Public Document

GMCA GREATER MANCHESTER COMBINED AUTHORITY

GREATER MANCHESTER COMBINED AUTHORITY

DATE: **Friday, 11th February, 2022**

TIME: **10.30 am**

VENUE: **Council Chamber, Trafford Town Hall, Talbot Road, Stretford,M32 0TH (Sat-nav post code M16 0QQ)**

WIFI:

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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 - 28 January 2022 5 - 20

To consider the approval of the minutes of the GMCA meeting held 28 January 2022.

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

16. **Mayor's Cycling and Walking Challenge Fund** 329 - 338

Report of the GM Mayor, Andy Burnham.

17. **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

18. **A Bed Every Night 2022-25 Programme** 339 - 346

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

Name	**Organisation**	**Political Party**
Councillor Neil Emmott	Rochdale	Labour
Councillor Eamonn O'Brien	Bury Council	Labour
GM Mayor Andy Burnham	GMCA	Labour
Councillor Brenda Warrington	Tameside	Labour
Deputy Mayor Beverley Hughes	GMCA	Labour
City Mayor Paul Dennett	Salford City Council	Labour
Councillor Andrew Western	Trafford	Labour
Councillor David Molyneux	Wigan Council	Labour
Councillor Arooj Shah	Oldham Council	Labour
Councillor Bev Craig	Manchester CC	Labour

Councillor Martyn Cox	Bolton	Conservative
Councillor Elise Wilson	Stockport MBC	Labour

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 3 February 2022 on behalf of Julie Connor, Secretary to the Greater Manchester Combined Authority, Broadhurst House, 56 Oxford Street, Manchester M1 6EU

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Declaration of Councillors' Interests in Items Appearing on the Agenda

Name and Date of Committee……………………………………………………………………………

Agenda Item Number	Type of Interest - PERSONAL AND NON PREJUDICIAL Reason for declaration of interest	NON PREJUDICIAL Reason for declaration of interest Type of Interest – PREJUDICIAL Reason for declaration of interest	Type of Interest – DISCLOSABLE PECUNIARY INTEREST Reason for declaration of interest

Please see overleaf for a quick guide to declaring interests at GMCA meetings.

Quick Guide to Declaring Interests at GMCA Meetings

Please Note: should you have a personal interest that is prejudicial in an item on the agenda, you should leave the meeting for the duration of the discussion and the voting thereon.

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:

1. Bodies to which you have been appointed by the GMCA
2. 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:

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

Failure to disclose this information is a criminal offence

Step One: Establish whether you have an interest in the business of the agenda

1. If the answer to that question is 'No' then that is the end of the matter.
2. 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 is prejudicial

A personal interest becomes a prejudicial interest:

1. where the wellbeing, 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.
2. 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.

For a non-prejudicial interest, you must:

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

To note:

1. You may remain in the room and speak and vote on the matter
2. 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.

For prejudicial interests, you must:

1. Notify the governance officer for the meeting as soon as you realise you have a prejudicial interest (before or during the meeting).
2. Inform the meeting that you have a prejudicial interest and the nature of the interest.
3. Fill in the declarations of interest form.
4. Leave the meeting while that item of business is discussed.
5. 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.

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MINUTES OF THE MEETING OF THE
GREATER MANCHESTER COMBINED AUTHORITY
HELD ON 28 JANUARY 2022 AT LEIGH SPORTS VILLAGE, WIGAN

PRESENT:

Greater Manchester Mayor	Andy Burnham (In the Chair)
Bolton	Councillor Hilary Fairclough
Bury	Councillor Eamonn O'Brien
Manchester	Councillor Bev Craig
Oldham	Councillor Arooj Shah
Rochdale	Councillor Neil Emmott
Salford	Councillor Paul Dennett
Stockport	Councillor Elise Wilson
Tameside	Councillor Brenda Warrington
Trafford	Councillor Andrew Western
Wigan	Councillor Nazia Rehman

OFFICERS IN ATTENDANCE:

Chief Executive Officer, GMCA & TfGM	Eamonn Boylan
GMCA Monitoring Officer	Liz Treacy
GMCA Treasurer	Steve Wilson
GMFRS	Dave Russel
GMP	Wasim Chaudhury
Bolton	Bernie Brown
Bury	Paul Lakin
Manchester	Carol Culley
Oldham	Harry Catherall
Rochdale	Steve Rumbelow
Salford	Debbie Brown
Stockport	Caroline Simpson
Tameside	Steven Pleasant
Trafford	Sara Saleh
Wigan	Alison McKenzie-Folan

Office of the GM Mayor	Kevin Lee
GMCA	Julie Connor
GMCA	Nicola Ward
GMCA	James Killan
TfGM	Steve Warrener

GMCA 246/21 APOLOGIES

RESOLVED/-

That apologies be received and noted from Deputy Mayor Bev Hughes, Councillor Martyn Cox (Hilary Fairclough attending), Councillor David Molyneux (Councillor Nadia Rehman attending), Joanne Roney (Carol Culley attending), Tom Stannard (Debbie Brown attending), and Tony Oakman (Bernie Brown attending).

GMCA 247/21 CHAIRS ANNOUNCEMENTS AND URGENT BUSINESS

The GM Mayor, Andy Burnham reflected on recent events held across Greater Manchester to mark Holocaust Memorial Day, particularly a service held at the GMCA Office led by Rabi Walker, where it had been a privilege to hear the experience of a Manchester-based holocaust survivor.

An update was provided on the Clean Air Zone for Greater Manchester, the CA were reminded that the legal direction was given to Local Authorities in March 2020 to implement a clean air zone in order to address long-term annual standards for harmful nitrogen dioxide air pollution. During 2021 TfGM gathered evidence to express to Government concerns that the current scheme may not be successful in achieving compliance by 2024, but in fact would cause real hardship to many businesses in Greater Manchester as a result of recent changes to the supply chain and cost inflation. This information prompted the Greater Manchester Air Quality Administration Committee to request the Government to suspend the funding for phase two and fundamentally review the situation. Following this, the GM Mayor had met with the Secretary of State this week, at which he was asked to consider all options in particular to lift the Government's legal direction on all ten Greater Manchester Local Authorities to provide more time to achieve compliance.

RESOLVED /-

1. That Members of the GMCA welcomed the opportunity to take part in events to mark Holocaust Memorial Day on 27 January 2022 and that it be a further reminder that there will never be room for racism, hate or discrimination in Greater Manchester.

2. That it be noted that the GM Mayor met with the Secretary of State on the 26 January 2022 as only he can enable a review, variation or withdrawal of the Clean Air Scheme. The Secretary of State had been requested to consider all options, in particular to lift the Government's legal direction on all ten Greater Manchester Local Authorities to provide more time for compliance to be achieved.

3. That it be noted that Members of the GMCA were committed to improving air quality and the health of residents but also recognised that major changes were needed to the current scheme. The request made to the Secretary of State followed previous articulations regarding the fear that the current scheme may not be successful in achieving compliance by 2024 but would cause real hardship to many businesses in Greater Manchester as a result of recent changes to the supply chain and cost of inflation.

4. That it be noted that there would be further engagement regarding the proposed Clean Air Zone in 7-10 days' time and an update provided at the next meeting of the GMCA.

GMCA 248/21 DECLARATIONS OF INTEREST

RESOLVED /-

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

GMCA 249/21 MINUTES OF THE GMCA MEETING HELD ON 17 DECEMBER 2021

RESOLVED /-

That the minutes of the GMCA meeting held on 17 December 2021 be approved.

GMCA 250/21 MINUTES OF THE GMCA RESOURCES COMMITTEE HELD ON 17 DECEMBER 2021

RESOLVED /-

That the minutes of the GMCA Resources Committee meeting held on 17 December 2021 be noted.

GMCA 251/21 MINUTES OF THE GMCA STANDARDS COMMITTEE HELD ON 17 DECEMBER 2021

RESOLVED /-

That the minutes of the GMCA Standards Committee meeting held on 17 December 2021 be noted.

GMCA 252/21 MINUTES OF THE GMCA AUDIT COMMITTEE HELD ON 21 JANUARY 2022

RESOLVED /-

That the minutes of the GMCA Audit Committee meeting held on 21 January 2022 be noted.

GMCA 253/21 MINUTES OF THE GMCA OVERVIEW & SCRUTINY COMMITTEES – JANUARY 2022

RESOLVED /-

That the minutes of the GMCA Housing, Planning & Environment Overview & Scrutiny Committee meeting held on the 11 January 2022, and the minutes of the GMCA Economy, Business Growth & Skills Overview & Scrutiny Committee meeting held on the 14 January 2022 be noted.

GMCA 254/21 MAYORAL GENERAL BUDGET & PRECEPT PROPOSALS

The GM Mayor, Andy Burnham, introduced a report which set out the proposal for the Mayoral General Budget and precept for 2022-23 for consideration by the members of the GMCA. The proposed precept increase would equate to £7 per year for a Band D property for the Mayoral General Budget and £5 per year for the Fire Service element, resulting in an increase of less than £10 a year for the majority of Greater Manchester residents.

The Greater Manchester Fire and Rescue Service (GMFRS) had been through a transition period following the Programme for Change and had made improvements in recent years. It had responded well to significant incidents and the proposals sought to maintain a minimum level of cover that the GMCA found acceptable, whereby 50 pumps should remain in operation across the city region, with five firefighters per pump at a single-pump fire station and four firefighters per pump at a double-pump fire station.

An additional potential funding pressure had been identified in relation to marauding terrorist attack (MTA) training. Many firefighters had not been trained to respond to MTAs when they began their careers. A proposal to train all firefighters had been agreed in principle with the Fire Brigade Union but was still subject to ballot, which was expected to conclude in February 2022. It had been proposed that firefighters who underwent the training would receive additional pay to reflect the responsibility of undertaking the training and being available to respond to an MTA.

The increase to the Mayoral General Budget element of the proposal had been minimised as much as possible as the cost of living pressures on residents across Greater Manchester were recognised. However, the proposed increase would ensure that schemes like Our Pass and A Bed Every Night would be sustained and could continue to provide support to vulnerable residents in the city region. The increase would also contribute to Greater Manchester's bus franchising scheme, which would enable the transformation of the bus system across the conurbation. National funding for bus services through the Bus Back Better strategy and Bus Service Improvement Plan had recently been scaled back and plans within Greater Manchester had been adapted to ensure that the bus franchising scheme could proceed.

Members generally agreed with the proposals and reiterated the need to provide a minimum level of cover at fire stations, as well as the need to reward firefighters appropriately if they undertook the MTA training. GMFRS was praised, particularly in relation to its work on the High Rise and Building Safety Taskforce, which had addressed fire safety in high rise buildings across the city region following the tragic Grenfell tower fire in 2017.

It was noted that Government had committed to an extension of the 100% business rate retention pilot within Greater Manchester for one year and Members called on Government to extend the scheme for a longer period so that Local Authorities could engage in medium to long-term financial planning. It was also reiterated that a local government fair funding review was still urgently needed.

In summary, although it was clear that the proposed precept increases were essential to ensure the delivery of local services, Members were clear that this approach resulted in regressive forms of taxation that could be avoided if Government were to properly finance their ambition to level up all areas of the UK.

RESOLVED /-

1. That the GM Mayor's proposal to increase the Mayoral General Precept to £102.95 (Band D) comprising of £71.20 for functions previous covered by the Fire and Rescue Authority precept and £31.75 for other Mayoral General functions be considered.

2. That it be noted that the proposal for the Mayoral General Precept for 2022/23 is part of a multi-year strategy for setting the Mayoral precept baseline which will be adjusted in future years as further Mayoral functions are covered by the funding raised.

3. That the following be noted:

    i. the overall budget proposed for the Fire and Rescue Service,

ii. the use of the reserves to support the revenue and capital budgets, and the assessment by the Treasurer that the reserves as at March 2021 are adequate,
iii. the proposed Fire Service capital programme and proposals for funding,
iv. the medium-term financial position for the Fire and Rescue Service covered by the Mayoral precept.

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

5. That the use of reserves as set out in Paragraph 3.3 of the report be noted.

6. That Members of the GMCE be asked to 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 its meeting on 11 February 2022 there will 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 settlement.

GMCA 255/21 GREATER MANCHESTER POLICE & CRIME PLAN

The GM Mayor, Andy Burnham, updated Members on the refresh of the pPolice and Crime Plan, Standing Together for Greater Manchester (2022-2025). The report set out the approach that had been taken to refresh the plan and included the key issues that had arisen from consultation and engagement with community safety partnerships, Greater Manchester Police (GMP), wider partners, and the public.

The refreshed Plan had retained the three key pillars from the previous plan: keeping people safe, reducing harm and offending, and strengthening communities and places. These pillars had resonated with the public and would remain the top priorities for GMP. Two additional themes had been added, which sought to address and strengthen the response to the report of Her Majesty's Inspectorate, particularly around support for victims and tackling inequalities. Community safety partnerships would be supported at Local Authority level so that locally led initiatives could be created and maintained.

GMP would be recruiting 325 additional police officers, which represented a total increase of 1000 officers since 2017. It was noted that this represented half of the officers lost between 2010 and 2017 but was nevertheless good progress.

An update was provided on the #IsThisOK campaign video that had been released in December 2021, which focused upon the daily abuse, harassment, and discrimination that women and girls experienced. The video had received over 5 million views which reflected the importance of the campaign. Women and girls' safety would remain a priority within Greater Manchester and the refreshed Plan would help to support ongoing work around gender-based violence.

Assistant Chief Constable, Wasim Chaudhury, emphasised the progress that GMP had made in the previous year. There had been improvements in crime recording, crime investigation, and contact management. District Commanders had taken the opportunity to connect with local communities and there had been increased accountability within the force as a result. GMP had improved the 101 service and would continue to develop its contact services for the public's benefit. Work had been underway at a regional and national level to address serious organised crime, including county line drugs offences and terrorism. Neighbourhood policing had been prioritised, with a focus on making public spaces and transport networks safer for all. GMP was keen to engage with the GMCA and the public on an ongoing basis, with regular police accountability meetings due to take place throughout the year.

Members welcomed the Plan and praised its focus on victims and accountability. GMP's Operation AVRO had already been impactful, and it would continue to be rolled out throughout the conurbation. The 101 service was highlighted as a particular area for improvement and Members welcomed the plans to further improve the service.

The GM Police and Crime Panel at their meeting on the 30 January would be asked to approve the proposed precept increase of £10 a year per Band D property. This proposal reflected confidence in the senior leadership of GMP to deliver the objectives set out in the Plan, with GMP strongly held to account on the delivery of the commitments, including significant improvement to the 101 service.

In summary, the GM Mayor reflected that there had been clear progress within GMP over the past few months, with further considerable steps to be taken throughout 2022 to ensure that the Police Force was positioned to meet the needs of local residents.

RESOLVED /-

1. That the draft Standing Together plan be noted.

2. That it be noted that the GM Police & Crime Panel would be given the opportunity to review and sign off the Plan at their meeting on the 31 January 2022.

GMCA 256/21 GREATER MANCHESTER RETROFIT ACTION PLAN

Councillor Neil Emmott, Portfolio Lead for Green City Region, introduced a report which sought approval of the Greater Manchester Retrofit Action Plan, which had been produced by the Mayoral Retrofit Task Force.

The report highlighted that Greater Manchester would need to significantly prioritise the decarbonisation of heat if it were to achieve its carbon neutrality target of 2038. There would be a need to move towards zero-emissions heating solutions in place of fossil fuels, however zero-emissions solutions required homes to be well-insulated to operate effectively. Many homes were not sufficiently insulated to make the most of new heating technologies, although could be retrofitted to make the necessary improvements. Financial support was required to enable people to achieve this, especially the most vulnerable, noting the concerning data that showed that 15% of Greater Manchester residents were currently living in fuel poverty.

The Greater Manchester Retrofit Task Force had been established to examine retrofitting and it had identified three main challenges: insufficiently skilled operatives, a lack of innovative funding models and solutions to support residents willing to retrofit, and a lack of local information for residents about retrofit. The Retrofit Action Plan identified actions that could be taken with partners over the next three years to accelerate the renovation of properties. The culmination of the Plan would be the deployment of an integrated delivery proposition that evidenced that there would be a requirement of £3-5b investment to enable 20% of homes in Greater Manchester to become carbon neutral.

Members highlighted the global energy crisis and noted that retrofit would be a key mechanism for addressing energy supply and demand in the future, enabling the delivery of low carbon affordable homes and further supporting Greater Manchester in its ambition to be a leading green city region.

RESOLVED /-

1. That the Greater Manchester Retrofit Action Plan and its contents be noted.

2. That the Greater Manchester Retrofit Action Plan be approved for design & publication (attached at Annex 1 to the report).

GMCA 257/21 GREATER MANCHESTER INTERNATIONAL STRATEGY 2022 TO 2025

Councillor Elise Wilson, Portfolio Lead for Economy, took members through a report which provided an overview of the draft Greater Manchester International Strategy and the process that had been taken to refresh the Strategy. The report also contained details about the approach taken for the development of the Delivery Plan.

The International Strategy had been launched in 2017 and had been refreshed for one year in 2020 to account for uncertainties that had arisen from the pandemic. The new refreshed strategy would last for three years from 2022 to 2025 and had been based upon an extensive update of the evidence base, international priorities, and impacts on various sectors in the city region. The process had involved significant consultation with a wide group of stakeholders. The strategy would build upon the Greater Manchester Strategy and reflected the vision of becoming a leading city region in the UK and globally, with particular influence in the green and digital sectors. Internationalisation could further support the Local Industrial Strategy and the Greater Manchester Economic Vision through increased trade, investment, and research and development. Greater Manchester had a transformational role in supporting Government to deliver on its global Britain priorities. The new Strategy had adopted the same strategic framework as the 2020 Refreshed Strategy and it would strengthen the work that was already underway across partner organisations in the city region to improve its international links.

Members reflected on the role of city regional diplomacy and the importance of global collaboration, as well as international trade. Greater Manchester's role in giving back to international communities was also highlighted, with particular reference to the waste management support that had been given to Sylhet in Bangladesh following an earlier delegation to the area.

RESOLVED /-

1. That the new Greater Manchester International Strategy be approved.

2. That the approach to developing the Greater Manchester International Strategy Delivery Plan be noted.

GMCA 258/21 GREATER MANCHESTER INFORMATION STRATEGY AND GMA EXECUTIVE LEADERSHIP

Alison McKenzie-Folan, Chief Executive of Wigan Council, introduced a report containing the Greater Manchester Information Strategy for comment and approval, and to agree a Combined Authority Member and Chief Executive to lead and oversee its implementation.

