manchester Airport. There had been around 18,300 trips to the airport by train each day, including 6,800 Manchester Piccadilly to Manchester Airport trips. In the No Change scenario, a total of 15,900 daily passengers have a direct service to the airport. In Option A, around 15,100 trips have a direct service, in Option B it is around 13,900 trips and Option C around 12,700. Passengers needing to change trains will typically do so at Manchester Piccadilly.

Question 3: On the basis of these results, which is your preferred option?

Next steps

63. This consultation will continue for 8 weeks. During this period, the Task Force will continue to work with stakeholders, train operators and others to further develop and refine the options. We will consider the consultation responses as they are received. This information will inform a final recommendation, on which a decision on the preferred option will be made.

64. Following this decision, Train Operators will develop a detailed complete timetable which they will then consult on with the public and other user groups, as is normal practice for proposed timetable change. This second consultation planned for May 2021 provides an opportunity for communities to engage with operators who will endeavour to accommodate adjustments to the proposed timetable where possible. By this point the main structure of the timetable will be broadly fixed.

Question 4: Please provide your views on the details of the proposed changes which are detailed by route in the Appendix.

Additional questions

Question 5: Where do you usually travel from and to? Please include your origin and destination station

Question 6: How often do you make this journey?

Question 7: What is the reason for your journey? For example, work, business, education, leisure

65. You can respond to questions 5-7 for different journeys if you make different trips.

Appendix

Details of options

Split by line of route, the details of each timetable option are set out below. Calling patterns typically remain the same as in the No Change timetable unless otherwise noted.

Liverpool to Manchester via Warrington Central

December 2019 service pattern	• 1 fast train per hour between Liverpool and Manchester Airport, via Manchester Oxford Road and Manchester Piccadilly. • 1 fast train per hour from Liverpool to Nottingham (and Norwich) via Manchester Oxford Road and Manchester Piccadilly. • 2 trains per hour between Liverpool and Manchester Oxford Road, skip-stopping with some stations only having one train every 2 hours.
Option A	As per current.
Option B	• 1 semi fast train per hour between Liverpool and Cleethorpes, via Manchester Oxford Road and Manchester Piccadilly, calling at larger intermediate stations such as Birchwood, Irlam and Urmston. • 1 fast train per hour between Liverpool and Nottingham, via Manchester Oxford Road and Manchester Piccadilly. • In peak periods, 2 stopping trains per hour between Warrington and Manchester Oxford Road, calling all stations. • Off-peak, 1 stopping train per hour between Warrington and Manchester Oxford Road calling at all stations. • 2 trains per hour between Liverpool and Warrington Central calling at all stations.
Option C	As per Option B.

In **Timetable Option A**, no changes are made to the structure of these services.

In **Timetable Options B and C**, the following changes are made:

- The Liverpool to Airport service instead runs to Cleethorpes, calling at Liverpool South Parkway, Warrington Central, Birchwood, Irlam and Urmston.
- 2 stopping trains per hour run all day from Warrington Central to Liverpool Lime Street.
- In peak periods, 2 stopping trains per hour run from Warrington Central to Manchester Oxford Road, calling at all stations.
- In off-peak periods, 1 stopping train per hour runs from Warrington Central to Manchester Oxford Road, calling at all stations.

The changes to stopping services are designed to provide a standard hourly pattern, increase the number of calls at most stations, and reduce the number of train movements in the Castlefield Corridor.

The Liverpool to Airport service instead runs to Cleethorpes; those travelling beyond Manchester to Sheffield get an extra direct service. Passengers for the Airport change at Piccadilly, with same-platform interchange possible and a frequent service. The Cleethorpes and Nottingham trains would be exactly 30 minutes apart, providing an even interval service. These changes are designed to simplify and reduce the number of train movements on the approach to Manchester Piccadilly.