28 January 2022 was Data Protection Day and the importance of promoting privacy and data protection was emphasised. The strategy had been developed by the Greater Manchester Information Board which had many partners across the city region. It had taken a whole system approach to data and would enable collaborative working whilst protecting the rights of data subjects. During the Covid-19 pandemic, effective data sharing had played a key part in helping the city region to tackle the challenges that it had faced. The Strategy focused on public trust and helping residents to find accurate and reliable information when they needed it. It also addressed the use of algorithms, which had faced criticism in the GCSE and A Level awarding processes during the pandemic. The strategy would further assist organisations to work better collectively and develop consistency across shared priorities, continuing to enable Greater Manchester's strong track record of work in this area

RESOLVED /-

1. That the Greater Manchester Information Strategy be approved.

2. That it be agreed that GMCA Member (Cllr Martyn Cox) and Chief Executive (Alison McKenzie-Folan) would lead and oversee implementation of the Greater Manchester Information Strategy.

GMCA 259/21 CITY REGION SUSTAINABLE TRANSPORT SETTLEMENT DRAFT PROGRAMME CASE

Eamonn Boylan, Chief Executive Officer, GMCA & TfGM, introduced a report which updated Members on the process to secure a City Region Sustainable Transport Settlement (CRSTS) for Greater Manchester, and requested delegation of the consideration, approval and submission to Government of the draft CRSTS Programme Case to the Chief Executive Officer, GMCA and TfGM in consultation with the GM Mayor.

Greater Manchester had been given £1.07bn from Government for Greater Manchester's sustainable transport settlement. However, it had since been instructed to reprioritise the funding under the assumption that it would receive no further capital funding within the Bus Service Improvement Plan process. A process of reprogramming had been conducted which had taken Local Authorities priorities into account and the constrictions of other funding opportunities.

RESOLVED /-

1. That it be noted that the GMCA, as requested by Government on 20 July 2021, had prepared and submitted to the Government's City Region Sustainable Transport Fund in early September, as part of the process to secure up to £1.19 billion of capital funding for the period 2022/23 to 2026/27.

2. That it be noted that on 22 November 2021, the Secretary of State wrote to the Greater Manchester Mayor to say that GMCA had been awarded an indicative

allocation of £1.07 billion of capital funding conditional on the submission of a programme business case by the end of January 2022.

3. That the key planning assumptions that the draft Programme Case was based upon as set out in section 3 of the report be noted.

4. That the approval of the draft Programme Case be delegated to the Chief Executive Officer, GMCA and TfGM, in consultation with the GM Mayor and for submission to Government.

5. That it be noted that, following further review by Government and the announcement of the final award from Government, the final Programme Case would come to GMCA for approval.

GMCA 260/21 BID TO THE ZERO EMISSION BUS REGIONAL AREAS (ZEBRA) FUND

Eamonn Boylan, Chief Executive, GMCA & TfGM, introduced a report which sought approval for the submission of the GMCA ZEBRA fund bid. A proposal had been developed with Stockport and Stagecoach Group Plc (Stagecoach) to bid for funding that would provide zero emission buses. The funding would help to meet the city region's ambition to decarbonise and improve public transport. It would also contribute to Stockport's ambitions within the Mayoral Development Corporation.

Members emphasised the significance of the funding and the improvements that it would make to the bus fleet and bus depot in Stockport.

RESOLVED /-

1. That approval be delegated to the Chief Executive Officer, GMCA & TfGM, in consultation with the GM Mayor and the Chief Executive of Stockport MBC, to approve the GMCA ZEBRA fund bid that had been produced in combination with Stockport MBC and Stagecoach Group Plc (Stagecoach). The bid seeks DfT funds of £36.9m alongside Stagecoach investment of approx. £37.2m and a GMCA

contribution of £12.5m to support the introduction of 170 Zero Emission Buses in the south of Greater Manchester by 2024.

2. That the conditions and details for this submission as set out in section 1 of the report be noted.

3. That the GMCA final contribution of £12.5m be provisionally approved, that will be financed by prudential borrowings, noting that the borrowings will be repaid to GMCA over the lifetime of the assets through a subsidy control clawback mechanism; and that it be further noted that in the event that the submission is successful, final approval will be sought once costs have been confirmed.

4. That it be noted that any assets created through this fund would be available for the future franchised Greater Manchester bus network.

GMCA 261/21 GREATER MANCHESTER ECONOMIC DASHBOARD AND ECONOMY PORTFOLIO UPDATE

Councillor Elise Wilson, Portfolio Lead for Economy and Business, updated Members on the latest version of the Greater Manchester Economic Resilience Dashboard and an overview of activity related to the Greater Manchester Local Industrial Strategy and Economy portfolio.

Consumer Price Inflation had reached its highest rate in ten years, at 4.8% in December 2021 and was expected to rise to 6% by Spring 2022. The Resolution Foundation's latest labour market outlook had indicated that the cost of living crisis would significantly affect households due to the increase in National Insurance contributions, the freeze on the income tax threshold and rising energy prices. The UK Consumer Confidence Index had decreased in December 2021 which reflected concerns about the cost of living.

The Greater Manchester Good Employment Charter had welcomed new members since the last meeting of the GMCA. There were also now 422 accredited real living wage employers which represented a significant step towards Greater Manchester becoming a real living wage city region.

Members reflected on the importance of Local Authorities becoming Good Employment Charter members so that they could lead by example as one of the biggest employers in each Local Authority. It was recognised that by becoming a real living wage city region with high levels of Good Employment Charter membership, Greater Manchester would demonstrate its position as a good place to live and work.

RESOLVED /-

1. That the latest update of the Greater Manchester Economic Resilience Dashboard and response be noted, including delivery of the Local Industrial Strategy and Greater Manchester Economic Vision.

2. That the Leader of Bury Council, Eamonn O'Brien, expressed his gratitude for the recent Good Employment Charter accreditation and urged other Greater Manchester Authorities to lead by example and make the pledge.

Signed by the Chair:

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MINUTES OF THE MEETING OF THE GMCA RESOURCES COMMITTEE HELD ON FRIDAY 28 JANUARY 2022 AT LEIGH SPORTS VILLAGE, WIGAN

PRESENT:

Andy Burnham (In the Chair)	Mayor of Greater Manchester
Councillor Elise Wilson	Stockport
City Mayor Paul Dennett	Salford
Councillor Brenda Warrington	Tameside

ALSO PRESENT:

Cllr Nazia Rehman	Wigan
Eamonn Boylan	Chief Executive, GMCA
Steve Wilson	GMCA Treasurer
Kevin Lee	Office of the GM Mayor
Julie Connor	Assistant Director Governance & Scrutiny
Nicola Ward	Senior Governance Officer

RC/15/21 APOLOGIES

Apologies were received and noted from Councillor David Molyneux (Wigan), Councillor Martyn Cox (Bolton) and Councillor Andrew Western (Trafford).

RC/16/21 CHAIRS ANNOUNCEMENTS AND URGENT BUSINESS

RESOLVED/-

There were no urgent announcements or urgent business.

RC/17/21 DECLARATIONS OF INTEREST

RESOLVED/-

There were no declarations of interest.

RC/18/21 MINUTES OF THE GMCA RESOURCES COMMITTEE HELD ON 17 DECEMBER 2021

RESOLVED/-

That the minutes of the GMCA Resources Committee meeting held on 17 December 2021 be approved.

RC/19/21 GMCA GENDER AND ETHNICITY PAY GAP REPORTING MARCH 2021

Eamonn Boylan, Chief Executive Officer GMCA & TfGM explained to the Committee that it was a statutory requirement to report on gender pay gap issues, however it had been decided to also include the work undertaken to remove any ethnicity pay gap issues.

The report highlighted that there had been relative change since 2017 in relation to gender pay, with a significant improvement reported for women. The mean figure reported in paragraph 7.7 of the report showed that woman are paid on average more than men in the organisation due to the number of women holding senior positions. The GMCA were proud to be well above the national average in relation to the number of women at this level in the organisation.

In relation to ethnicity pay gaps, the GMCA were broadly comparable with other organisations of the same size, however there was a recognition that further work needed to be done in this area. Already steps were being taken to review the advertising style and location of role and work was underway to address the unconscious bias through additional training for staff.

Members questioned the increased percentage of women in lower and middle pay positions, and it was confirmed that this could be predominately attributed to the success of recruitment for GMFRS where reaching gender balance was a conscious target for the new Chief Fire Officer.

The Committee further offered challenge in relation to the gender and equality pay gap issues of the CA's third-party organisations and sub-contractors, especially regarding those who undertake large contracts on behalf of GMFRS. Officers were confident that ensuring their staff received a real living wage was part of the contract conditions, however offered to provide further information to the Committee.

RESOLVED/-

That further information as to how procurement contracts with third party organisations and contractors actively support the GMCA's equal pay policy be shared with the Committee.

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MINUTES OF THE GM HOUSING, PLANNING & ENVIRONMENT OVERVIEW & SCRUTINY COMMITTEE HELD TUESDAY 01 FEBRUARY 2022 AT THE TOOTAL BUILDINGS - BROADHURST HOUSE, 56 OXFORD STREET, MANCHESTER, M1 6EU

PRESENT:

Bolton	Councillor John Walsh (Chair)
Bury	Councillor Martin Hayes
Manchester	Councillor Mandie Shilton-Godwin
Oldham	Councillor Barbara Brownridge
Rochdale	Councillor Linda Robinson
Stockport	Councillor Colin MacAlister
Stockport	Councillor Janet Mobbs
Tameside	Councillor Mike Glover
Trafford	Councillor Akilah Akinola
Trafford	Councillor Kevin Procter
Wigan	Councillor Fred Walker

IN ATTENDANCE:

GMCA	David Taylor
GMCA	Mark Atherton
GMCA	Joanne Heron
GMCA	Ninoshka Martins

HP&E 21/38 WELCOME AND APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Ashley Dearnley (Rochdale), Liam Billington (Tameside) and Stuart Dickman (Salford).

HP&E 21/39 CHAIR'S ANNOUNCEMENTS AND URGENT BUSINESS

There were no Chair's Announcements and urgent business.

HP&E 21/40 DECLARATIONS OF INTEREST

No declaration of interests were received.

HP&E 21/41 THE MINUTES OF THE MEETING HELD ON 09 DECEMBER 2021

The minutes of the previous meeting, held on 09 December 2021 were submitted for approval.

RESOLVED/-

That the minutes of the Housing, Planning & Environment Overview & Scrutiny Committee held on 09 December 2021 be approved.

HP&E 21/42 FORWARD PLAN OF KEY DECISIONS

Consideration was given to a report that provided an overview of the latest Forward Plan of Key Decisions (Appendix A) to identify areas of focus for the committee.

RESOLVED/-

That the latest Forward Plan of Key Decisions be noted.

HP&E 21/43 WORK PROGRAMME

Consideration was a report that provided a summary of the items that would be considered by the Committee during the 2021-2022 municipal year.

It was requested for the following items be added to the work programme for the 2022 – 2023 municipal year:

- Bus Franchising
- Walking and Cycling
- Climate Action Plan
- Flood Risk
- Highways Agency Update

Members were advised to share any additional items that they would like to be incorporated in the 2022 - 2023 work programme with the secretariat after the meeting.

RESOLVED/-

That the Work Programme be noted.

HP&E 21/44 POTENTIAL IMPLICATIONS OF NATIONAL RESOURCES AND WASTE STRATEGY

Consideration was given to a presentation that provided an update on the development of the Resources and Waste Strategy (RaWS) and the potential implications for waste management in Greater Manchester (GM).

The following comments were made:

It was recognised that having several waste containers would not be reasonable for every household in GM particularly for residents who lack storge space and can be challenging for those that are disabled.

A member queried as to whether it would be practical to invest in collection or recycling points across GM rather than relying on residents to segregate their waste. It was reported that government's waste and recycling advisors had recommended the curb side collection system, based on performance measures as it was cost effective to sort waste.

Members recognised that there was a need to issue clear guidance on recycling placements for each container in order to allow collection of a clean stream of recyclable materials. It was noted that having a complicated waste disposal system would likely increase fly tipping and therefore it would be useful for local authorities to factor in associated costs.

A member stated that it would be beneficial for bin storage to be a requisite for new developments to meet the challenges around the lack of space for bin storage.

With regards to the deposit scheme, a member sought to understand how the scheme would work and who would benefit from the sale of recyclables. It was reported that the Deposit Return scheme had been designed to encourage recycling on the go and that revenue generated from the sale of recyclables would be available through the Extended Producer Responsibility fund for local authorities to access.

It was recognised that the introduction of the Deposit Return scheme could result in residents collecting significant volumes of material to recycle at reverse vending machines however it was noted that there was no clear data yet to indicate how this would affect the Extended Producer Responsibility payments to local authorities.

A member sought to understand the reason for garden waste not being recycled using an anaerobic digester. In response, it was stated that due it's woody nature garden waste would not be suitable for anaerobic digestion and therefore would be recycled through open composting as it has proved to be a cheaper and viable process.

It was reported that a few supermarkets had launched a recycling point and therefore a member sought to understand whether GM had any performance figures on this trail. It was reported that this was a local short-term trial that had recently been launched hence there was no data yet on performance.

However, it was recognised that the onus lied with retailers to reduce the use of poor-quality materials and design packaging that could be easily recycled. It was reported that through the Extended Producer Responsibility regime for packaging Government would seek to put the cost back to polluter industries.

A member sought to understand whether there were any plans in the strategy to tackle commercial waste. Members were advised that elements of the EU Waste Framework were being incorporated into the UK's law which includes the recycling obligation for industries. It was reported that plans to tackle commercial waste had also been included in other aspects of the strategy. Members were advised that a further update would be brought to the committee once the next consultation responses and guidance were released by Government.

Members were advised that a work stream had been established that was looking at developing a strategy that was focused on Sustainable Consumption & Production. It was reported that it was intended for the plan to be submitted for consideration at the GMCA meeting in March and that regular progress updates would be reported into the Green Partnership Board.

RESOLVED/-

That the report be noted.

That a further update be brought to the Committee once the next consultation responses and guidance were released by Government.

HP&E 21/45 GREATER MANCHESTER GO NEUTRAL - SMART ENERGY OPPORTUNITY PIPELINE

Consideration was given to a presentation that outlined update on the Go Neutral Smart Energy call-off framework, that had been developed to support the city region's public bodies in optimising renewable energy generation and storage on their estates and assets. The Go Neutral Framework aims to accelerate the delivery of up to 300MW of renewable generation across the conurbation over the next 3 years through the creation of portfolios of smart energy opportunities.

The following comments were made:

A member sought to understand how car parks would be utilised in terms of generating green energy and the benefits to investors. In response, it was stated that it was intended that photo voltaic cell would be installed on the roof space of carports for the purpose of energy generation and that this investment would in the long run would generate an estimated 9% return for investors.

It was noted that there was a need to develop a deliverable pipeline of smart energy opportunities via a range of investment and delivery models. Therefore, a member queried whether in addition to solar power, there was an opportunity to harness hydro-energy from rivers. Members were advised that work was being done utilising the Rural Community Energy Fund to identify a pipeline of projects for the purpose of hydro-energy generation.

Members welcomed the initiative to install a battery storage system to store unused energy that would be generated by solar panels and noted the need to develop schemes that would encourage residents to opt for battery storage.

In terms of the framework, it was reported that the intention was to retrofit the entire GM public buildings with the view to create a smart energy network that would allow local authorities the opportunity to effectively manage the electricity generated.

With regards to the investment from the 10 GM local authorities, members were advised that there was no financial obligation in setting up the framework. However, if needed GMCA would support local authorities to access necessary funding to develop and deliver their projects.

RESOLVED/-

1. That the progress made in establishing the Go Neutral – Smart Energy Framework be noted.

2. That it be noted that if viable projects are achieved, GMCA partners would require additional support to access funds to further develop and deliver the projects.

3. That the environmental outcome to substantially reduce carbon emissions of Greater Manchester's public estate, through new and additional renewable energy generation and storage capacity, be noted.

HP&E 21/46 DATE OF NEXT MEETING

- 8 March 2022; 10:30 am

Date: 11 February 2022

Subject: Budget Paper A - GMCA Revenue and Capital Budgets 2022/23 Overview

Report of: Cllr 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 2022/23. 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:

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Name: Steve Warrener, Finance and Corporate Services Director TfGM
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Name: Rachel Rosewell, Deputy Treasurer to GMCA
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Equalities Implications: N/A

Climate Change Impact Assessment and Mitigation Measures:

Risk Management – An assessment of major budget risks faced by the authority are carried out quarterly as part of the reporting process – at the present time a significant proportion of the capital budget is funded through grant. In order to mitigate the risk of monetary claw back the full programme is carefully monitored against the grant conditions and further action would be taken as necessary.

Legal Considerations – There are no specific legal implications contained within the report.

Financial Consequences – Revenue – The report sets out a summary of the proposed revenue budgets for 2022/23 and medium term financial planning for 2022/23 – 2024/25.

Financial Consequences – Capital – The report sets out a summary of the proposed capital programme for 2021/22 – 2024/25.

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

BACKGROUND PAPERS:

Report to Greater Manchester Combined Authority: 'GMCA Budget Reports' 12th February 2021

<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>Overview & Scrutiny Committee</td><td colspan="2" rowspan="2"></td></tr>
<tr><td></td><td>8th February 2022</td></tr>
</table>

1. Introduction and Background

1.1 This report presents an overview of the proposed Greater Manchester Combined Authority (GMCA) budgets for 2022/23. It summarises the position on the Mayoral General Budget and Precept, GMCA General Revenue Budget, GMCA Transport Revenue budget including Transport Levy and Statutory Charge, the GM Waste Service Levy and the Capital Programme 2021/22 – 2024/25.

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. The GM Transport Revenue budgets are detailed in ***Paper C***

- **GMCA Revenue General Budget** – This includes the core cost of the Combined Authority 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 and Resources Service 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 the meeting on the 31st January 2022, it was noted by the Police, Fire and Crime Panel that the Mayor had considered his proposed increase to the police precept in light of the responses by members of the public to the proposals set out in the consultation which concluded on the 27th January 2022. The Panel approved the Mayor's proposal for a precept increase of £10 per year for a band D property. This will take the Band D police precept to £228.30 per year.