Liverpool and Wigan to Manchester via Eccles

December 2019 service pattern	• 2 fast trains per hour from Liverpool to Manchester Victoria, on to Leeds via Huddersfield. • 1 train per hour from Chester to Leeds, via Manchester Victoria and Halifax. • 1 train per hour from North Wales to Manchester Airport, via Warrington Bank Quay, Manchester Oxford Road and Manchester Piccadilly. • 1 stopping train per hour from Liverpool to Crewe, via Newton-le-Willows, Manchester Oxford Road, Manchester Piccadilly and Manchester Airport. • 1 fast train per hour from Cumbria to Manchester Airport, via Wigan North Western, Manchester Oxford Road and Manchester Piccadilly • In the peak periods, 1 stopping train per hour from Liverpool to Manchester Victoria.
Option A	• 2 fast trains per hour from Liverpool to Manchester Victoria, on to Leeds via Huddersfield. • 1 train per hour from Chester to Leeds, via Manchester Victoria and Halifax. • 1 train per hour from North Wales and Chester to Stalybridge, via Warrington Bank Quay and Manchester Victoria. • 1 stopping train per hour from Liverpool to Manchester Airport via Newton-le-Willows, Manchester Oxford Road and Manchester Piccadilly. • In the peak periods, 1 stopping train per hour from Liverpool to Manchester Victoria. • In the peak periods, 1 fast train per hour from Scotland to Manchester Airport (not calling at Wigan).
Option B	• 2 fast trains per hour from Liverpool to Manchester Victoria, on to Leeds via Huddersfield. • 1 train per hour from Chester to Stalybridge, via Warrington Bank Quay and Manchester Victoria. • 1 train per hour from North Wales to Manchester Airport, via Warrington Bank Quay, Manchester Oxford Roadand Manchester Piccadilly. • 1 stopping train per hour from Liverpool to Manchester Airport via Newton-le-Willows, Manchester Oxford Road and Manchester Piccadilly. • 1 stopping train per hour from Liverpool to Manchester Victoria (peak periods only). • 1 fast train per hour from Wigan North Western to Hazel Grove (peak periods only) via Manchester Oxford Road and Manchester Piccadilly.
Option C	• 2 fast trains per hour from Liverpool to Manchester Victoria, on to Leeds via Huddersfield. • 2 train per hour from Chester to Leeds, via Manchester Victoria and Halifax. • 1 stopping train per hour from Liverpool to Manchester Oxford Road via Newton-le-Willows. • 1 stopping train per hour from Liverpool to Manchester Victoria (peak periods only). • 1 fast train per hour from Wigan North Western to Hazel Grove (peak periods only) via Manchester Oxford Road and Manchester Piccadilly.

In **Timetable Option A**, the following changes are made:

- 1 stopping train per hour from Liverpool runs only to the Airport and not on to Crewe.
- 1 train per hour from North Wales and Chester is diverted to Manchester Victoria and Stalybridge, not Manchester Airport.
- The Cumbria to Manchester Airport train runs via Bolton rather than via Wigan.

The change reduces the number of trains on the Castlefield Corridor and simplifies the routeing of trains around Manchester Victoria. It also removes the fast service from Wigan to Manchester routed via Eccles, as well as breaking direct links from Wigan to Manchester Airport.

In **Timetable Option B**, the following changes are made:

- 1 stopping train per hour from Liverpool would run only to the Airport, not on to Crewe.
- The Cumbria to Manchester Airport train would run via Bolton rather than via Wigan.
- A peak only service runs from Wigan North Western to Hazel Grove.

The change reduces the number of trains on the Castlefield Corridor and simplifies the routeing of trains around Manchester Victoria. The peak only service from Wigan re-establishes the fast Wigan to Piccadilly link, but does not provide a direct Airport link.

In **Timetable Option C**, the following changes are made:

- 1 stopping train per hour from Liverpool runs to Manchester Oxford Road, not on to Manchester Airport and Crewe.
- The Cumbria to Manchester Airport train runs via Bolton rather than via Wigan.
- There are 2 trains per hour from Chester to Leeds via Manchester Victoria and Halifax, with the North Wales and Chester train being diverted to run to Manchester Piccadilly via Northwich to provide a second service on the mid Cheshire line.
- In peak periods, 1 train per hour runs from Wigan North Western to Hazel Grove, via Manchester Piccadilly.
- A peak only service runs from Wigan North Western to Hazel Grove.

These changes reduce the number of trains on the Castlefield Corridor and simplify the routeing of trains around Manchester Victoria.

Wigan to Manchester via Atherton and Westhoughton

December 2019 service pattern	• 1 train per hour from Southport to Stalybridge via Westhoughton and Manchester Victoria. . • 1 train per hour from Southport to Alderley Edge via Westhoughton, Manchester Oxford Road and Manchester Piccadilly. • 1 train per hour from Wigan to Leeds via Atherton, Manchester Victoria and Dewsbury. • 1 train per hour from Wigan to Blackburn via Atherton and Manchester Victoria. • 1 train per hour from Kirkby to Manchester Victoria via Atherton. • In the peak periods, 1 train per hour from Wigan to Manchester Victoria via Atherton.
Option A	• 1 train per hour from Southport to Stalybridge via Westhoughton and Manchester Victoria. • 1 train per hour from Southport to Manchester Victoria via Westhoughton. • 1 train per hour from Wigan to Leeds via Atherton, Manchester Victoria and Dewsbury. • 1 train per hour from Wigan to Leeds via Atherton, Manchester Victoria and Bradford. • 1 train per hour from Kirkby to Blackburn via Manchester Victoria via Atherton.
Option B	• 1 train per hour from Southport to Stalybridge via Westhoughton and Manchester Victoria. • 1 train per hour from Southport to Manchester Victoria via Westhoughton. • 1 train per hour from Wigan to Leeds via Atherton, Manchester Victoria and Dewsbury. • 1 train per hour from Kirkby to Blackburn via Atherton and Manchester Victoria. • In the peak periods, 1 train per hour from Wigan to Manchester Victoria.
Option C	• 2 trains per hour from Southport to Stalybridge via Westhoughton and Manchester Victoria. • 1 train per hour from Wigan to Leeds via Atherton, Manchester Victoria and Dewsbury. • 1 train per hour from Kirkby to Blackburn via Atherton and Manchester Victoria. • In the peak periods, 1 train per hour from Wigan to Manchester Oxford Road, via Atherton, running semi-fast.

In **Timetable Option A**, the following changes are made:

- 1 train per hour from Southport is diverted away from Manchester Piccadilly/Alderley Edge, instead running to Manchester Victoria.
- 1 train per hour from Wigan to Manchester Victoria is linked to Leeds via Bradford.
- 1 train per hour from Kirkby to Manchester Victoria runs on to Blackburn.
- The peak only trains from Wigan to Manchester Victoria do not run, with additional carriages being added to other services to maintain peak capacity.

The changes simplify and standardise the routeing of trains around Manchester Victoria.

In **Timetable Option B**, the following changes are made:

- 1 train per hour from Southport is diverted away from Manchester Piccadilly/Alderley Edge to Manchester Victoria/Stalybridge
- 1 train per hour from Kirkby to Manchester Victoria runs on to Blackburn.
- The frequency of trains on the Atherton line reduces to 2 trains per hour off-peak and 3 trains an hour in the peak, with the remaining trains running with 4 carriages to maintain capacity.

The changes simplify and standardise the routeing of trains around Manchester Victoria.

In **Timetable Option C**, the following changes are made:

- 1 train per hour from Southport is diverted away from Manchester Piccadilly/Alderley Edge to Manchester Victoria/Stalybridge
- 1 train per hour from Kirkby to Manchester Victoria run on to Blackburn.
- The frequency of trains on the Atherton line reduces to 2 trains per hour off-peak and 3 trains per hour in the peak, with the remaining trains running with 4 carriages to maintain capacity.
- A peak-only train connects Southport with Manchester Oxford Road, running semi-fast via the Atherton line calling at Hindley. Atherton and Walkden.

The changes simplify and standardise the routeing of trains around Manchester Victoria.

Preston to Manchester via Chorley

December 2019 service pattern	• 1 fast train per hour from Scotland to Manchester Airport (with limited calls at Bolton) via Manchester Oxford Road and Manchester Piccadilly. • 1 semi-fast train per hour from Blackpool to Manchester Airport via Manchester Oxford Road and Manchester Piccadilly. • 1 stopping train per hour from Blackpool to Hazel Grove via Manchester Oxford Road and Manchester Piccadilly. • 1 stopping train per hour from Preston to Manchester Victoria.
Option A	• 1 fast train per hour from Scotland to Manchester Airport, in off-peak only, via Manchester Oxford Road and Manchester Piccadilly. • 1 semi-fast train per hour from Blackpool to Manchester Airport (in peak periods only), via Manchester Oxford Road and Manchester Piccadilly. • 1 fast train per hour from Cumbria to Manchester Airport via Manchester Oxford Road and Manchester Piccadilly. • 2 stopping trains per hour from Blackpool to Hazel Grove via Manchester Oxford Road and Manchester Piccadilly.

Option B	• 1 fast train per hour from Scotland to Manchester Airport (with full calls at Bolton and additionally at Chorley) via Manchester Oxford Road and Manchester Piccadilly. • 1 fast train per hour from Cumbria to Manchester Airport via Manchester Oxford Road and Manchester Piccadilly. • 2 stopping trains per hour from Blackpool to Alderley Edge via Manchester Oxford Road and Manchester Piccadilly.
Option C	• 1 fast train per hour from Scotland to Manchester Airport via Manchester Oxford Road and Manchester Piccadilly. • 1 fast train per hour from Cumbria to Manchester Airport via Manchester Oxford Road and Manchester Piccadilly. • 2 stopping trains per hour from Blackpool to Manchester Airport via Manchester Oxford Road and Manchester Piccadilly. • In the peak periods, 1 stopping train per hour from Preston to Manchester Victoria.

In **Timetable Option A**, the following changes are made:

- 2 trains per hour run as stopping services between Blackpool and Hazel Grove, via Manchester Piccadilly.
- The current hourly stopping train from Preston to Manchester Victoria does not run.
- The Cumbria to Manchester Airport train runs on this route rather than via Wigan, calling at Chorley and Bolton.
- In peak periods, the Scotland to Manchester train would run via Wigan North Western (not Bolton), being replaced on the Bolton line by a Blackpool to Manchester Airport train calling at the larger stations.