3.4 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 2022/23. The GMCA is recommended to:

1. To approve the Mayor's General budget for 2022/23 set out in the report together with the calculation of the precepts and Council Tax rates.
2. To approve the Mayoral General Precept to £102.95 (Band D) comprising of £71.20 for functions previously covered by the Fire and Rescue Authority precept and £31.75 for other Mayoral General functions;
3. To approve:
   i. the overall budget for the Fire and Rescue Service for 2022/23 covered by the Mayoral precept
   ii. the medium term financial position for the Fire and Rescue Service
4. To approve the use of reserves and the assessment by the Treasurer that the reserves as at March 2022 are adequate;

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

ii) GMCA Transport Revenue Budget

Paper C sets out the GMCA Transport Revenue Budget for 2022/23. The funding for core GM transport services remains unchanged for 2022/23. The charge made to GM districts through the district levy therefore remains at the same overall cash level as in 2021/22. 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.

TfGM's budget has been managed within the same funding envelope in recent years by making year on year savings from various sources, including a voluntary severance process which was run in the last financial year. This has been very challenging in the context of the additional activities that TfGM has been requested to deliver, the continuing inflationary pressures on budgets, the amount of expenditure which is unavoidable due to it being related to statutory obligations. There are also a number of key uncertainties in relation to the impact of the pandemic on future Metrolink and Bus passenger volumes and revenues and the availability of government Covid recovery funding beyond the end of March 2022.

Whilst Greater Manchester has made real progress in recent years, there is still much work to do to 'level Up' (both at a GM and at a national scale), and to tackle climate change. The key programmes of work outlined in the report include:

- The Bee Network – an integrated 'London Style' transport system
- Bus Service Improvement Plan
- City Region Sustainable Transport Settlement

- Pandemic support and recovery in relation to Metrolink and Bus
- Bus Franchising
- Future Infrastructure Scheme Development for the Greater Manchester Transport Strategy

The GMCA is recommended to:

1. Note the issues which are affecting the 2022/23 transport budgets as detailed in the report;
2. Approve the GMCA budget relating to transport functions of £269.4 million funded through the Transport Levy, Statutory Charge and other funding sources as set out in the report for 2022/23;
3. Approve a Transport Levy on the District Councils in 2022/23 of £105.773 million, apportioned on the basis of mid-year population 2020;
4. Approve a Statutory Charge of £86.7 million to District Councils in 2022/23 as set out in Part 4 of the Transport Order, apportioned on the basis of mid-year population 2020;
5. Delegate authority to the GMCA Treasurer, in conjunction with the TfGM Finance and Corporate Services Director, to make the necessary adjustments between capital funding and revenue reserves to ensure the correct accounting treatment for the planned revenue spend for following schemes:
   - Mayors Challenge Fund 2022/23 project and programme management costs of up to £1.9 million;
   - Active Travel Fund (Round 2) £0.25 million of revenue funding for associated programme management and assurance costs.
6. Approve the proposal to increase fees and charges where applicable, in line with inflation and to approve the increases proposed to Bus stop closure charges.
7. Approve the use of Transport reserves in 2021/22 and 2022/23.
8. Note that the funding for Bus Franchising in 2022/23 is approved as part of the Mayoral Budget 2022-23.

iii) GMCA Revenue General Budget

Paper D sets outs the Greater Manchester Combined Authority (GMCA) Revenue General Budget for 2022/23. The proposed District contributions to be approved for 2022/23 of £8.603m are included within the report together with the consequent allocations to the individual Councils which is unchanged from 2021/22.

The GMCA is requested to:

1. Approve the budget relating to the Greater Manchester Combined Authority functions of £242.6 million
2. Approve District contributions of £8.603 million.
3. Approve the use of reserves as set out in section 4 of the report.

iv) GM Waste Disposal Budget

Paper E sets out the proposed waste budget for 2022/23 for the nine GM Districts Councils who are part of the GM waste contract. The report sets out the Waste Levy requirement for 2022/23 and highlights the 2021/22 position being an under of £11.4 million, largely driven by changes in the value of recyclate prices leading to increased income.

The GMCA is requested to:

1. Note the forecast outturn for 2021/22;
2. Note the proposed 2023/24 Trade Waste rate of £118.30 to allow forward planning by Districts;
3. Note the capital programme for 2022/23 as set out in Appendix A;
4. Note the budget and levy for 2022/23 of £164.8m (1.5% increase); and
5. Note the risk position set out in the Balances Strategy and Reserves.

v) GM Capital Programme

Paper F sets out the GMCA capital programme for 2021/22 – 2024/25. The GMCA's capital programme includes Economic Development and Regeneration programmes, Waste and the continuation of the programme of activity currently being delivered by TfGM and Local Authorities.

There has been some re-profiling of the 2021/22 programme into future yeas as the progression of a significant number of schemes has been impacted upon by the pandemic and compounded by global pressures on construction materials availability and associated pricing.

The 2022/23 Capital Programme does not include any of the recently notified £1.07 billion City Region Sustainable Transport Settlement funding (CRSTS), as the programme case was submitted to Government during January 2022, with confirmation of the award currently anticipated by the end of March 2022. The 2022/23 budget will be updated and brought back to GMCA for approval once the final programme has been confirmed. GMCA is requested to:

a. Note the current 2021/22 forecast of £479.9m compared to the 2021/22 quarter 2 capital forecast of £625.7m; and
b. Approve the capital programme budget for 2022/23 of £421.5 million and the forward plan as detailed in the report

4. CONCLUSION

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

- The Mayor's final proposal for Mayoral General Budget, with the proposed precept and the detailed budget and statutory calculations following receipt of final information from 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. RECOMMENDATION

5.1 Recommendations are presented at the front of the paper.

GMCA GREATER MANCHESTER COMBINED AUTHORITY

Date: 11th February 2022

Subject: Mayoral General Budget and Precept Proposals 2022/23

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 2022/23.

The report recommends the setting of the Revenue Budget for 2022/23 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:

1. To approve the Mayor's General budget for 2022/23 set out in this report together with the calculation of the precepts and Council Tax rates set out in Appendix 2.

2. To approve the Mayoral General Precept to £102.95 (Band D) comprising of £71.20 for functions previously covered by the Fire and Rescue Authority precept and £31.75 for other Mayoral General functions.

3. To approve:
   i. the overall budget for the Fire and Rescue Service for 2022/23 covered by the Mayoral precept
   iii. the medium term financial position for the Fire and Rescue Service

4. To approve the use of reserves as set out in section 3 of the report and the assessment by the Treasurer that the reserves as at March 2022 are adequate.

5. 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.

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

Name: Tracey Read, Head of Finance
E-Mail tracey.read@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 2022/23 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 2022/23 and future years.

Financial Consequences – Capital – Proposals for Fire and Rescue Services capital spend are set out within Part 2 of the report.

BACKGROUND PAPERS:

GMCA – Mayoral General Budget and Precept Proposals 2021/22 – 12 February 2021

GMCA - Mayoral General Budget and Precept Proposals 2022/23 – 28 January 2022

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<tr><td>N/A</td><td colspan="2">8th February 2022</td></tr>
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1. INTRODUCTION

1.1 The purpose of this report set out for the Greater Manchester Combined Authority (GMCA) the Mayor’s budget for 2022/23, to meet the costs of Mayoral general functions. The functions of the GMCA which are currently Mayoral General functions are:

- Fire and Rescue
- 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 28th January 2022, 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 2022/23. 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. At the time of writing 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 2022/23 will increase to £80.07 for a Band B property split between £55.38 for the fire service and £24.69 for other Mayoral-funded services (£102.95 for a Band D property, with the fire service accounting for £71.20 and £31.75 for non-fire). The Mayoral General Budget 2022/23 is set out in two parts:

1.5.1 Part 1 - Mayoral General Budget 2022/23 (excluding Fire and Rescue). The Mayoral General precept proposals include:

- Continuation of the flagship A Bed Every Night scheme into the next financial year. This scheme is core to the reduction in rough sleeping by 67% in Greater Manchester since 2017 and it will continue to support local schemes and homelessness partnerships to end rough sleeping across the region.
- Extension of the Our Pass pilot scheme for a further 12 months from September 2022, providing free bus travel within Greater Manchester for 16-18 year olds.
- Bus Reform implementation as a key step toward development of The Bee Network, an integrated 'London-style' transport system which will join together buses, trams, cycling and walking and other shared mobility services by 2024.

1.5.2 Part 2 - Greater Manchester Fire and Rescue Service (GMFRS) Medium Term Financial Plan 2022/23 – 2024/25. The precept increase in relation to GMFRS is required to ensure there is no impact on frontline fire cover. The Mayor has committed to continuing with 50 fire engines throughout 2022/23 with crewing at the current level of five firefighters at one pump stations and four firefighters on each engine at two pump stations.

2. CHANGES SINCE THE LAST REPORT

2.1 At the time of writing the report considered by GMCA on the 28th 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, with the exception of one Council, for which, an estimated £1.531m has been used for Business Rates income and £151k in respect of Section 31 grant income in relation to expected levels of income and reliefs grant in 2022/23. The confirmed figures, together with the estimates stated 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 from 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 2. 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 share business rates income.

2.3 The budget for 2022/23 now includes the updated estimated position from GM local authorities on the 2021/22 Council Tax Collection Fund and Tax Income Guarantee funding from Government which has been spread over three years 2021/22 – 2023/24, plus the allocation of Covid Additional Relief Fund grant.

2.4 There has been an increase to the District Council Tax base shown in Appendix 2 leading to an additional council tax precept income of £91k plus ncreased income from business rates (including Section 31 grants) of

£1.804million. The increased resource has resulted in a change to planned use of earmarked reserves to fund budget proposals.

3. MAYORAL GENERAL BUDGET 2022/23

3.1 The Mayoral General Budget is set out in two parts:

3.2 Part 1 - Mayoral General Budget 2022/23 (excluding Fire and Rescue). Although it is required to set a precept specifying the Band D Charge, by far the majority of properties, 82.3%, 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 £24.69.

2022/23	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**
Costs for Band £	**21.16**	**24.69**	**28.22**	**31.75**	**38.80**	**45.86**	**52.91**	**63.50**
Proportion of Properties	44.9%	19.8%	17.6%	9.4%	4.8%	2.1%	1.3%	0.2%

3.3 Part 2 - budget in relation to the revenue budget for the Greater Manchester Fire and Rescue Service and the Medium Term Financial Strategy (MTFP). Appendix 2 sets out the amounts of Council Tax for each band, including the Fire element of the precept.

3.4 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.

3.5 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.

3.6 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.

3.7 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.

3.8 The table below shows the summary of gross and net budget for Mayoral General Budget including GMFRS budget for 2022/23:

Budget Summary 2022/23	**Gross Expenditure £000**	**Gross Income £000**	**Net Estimate £000**
Fire Service Budget	116,574	3,968	112,606
Other Mayoral General Budget	139,020	24,750	114,270
Capital Financing Charges	1,692	0	1,692
Contribution from balances/reserves	5,185	4,603	582
Budget Requirement	**262,471**	**33,321**	**229,150**
Localised Business Rates		9,508	-9,508
Business Rate Baseline		40,922	-40,922
Services Grant		2,209	-2,209
Section 31 Grant - Business Rates		5,187	-5,187
Section 31 Grant - pensions		5,605	-5,605
Transport - Statutory Charge		86,700	-86,700

Collection Fund surplus/-deficit	2,573	1,445	1,128
Precept requirement	**265,044**	**184,897**	**80,147**

3.9 The full calculation of aggregate amounts under Section 42A (2) and (3) of the Local Government Finance Act 1992 as updated in the Localism Act 2011 is shown at Appendix 2.

3.10 Taking account of the budget proposals outlined in this paper, the reserves for both Mayoral and GMFRS for 2022/23 are as follows:

Mayoral and GMFRS Reserves	Closing Balances 31 March 2021 £000	Transfer out/(in) 2021/22 £000	Projected Balance March 2022 £000	Transfer out/(in) 2022/23 £000	Projected Balance March 2023 £000
General Reserve - Mayoral & GMFRS	-11,781		-11,781		-11,781
Bus Services Operators Grant	-4,290	2,750	-1,540	631	-909
Our Pass Reserve	-7,021	2,704	-4,317	670	-3,647
A Bed Every Night	-2,000	2,000	0		0
Capital Reserve	-10,600	2,700	-7,900	-5,185	-13,085
Capital Grants Unapplied	-2,050	2,050	0		0
Earmarked Budgets Reserve	-3,186	1,083	-2,103	122	-1,981
Revenue Grants Unapplied	-8,173	6,193	-1,980	930	-1,050
Insurance Reserve	-2,849		-2,849		-2,849
Business Rates Reserve	-1,605		-1,605		-1,605
Restructuring Reserve	-418		-418		-418
Innovation and Partnership CYP	-127		-127		-127
Transformation Fund	-3,604		-3,604		-3,604

Local Council Tax Scheme		-1,347			
Extended Retail Reliefs (2021/22)		-2,250		2,250	
Total Mayoral & GMFRS Reserves	**-57,704**	**15,883**	**-38,224**	**-582**	**-41,056**

3.11 The current General Fund Reserve balance stands at £11.781m, there is no planned use of this reserve.

4. LEGAL ISSUES

4.1 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.

4.2 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.

4.3 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.

Duties of the Treasurer (Chief Finance Officer)

4.4 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.

4.5 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.

4.6 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.

4.7 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

4.8 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

4.9 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.

5. PART 1 - PROPOSED MAYORAL GENERAL BUDGET 2022/23 (EXCLUDING FIRE & RESCUE)

5.1 This section provides the proposed Mayoral General Budget (excluding Fire & Rescue) for 2022/23. The Mayoral General Budget funds the Mayor's Office and Mayoral functions including Transport. The budget for 2022/23 is a proposed £139m to be funded from Precept income, Transport Statutory Charge, reserves, grants and external income.

5.2 The table below sets out the 2021/22 original and revised budget and 2022/23 proposed budget:

Mayoral General Budget (Excluding Fire & Rescue Service)	**2021/22 Original Budget**	**2021/22 Revised Budget**	**2022/23 Proposed Budget**
	£000	**£000**	**£000**
Mayoral Priorities (inc Corporate Support)	**1,246**	**1,246**	**1,325**
A Bed Every Night	1,950	2,450	2,400
Our Pass	16,200	16,200	16,200
Care Leavers	550	550	550
Equality Panels	250	500	350
Good landlord scheme	300	300	300
No Child Goes Hungry	0	71	

Mayoral Priorities	**19,250**	**20,071**	**19,800**
TFGM Revenue Support	90,250	90,250	90,250
Bus Service Operator's Grant	11,750	11,750	11,750
Bus Reform	4,250	4,250	15,895
Mayoral Transport	**106,250**	**106,250**	**117,895**
Total Expenditure	**126,746**	**127,567**	**139,020**
Mayoral Precept	-18,709	-18,709	-24,717
Collection Fund Surplus /-Deficit	855	855	-1,445
Local Council Tax Scheme	-504	-504	0
BSOG grant	-13,100	-13,100	-13,150
Mayoral Capacity grant	-1,000	-1,000	-1,000
Statutory charge	-86,700	-86,700	-86,700
Earnback revenue grant	0	0	-9,750
Use of Reserves	-6,738	-7,559	-1,408
External Income	-850	-850	-850
Gross Income	**-126,746**	**-127,567**	**-139,020**

5.3 In relation to the level of the precept to be levied for Mayoral functions it is proposed that this is increased by £5.44 to £24.69 for a Band B property (£7 to £31.75 per Band D property), which will provide an additional £6 million to support:

5.3.1 Continuation of the A Bed Every Night (ABEN) programme, which over the last 4 years has contributed to a reduction in rough sleeping in Greater Manchester. Alongside other funding streams, this contribution will be committed to over a three-year period to enable greater investment in other areas of homelessness response and prevention from investors and reduce the overall requirement by end of the 2024/25.

5.3.2 Recurrent funding for schemes currently funded from reserves in 2021/22, including:

- Care Leavers concessionary pass to provide free bus travel in Greater Manchester for young people 18-21 years old that have been in care.
- Equality panels facilitated by appropriate voluntary organisations, enabling investment in organisations which work in partnership with public services and the wider community, contributing to tackling the inequalities agenda.
- Good Landlord Scheme to ensure tenants and landlords have access to information and advice, strengthened enforcement to target the poorest quality and worst managed properties in the sector and capacity to enable landlords to better support tenants.

5.3.3 The Our Pass scheme which provides free bus travel within Greater Manchester for 16-18 year olds and direct access to other opportunities in the region. The scheme was proposed run for a pilot period of two years from August 2019, which subsequently became impacted by the Covid pandemic. The scheme was extended in September 2021 and since then the engagement from young people has increased significantly. In order to benefit from a full two year evaluation it is proposed to extend the pilot to August 2023. The Our Pass scheme is funded from a combination of Precept, reserves and other income. A budget of £16.2m is proposed for 2022/23 with a risk reserve held by TfGM if costs increase during the pilot, in line with the original funding strategy for the scheme agreed by the GMCA.

5.3.4 Implementation of Bus Reform including the introduction of Bus Franchising and responding to the outcome of the Bus Service Improvement Plan bid to Government in the autumn.

Statutory Transport Charge

5.4 The Mayoral Transport includes TfGM Revenue Grant budget met from the statutory transport charge of £86.7m and the Bus Service Operators Grant.

Following the GMCA (Functions and Amendment) order being laid in April 2019, I was given further powers for transport functions and a £86.7 million statutory charge to District Councils (with a corresponding reduction in the Transport Levy). The order also states that this amount (£86.7 million) can only be varied with the unanimous agreement of the members of the GMCA.

5.5 The full breakdown by District Council is shown below:

Transport Statutory Charge 2022/23			
District	**Pop Mid 2020**	**%**	**£**
Bolton	288,248	10.12%	8,774,084
Bury	190,708	6.70%	5,805,029
Manchester	555,741	19.51%	16,916,400
Oldham	237,628	8.34%	7,233,244
Rochdale	223,659	7.85%	6,808,037
Salford	262,697	9.22%	7,996,328
Stockport	294,197	10.33%	8,955,168
Tameside	227,117	7.97%	6,913,296
Trafford	237,579	8.34%	7,231,752
Wigan	330,712	11.61%	10,066,661
Total	**2,848,286**	**100.00%**	**86,700,000**

6. PART 2 - PROPOSED GREATER MANCHESTER FIRE AND RESCUE REVENUE AND CAPITAL BUDGET 2022/23

6.1 The following information provides details supporting the Greater Manchester Fire and Rescue Service Revenue and Capital Budgets.

6.2 The Medium-Term Financial Plan (MTFP) to 2024/25 has been updated, based on the 2021/22 baseline 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 2021.

6.3 The Chancellor announced the Spending Review in December 2021 which presented a one-year settlement as part of the three-year government Spending Review. In relation to Fire and Rescue Services, the announcements covered the following:

- Fire & Rescue services receiving a 4.7% increase in core spending power
- Fire services will receive a £24m share of £822m Services Grant
- Flexibility on council tax precept for the lowest quartile Fire Services of £5 for a one-year period, referendum limits for the remainder of the sector to remain at 2%
- Pension Grant will be paid at current rate and will be formally confirmed in January 2022

6.4 The Provisional Local Government Settlement was published in December 2021 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.

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

Greater Manchester Fire and Rescue Service Medium Term Financial Plan	**Original Budget 2021/22**	**Revised Budget 2021/22**	**Proposed Budget 2022/23**	**Planned Budget 2023/24**	**Planned Budget 2024/25**
	£000	**£000**	**£000**	**£000**	**£000**
Fire Service	109,514	109,514	107,956	112,605	114,040
Pay and price inflation	212	1,275	2,625	1,961	1,999
Savings	-2,857	-2,857	-788	-712	0
Cost pressures and variations	24	24	2,812	186	0
Cost of service	**106,893**	**107,956**	**112,605**	**114,040**	**116,039**
Capital Financing Charges	2,316	2,316	1,692	3,875	4,960

Transfer to Earmarked Reserves	1,349	1,349	5,185	0	0
Revenue Contribution to Capital Outlay	2,700	2,700	0	0	0
Use of Capital Reserves	-2,700	-2,700	0	0	0
Net Service Budget	**110,558**	**111,621**	**119,482**	**117,915**	**120,999**
Funded by:					
Localised Business Rates	10,297	10,297	9,508	9,508	9,508
Baseline funding	40,353	40,353	40,922	40,922	40,922
SFA - Services Grant	0	0	2,209	0	0
Section 31 - Business rates related	2,594	2,594	5,187	5,187	5,187
Section 31 - Pension related	5,605	5,605	5,605	5,605	5,605
Precept income (at £71.20 Band D)	50,041	50,041	55,429	55,429	55,429
Collection Fund surplus/deficit	-5,236	-5,236	-2,573	-311	0
Local Council Tax Support	1,349	1,349	0	0	0
	105,003	**105,003**	**116,287**	**116,341**	**116,651**
Shortfall	**5,555**	**6,618**	**3,195**	**1,574**	**4,347**
Shortfall Funded by:					
Earmarked Reserves	5,555	5,555	3,195	120	0
General Reserves/Precept Increase	0	1,063	0	1,454	4,347
Use of Earmarked & General Reserves/Precept	**5,555**	**6,618**	**3,195**	**1,574**	**4,347**

REVENUE BUDGET ASSUMPTIONS

Funding

6.6 Funding is based on the details from the Provisional Settlement, released in December. The baseline funding has increased by £0.569m from the 2021/22 position with an additional one-year Services Grant of £2.2m. 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.

6.7 From 2019/20 the Home Office confirmed a Section 31 pension grant of £5.605m million towards estimated costs for GMFRS of £6.1m. Payment of this grant in 2020/21 and 2021/22 was made on a flat cash basis, and in 2022/23 indications suggest that the grant will again be paid on a flat cash basis.

6.8 Precept income has been included at the increased rate of £55.38 per Band B property (£71.20 per household at Band D equivalent) which ensures there is no impact on frontline fire cover . The estimated Taxbase for 2022/23, i.e. the number of households paying council tax, has seen an increase when compared to levels assumed in 2021/22.

6.9 Collection Fund surplus/deficits are to be confirmed by Districts as soon as the information is available. Early indications show that Business Rates deficits are expected to continue due to the impact of the on-going pandemic. The values currently provided in the Medium-Term Financial Plan are the deficits from 2020/21 which have been spread over three financial years from 2021/22 and the indicated recoverable amounts from the Tax Income Guarantee funding from Government.

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

Pay and Pensions

6.11 Pay and price inflation includes 1.5% for uniformed staff and an indicative 1.75% for non-uniformed staff in relation to 2021/22, as presented against the revised 2021/22 budget and an estimated 2% for all staff in 2022/23. Following the pay freeze announced in the Spending Review for 2021/22, an increase of £250 per year per employee for those with a salary of less than £24k was introduced into the budget, however, since the budget setting period, uniformed staff pay award was agreed at 1.5% and negotiations for non-uniformed staff pay award started and negotiations are on-going.

6.12 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 and 2021/22 was made on a flat cash basis, which is expected again in 2022/23.

Savings

6.13 The GMFRS Programme for Change has undertaken a whole service review and developed and implemented a new operating model which affected the revenue budget from 2019/20 to 2021/22. The Programme has been completed, however, the Service continually ensure that it is delivered efficiently and effectively. As such, a savings target of £1.5m has been put forward across two financial years. £0.788m of the target has been identified as deliverable in 2022/23 following a line-by-line review and Business Rates payable review, with a further £0.712m to be delivered in 2023/24.

Pressures

6.14 Budget pressures have been identified as set out below:

- Pay Award – As noted at paragraph 6.12, budget pressures have arisen due to pay awards for 2021/22 and 2022/23. Uniformed staff 2021/22 pay award has been agreed at 1.5% which requires a budget increase of £0.818m, indicative increases have been calculated for 2021/22 non-uniformed staff at 1.75% which equates to £0.245m and 2022/23 at 2% for all staff which has been calculated at £1.664m.

- National Insurance – Government announced an increase of National Insurance contributions which increased employers' contribution rate from 13.8% to 15.05%. This increase, estimated at £0.553m is to be funded by the Services Grant.

- Price Inflation - energy costs inflation has been identified with an estimated budget increase requirement of £0.408m. No further inflation has been introduced to the budget, any that arise will be met through existing budgets.

- MTFA capability – an agreement has been reached with the representative body to support a ballot of its members enabling this capability to continue on a permanent basis. This ballot will take place in January – February 2022. The budget introduced to implement and maintain this is £1.385m on a recurring basis.

- Training – A full scale review of Training Needs Assessment, the capacity to deliver and external costs associated has recently been undertaken. This has been costed and has raised a budget pressure of £0.751m.

- Support Services – Back-office support from the wider GMCA will see an cost increase, mainly in relation to pay award. This has been estimated at £0.379m based on a 5% increase.

Transfer to Earmarked Reserves

6.15 The transfer to Earmarked Reserves represents the planned use of revenue funding to be transferred to the Capital Fund Reserve. This is to reduce future capital financing costs against capital programme expenditure.

CAPITAL PROGRAMME

6.16 GMFRS have reviewed capital investment requirements for the Fire Estates, Fire ICT schemes and Operational Vehicles and Equipment, and the proposed Capital Programme requirements are set out below.

Capital Programme	**2021/22**	**2022/23**	**2023/24**	**Future Years to 2027/28**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Estates	3,194	12,666	11,010	18,290	45,160
Transport	3,478	5,480	2,084	8,958	20,001
ICT	1,820	1,574	184	600	4,178
Equipment	301	2,154	540	1,614	4,609
Sustainability	342	240	75	300	957
Health & Safety	0	0	0	0	0
Waking Watch Relief Fund	2,050	0	0	0	2,050
Total Capital Programme	**11,186**	**22,114**	**13,893**	**29,762**	**76,956**

6.17 A long-term Estates Strategy is being formulated, the approved Phase 1 of the scheme with plans for new builds, extensions, refurbishments and carbon reduction schemes is underway with expected completion by 2025/26. Alongside this is the Bury Training and Safety Centre which is also underway and due to complete within 2022/23.

6.18 Transport and Equipment replacement programme budgets are profiled in accordance with expected need and delivery profiles allowing for lead times where supply chains require orders to be place up to 18 months prior to goods being delivered.

BUDGET RISKS

6.19 Future budget risks are set out below:

- A one-year settlement was included in the three-year Government Spending Review, future funding beyond 2022/23 has not been confirmed.

- Pay claims for firefighters and Local Government Employees in excess of the assumptions set out in the report.

- 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 being determined but are likely to be significant in future years beyond 2022/23.

- 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 , Fire Safety Act 2021, and the Building Safety bill.

- Any Business Continuity Arrangements that require funding which are not part of the Base Budget.

- As no capital grants are available to FRSs, 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.

7. RECOMMENDATIONS

7.1 Detailed recommendations appear at the front of this report.

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

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 2022/23

Budget Summary 2022/23	**Gross Expenditure £000**	**Gross Income £000**	**Net Estimate £000**
Fire Service Budget	116,574	3,968	112,606
Other Mayoral General Budget	139,020	24,750	114,270
Capital Financing Charges	1,692	0	1,692
Contribution from balances/reserves	5,185	4,603	582
Budget Requirement	**262,471**	**33,321**	**229,150**
Localised Business Rates		9,508	-9,508
Business Rate Baseline		40,922	-40,922
Services Grant		2,209	-2,209
Section 31 Grant - Business Rates		5,187	-5,187
Section 31 Grant - pensions		5,605	-5,605
Transport - Statutory Charge		86,700	-86,700
Collection Fund surplus/-deficit	2,573	1,445	1,128
Precept requirement	**265,044**	**184,897**	**80,147**

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	77,795.0
Bury	55,611.0
Manchester	127,620.0
Oldham	57,450.0
Rochdale	56,232.0
Salford	71,905.0
Stockport	96,883.1
Tameside	63,306.0
Trafford	77,601.0
Wigan	94,100.0
Total	**778,503.1**

AMOUNTS OF COUNCIL TAX FOR EACH BAND

2022/23	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**
Costs for Band £	**68.63**	**80.07**	**91.51**	**102.95**	**125.82**	**148.70**	**171.58**	**205.90**

CALCULATION OF BAND D EQUIVALENT TAX RATE

		£
	NET EXPENDITURE UNDER SN 42A (4)	262,470,966
LESS:-	Funding (Including S31 grant)	183,451,665

	79,019,301

ADJUSTED FOR SURPLUS (-) / DEFICIT ON DISTRICT COLLECTION FUNDS

BOLTON	-115,842
BURY	-120,061
MANCHESTER	279,125
OLDHAM	265,115
ROCHDALE	33,227
SALFORD	153,659
STOCKPORT	271,613
TAMESIDE	-19,856
TRAFFORD	243,075
WIGAN	137,538
Total	**1,127,593**
NET BUDGETARY REQUIREMENT TO BE MET BY COUNCIL TAX	**80,146,894**

NET BUDGETARY REQUIREMENT	80,146,894
AGGREGATE TAX BASE	778,503.1
BASIC TAX AMOUNT AT BAND 'D'	**102.95**

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GREATER MANCHESTER COMBINED AUTHORITY

Date: 11 February 2022

Subject: Budget Paper C - GMCA Transport Revenue Budget 2022/23

Report of: Cllr 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 2022/23. The proposed Transport Levy to be approved for 2022/23 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 2022/23 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 2022/23.

3. Approve a Transport Levy on the District Councils in 2022/23 of £105.773 million, apportioned on the basis of mid-year population 2020.

4. Approve a Statutory Charge of £86.7 million to District Councils in 2022/23 as set out in Part 4 of the Transport Order, apportioned on the basis of mid-year population 2020.

5. Delegate authority to the GMCA Treasurer, in conjunction with the TfGM Finance and Corporate Services Director, to make the necessary adjustments between capital funding and revenue reserves to ensure the correct accounting treatment for the planned revenue spend for following schemes detailed in paragraph 4.36:
   - Mayors Challenge Fund 2022/23 project and programme management costs of up to £1.9 million;
   - Active Travel Fund (Round 2) £0.25 million of revenue funding for associated programme management and assurance costs.

6. Approve the proposal to increase fees and charges where applicable, in line with inflation and to approve the increases proposed to Bus stop closure charges. as set out in paragraphs 4.59 and 4.60.

7. Approve the use of Transport reserves in 2021/22 and 2022/23 as detailed in section 5.

8. Note that the funding for Bus Franchising in 2022/23 is approved as part of the Mayoral Budget 2022-23 also on this agenda.

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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 2022/23.

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 Transport Revenue Budget’ 12 February 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	8th February 2022		

1 INTRODUCTION

1.1 The report provides details of the proposed budget, including Mayoral funded functions as they relate to Transport for 2022/23.

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 2022/23

2.1 The proposed Transport budget for 2022/23 is £269.353m summarised in the table below:

Transport Revenue Budget	Approved Budget 2021/22	Proposed Budget 2022/23	Change
Resources Available:	**£000**	**£000**	**£000**
Transport Levy	105,773	105,773	0
Statutory Charge	86,700	86,700	0
Mayoral General Precept	17,050	21,414	4,364
Government Grants	24,693	35,375	10,682
External Income	850	850	0
Contribution from Reserves	11,360	19,242	7,881
Total Resources	**246,426**	**269,353**	**22,927**
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	11,785	11,785	0

Scheme Development Costs	0	15,900	15,900
Our Pass Concession	16,200	16,200	0
Care Leavers Concession	550	550	0
Bus Reform	4,250	15,895	11,645
GMCA Traffic Signals	3,822	3,822	0
GMCA Corporate	975	1,024	49
Capital Financing Costs			
- Levy Funded	52,904	52,904	0
- GMCA Funded from Revs/Res	11,558	12,951	1,393
- TfGM Funded from Revs/Res	19,479	13,419	-6,060
Total Call on Resources	**246,426**	**269,353**	**22,927**

2.2 The overall Transport budget for 2022/23 is an increase of £22.927m compared to 2021/22, the major changes relate to:

- Earnback revenue grant – increased use of grant to meet a proportion of the implementation costs of Bus Reform;
- Increase in Mayoral Precept to meet implementation cost of Bus Franchising;
- Use of reserves to meet Scheme Development Costs offset by a reduction in capital financing charges

2.3 From the Transport budget of £269.353m, a budget of £190.725m will be allocated to TfGM and the remainder will be retained by GMCA to meet capital financing costs, traffic signal maintenance and corporate overheads. Section 4 below provides detail on the TfGM budget strategy for 2022/23 and a breakdown of the proposed TfGM revenue budget.

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 2022/23 will be set at £105.773m and the Statutory Charge be set at £86.7 million, a total of £192.473m which has been unchanged over the last two years.

3.3 The Transport Levy and Statutory Charge is distributed across the Districts based on mid-year 2020 population. An analysis of amounts payable by each District Council in 2022/23 is shown in the table below.

3.4 As in previous years 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.

3.5 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 2022/23.

<u>Proposed GMCA Transport Levy and Statutory Charge 2022/23 per District</u>

3.6 The table below details both the Transport Levy and the Statutory Charge per district.

District	2022/23 Transport Levy £000	2022/23 Statutory Charge £000	2022/23 Total Charge £000
Bolton	10,704	8,774	19,478
Bury	7,082	5,805	12,887
Manchester	20,638	16,916	37,554
Oldham	8,824	7,233	16,058
Rochdale	8,306	6,808	15,114
Salford	9,755	7,996	17,752
Stockport	10,925	8,955	19,880
Tameside	8,434	6,913	15,347
Trafford	8,823	7,232	16,054
Wigan	12,281	10,067	22,348
Total	**105,773**	**86,700**	**192,473**

4. TfGM BUDGET STRATEGY 2022/23

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

<u>Context and overview</u>

4.2 Recognising, that whilst Greater Manchester has made real progress in recent years, there is still much work to do to ‘level Up’ (both at a GM and at a national scale), and to tackle climate change. Transport is the foundation not least in supporting GMCA to secure stronger control over bus services, so as to deliver a zero carbon, London-style, affordable, transport network. It will foster a stronger, more efficient and resilient city-region economy, connect people to homes, jobs, learning, leisure and culture, and create opportunities for all of Greater Manchester’s communities from urban to rural, city to town and village.

Bee Network

4.3 The Bee Network is an integrated 'London-style' transport system which will join together buses, trams, cycling and walking and other shared mobility services by 2024, with commuter rail incorporated by 2030, to transform how people travel in Greater Manchester.

4.4 By designing and delivering public transport, active travel and shared mobility services as one system with local accountability and aligned to national and local priorities, the Bee Network will transform the travelling experience and make sustainable, low carbon transport an attractive option for all.

4.5 Accessible, affordable, integrated, inclusive and easy to use, with a daily fare cap and Greater Manchester-wide multi-modal fares, the Bee Network will support seamless end-to-end journeys within Greater Manchester, irrespective of the destination.

Bus Service Improvement Plan

4.6 Greater Manchester is strongly aligned with Government and the National Bus Strategy in terms of understanding the potential for buses to play a central role in supporting sustainable economic growth in Greater Manchester's city and town centres and major development areas, in supporting levelling up across Greater Manchester by enabling the most excluded groups to access opportunities and in driving decarbonisation of the transport system. These shared ambitions were set out, in detail, in our Bus Service Improvement Plan (BSIP) that was submitted to Government last October.

4.7 As Government work to conclude the best use of the BSIP / bus revenue funding, we are seeking a firm commitment from Government to provide the financial support needed to stabilise the network and increase service frequencies and make fares more equitable, so that we are raising standards to London levels across the whole transport system.

City Region Sustainable Transport Fund (CRSTF) and Settlement (CRSTS)

4.8 In addition, on 20 July 2021, DfT issued the guidance for the renamed City Region Sustainable Transport Fund (CRSTF) and Settlement (CRSTS) process. At its meeting on 10th September, GMCA approved the submission of the Prospectus based upon the upper bound guideline of £1.19bn for government consideration as part of the 2021 Spending Review process. Subsequently, on 22 November 2021, the Secretary of State wrote to the GM Mayor to say that GMCA had been allocated an indicative allocation of £1.07 billion of capital funding conditional on the submission of a programme business case by the end of January 2022. The programme business case should set out the outcomes that are expected to be achieved and how they meet the objectives of programme.