The changes improve the pattern of peak capacity for access to Manchester Piccadilly and simplify the routeing of trains around Manchester Victoria.

In **Timetable Option B**, the following changes are made:

- 2 trains per hour run as stopping services between Blackpool and Alderley Edge, via Manchester Piccadilly.
- The current hourly stopping train from Preston to Manchester Victoria does not run.
- The Cumbria to Manchester Airport train runs on this route rather than via Wigan calling at Chorley and Bolton.
- The Scotland to Manchester Airport service will call every hour at Bolton and Chorley for all journeys.

The changes improve the pattern of peak capacity for access to Manchester Piccadilly and simplify the routeing of trains around Manchester Victoria.

In **Timetable Option C**, the following changes are made:

- 2 trains per hour run as stopping services between Blackpool and Manchester Airport, via Manchester Piccadilly.
- The hourly stopping train from Preston to Manchester Victoria only runs in the peaks.
- The Cumbria to Manchester Airport train runs on this route rather than via Wigan calling at Chorley and Bolton.

The changes improve the pattern of peak capacity for access to Manchester Piccadilly and simplify the routeing of trains around Manchester Victoria.

Blackburn to Manchester via Darwen

The current planned service pattern includes:

- 1 train per hour from Clitheroe to Rochdale via Manchester Victoria.
- 1 train per hour from Blackburn to Rochdale via Manchester Victoria, extending to Clitheroe in the peaks.

In **Timetable Options A and B**, no changes are made to the structure of these services.

In **Timetable C**, additional calls are added to these services, which operate at 30 minute intervals. This provides a more regular service at local stations including Moses Gate, Farnworth and Kearsley; with a standard half hourly pattern of service as compared to the hourly service offered in all other options.

Leeds to Manchester via Rochdale

December 2019 service pattern	• 1 train per hour from Leeds to Manchester Victoria via Bradford. • 1 train per hour from Leeds to Chester via Manchester Victoria and Warrington Bank Quay. • 1 train per hour from Leeds to Wigan via Dewsbury, Manchester Victoria and Atherton. • 1 train per hour from Blackburn to Wigan via Todmorden, Manchester Victoria and Atherton. • 2 trains per hour from Rochdale to Blackburn / Clitheroe via Manchester Victoria and Bolton.
Option A	• 1 train per hour from Leeds to Wigan via Bradford, Manchester Victoria and Atherton. • 1 train per hour from Leeds to Chester via Manchester Victoria and Warrington Bank Quay. • 1 train per hour from Leeds to Wigan via Dewsbury, Manchester Victoria and Atherton. • 1 train per hour from Blackburn to Kirkby via Manchester Victoria and Atherton.

	• 2 trains per hour from Rochdale to Blackburn / Clitheroe via Manchester Victoria and Bolton.
Option B	• 2 trains per hour from Leeds to Manchester Victoria via Bradford. • 1 train per hour from Leeds to Wigan via Dewsbury, Manchester Victoria and Atherton. • 1 train per hour from Blackburn to Kirkby via Manchester Victoria and Atherton. • 2 trains per hour from Rochdale to Blackburn / Clitheroe via Manchester Victoria and Bolton.
Option C	• 2 trains per hour from Leeds to Chester via Manchester Victoria and Warrington Bank Quay. • 1 train per hour from Leeds to Wigan via Dewsbury, Manchester Victoria and Atherton. • 1 train per hour from Blackburn to Kirkby via Manchester Victoria and Atherton. • 2 trains per hour from Rochdale to Blackburn / Clitheroe via Manchester Victoria and Bolton.

In **Timetable Option A**, the following changes are made:

- 1 train per hour from Leeds to Manchester Victoria via Bradford would be extended to Wigan via Atherton.
- 1 train per hour from Blackburn to Wigan is extended to Kirkby via Atherton.

The changes simplify and standardise the routeing of trains around Manchester Victoria.

In **Timetable Option B**, the following changes would be made:

- 2 trains per hour run from Leeds to Manchester Victoria via Bradford (with no extension to Chester once per hour).
- 1 train per hour from Blackburn to Wigan is extended to Kirkby via Atherton.

The changes simplify and standardise the routeing of trains around Manchester Victoria.

In **Timetable Option C**, the following changes are made:

- 2 trains per hour would run from Leeds to Chester via Manchester Victoria and Warrington Bank Quay.
- 1 train per hour from Blackburn to Wigan would be extended to Kirkby via Atherton.

The changes simplify and standardise the routeing of trains around Manchester Victoria, providing a standard 30 minute interval for services on this route.