Pandemic support and recovery funding

4.9 Unlike most other UK Light Rail Systems, GMCA / TfGM takes full revenue risk on the Metrolink network. The system has (pre Covid) been almost exclusively reliant on passenger farebox revenues to fund the costs of operation, maintenance and repayment of the £1 billion of locally funded borrowings used (in conjunction with Government grant funding) to fund the Phase 3 expansion programme. The system represents the largest local-central government local transport investment / partnership programme in the UK. The costs to the Greater Manchester Combined Authority of repaying this debt are approximately £55 million per annum.

4.10 The investment was prioritised on the basis of Gross Value Added (GVA) returns and, at an overall programme level, was forecast to generate additional GVA of £1.2 billion per annum and 20,000 additional jobs, generating the tax returns and farebox revenues to fund the ongoing and committed costs of debt repayment and interest.

4.11 Therefore, without ongoing central government support, the ‘revenue shock’ that is being experienced currently and into the future is unsustainable and will have a very damaging impact on the ability of GM to recover from Covid.

4.12 GM has received c£100 million of funding from Government during the pandemic that has, coupled with the interventions by made by TfGM to reduce costs, enabled the Metrolink network to continue to operate and to serve and support communities and key workers and others during the pandemic.

4.13 Whilst work is ongoing to seek to minimise the request for ongoing support, the estimated funding requirement into next year and beyond is predominantly as a result of the impacts of Covid and its impact on travel patterns (particularly commuting to work) which equates to c£40m per annum.

4.14 There are therefore a number of key uncertainties in relation to the impact of Covid-19 on future Metrolink and Bus passenger volumes and revenues; and the availability of ‘Covid recovery funding’ beyond the end of March 2022.

4.15 In addition, there are other matters which will significantly impact the budget for 2022/23 including in particular:

- Bus Franchising;
- Expenditure required to develop future infrastructure schemes;
- Other activities and inflationary cost pressures.

Metrolink

4.16 As a result of the various lockdowns, restrictions and guidance due to Covid, during the current financial year passenger volumes on public transport have, continued to be significantly below pre pandemic levels. Farebox revenues on Metrolink have continued to be significantly lower than those assumed in the funding strategy for repayment of the debt raised for the expansion of the system. Prior to the most recent restrictions, volumes had recovered to c70% of pre-pandemic levels however they are currently around 58%.

4.17 To date, this funding gap has been filled from a combination of efficiency savings, where possible, and, much more substantially, from DfT grants. Based on the level of grant currently committed by DfT until 31 March 2022, the forecast shortfall in 2021/22 will be c.£5 million, which would need to be funded from reserves.

4.18 Discussions are continuing with DfT regarding funding beyond the end of March 2022, however currently, there is no indication that funding will be available beyond that date. In the event that additional funding is unavailable it is currently estimated that there would be a net shortfall of c. £40 million in 2022/23, in terms of operating deficit and the planned contribution to capital financing costs, with a similar level of net shortfall forecast in future years. This represents a significant risk to sustaining the current levels of Metrolink service provision. Work is ongoing to review how costs can be further reduced including through potential service changes and operating efficiencies, increased income through reducing fare evasion, increasing patronage and farebox revenues and from commercial opportunities.

Bus

4.19 Passenger volumes have also been significantly impacted on bus services, with volumes fluctuating between 9% and 82% of pre-pandemic levels during 2020 and 2021, and are currently around 62% of pre-pandemic levels. The impact is expected to be largely mitigated through DfT funding in the current financial year, however there are significant cost pressures going forward, particularly into 2022/23, given the ongoing uncertainty as to the quantum and longevity of ongoing government funding beyond the end of March 2022. This raises the risk of the deregistration of potentially significant volumes of commercial services which would bring further pressure on TfGM budgets to provide subsidy to ensure those services are maintained, to support GM economic growth and to stabilise the network as far as possible in advance of the introduction of franchising.

4.20 In October 2021, GMCA/TfGM submitted its 'Bus Services Improvement Plan' (BSIP), which sets out future plans for bus services and included a bid for revenue funding for the stabilisation and future development of the bus network. This included funding to reduce fares and to improve the experience of customers using buses in Greater Manchester; and a bid for capital funding of c£600 million (largely for zero emission fleet and systems in the period until March 2027) which was in addition to the capital ask from the CRSTS to fund bus priority infrastructure and improvements to passenger waiting facilities.

4.21 As set out in the *City Region Sustainable Transport Settlement Draft Programme Case* report to GMCA on 28 January 2022, the capital asks within BSIP have been included as part of the reprioritisation and development of the draft CRSTS Programme Business Case that was submitted to Government at the end of January 2022. This is following receipt of a letter from the Secretary of State, supported by other feedback from Government and on the assumption that GM will receive no capital funding via the Bus Service Improvement Plan.

4.22 The revenue funding bid, which included £30m per annum to replace the current Government Covid Bus funding and to stabilise the bus network, was between approximately £60 million and £140 million across the three year period 2022/23 to 2024/25 covered by the BSIP funding. This range reflected the incremental and phased introduction of service and fares improvements. Beyond this time period, and in order to maintain the benefits which would be delivered through BSIP, there would be a requirement for an ongoing annual revenue subsidy of approximately £175 million.

4.23 The Department for Transport (DfT) wrote to all Local Transport Authority Transport Directors (in England, outside London) on 11 January 2022. The letter stated that *'We (DfT] continue to review and assess the BSIPs covering all 79 LTAs and expect to provide details of indicative funding by February 2022. This will recognise that the budget available for transformation, including for Zero Emission Buses, is around*

£1.4bn for the next three years and that prioritisation is inevitable, given the scale of the ambition across the country greatly exceeds this amount.' It is understood that of the £1.4 billion, only c£600m is for revenue investment.

4.24 To the extent that budgets need to be updated after the BSIP bid outcome is announced, this will be done through the quarterly budget updates to GMCA.

4.25 The proposed Supported Bus budget for 2022/23 includes an allowance for both inflationary costs and a risk provision for additional service deregistrations. However, the funding of c£30m included in BSIP to replace the current Government Covid Bus funding and to stabilise the bus network is not confirmed and is therefore a significant further risk.

Bus Franchising

4.26 On 30 March 2021 the Mayor made the Greater Manchester Franchising Scheme for Buses 2021 ("the Franchising Scheme") and the GMCA published its response to the consultation together with the Mayor's decision, as required by section 123G of the Transport Act 2000 and (on behalf of the Mayor) the Franchising Scheme itself.

4.27 Previous reports to GMCA, including in October 2019, set out the preferred funding scenario for the Proposed Franchising Scheme. In brief that consisted of:

i. £78.0 million, in total, of Mayoral 'earn back' funds provided by central government as part of Greater Manchester's Devolution Agreement;
ii. £11.0 million, in total, raised by the existing precept as part of the Mayor's 2019/20 budget for bus reform purposes (equating to £2.2 million per annum applied each year from 2020/21);
iii. £17.8 million, in total, of contributions by Local Authorities as a proposed one-off increase in the statutory contribution. This was originally proposed to be in 2020/21 but has now been re-phased to 2024/25, see below;

iv. £5 million, in total, of existing and forecast business rates pooling receipts held by the GMCA; and
v. £22.7 million, in total, of Mayoral precept required from future years' budgets. Under these proposals the increase in funding from the Precept in 2022/23 is proposed to be £3.3 million.

4.28 The current implementation plans for the introduction of Bus Franchising include a budgeted revenue cost of £15.895 million in 2022/23. This will be funded from Precept and Earnback income. The outputs of this planned expenditure for 2022/23 include in particular:

i. procurement of local service contracts required for the implementation and operation of the franchising scheme;
ii. procurement of on-bus equipment, other equipment, and systems and associated services which are necessary for the implementation and operation of the franchising scheme;
iii. depot and land acquisition financing costs aligned to the depot strategy, as set out in the Assessment;
iv. Work to establish, operate and manage the Residual Value mechanism, as set out in the Assessment; and
v. A quantified risk allowance, in line with the allowance in the Assessment, and as considered appropriate for this stage of development.

4.29 GMCA/TfGM is currently awaiting the outcome of the Judicial Review into Bus Franchising which took place in May 2021.

Future Infrastructure Scheme Development

4.30 In January 2021 TfGM published a five year Delivery Plan to sit alongside the refreshed Transport Strategy 2040. TfGM and the districts have been 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 Infrastructure development programme. 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.

4.31 As referenced above in August 2021 GMCA submitted a bid for funding of £1.19 billion to the government’s City Region Sustainable Transport Settlement (CRSTS). This bid was for capital funding for the further development and delivery of the schemes in the development programme and included £170 million of locally committed funding to support the bid. In October 2021 government announced that GM had been successful in its bid and had been allocated £1.07 billion of CRSTS funding. Work is ongoing to agree the final allocations of this funding to proposed schemes.

4.32 To date the development work in relation to the above has been funded from a combination of previously approved ‘top slices’ of £22 million from Transforming Cities Fund 2 (TCF2) over the three year period from 2020/21 to 2022/23 and £8.6 million of Intra-City Transport Fund (ICTF) revenue funding provided by DfT.

4.33 The forecast spend for 2021/22 is estimated to outturn at c. £10 million. Combined with spend and drawdowns in 2020/21, this means that £15.9 million of the previously approved funding from TCF2 and ICTF is available for funding the ongoing work in 2022/23.

4.34 The letter from the Secretary of State to the Mayor in November 2021 also set out that, additional to the revenue funding provided in 2021/22, Government is committed to providing further funding to support the development and delivery of CRSTS settlements. In 21/22 GMCA received £8.6m from a national funding allocation of £50m, and Government are looking to provide a similar level of grant to the eight participating MCAs in 2022/23; £25m in 2023/24; and £25m in 2024/25. To date, no further information has been received on this funding.

4.35 The current budget for revenue expenditure on revenue Scheme development activities in 2022/23 is £15.9 million. This funding will support the further development of Strategic Outline Cases (SOC) for the schemes within the agreed CRSTS programme once the Programme Case is approved. At this stage there are around 10 programme business case and approximately 70 scheme business cases to develop with this revenue funding. At this point the proposed budget for 2022/23 does not include the additional grant funding referred to above, which is essential to support the completion of the business case work set out above. When the final quantum of this grant is confirmed the budget will be updated in future quarterly updates.

Other activities and cost pressures

4.36 In line with previous years, TfGM will be delivering a number of additional or expanded activities. Although a number of these are funded, at least in part, they are all exerting additional pressures on core budgets in terms of the overall organisational overhead required to deliver them. In 2022/23 the following activities will be new or expanded on previous years:

- Rail Reform: In 2022/23 additional costs, estimated at £0.5 million, will be required to support activities in relation to Rail Reform including consideration of, and planning for the impact of, the Shapps/Williams Report. No external funding is available to support this work;

- Cycling and Walking: TfGM is supporting the delivery of the programme of cycling and walking schemes which have been funded from TCF and other specific Active Travel grants from DfT. In recent years these programme costs have outturned at c.£2 million per annum. These activities will need to continue into 2022/23 in order to deliver the Pipeline of schemes within the programme. Due to the expansion of the programme it is estimated that the costs will be c £2.3 million in 2022/23. It is proposed that these costs will continue to be largely funded, as in previous years, through a top slice of capital funding from the Mayors Challenge Fund (£1.9 million) along with other funding available through the Active Travel revenue grants (£0.4 million);

- Inflationary cost pressures: In recent months TfGM has, in line with other organisations, been impacted by a number of inflationary cost pressures, including for example energy costs, which are forecast to increase significantly in 2022/23 due to the recent significant volatility in energy markets. Also, and in addition to pay inflation, TfGM will also need to absorb the planned increase in employer national insurance contributions of 1.25% from April 2022; and there is also a significant risk of cost inflation on bus supported services as referred to above.   All of these costs will need to be absorbed by making savings through procurement and other efficiencies.

4.37 TfGM has been appointed by Greater Manchester councils to deliver the Clean Air Service. Delivery of GM's Clean Air Plan, in compliance with the Ministerial Direction to reduce NO2 to within legal levels, is a statutory responsibility of the ten GM districts, but its delivery has been delegated to GMCA, acting by its officer TfGM. The direct costs to implement the scheme and the associated measures, including grant support, are being funded from grants from the Joint Air Quality Unit. On an ongoing basis the financial position of the Clean Air Service will be accounted for on an 'agency' basis by TfGM.

2022/23 Budget Strategy

4.38 TfGM's budget has been managed within the same funding envelope in recent years by making year on year savings from various sources, including a voluntary severance process which was run in the last financial year. This has been very challenging in the context of the additional activities that TfGM has been requested to deliver, the continuing inflationary pressures on budgets, the amount of expenditure which is unavoidable due to it being related to statutory obligations, including for example the English National Concessionary Travel Scheme and other fixed and financing costs.

4.39 The ability of TfGM to continue to make year on year incremental savings to fund ongoing cost pressures over the medium to longer term is therefore relatively limited and is increasingly challenging in the context of the inflationary pressures and funding uncertainties set out within this report.

Concessionary Support

4.40 Since the first lockdown TfGM has, as encouraged by DfT, continued to reimburse operators for concessionary reimbursement on the basis of pre-pandemic levels of patronage. DfT has issued guidance for reimbursement beyond March 2022 which includes a phased return to reimbursement based on actual volumes of concessionary journeys. Therefore there are still significant uncertainties in relation to the costs of reimbursement after that date including what the final DfT guidance will be, the ongoing recovery of patronage, the impact of any fare increases and the impact on reimbursement rates of future travel patterns.

4.41 The 2022/23 budget has been prepared based on the most recent DfT guidance and a current forecast of future travel. If any changes to the budget result from the factors referred to above this will be reported to GMCA as part of the quarterly revenue monitoring reports.

4.42 The Our Pass scheme provides free bus travel within Greater Manchester for 16-18 year olds and direct access to other opportunities in the region. The scheme was proposed to run for a pilot period of two years from August 2019, which subsequently became impacted by the Covid pandemic. The scheme was extended in September 2021 and since then the engagement from young people has increased significantly. In order to benefit from a full two year evaluation it is proposed to extend the pilot to August 2023. The Our Pass scheme is funded from a combination of Mayoral precept, reserves and other income. A budget of £16.2m is proposed for 2022/23 with a risk reserve held by TfGM if costs increase during the pilot, in line with the original funding strategy for the scheme agreed by the GMCA.

Supported Bus Services

4.43 Since 1986 bus services in Greater Manchester have been deregulated. That means the buses are run by commercial bus companies who decide the routes, timetables, fares and standards. The bus companies receive the revenue from fares and retain the profits. Some services which cannot be operated for sufficient commercial return have continued to be supported financially by TfGM via the Supported Bus Services Budget. The supported bus network amounts to approximately a fifth of the overall bus network mileage in Greater Manchester, at an annual cost in excess of £30 million, including provision for schools' services.

4.44 Due to ongoing underlying pressures, costs have increased in the last year. In previous years significant efficiency savings have been made in the Supported Bus Services budget. The majority of these savings have been delivered from efficiency savings and service reductions rather than service removals. However, there have been reductions in some services which are no longer been deemed to represent value for money, particularly in respect to patronage and cost.

4.45 Through the pandemic, supported services have remained at similar levels to support travel, including for key workers. The net costs for 2021/22 are forecast to outturn largely in line with budget, but there is expected to be significant additional pressure on budgets for 2022/23 when the current government financial support for bus services is currently scheduled to end.

4.46 The proposed budget for 2022/23 of £36 million includes allowances for inflationary costs and a risk provision for additional service de-registrations. However, the funding of c£30m included in BSIP to replace the current Government Covid Bus funding is still not confirmed and is therefore a significant further risk.

4.47 It is budgeted that the grant that TfGM provides to GMATL to fund Ring and Ride services, will remain at the 2021/22 outturn level of £3.7 million.

4.48 In line with recent years, it is proposed that the fares and charges on certain products or services that TfGM provide, including certain bus fares (on schools, DRT and Ring Ride services) and Departure Charges, will be subject to increases in line with inflation, at various dates between April 2022 and September 2022.

Other costs and budget pressures

4.49 A number of other budget pressures and risks exist, as follows:

- Funding will be required to support the work to consider the options and potential for future Rail Reform as noted above. No external funding is available for these costs;
- Continuing loss of income in a number of areas due to the ongoing impact of the pandemic, including income generated from property rental and commercial income from advertising and other sources, both of which have been key to TfGM continuing to manage within 'cash flat' levy settlements in recent years;
- Ongoing Covid related cost pressures, including project and programme management support for GM wide initiatives;
- Costs of operating and maintaining an expanding network of traffic signals, largely with no additional funding for operational costs;
- Continuing costs required to support the ongoing development of ticketing initiatives. £1.8m is being drawn down from the Integrated Ticketing Reserve to support these costs in 2021/22 and a further drawdown of £1.8 million is proposed in 2022/23; and
- Cost inflation on both staff and other operating costs, and the increase in national insurance contributions of 1.25% from 1 April 2022.

4.50 The additional costs and funding pressures on the TfGM budget in 2022/23, including from the matters referred to above, and from increasing pressures on the Supported Bus Services budgets, have resulted in additional cost pressures of c£6 million onto the base budget for 2022/23 (assuming sufficient funding, estimated at c£30m per annum, is available from TfGM's BSIP bid to support the stabilisation of the bus network from April 2022). These additional cost pressures of c£6 million will need to be offset through the generation of additional savings and efficiencies in operating costs and the generation of additional commercial income; and work is ongoing, as part of the preparation of the detailed budgets, to identify where these savings will be generated.

4.51 Considering the above the budget proposal is that:

- The Levy will again be subject to a cash 'standstill' for 2022/23, with all cost increases being absorbed by savings within TfGM's core budgets;
- A drawdown of £1.8 million from the Integrated Ticketing Reserve to continue the development of ticketing solutions;
- TfGM fares and departure charges to increase in line with rates up to inflation at varying points in 2022/23 as set out in this report;
- Bus Stop Closure Charges to increase as set out in paragraph 4.60 below; and
- To the extent that DfT funding is insufficient to fund the net operating and financing costs for Metrolink, any shortfalls not covered by further DfT grant funding (currently estimated to be c£5m in 2021/22 and c£40m pa in each of the next 2 years) could be borrowed in the short term from the Capital Programme Reserve. However, this reserve is earmarked to support the long term repayment of capital financing costs and to fund future tram renewals to ensure system integrity

TfGM Proposed Budget 2022/23

4.52 Based on the proposals above the TfGM budget for 2022/23 would be as follows:

Transport for Greater Manchester Revenue Budget	**2021/22 Revised Budget £000**	**2022/23 Proposed Budget £000**
Concessionary Support	77,900	75,600
Supported Services	32,000	36,000
Accessible Transport	3,900	3,700
Operational Costs	35,820	36,920
Clean Air Plan costs	6,500	400
Capital scheme development costs	7,000	15,900
Bus Franchising costs	4,250	15,895
Financing	6,310	6,310
Total Expenditure	**173,680**	**190,725**
Levy allocated to TfGM	-36,380	-28,380
Statutory Charge	-86,700	-86,700
Mayoral General budget	-18,650	-19,750
Rail Grant	-1,900	-1,900
Metrolink funding from Revenue / Reserves	-10,800	-18,800
Clean Air grants	-6,500	-400
Capital / revenue switch	-7,000	-15,900
Bus franchising funding	-4,250	-15,895
Other Grants	-1,500	-3,000
Gross Income	**-173,680**	**-190,725**

4.53 There are a number of risks to the proposed budget as set out above including:

- The ending or reduction of government Covid funding from April 2022
- Increases in supported bus services costs resulting from price increases and bus service de-registrations
- Cost and pay inflation and their impacts on the ability to deliver the expanding range of activities within the same budget envelope
- The ability to deliver the savings required to balance the budget.

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

Expenditure

4.55 The concessionary reimbursement budget includes the cost of the English National Concessionary Travel Scheme (ENCTS) and the local Concessionary scheme, including the recently introduced 16-18 concessionary travel scheme.

4.56 The budget for Supported Services for 2022/23 includes an allowance for the risks, referred to earlier in this report, for inflationary cost increases and risk of further de-registrations, but also assumes funding of c£30 million is available from the BSIP bid to meet the ongoing pressures on costs of Supported Bus Services, due to uncertainty around ongoing Government funding.

4.57 The budgeted grant payable to GMATL of £3.7 million is in line with the 2021/22 outturn.

4.58 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.

4.59 The budget includes an assumption that Bus Station Departure Charges will increase in line with inflation from April 2022. These would be the first increases in two years.

The additional income will be used to partly offset the increasing costs of operating bus stations.

4.60 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 £270 to £290 for the first four stops and that the costs thereafter are increased from £90 to £100 per stop. The costs for 'revisiting' a stop are also assumed to increase from £120 to £130.

Income

4.61 Following Transport Orders being laid in April 2019, the Mayor was given further powers for transport functions, which in relation to TfGM's activities supports activities associated with delivery of Bus related activities. An amount of £86.7 million was agreed as the cost of delivering these functions and this funding is raised via a statutory charge to District Councils. This was offset by a corresponding reduction in the Transport Levy, so overall funding was unchanged. As overall funding has been on a 'cash flat' basis over this period (and before), the total level of funding from the Levy/Statutory Charge is budgeted to be the same in 2022/23 as it was in 2021/22. The Levy allocated to TfGM is budgeted to reduce due to a higher budgeted contribution from Metrolink reserves, however this assumes DfT funding continues beyond March 2022.

4.62 The Mayoral General budget is also funding other costs in 2022/23 which relate to Mayoral functions, including 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 2021/22, and the costs of Concessionary scheme for 16-18 travel are, as stated above, budgeted to be £16.2 million.

4.63 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.

4.64 The funding from Metrolink Revenue/Reserves represents the budgeted contribution from Metrolink net revenues which are ring fenced to fund the financing costs which are incurred in GMCA as per the original funding plan. These budgeted net revenues assume that DfT funding continues beyond April, which is currently uncertain.

4.65 Utilisation of other reserves/funding relates to the proposed drawdown of funding from TCF2 to fund ongoing Infrastructure scheme development costs (£15.9 million) and funding from the Mayoral budget from the Precept and Earnback to fund the costs of Bus Reform (£15.895 million).

4.66 The funding from other grants and reserves includes specific ringfenced grants and funding from reserves earmarked for capital, to fund revenue expenditure on capital schemes.

5 RESERVES

5.1 An analysis of the forecast and budgeted movements in transport related reserves for 2021/22 and 2022/23 is set out below:

Transport Reserves and Balances	Final Closing Balances 31st March 2021	2021/22 Planned Use	Projected Closing Balance 31st March 2022	2022/23 Planned Use	Projected Closing Balance 31st March 2023
	£000	**£000**	**£000**	**£000**	**£000**
Capital Programme Reserve	-88,891	6,060	-82,831	0	-82,831
Business Rates Top-Up - Highways/LTP	-35,483	9,072	-26,411	15,900	-10,511
Integrated Ticketing Reserve	-11,703	1,800	-9,903	1,800	-8,103
Revenue Grants Unapplied Reserve	-6,239	0	-6,239	0	-6,239
Concessionary Fares Reserve	-7,900	-3,300	-11,200	0	-11,200
Property Reserve	-10,100	500	-9,600	500	-9,100
Metrolink Reserve	-2,100	0	-2,100	0	-2,100
Joint Road Safety Group Reserve	-4,500	-1,100	-5,600	500	-5,100
General Revenue Reserves					
General Reserve - TfGM	-1,100	0	-1,100	0	-1,100
General Reserve - General	-1,085	0	-1,085	0	-1,085
Total	**-169,101**	**13,032**	**-156,069**	**18,700**	**-137,369**

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 2022 is £1.085 million for GMCA and £1.100m for TfGM and there is no planned use for 2022/23.

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 included 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.

5.4 The current forecast balance on the Capital Programme Reserve at 31 March 2022 is approximately £82.8m. 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.

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 early April 2022.

Business Rates Pilot Top-Up – Highways/Local Transport Plan

5.6 As the GMCA is part of the 100% Business Rates Pilot, the previous receipt of some grants has been replaced by funding through a Business Rates 'top up'. GMCA currently receives funding to support spend in GM Local Authorities for highways maintenance and the Local Transport Plan through a Business Rates 'top-up' grant of c£43m annually. As this is revenue funding it enables flexibility to support the revenue element of capital schemes. When necessary, approval is sought through GMCA to approve delegated authority to the GMCA Treasurer to make to make adjustments between capital funding and this reserve to ensure the correct accounting treatment for planned revenue spend.

Integrated Ticketing Reserve

5.7 The Integrated Ticketing Reserve had a balance of £11.7m on 31 March 2021. 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 £1.8m in 2021/22 with a planned further drawdown of £1.8m in 2022/23, which would reduce the balance at 31st March 2023 to £8.1m

Revenue Grants Unapplied Reserve

5.8 This relates to grants received ahead of expenditure, with the largest grants being in relation to Clean Air plan funding and the Active Travel Fund.

Concessionary Fares Reserve

5.9 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;
- 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.

Property Reserve

5.10 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

5.10 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 and to fund future renewals to ensure system integrity, in line with the approved financial strategy.

Joint Road Safety Group Reserve

5.12 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. In particular, this includes passenger revenue from Metrolink, which has been significantly adversely impacted over the last two years. 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. As Government support reduces risk continues into 2022/23 for Metrolink and bus services for which the impact and mitigation is referenced in Section 4 above (paragraphs 4.9 – 4.25).

6.10 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.

6.12 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.

GMCA GREATER MANCHESTER COMBINED AUTHORITY

Greater Manchester Combined Authority

Date: 11 February 2022

Subject: Budget Paper D - GMCA Revenue General Budget 2022/23

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

PURPOSE OF REPORT

The report sets out the Greater Manchester Combined Authority (GMCA) Revenue General Budget for 2022/23. The proposed District contributions to be approved for 2022/23 of £8.603m are included within the report together with the consequent allocations to the individual Councils which is unchanged from 2021/22.

RECOMMENDATIONS:

The GMCA is requested to:

1. Approve the budget relating to the Greater Manchester Combined Authority functions excluding transport and waste in 2022/23 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:

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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 2022/23 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 2022/23.

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 2021/22 - 26 November 2021.

Report to Greater Manchester Combined Authority: GMCA General Budget 2021/22 – 12 February 2021.

TRACKING/PROCESS	
Does this report relate to a major strategic decision, as set out in the GMCA Constitution	Yes

<table>
<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>8th February 2022</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 2022/23. The budgets for Mayoral activities including Fire and Police, Transport and Waste services are reported separately.

1.2 The proposed 2022/23 GMCA General budget reflects the latest position for GMCA taking account of devolved funding, specific grant funding and new cost pressures such as National Insurance contributions and pay and price inflation. 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 set out in the GMCA Corporate Plan.

1.3 The District contributions 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 2021/22 and 2022/23. 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 2022/23

2.1 The proposed budget for 2022/23 for the GMCA Revenue General budget is £242.621 million summarised in the table below. A detailed breakdown of the budget is provided in Appendix 1:

GMCA General Revenue Budget	2021/22 Original Budget	2022/23 Proposed Budget
Expenditure	**£000**	**£000**
GMCA Corporate	26,580	27,320
Digital	1,674	2,597
Economy	18,954	18,499
Environment	2,697	758
Place Making	7,940	6,707
Public Service Reform	21,993	30,961
Education, Work and Skills	140,406	155,779
GM Election	3,800	0
Total Expenditure	**224,044**	**242,621**
Government Grants	153,046	180,133
District Contributions	8,603	8,603
Internal Recharges	17,000	18,995
Earmarked Reserves - Business Rates	24,569	16,327
Earmarked Reserves - Other	7,104	3,683
Other Income	13,722	14,879
Total Resources	**224,044**	**242,621**

GMCA Corporate

2.2 The proposed GMCA Corporate budgets for 2021/22 totals £27.3 million 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 Commercial Services, Legal and Governance and the Core Investment Team. Funding of GMCA corporate functions is predominantly from recharges within the GMCA and to grants, external funding and District contributions.

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. 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.

2.5 The proposed 2022/23 budget for Digital is £2.6 million, this includes the key programmes of GM Connect, GM Digital Strategy and Smart Residents Data Exchange Platform, Local Full Fibre Network and GM One Network. Of this £1.4 million is met from previously agreed retained business rates growth and £1.2 million from grants and reserves.

Economy

2.6 The Economy portfolio leads key groups including the Growth Board, Local Industrial Strategy Programme Delivery Executive, GM Economic Resilience Group and GM LEP. The team leads on Spending Review submissions to Government for GM, bringing together voices and ideas from across the 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.

2.7 The proposed 2022/23 budget for Economy is £18.5 million, which includes:

- £10.3 million for the GM Productivity Programme and GM Local Industrial Strategy programmes, both of which are funded from previously agreed retained business rate growth.
- £2.150 million relating to Marketing Manchester and MIDAS funded from District Contributions of £1.4 million and £0.75 million from previously agreed retained business rate growth.
- £4 million relating to Made Smarter Adoption North West programme fully funded from Government grant.
- £1.8 million for the Economy team funded from a combination of internal recharges, grants and previously agreed retained business rates growth.

Environment

2.8 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 proposed 2022/23 budget for Environment is £0.76 million which is predominantly funded from government grants, recharges and District contributions.

Place making

2.9 Place making focuses on the development of individual places and all the elements that support prosperous and vibrant places in which GM residents can grow up, live and grow old. This has brought together Housing and Planning, Land and Property, Culture, Delivery and Infrastructure teams, each of which has a vital role to play in place development.

2.10 The proposed 2022/23 budget for Place Making is £6.7 million the majority of which relates to Cultural and Social Impact Fund of £4.4m funded by District contributions and £1.1m of new retained business rates growth agreed by GMCA in September 2021. In addition there is £2.3 million of budget for Business, Innovation and Enterprise Policy, Planning and Housing and Land and Property Strategy funded from a combination of internal recharges and District contributions.

Public Service Reform

2.11 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.

2.12 The proposed 2021/22 budget for Public Service Reform is £31 million, this includes:

- Supporting Families, a continuation of the programme which includes confirmed grant funding of £11.6 million for 2022/23 for local authority delivery of intensive family support and Early Help.
- Homelessness and Rough Sleeping including:
  - A Bed Every Night (ABEN) of £5.850 million funded from Mayoral Precept, partner contributions and Government grant;
  - Housing First programme with funding of £3.2 million funded from Government grant;
  - Rough Sleeper Initiative, Rough Sleeper Accommodation and Community Accommodation programmes with Government grant funding totaling £3.2 million;
  - Homelessness Social Impact Bond of £1.5 million funded from previously agreed retained business rates growth and GMCA reserves.
- Changing Futures funding of £1.8 million for 2022/23 which is the second year of a three year programme to improve outcomes for adults experiencing multiple disadvantage.
- Delivery resources and other programmes including Children and Young People Plan, School Readiness, GM Gambling, Armed Forces plan.

Education, Work and Skills

2.13 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. The proposed 2022/23 budget is £155.8 million to support the following programmes:

- The Adult Education Budget (AEB) of £96.2 million devolved to GM to support the city-region’s residents to develop skills needed for life and work, plus an additional £6.7 million for the AEB National Skills Fund Adult Level 3 programme.

- European Social Fund (ESF) Skills for Growth Programme of £22.3 million, 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, including the Work and Health Programme of £9.6 million, Job Entry Targeted Support (JETS) programme of £6.7 million and Working Well Specialist Employment of £0.9 million.
- European Social Fund (ESF) Not in Employment, Education or Training (NEET) prevention/reduction and youth employment programme of £5.3 million.
- Future Workforce Fund of £1 million to focus on supporting the most disadvantaged young people, providing a targeted, flexible and personalized pathway.
- Self-Employment Pilot of £1.5 million to support GM self-employed residents to sustain and grow their business.
- UK Community Renewal Fund of £1.7 million projects following bids approved by Government in November 2021.
- Delivery resources and other programmes including Greater Manchester Apprenticeship & Careers Service, Young Person's Guarantee, GM Careers Hub and Digital Skills.

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 previously been approved by GMCA to be met from retained business rates growth.

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

District	2021/22	2022/23
	£000	£000
Bolton	861	861
Bury	606	606
Manchester	1,640	1,640
Oldham	729	729
Rochdale	692	692
Salford	795	795
Stockport	877	877
Tameside	701	701
Trafford	729	729
Wigan	973	973
Total	**8,603**	**8,603**

4. RESERVES

4.1 An analysis of the forecast and budgeted movements in reserves for 2021/22 and 2022/23 is set out below:

GMCA Reserves and Balances	Closing Balances 31 March 2021	2021/22 Planned Use	Projected 2021/22 Closing Balance	2022/23 Planned Use	Projected 2021/22 Closing Balance
	£000s	£000s	£000s	£000s	£000s

General Reserve	-4,245	0	-4,245	0	-4,245
Business Rates Growth Pilot & Levy	-33,193	13,884	-19,310	16,327	-2,983
Earmarked Reserves	-25,290	1,618	-23,672	2,427	-21,245
Revenue Grants Unapplied	-18,458	1,065	-17,393	1,256	-16,137
Total GMCA Reserves & Balances	**-81,186**	**16,567**	**-64,619**	**20,010**	**-44,609**

General GMCA Reserve

4.2 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 reserve as part of the budget proposals in this report.

Business Rate Pool and Growth Retention Scheme

4.3 This reserve had a balance of £33.2 million at 1 April 2021, which was the remaining balance committed to following decisions taken at GMCA on 27th November 2020. Of the remaining commitments, £13.9 million is planned to be spent in 2021/22 and £16.3 million is included in the budget plan for 2022/23, with the remaining spend in future financial years.

4.4 Due to the unprecedented impact of the COVID 19 Pandemic on the ten GM local authorities the business rates growth accrued in 2020/21 has been retained by the districts. There is expected to be circa £45m business rates growth in 2021/22 and there will be ongoing discussions on the approach to be taken to this funding following confirmation of the final sum. The Government has confirmed the growth retention pilot will continue for one more year so further income may accrue during the 2022/23 financial and again the use of this funding will be the subject of ongoing discussions.

4.5 It is expected that the Government will announce the approach for futures alongside the wider review of business rates and local government funding.

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.