Stalybridge to Manchester Victoria (Local Trains)

December 2019 service pattern	• 1 train per hour from Stalybridge to Manchester Victoria. • 1 train per hour from Stalybridge to Southport via Manchester Victoria and Westhoughton.
Option A	• 1 train per hour from Stalybridge to North Wales via Manchester Victoria and Warrington Bank Quay. • 1 train per hour from Stalybridge to Southport via Manchester Victoria and Westhoughton.
Option B	• 1 train per hour from Stalybridge to Chester via Manchester Victoria and Warrington Bank Quay. • 1 train per hour from Stalybridge to Southport via Manchester Victoria and Westhoughton.
Option C	• 2 trains per hour from Stalybridge to Southport via Manchester Victoria and Westhoughton.

In **Timetable Option A**, the following changes are made:

- 1 train per hour from Stalybridge to Manchester Victoria is replaced by a train running through to North Wales via Warrington Bank Quay.

The change is designed to simplify the routeing of trains around Manchester Victoria.

In **Timetable Option B**, the following changes are made:

- 1 train per hour from Stalybridge to Manchester Victoria is replaced by a train running through to Chester via Warrington Bank Quay.

The change simplifies the routeing of trains around Manchester Victoria.

In **Timetable Option C**, the following changes are made:

- 1 train per hour from Stalybridge to Manchester Victoria would be replaced by a second train per hour running on to Southport via Westhoughton.

The change simplifies and standardises the routeing of trains around Manchester Victoria.

Huddersfield to Manchester via TransPennine Main Line

December 2019 service pattern	• 2 fast trains per hour to Liverpool, from Edinburgh and Scarborough, via Manchester Victoria. • 2 fast trains per hour to Manchester Airport, coming from Newcastle and Redcar Central, via Manchester Victoria, Manchester Oxford Road, and Manchester Piccadilly. • 1 train per hour from Hull to Manchester Piccadilly, making local stops between Huddersfield and Stalybridge in peak periods. • 1 stopping train per hour from Huddersfield to Manchester Piccadilly.
Option A	• As per current.
Option B	• 2 fast trains per hour to Liverpool, from Edinburgh and Scarborough via Manchester Victoria. • 1 fast train per hour from Redcar Central to Manchester Airport via Manchester Victoria, Manchester Oxford Road, and Manchester Piccadilly. • 1 fast trains per hour from Newcastle to Manchester Victoria. • 1 train per hour from Hull to Manchester Piccadilly, making local stops between Huddersfield and Stalybridge all day. • 1 stopping train per hour from Huddersfield to Manchester Piccadilly.
Option C	• 2 fast trains per hour to Liverpool, from Edinburgh and Scarborough via Manchester Victoria. • 1 fast train per hour from Redcar Central to Manchester Airport via Manchester Victoria, Manchester Oxford Road, and Manchester Piccadilly. • 1 fast train per hour from Newcastle to Manchester Airport via Manchester Victoria, Manchester Oxford Road, and Manchester Piccadilly (in peak periods, only running to Manchester Victoria from Newcastle). • 1 train per hour from Hull to Manchester Piccadilly, making local stops between Huddersfield and Stalybridge all day. • 1 stopping train per hour from Huddersfield to Manchester Piccadilly.

In **Timetable Option A**, no changes are made to the structure of these services.

In **Timetable Option B**, the following changes are made:

- The Hull to Manchester Piccadilly train calls at all stations between Huddersfield and Stalybridge, providing 2 trains per hour for these intermediate stations.
- The Newcastle to Manchester Airport train is curtailed at Manchester Victoria; those travelling to Manchester Airport change trains at Huddersfield or take a Manchester Piccadilly service and change there.

The changes provide a more regular service at local stations and reduces the number of trains using the Castlefield Corridor and Manchester Airport.

In **Timetable Option C**, the following changes are made:

- The Hull to Manchester train calls at all stations between Huddersfield and Stalybridge, providing 2 trains per hour for these intermediate stations.

- The Newcastle to Manchester Airport train is curtailed at Manchester Victoria in the peaks; those travelling to Manchester Airport would need to change trains at Huddersfield or take a Manchester Piccadilly service and change there.

The changes offer standardisation of the pattern for trains between Huddersfield and Manchester, providing a more regular service at local stations.

Sheffield to Manchester via Hope Valley Line

December 2019 service pattern	• 1 stopping train per hour between Manchester Piccadilly and Sheffield skip-stopping during the off-peak. • 1 fast train per hour between Cleethorpes and Manchester Airport via Manchester Piccadilly. • 1 fast train per hour between Liverpool and Nottingham (and Norwich) via Manchester Oxford Road and Manchester Piccadilly.
Option A	As per current.
Option B	• 1 stopping train per hour between Manchester Piccadilly and Sheffield. • 1 fast train per hour between Cleethorpes and Liverpool via Manchester Oxford Road and Manchester Piccadilly. • 1 fast train per hour between Nottingham and Liverpool via Manchester Oxford Road and Manchester Piccadilly.
Option C	As per Option B.