6. RECOMMENDATIONS

6.1 Detailed recommendations appear at the front of this report.

Appendix 1

GMCA Budget 2022/23	District Contributions	Internal Recharges	Grants	Business Rates Reserve	Other Earmarked Reserves and Balances	Other Income	Total Budget 2022/23
-	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Senior Management	89	456	0	0	0	134	**679**
Resilience	0	0	63	122	40	183	**408**
Strategy	241	625	0	0	79	103	**1,047**
Research	378	661	75	0	145	469	**1,728**
Communications	176	993	0	0	0	18	**1,187**
ICT Technology	491	3,241	0	0	0	166	**3,898**
Tootal Building	35	402	0	0	0	1,065	**1,503**
Finance - Accountancy	331	1,537	0	0	0	43	**1,911**
Commercial Services	251	364	0	0	0	26	**642**
Internal Audit and Risk	67	349	0	0	0	99	**514**
Core Investment Team	0	0	0	0	0	6,355	**6,355**
Legal Services	17	303	0	0	0	0	**320**
Information Governance	63	585	0	0	0	1,057	**1,705**
Democratic Services	129	604	0	0	0	50	**783**
Business Support	238	383	0	0	0	47	**667**
People Development & Support	45	829	0	0	0	314	**1,188**
Talent Learning & Resourcing	0	1,203	0	0	0	13	**1,217**
OD & Culture	0	328	0	0	0	37	**365**
Safety, Health & Wellbeing	19	343	0	0	0	0	**362**
Data Accelerator	0	0	704	0	0	0	**704**
Total GMCA Corporate	**2,569**	**13,344**	**843**	**122**	**263**	**10,179**	**27,320**
GM Connect	0	95	0	0	171	0	**266**

GM Digital Strategy	0	0	0	250	0	0	**250**
Smart Residents Data Exchange Platform	0	0	0	1,190	151	740	**2,081**
Total Digital	**0**	**95**	**0**	**1,440**	**322**	**740**	**2,597**
Economic Advice	34	2	0	0	0	0	**36**
Economy	0	316	664	587	0	220	**1,787**
MIDAS	1,023	0	0	200	0	0	**1,223**
Marketing Manchester	350	0	0	550	0	27	**927**
GM Productivity Programme	0	0	0	7,451	0	0	**7,451**
GM Local Industrial Strategy	0	25	0	2,727	124	0	**2,876**
Cricket Strategy	0	0	0	200	0	0	**200**
Made Smarter Adoption North West	0	0	4,000	0	0	0	**4,000**
Total Economy	**1,407**	**343**	**4,664**	**11,714**	**124**	**247**	**18,499**
Environment and Low Carbon	207	200	0	0	0	0	**407**
Natural Course	0	0	169	0	0	0	**169**
GM Local Energy Markets	0	0	36	0	0	0	**36**
Ignition	0	50	71	0	0	0	**121**
Five Year Environment Plan	0	2	0	0	0	0	**2**
Green Homes Grant	0	0	22	0	0	0	**22**
Total Environment	**207**	**252**	**298**	**0**	**0**	**0**	**758**
Business, Innovation and Enterprise Policy	189	146	0	0	0	0	**335**
Planning and Housing	217	15	0	0	0	62	**294**
Cultural and Social Impact Fund	3,300	0	0	1,100	0	8	**4,408**
Land and Property Strategy	157	754	0	0	61	0	**971**
Housing Package	0	0	0	0	0	699	**699**
Total Place Making	**3,862**	**915**	**0**	**1,100**	**61**	**769**	**6,707**
Childrens Services	0	296	1,049	0	0	53	**1,398**
GM Health Devolution	0	0	0	0	0	217	**217**
Equalities	0	350	0	0	0	0	**350**
Ageing Better	109	10	0	0	37	19	**175**
Social Impact Bond - Homelessness	0	0	0	751	710	0	**1,460**
Public Service Reform	404	179	13,528	0	486	67	**14,663**

Housing First	0	0	3,164	0	0	0	**3,164**
A bed every night	0	2,650	750	0	0	2,450	**5,850**
Rough Sleeping Initiative	0	0	2,157	0	0	0	**2,157**
Rough Sleeper Accommodation Programme	0	0	429	0	0	0	**429**
What Works for Children's Social Care	0	0	137	0	0	0	**137**
Special Educational Needs & Disabilities	0	0	0	0	0	15	**15**
GM Safeguarding Alliance	0	0	16	0	0	0	**16**
Community Accommodation	0	0	611	0	0	0	**611**
Total Public Service Reform	**513**	**3,803**	**21,842**	**751**	**1,233**	**2,821**	**30,961**
Work and Skills	45	15	75	1,200	250	32	**1,617**
Self Employment Pilot	0	0	1,464	0	33	0	**1,497**
Skills Capital	0	0	0	0	272	71	**343**
Fast Track Digital Work	0	0	0	0	44	0	**44**
Future Workforce Fund	0	0	956	0	0	0	**956**
ESF Neet 10m	0	0	5,290	0	0	0	**5,290**
Working Well JETS	0	0	6,709	0	7	0	**6,715**
Apprenticeship & technical education	0	0	10	0	245	0	**255**
Careers & Enterprise	0	230	484	0	45	0	**759**
Youth Contract	0	0	0	0	139	0	**139**
Work & Health Programme	0	0	9,613	0	0	0	**9,613**
Adult Education	0	0	96,208	0	0	0	**96,208**
City Deal Tax Incentives	0	0	0	0	527	0	**527**
WW - Specialist Employment	0	0	889	0	0	0	**889**
ESF Skills for Growth	0	0	22,383	0	0	0	**22,383**
UK Community Renewal Fund	0	0	1,622	0	118	0	**1,740**
Education and Employability Board	0	0	82	0	0	20	**102**
AEB -Nat. Skills Fund Level 3 Adult Offer	0	0	6,701	0	0	0	**6,701**
Total Education, Work and Skills	**45**	**245**	**152,486**	**1,200**	**1,680**	**123**	**155,779**
GMCA Totals	**8,603**	**18,995**	**180,133**	**16,327**	**3,683**	**14,879**	**242,621**

Appendix 2

2022/23 DISTRICT CONTRIBUTION

District	Mid-Year Population 2020		GMCA General Budget	Cultural & Social Impact Fund	Marketing Manchester	MIDAS	Total
			£000	£000	£000	£000	**£000**
Bolton	288,248	10.12%	398	334	27	102	861
Bury	190,708	6.70%	263	221	25	97	606
Manchester	555,741	19.51%	767	644	112	118	1,640
Oldham	237,628	8.34%	328	275	26	100	729
Rochdale	223,659	7.85%	309	259	26	99	692
Salford	262,697	9.22%	362	304	27	101	795
Stockport	294,197	10.33%	406	341	27	103	877
Tameside	227,117	7.97%	313	263	26	99	701
Trafford	237,579	8.34%	328	275	26	100	729
Wigan	330,712	11.61%	456	383	28	105	973
Total	**2,848,286**	**100.00%**	**3,930**	**3,300**	**350**	**1,023**	**8,603**

GREATER MANCHESTER COMBINED AUTHORITY

Date: 11th February 2022

Subject: Waste Budget and Levy 2022/23 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 the report is to seek comment on the budget and levy for 2022/23 and on the Medium-Term Financial Plan (MTFP) for a further two-year period to 2024/25. Those plans are delivered by:

1. A total levy requirement for 2022/23 of £164.8m, which represents a 1.5% average increase over 2021/22. At a District level the levy changes range from -2.2% to 4.3%.

2. The MTFP then proposes levy charges of £170.5m in 2023/24 and £174.7m in 2024/25.

RECOMMENDATIONS:

The GMCA is requested to:

1. Note the forecast outturn for 2021/22;

2. Note the proposed 2023/24 Trade Waste rate of £118.30 to allow forward planning by Districts;
3. Note the capital programme for 2022/23 as set out in Appendix A;
4. Note the budget and levy for 2022/23 of £164.8m (1.5% increase); and
5. Note the risk position set out in the Balances Strategy and Reserves.

Contact Officers

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Equalities Impact, Carbon and Sustainability Assessment:

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 2022/23.

Financial Consequences – Capital

This report sets out the proposed capital budget for waste disposal in 2022/23.

Number of attachments to the report: ?

Comments/recommendations from Overview & Scrutiny Committee

N/A

Background Papers

GMCA, 12th February 2021 - Greater Manchester Waste Budget and Levy 2021/22 and Medium Term Financial Plan to 2024/25

<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">8th February 2021</td></tr>
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1. INTRODUCTION

1.1 The base budget for 2022/23 has been compiled and updated based upon:

a) District final tonnage information, as supplied in the November 2021 submissions; and

b) Actual inflation (as measured using the CPI September 2021 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 2021/22;
b) Original Estimate 2022/23;
c) MTFP for two further years to 2024/25;
d) Balances and Reserves Strategy;
e) Budget Engagement; and
f) Risk Assessment.

2. EXPECTED OUTTURN 2021/22

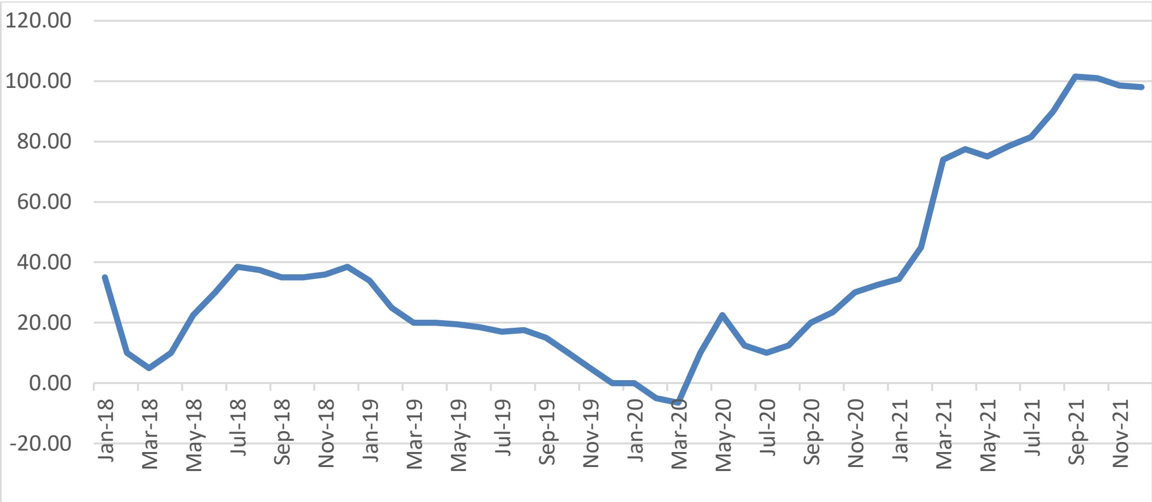
2.1 The budget for 2021/22 was set by the GMCA at £162.402m in February 2021. The forecast outturn for 2021/22 is shown below.

	Budget 2021/22 £m	**Forecast 2021/22 £m**	**Variance 2021/22 £m**
Operational Costs	105.023	94.726	(10.297)
Operational Financing	48.830	47.446	(1.384)
Office Costs	6.190	6.105	(0.085)
Non-Operational Financing	2.629	2.640	0.011
Total Budget	162.672	150.917	(11.755)

Levy Adjustment		0.056	0.056
Use of Reserves	(0.270)	-	0.270
Levy	**162.402**	**150.973**	**(11.429)**

2.2 The forecast underspend in Operational Costs is largely driven by changes in the value of recyclate prices leading to increased income. Forecast income from paper & card being £5.3m higher and from commingled being £3.0m higher.

2.3 The Let's Recycle average price for mixed paper and card in domestic mills over the last 4 years is shown below.



2.4 Budgeted and forecast tonnages received from Districts and from the HWRCs are shown below.

	Levy 2021/22	Latest Projected 2021/22	Variance
Residual	384,221	387,806	3,585
Biowaste	208,239	203,740	(4,499)
Commingled	119,368	122,011	2,643
Paper & Card	78,567	80,536	1,969
Street Sweepings	23,619	23,595	(24)

Trade	46,570	46,291	(279)
HWRC	290,707	292,297	1,590
Total	**1,151,291**	**1,156,276**	**4,985**

2.5 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.

2.6 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 2021/22 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.

	Charge/ (Refund) £m
Bolton	0.225
Bury	(0.235)
Manchester	0.755
Oldham	(0.001)
Rochdale	(0.197)
Salford	(0.166)
Stockport	0.089
Tameside	(0.122)
Trafford	(0.142)
Total	0.206

2.7 A revised capital programme is shown below:

	Budget £m	**Forecast £m**	**Variance £m**
Operational assets	21.300	24.150	2.850
Non-Operational Assets	1.750	0.189	(1.561)
Total	23.050	24.339	1.289

2.8 The main variances on Operational Assets are due to the schemes regarding further modifications to Bredbury and Cobden Street and the new HWRC at Reliance Street being reprofiled into 2022/23 with increases for additional works at Raikes Lane, Bolton TRF and the carry forward from 2020/21 for mobile plant.

2.9 The main variances relating to Non-Operational Assets are due to the reprofiling of drainage works at Bredbury former landfill site in to 2022/23.

3. ORIGINAL ESTIMATES 2022/23

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 £2.438m increase in net budget requirement for 2022/23 (1.5% increase). Further detail is provided below:

	Budget 2022/23 £m
Operational Costs	107.872
Operational Financing	50.614

Office Costs	6.318
Non-Operational Financing	0.510
Total Budget	165.314
Use of Reserves	(0.474)
Levy	164.840

3.2. Levy Apportionment

3.2.1 The tonnages supplied by Districts, in October 2021, 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 1.5% decrease and have a range of 6.5% (covering -2.2% to 4.3%). The final allocations to Districts can be summarised as:

	2021/22 Levy £m	2022/23 Levy £m	Increase/ (Decrease) £m	Increase/ (Decrease) %
Bolton	19.025	19.373	0.348	1.8
Bury	13.375	13.384	0.009	0.1
Manchester	28.731	29.956	1.225	4.3
Oldham	16.892	17.174	0.282	1.7
Rochdale	14.992	15.113	0.121	0.8
Salford	19.115	19.383	0.268	1.4
Stockport	19.614	19.933	0.319	1.6
Tameside	15.033	15.249	0.216	1.4
Trafford	15.625	15.275	(0.350)	(2.2)
Total	162.402	164.840	2.438	1.5

3.3 Capital

3.3.1 The revenue budget takes account of the proposed spend on items of a capital nature. Appendix A sets out details of proposed capital spend in 2022/23. The forecast spend of £10.354m can be summarised as:

a) £9.004m for operational sites; and

b) £1.350m for non-operational sites (former landfill sites and solar farm).

3.3.2 Any programme carry forward from 2021/22 will increase the values above.

4. MEDIUM TERM FINANCIAL PLAN TO 2024/25

4.1 The GMCA has adopted a current year plus 2-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 2022/23 and beyond.

4.2 The forward look assumptions for RPIx and CPI inflation are shown below and have been included in the Medium Term Financial Plan (MTFP). These inflation forecasts are under pressure with analysts currently predicting that inflation will stay above the Bank of England target for longer due to recent rises in wholesale energy prices and core producer prices having been bigger than expected and that by December 2022 inflation will still be 4%. However, balanced alongside other factors it is still felt that the budget represents a balanced view and changes to all assumptions will be closely monitored during the year.

Financial Year	Forecast December RPIx	Forecast September CPI
2022/23	7.2%	3.0%
2023/24	3.0%	2.0%
2024/25	3.0%	2.0%

4.3 The MTFP projections have also assumed that:

a) Districts will be able to deliver on the expected waste declarations;

b) No change from England's Resources and Waste Strategy;

c) Landfill tax will continue to rise annually by RPI; and

d) An income for mixed paper and card equivalent to the handling charge.

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)
2021/22	162.672	(0.270)	162.402	
2022/23	165.313	(0.474)	164.840	1.5%
2023/24	170.477		170.477	3.4%
2024/25	174.668		174.668	2.5%

4.5 Below the headline figures, the impact on Districts will be slightly different and dependent on tonnage forecasts. Appendix B provides indicative details of the District Levy changes over the MTFP period.

5. BALANCES

5.1 The balances attributable to the Waste & Resources team as at 1 April 2021 were £44.2m. The budget for 2022/23 contains proposals to utilise £0.319m of MTFP Reserve and £0.155m of Behavioural Change Reserve.

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

a) Tonnages of waste delivered and received at facilities;
b) Achievement of recycling/composting levels;
c) Reduction in contamination;
d) Recyclate income prices; 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 usual practice, officers have sought to engage on budget matters with both Waste Chief Officers and Treasurers of constituent Districts and reflect feedback in the budget proposals.

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.

Appendix A – Capital Programme

		2021/22	2022/23	2023/24	2024/25	
Facility	**Requirements / Comments**	**£m**	**£m**	**£m**	**£m**	**Comments**
Longley Lane MBT	MBT Modifications	2.400	0.600			Works ongoing with conclusion in May 22, 80% of costs likely to be paid in 2021/22
Reliance Street MBT	Replacement of existing MBT Facility	14.000				Works now significantly complete but not yet passed testing phase
	New HWRC		1.000	4.000		Allowed £1m for demolition and enabling works in 2022/23 and £4m for construction.
Raikes Lane TRF	Process Improvements (additional to Turbine replacement)	2.750	4.584			Improvements to existing plant outside the turbine works
Longley Lane MRF Improvements	Operational Improvements for Longley Lane MRF	2.000				Refurbishments of existing plant.
Bredbury Paper and Card	Removal of IVC equipment and installation of fire suppression/ detection equipment		1.500			Project delayed. Allowance to be made in 2022/23.
All sites	Rail Wagons		1.320	1.320	1.320	Replacement programme
All sites	Mobile Plant and Vehicles	3.000				Expired Assets

		2021/22	2022/23	2023/24	2024/25	
Facility	**Requirements / Comments**	**£m**	**£m**	**£m**	**£m**	**Comments**
Waithlands	Culvert improvements		0.250	0.750		£250k set aside for further surveys and reviews and also for the provision of a new access road. £750k allowed for significant repairs in 2023/24
	Site boundary fencing / security	0.120				Work to be delivered in 2021/22, contractor appointed.
	Future Leachate Management (MSP)				1.200	Consideration for future works
Bredbury	Rising main 2019 – 2020	0.065				Rising Main now not required as a more cost effective solution has been agreed with Suez. Some costs were allocated to improving the MSP under this allocation
	Northern section drainage repairs		1.100			Drainage repair and replace project to address damaged leachate collection system.
Salford Road, Over Hulton	Balance on modular building	0.004				
		24.339	**10.354**	**6.070**	**2.520**	

Appendix B – Forecast levy increases per District

	2021/22	2022/23	Increase/ (Decrease)		2023/24	Increase/ (Decrease)		2024/25	Increase/ (Decrease)	
	£m	£m	£m	%	£m	£m	%	£m	£m	%
Bolton	19.025	19.373	0.348	1.8%	20.038	0.670	3.5%	20.523	0.485	2.4%
Bury	13.375	13.384	0.009	0.1%	13.852	0.467	3.5%	14.205	0.353	2.5%
Manchester	28.731	29.956	1.225	4.3%	31.018	1.064	3.6%	31.798	0.781	2.5%
Oldham	16.892	17.174	0.282	1.7%	17.761	0.585	3.4%	18.171	0.410	2.3%
Rochdale	14.992	15.113	0.121	0.8%	15.668	0.558	3.7%	16.090	0.423	2.7%
Salford	19.115	19.383	0.268	1.4%	19.986	0.597	3.1%	20.477	0.491	2.5%
Stockport	19.614	19.933	0.319	1.6%	20.614	0.683	3.4%	21.115	0.501	2.4%
Tameside	15.033	15.249	0.216	1.4%	15.771	0.513	3.4%	16.138	0.367	2.3%
Trafford	15.625	15.275	(0.350)	(2.2%)	15.770	0.500	3.3%	16.151	0.381	2.4%
Total	162.402	164.840	2.438	1.5%	170.477	5.638	3.4%	174.668	4.191	2.5%

Greater Manchester Combined Authority

Date:	11 February 2022
Subject:	Budget Paper F - GMCA Capital Programme 2021/22 -2024/25
Report of:	Cllr David Molyneux, Portfolio Holder - Resources Steve Wilson, Treasurer to GMCA

Purpose of Report

To present an update in relation to the Combined Authority's 2021/22 capital expenditure programme and to present the capital programme budget for 2022/23 – 2024/25 for approval.

Recommendations:

GMCA is requested to:

a) Note the current 2021/22 forecast of £479.9m compared to the 2021/22 quarter 2 capital forecast of £625.7m; and

b) Approve the capital programme budget for 2022/23 and the forward plan as detailed in the report and in Appendix A.