The current planned service pattern includes:

- 1 stopping train per hour between Manchester and Sheffield.
- 1 fast train per hour between Cleethorpes and Manchester Airport.
- 1 fast train per hour between Nottingham and Liverpool.

In **Timetable Option A**, no changes are made to the structure of these services.

In **Timetable Options B and C**, the following changes are made:

- The Cleethorpes train runs to Liverpool, not the Airport; those travelling beyond Manchester to Liverpool get an extra service.
- Passengers for the Airport to change at Piccadilly, with cross-platform interchange and a frequent service.
- The Cleethorpes and Nottingham trains would be exactly 30 minutes apart, providing an even interval service.

The changes simplify and reduce the number of train movements on the approach to Manchester Piccadilly.

South Manchester Long Distance Services

No changes are proposed to the structure of long distance services in south Manchester, including trains to London Euston, Birmingham and the South West and South Wales.

South Manchester Local Services

December 2019 service pattern	• 1 train per hour from Liverpool to Crewe via Manchester Piccadilly and Airport. • 1 train per hour from Piccadilly to Crewe via Stockport. • 1 train per hour from Blackpool to Hazel Grove. • 1 train per hour from Southport to Alderley Edge. • 1 train per hour from Piccadilly to Stoke. • 2 trains per hour from Piccadilly to Buxton. • 1 train per hour from Piccadilly to Chester. • In peak periods, additional services from Stoke and Alderley Edge to Piccadilly, and from Chester to Stockport
Option A	• 1 train per hour from Piccadilly to Crewe via Manchester Airport. • 1 train per hour from Piccadilly to Crewe via Stockport. • 2 trains per hour from Blackpool to Hazel Grove. • 1 train per hour from Piccadilly to Alderley Edge. • 1 train per hour from Piccadilly to Stoke. • 1 train per hour from Piccadilly to Buxton (increasing to 2 trains per hour in peak periods). • 1 train per hour from Piccadilly to Chester. • In peak periods, additional services from Stoke and Alderley Edge to Piccadilly, and from Chester to Stockport
Option B	• 1 train per hour from Piccadilly to Crewe via Manchester Airport. • 1 train per hour from Piccadilly to Crewe via Styal. • 2 trains per hour from Blackpool to Alderley Edge. • 1 train per hour from Piccadilly to Stoke. • 2 trains per hour from Piccadilly to Buxton. • 1 train per hour from Piccadilly to Chester. • In peak periods, 1 train per hour from Wigan North Western to Hazel Grove. • In peak periods, additional services from Stoke to Piccadilly, and from Chester to Stockport
Option C	• 2 trains per hour from Piccadilly to Crewe via Manchester Airport. • 2 trains per hour from Piccadilly to Alderley Edge. • 1 train per hour from Piccadilly to Stoke. • 2 trains per hour from Piccadilly to Buxton. • 1 train per hour from Piccadilly to North Wales via Chester running semi-fast. • 1 train per hour from Piccadilly to Chester. • In peak periods, 1 train per hour from Wigan North Western to Hazel Grove. • In peak periods, additional services from Stoke to Piccadilly.

At present, calls at stations between Manchester Piccadilly and the Airport are picked up in other trains serving Manchester Airport, leading to an uneven calling pattern.

In **Timetable Option A**, the following changes are made:

- The 1 train per hour to the Airport and Crewe begins at Piccadilly (rather than Liverpool), calling all stations to Alderley Edge.
- The 1 train per hour to Alderley Edge begins at Piccadilly (rather than Southport).
- The Blackpool to Hazel Grove service increases to 2 trains per hour.

- The 2 trains per hour to Buxton runs during peak periods only, with 1 train per hour in the off-peak.

The changes provide more even calling patterns and reduce the number of trains using the Castlefield Corridor and Manchester Piccadilly.

In **Timetable Option B**, the following changes are made:
- The 1 train per hour to the Airport and Crewe begin at Piccadilly (rather than Liverpool).
- Alderley Edge services become 2 trains per hour all day and begin at Blackpool (rather than Southport).
- 1 train per hour from Piccadilly to Crewe runs via Styal, rather than via Stockport (but not calling at the Airport).
- 2 trains per hour continue to run to Buxton, but trains to Hazel Grove only run in the peaks only, provided by a Hazel Grove to Wigan North Western service.
- The airport line gains a regular pattern all stations local service.

The changes provide more even calling patterns and reduce the number of trains using the Castlefield Corridor and Manchester Piccadilly.

In **Timetable Option C**, the following changes are made:
- Stopping trains to the Airport and Crewe run at 30-minute intervals and begin at Piccadilly (rather than Liverpool), but both diverted to run via the Airport, giving a regular pattern of calls along the Airport line.
- Alderley Edge services become 2 trains per hour all day and begin at Piccadilly (rather than Southport).
- 2 trains per hour run to Buxton at 30 minute intervals, but trains to Hazel Grove only run in the peaks only, provided by a Hazel Grove to Wigan North Western service.
- A second train per hour is provided on the Mid-Cheshire line, running from North Wales to Piccadilly and calling at Northwich, Knutsford, Altrincham and Stockport.

The changes provide more even calling patterns and reduce the number of trains using the Castlefield Corridor and Manchester Piccadilly.

Routes from the East to Manchester

No changes are proposed to the structure of services in east Manchester, including local stopping trains to:
- Hadfield and Glossop
- New Mills Central and Chinley
- Marple and Rose Hill Marple

In **Timetable Option C**, Rose Hill Marple trains calls at all stations every half hour, rather than missing some out calls as at present.

Manchester Airport

The table below shows the pattern of services to Manchester Airport. The reasons for these changes have been set out under the descriptions above.

December 2019 service pattern	• 1 train per hour from Manchester Airport to Glasgow / Edinburgh. • 1 train per hour from Manchester Airport to Barrow / Windermere. • 1 train per hour from Manchester Airport to Blackpool. • 1 train per hour from Crewe to Liverpool via Newton-le-Willows. • 1 train per hour from Manchester Airport to Liverpool via Warrington Central. • 1 train per hour from Manchester Airport to Redcar Central via Leeds. • 1 train per hour from Manchester Airport to Newcastle via Leeds. • 1 train per hour from Manchester Airport to Cleethorpes. • 1 train per hour from Manchester Airport to North Wales.
Option A	• 1 train per hour from Manchester Airport to Glasgow / Edinburgh. • 1 train per hour from Manchester Airport to Barrow / Windermere. • 1 train per hour from Manchester Airport to Liverpool via Newton-le-Willows. • 1 train per hour from Manchester Airport to Liverpool via Warrington Central. • 1 train per hour from Manchester Airport to Redcar Central via Leeds. • 1 train per hour from Manchester Airport to Newcastle via Leeds. • 1 train per hour from Manchester Airport to Cleethorpes. • 1 train per hour from Crewe to Manchester Piccadilly. • Peak only, 1 train per hour from Manchester Airport to Blackpool.
Option B	• 1 train per hour from Manchester Airport to Glasgow / Edinburgh. • 1 train per hour from Manchester Airport to Barrow / Windermere. • 1 train per hour from Manchester Airport to Liverpool via Newton-le-Willows. • 1 train per hour from Manchester Airport to Redcar Central via Leeds. • 1 train per hour from Manchester Airport to North Wales. • 1 train per hour from Crewe to Manchester Piccadilly.
Option C	• 1 train per hour from Manchester Airport to Glasgow / Edinburgh. • 1 train per hour from Manchester Airport to Barrow / Windermere. • 2 trains per hour from Manchester Airport to Blackpool. • 1 train per hour from Manchester Airport to Redcar Central via Leeds. • 1 train per hour from Manchester Airport to Newcastle via Leeds (off-peak only). • 2 trains per hour from Crewe to Manchester Piccadilly.

This page is intentionally left blank

GMCA GREATER MANCHESTER COMBINED AUTHORITY

Date: 12 February 2021

Subject: GM Investment Framework, Conditional Project Approval

Report of: Councillor David Molyneux, Portfolio Lead for Investment and Resources and Eamonn Boylan, Portfolio Lead Chief Executive for Investment

---

PURPOSE OF REPORT

This report seeks Greater Manchester Combined Authority ("Combined Authority" and "GMCA") to note the Chief Executive Decision Notice for the approval of loans to Manchester Science Partnerships Limited ("MSP") and to IRAF UK Vantage 3 Limited ("Vantage").

In view of the prolonged timeframe between the Combined Authority's meetings in February and March 2021, this report seeks approval to delegate authority to the Combined Authority Chief Executive in consultation with the Combined Authority Treasurer and the Portfolio Lead for Investment and Resources, to approve projects for funding and agree urgent variations to the terms of funding previously approved by the Combined Authority, for the period 13 February 2021 to 25 March 2021.

Any recommendations that are approved under the delegation will be reported to the next available meeting of the Combined Authority.

RECOMMENDATIONS:

The GMCA is requested to:

1. note the Chief Executive Decision Notice for the approval of loans to Manchester Science Partnerships Limited ("MSP") and to IRAF UK Vantage 3 Limited ("Vantage").

2. delegate authority to the Combined Authority Chief Executive and the Combined Authority Treasurer, in consultation with the Portfolio Lead for Investment and Resources, to approve projects for funding and agree urgent variations to the terms of funding in the period 13

February 2021 to 25 March 2021. Any recommendations that are approved under the delegation will be reported to the next available meeting of the Combined Authority.

CONTACT OFFICERS:

Eamonn Boylan: eamonn.boylan@greatermanchester-ca.gov.uk
Steve Wilson: steve.wilson@greatermanchester-ca.gov.uk
Bill Enevoldson: bill.enevoldson@greatermanchester-ca.gov.uk

Equalities Implications:

Not applicable.

Climate Change Impact Assessment and Mitigation Measures:
None.

Risk Management:

The loans noted in this paper will be governed under the existing investment framework which includes several levels of review and ongoing monitoring of performance.

Legal Considerations:

The legal agreements will be based upon the existing templates for the GM Investment Fund, amended for the specific requirements of the individual funding arrangements.

Financial Consequences – Revenue:

There are no revenue implications.

Financial Consequences – Capital:

The loans will be made from recycled funds.

Number of attachments to the report:

None.

Comments/recommendations from Overview & Scrutiny Committee:

None.

BACKGROUND PAPERS:
None.

<table>
<tr><td colspan="2">TRACKING/PROCESS</td><td colspan="2"></td></tr>
<tr><td colspan="3">Does this report relate to a major strategic decision, as set out in the GMCA Constitution</td><td>YES</td></tr>
<tr><td colspan="4">EXEMPTION FROM CALL IN</td></tr>
<tr><td colspan="2">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?</td><td colspan="2">NO

PUBLIC DOMAIN RELEASE DATE: 13 FEBRUARY 2036</td></tr>
<tr><td>GM Transport Committee</td><td>Overview & Scrutiny Committee</td><td colspan="2" rowspan="2"></td></tr>
<tr><td>N/A</td><td>N/A</td></tr>
</table>

1. INTRODUCTION/BACKGROUND

1.1 The Combined Authority maintains and develops a pipeline of projects submitted by applicants seeking funding from the Combined Authority's Core Investment Funds allocation. These projects are assessed against criteria based on the GM Investment Strategy, developed to underpin the economic growth of Greater Manchester. A condition of investment is that the companies sign up as a supporter of the Greater Manchester Good Employment Charter.

1.2 This assessment incorporated:

a) an appraisal by the GM Core Investment Team; and
b) a review by a sub-group of GM Chief Executives.

1.3 Chief Executive Decision Notice

a) The approval Decision was made post-December 2020 GMCA meeting. The GMCA meeting was unable to approve the loans due to GMCA committee members stating a conflict of interest. Those members' withdrawal from the agenda item made the GMCA meeting inquorate.

2. INVESTMENTS APPROVED BY DECISION NOTICE

2.1 Manchester Science Partnerships Limited, Manchester

The business case in respect of MSP (a loan of £5,750,000) for the construction of the "Base Building", has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval.

Base Building is a 91,542 sq ft, city centre office block targeting SME occupiers focussed on research and development. The site is located off Oxford Road, and forms part of the Manchester Science Park Campus. The Oxford Road corridor is a key strategic development zone for Manchester City Council.

MSP is a subsidiary of Bruntwood Science Limited, which in turn is owned by Bruntwood Scitech, a JV between the Bruntwood Group and Legal and General. Bruntwood/MSP have successfully let and delivered six projects funded by the GMCA's Evergreen Funds ("Evergreen").

Senior debt funding is expected to be £17.05m (including finance cost), split between Growing Places and Evergreen 2 (£9.75m plus interest roll-up).

2.2 **IRAF UK Vantage 3 Limited, Salford**

The business case in respect of Vantage (a loan of £4,750,000) for the construction of "Ravens Locks", has been submitted to, and appraised by, the Core Investment Team and is recommended to the Combined Authority for conditional approval.

Ravens Locks is a 172,000 sq ft multi-let industrial and logistics park in Little Hulton, Salford. The site is located 7.5 miles west of Salford and 10 miles west of central Manchester and close to the M61. It is located near Logistics North (an earlier Evergreen funded development), which is now considered a prime logistics location. The scheme will provide six units in total ranging from 11,000 sq ft to 69,000 sq ft.

IRAF UK Vantage 3 Ltd is an SPV wholly owned by InfraRed Capital Partners Limited, a global investment manager focused on both infrastructure and real estate. The Developer that will be responsible for delivery of the project is Network Space Developments Ltd. Network Space is a well-established regional property company.

Senior debt funding is expected to be split equally between Growing Places and Evergreen (£4.75m each, excluding finance).

3. DELEGATION

3.1 A delegation is sought to allow urgent recommendations for funding to be conditionally approved in the period between the Combined Authority's February and March 2021 meetings. It is proposed that authority be delegated to the Combined Authority Chief Executive and the Combined Authority Treasurer in consultation with the Portfolio Lead for Investment and Resources to approve projects for funding and agree urgent variations to the terms of funding previously approved by the Combined Authority.

3.2 Any recommendations approved under the delegation will be subject to the usual due diligence processes and will be reported to the next available meeting of the Combined Authority.

Document is Restricted

This page is intentionally left blank