Contact Officers

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Equalities Impact, Carbon and Sustainability Assessment:

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. To mitigate the risk of monetary claw back the full programme is carefully monitored against the grant conditions and further action would be taken as necessary.

Legal Considerations

There are no specific legal implications contained within the report.

Financial Consequences – Revenue

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

Financial Consequences – Capital

The report sets out the expenditure for 2021/22, 2022/23 and future years.

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

Background Papers

Reports to Greater Manchester Combined Authority:
GMCA Capital Programme 2020/21 – 2023/24 - 12 February 2021
GMCA Capital Update 2021/22 – Quarter 1 – 10 September 2021
GMCA Capital Update 2021/22 – Quarter 2 – 26 November 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	8th February 2022	

1. INTRODUCTION AND BACKGROUND

1.1 The Greater Manchester Combined Authority (GMCA) approved the 2021/22 Capital Programme at its meeting on 12 February 2021. The latest 2021/22 capital reforecast was reported to and noted by the GMCA at its meeting on 26 November 2021.

1.2 GMCA's capital programme includes Greater Manchester Fire and Rescue Services, Economic Development and Regeneration programmes, Waste & Resources Service and the continuation of the programme of activity currently being delivered by Transport for Greater Manchester (TfGM) and Local Authorities including the following elements:

a) The Greater Manchester Transport Fund (GMTF);
b) Metrolink Trafford Park Line Extension;
c) Clean Air Schemes including Early Measures Investment Fund (EMIF), Clean Bus Initiatives, Office for Zero emissions Vehicles (OZEV) Electric Vehicle (EV) Taxi, Clean Air Plan (CAP) EV Taxi Infrastructure, Clean Air Zones (CAZ) and Financial Support Scheme (FSS);
d) Other capital projects and programmes including Transforming Cities 1 and 2, Active Travel, Cycle City Ambition Grant (CCAG 2), Rail – Access for All, Cycle Safety, and Bus Franchising;
e) Transport Growth Deal Major Schemes;
f) Minor Works (including schemes funded by Integrated Transport Capital Block and Growth Deal);
g) Capital Highways Maintenance, Traffic Signals and Full Fibre;
h) Investments including Growing Places, Regional Growth Fund and Housing Investment Fund;
i) Economic Development and Regeneration Schemes;
j) Fire and Rescue Service Schemes; and
k) Waste & Resources Schemes.

1.3 The 2021/22 Capital Programme is summarised in Appendix A and the major variances are described in this report.

1.4 The 2022/23 Capital Programme forecast does not include any of the recently allocated City Region Sustainable Transport Settlement funding (CRSTS), as the programme case was submitted to Government during January 2022, with confirmation of the award currently anticipated by the end of March 2022. The 2022/23 budget will be updated and brought back to GMCA for approval once the final programme has been confirmed.

2. IMPACT OF COVID-19

2.1 As previously reported, the progression of a significant number of schemes and their associated expenditure profiles has been impacted upon by COVID-19. During 2021, these impacts have been compounded by global pressures on construction materials availability and associated pricing, to which the pandemic and other market forces have proved to be contributory factors.

2.2 TfGM and Local Authority Delivery Partners are continuing to work with their respective supply chains to keep the impacts of the above matters to a minimum.

2.3 Some of these impacts have manifested themselves on the capital expenditure forecast figures reported within this update. It is anticipated that these impacts will continue, to varying degrees, in respect of expenditure and overall scheme costs within current and future financial years.

2.4 These impacts are being kept under regular review and will continue to be reported to the GMCA through future capital updates.

3. TRANSPORT SCHEMES

3.1 Greater Manchester Transport Fund (GMTF)

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

3.1.2 The GMTF was established on the basis that GMCA would repay the borrowings in full by 2045, in part through the application of Metrolink net revenues (being Metrolink revenues, net of operating, maintenance and other related costs); in part by the application of the annual ring-fenced levy contributions, which will be raised by the GMCA, under its levying powers; and in part from local, third party, revenue contributions.

3.1.3 The GMCA and TfGM hold earmarked reserves which are ring-fenced to pay for and manage the risks of delivering their ongoing capital programme. This includes the capital programme reserve which will be utilised as the financing costs (which include both the interest costs and minimum revenue provision with respect to the borrowings, which have been or will be taken out to fund the delivery of the schemes).

3.1.4 As reported previously to GMCA, due to the impact of COVID-19, Metrolink has suffered a significant reduction in farebox revenues. Following a period of stability and patronage growth since September 2021, the recent emergence of the Omicron variant has resulted in patronage and farebox revenue decreasing once more. The confirmed COVID support, provided up to the end of the financial year, is currently forecast to be sufficient to cover the majority of the operating deficit in 2021/22. However, no funding has been agreed to support the forecast deficit for 2022/23 onwards; and discussions with DfT are ongoing.

3.2 Metrolink Programme

3.2.1 The Metrolink Programme includes the close out of certain activities relating to the Phase 3 expansion programme.

3.2.2 The current forecast expenditure in 2021/22 on these residual works is £7.0m, which is in line with the previous forecast.

3.2.3 The 2022/23 budgeted expenditure is £5.9m.

3.2.4 The total forecast and budget outturn costs are within the total approved budget.

3.3 Metrolink Renewal and Enhancement Capital Programme

3.3.1 The Metrolink Renewals and Enhancements programme has historically been funded by prudential borrowings, with repayments being made from Metrolink net revenues. However, as result of COVID-19 and the associated impact on Metrolink revenues referred to at 3.1.4 above, the programme was reprioritised, with only works that are either safety or operationally critical currently being delivered.

3.3.2 The current forecast expenditure in 2021/22 is £9.3m, compared to a previous forecast of £8.5m. The variance relates to the early conclusion of procurement and associated contract award exercises for track renewals works as well as phasing of risk allowances.

3.3.3 The 2022/23 budgeted expenditure is £10.2m.

3.3.4 The total forecast and budget outturn costs are within the total approved budget.

3.4 Park and Ride

3.4.1 The current forecast and budget expenditure in 2021/22 is £0.1m, which is in line with the previous forecast.

3.4.2 The 2022/23 budgeted expenditure is £0.01m.

3.4.3 The total forecast outturn costs are within the total approved budget.

3.5 Bus Priority Programme

3.5.1 The current forecast expenditure in 2021/22 is £0.2m, which is in line with the previous forecast.

3.5.2 The 2022/23 budgeted expenditure is £0.2m.

3.5.3 The total forecast and budget outturn costs are within the total approved budget.

3.6 Interchanges

3.6.1 The current forecast expenditure in 2021/22 is £0.1m, which is line with the previous forecast.

3.6.2 The 2022/23 budgeted expenditure is £0.1m.

3.6.3 The total forecast and budget outturn costs are within the total approved budget.

3.7 A6 to Manchester Airport Relief Road (A6MARR)

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

3.7.2 The current forecast expenditure in 2021/22 of £3.7m, is in line with the previous forecast of £3.4m

3.7.3 The 2022/23 budgeted expenditure is £6.2m.

3.7.4 The total forecast and budget outturn cost is within the total approved budget.

3.8 Metrolink Trafford Extension

3.8.1 The current forecast expenditure in 2021/22 is £0.7m, compared to a previous forecast of £0.2m. The variance is predominately due to the rephasing of risk allowances arising from the completion of several land transactions in the current financial year.

3.8.2 The 2022/23 budget expenditure is £0.4m.

3.8.3 The total forecast and budget outturn costs are within the total approved budget.

3.9 Transforming Cities Fund – First Allocation (TCF)

3.9.1 This programme includes:

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

3.9.2 The Metrolink Additional Capacity programme includes the purchase of 27 additional trams and additional supporting infrastructure. The current forecast expenditure in 2021/22 is £16.9m, which is in line with the previous forecast.

3.9.3 The 2022/23 budgeted expenditure is £15.0m.

3.9.4 The Cycling and Walking Challenge Fund 2021/22 current forecast expenditure in 2021/22 is £40.6m, compared to a previous forecast of £43.5m. The variance reflects reforecasting across the 111 schemes within the programme, with 92 schemes rephasing works into the current financial year. 19 schemes have rephased final design works and contractual milestones predominantly into next financial year, with the balance into next, and future, financial years.

3.9.5 The 2022/23 budgeted expenditure is £42.3m.

3.9.6 Total forecast and budget outturn costs are within the total approved budgets.

3.9.7 In 2022/23, TfGM will continue to undertake the MCF programme management role and associated activities with delivery of the overall programme on behalf of the GMCA, including the provision of a central support team. This is in recognition of the need to continue programme delivery beyond the original 4-year term of MCF, in support of ongoing GM-wide scheme delivery. In July 2018, the GMCA approved MCF programme funding of the initial 4 years of the programme. Therefore, as the MCF programme extends into year 5, MCF capital funding is required in 2022/23 to cover the following activities:

a) Programme and project development support and advice to scheme promoters;
b) Core programme management, reporting and associated activities, including assurance and governance in accordance with the GM Single Pot Assurance Framework;
c) MCF programme monitoring and evaluation activities; and
d) Communications and engagement activity to support scheme and programme promotion.

3.9.8 Note a release from the Mayor’s Cycling and Challenge Fund (MCF) funding of £1.9 million to fund these programme management and associated costs in 2022/23 is now required.

3.10 Transforming Cities Fund - Second Allocation (TCF2)

3.10.1 The current TCF2 forecast expenditure in 2021/22 is £1.0m, compared to a previous forecast of £2.2m. The variance is due to the continuing development of schemes and programmes, resulting in some of the budgeted expenditure in 2021/22 now being incurred next financial year.

3.10.2 The 2022/23 budgeted expenditure is £11.7m.

3.10.3 The total forecast and budget outturn costs are within the total approved budget.

3.11 Active Travel Fund (ATF)

3.11.1 The Active Travel Fund (ATF) programme comprises 21 cycling and walking infrastructure schemes located on the public highway, which are to be delivered by the 10 Greater Manchester Authorities. The current ATF forecast expenditure in 2021/22 is £2.5m, compared to a previous forecast of £3.4m. The variance is due to the rephasing of certain design development and other costs into the 2022/23 financial year.

3.11.2 The 2022/23 budgeted expenditure is £10.2m.

3.11.3 Total forecast and budget outturn costs are within the total approved budgets.

3.12 Clean Air Programme

3.12.1 Forecast spend against a range of clean air schemes for 2021/22 has reduced slightly on the previous forecast to £32.9m. This is funded entirely through grant funding from central Government.

3.12.2 The forecast spend against these schemes is expected to be £18.6m in 2022/23.

3.12.3 The total forecast and budget outturn costs are within the total approved budget for all projects.

3.13 Other Capital Schemes and Programmes

3.13.1 The other capital schemes and programmes include:

a) Cycle City Ambition Grant 2 (CCAG2); and
b) Rail - Access for All

3.13.2 The current forecast expenditure in 2021/22 on the CCAG 2 programme is £1.7m which is in line with the previous forecast.

3.13.3 The Greater Manchester Rail Access for All Programme consists of £6.7m of funding, awarded by the DfT to Network Rail. The Access for All Programme forecast expenditure in 2022 is £0.6m which is in line with the previous forecast of £0.5m.

3.13.4 The 2022/23 budgeted expenditure is £2.7m.

3.13.5 The total forecast and budget outturn costs are within the total approved budgets for these programmes.

3.14 Bus Franchising

3.14.1 The current forecast expenditure for bus franchising related capital expenditure for 2021/22 is £6.4m compared to a previous forecast of £15.6m. The variance is due to the phasing of expenditure into the next financial year.

3.14.2 The 2022/23 currently budgeted expenditure is £37.5m.

The outputs of this planned expenditure for 2022/23 include in particular:

a) Costs related to the delivery of the depot strategy, as set out in the Assessment; and

b) Costs relating to the purchase of on-bus equipment, other equipment and systems which are necessary for the implementation and operation of the franchising scheme.

3.14.3 Note the additional capital expenditure of £19.33 million of the sums approved at the GMCA meeting on 10 September 2021, for the expenditure outlined above

3.14.4 The total forecast and budget outturn costs are within the total approved budget for project. The funding proposal for these costs was set out in the financial strategy for funding Bus Reform as reported to GMCA in November 2020 and was originally approved by GMCA in October 2019.

3.15 Transport Local Growth Deal 1 Majors Schemes And 3 (Major and Minor Schemes)

3.15.1 The Transport Local Growth Deal 1 & 3 Majors Programme consists of 15 major schemes (excluding Stockport Town Centre Access Plan (TCAP)) which are being delivered by TfGM and the Local Authorities. The total current forecast expenditure is £26.4m compared to a previous forecast of £27.5m with the main variances being due to the rephasing of risk allowances on the well-advanced Salford Bolton Network Improvements scheme and the rephasing of works into the next financial year on the Oldham Town Centre initiative, now that schemes have been tendered and associated programmes of work received.

3.15.2 The Local Growth Deal 3 Minor Works schemes are being delivered by TfGM and the Local Authorities. The current forecast expenditure in 2021/22 is £2.3m, compared to a previous forecast of £3.1m. The variance is predominantly due to the re-phasing of some of the delivery of bus stop accessibility works into the next financial year.

3.15.3 The 2022/23 budgeted expenditure is £49.7m for the Major Schemes and £1.1m for the Minor Schemes.

3.15.4 Total forecast and budget outturn costs are within the total approved budgets.

3.16 Minor Works

3.16.1 The 2021/22 current expenditure forecast for these schemes is £6.6m compared to a previous forecast of £7.3m. The variance is due to works across various schemes now anticipated to be completed next financial year.

3.16.2 The 2022/23 budgeted expenditure is £2.5m.

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

3.17 Traffic Signals

3.17.1 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.

3.18 Full Fibre Network

3.18.1 Expenditure has been reprofiled into 2022/23 for the remaining sites to be installed. Forecast for 2021/22 is £11.2m.

3.19 Highways Maintenance

3.19.1 Funding is received from central government to be distributed to the constituent authorities. All funding has now been transferred.

3.19.2 There is no forecast for 2022/23 onwards as the CRSTS in paragraph 1.4 consolidates the funding for this budget line.

3.20 GM One Network

3.20.1 Following installation of full fibre network at paragraph 3.18.1, the GM One Network project will provide the equipment to 'light the fibre' that has been installed at the public sector sites.

4. ECONOMIC DEVELOPMENT AND REGENERATION

4.1 Regional Growth Fund/ Growing Places

4.1.1 The RGF of £65m was secured by GM through two rounds of bidding in 2012/13 and 2013/14. The RGF has supported eligible projects and programmes raising private sector investment to create economic growth and employment. The forecast loan advances in 2022/23 is £5m.

4.1.2 The Growing Places Fund originally secured by GM in 2012/13 totalled £34.5m of capital grant funding which is being used to provide up front capital investment in schemes. Loan advances of £8.4m are forecast for 2022/23.

4.2 Housing Investment Fund

4.2.1 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. To facilitate this DCLG have provided a £300 million loan to provide the up-front funding and loans are approved by GMCA. Forecast drawdowns for 2021/22 currently stand at £77.4m as projects are subject to chance one specific loans and timings are approved. This means the forecast expenditure may come to fruition during 2021/22 but may be carried forward in to 2022/23 which is currently forecast as £80.4m.

4.3 Skills Capital

4.3.1 Forecast expenditure for 2021/22 stands at £4.6m which is slightly down on budget and previous quarter forecast.

4.3.2 Spend for 2022/23 has been forecast as £1.4m.

4.4 Life Sciences Fund

4.4.1 The GM&C Life Sciences Fund is a seed and early stage venture capital fund targeting life sciences businesses located in the Greater Manchester and Cheshire & Warrington region.

4.4.2 Forecast expenditure for 2021/22 has risen slightly from previous forecast but is still below budget. Expenditure has now been reprofiled into 2022/23.

4.5 Pankhurst Centre

4.5.1 The expenditure for 2021/22 has been reprofiled into 2022/23.

4.6 Getting Building Fund

4.6.1 The 2021/22 current expenditure forecast is £34.6m which is the balance of grant funding available. No further grant or expenditure is available in 2022/23.

4.7 Brownfield Land Fund

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

4.7.2 The remainder of the multi-year grant is forecast to be expended as per the original timing schedule.

4.8 Affordable Homes

4.8.1 Programme to bring empty homes back in to use. Expenditure is dependent on number of units completed and funding for each is received from Homes England.

4.9 Public Sector Decarbonisation Scheme

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

4.9.2 The 2021/22 current expenditure forecast is £57.6m which is being spent by GMCA, TfGM, GM Local Authorities and other partner organisations within GM. The scheme has been extended and the remaining sum of £20.6m will be spent in 2022/23.

4.10 Homelessness Rough Sleeper Programme

4.10.1 The 2021/22 current expenditure forecast is £1.3m and was approved at the 27 November 2020 meeting of the GMCA. All funds have been expended.

4.11 Green Homes Grant

4.11.1 The 2021/22 current expenditure forecast is £3.3m which includes phases 1a, 1b and 2 and is to support domestic retrofit projects fully funded by UK central government.

4.11.2 The total budget for 2022/23 is £21.5m which is within the total approved budget.

5. FIRE AND RESCUE SERVICE

5.1 Since the previous forecast, work has been undertaken with budget holders to update the estimated spend within the year and future years in relation to schemes and projects. This has resulted in a forecast for 2021/22 of £11.185m with the slippage mainly due to updated delivery plans in relation to the Estates Strategy.

5.2 The forecast spend for 2022/23 has been updated to reflect the slippage from the current year.

6. WASTE AND RESOURCES SERVICE

6.1 Operational Sites

6.1.1 The current forecast spend on Operational Sites is £24.150m which is slightly lower than previous forecast. This forecast assumes facilities will have passed acceptance tests in the current financial year.

6.1.2 Future years expenditure has been allowed for a replacement HWRC, process improvements on the turbine and a rolling programme of rail wagon replacements.

6.2 Non-Operational Sites

6.2.1 The current forecast for non-operational sites is in line with previous forecasts

6.2.2 Future years expenditure includes provision for culvert improvement and drainage replacement on two closed landfill sites.

7. FUNDING REQUIREMENTS

7.1 The capital programme over the next three years, results in a borrowing requirement of £360.8m. Provision has been made in the revenue budget for the associated financing costs.

7.2 The estimated funding profile for the forecast spend in financial year 2022/23 is as follows:

Source	**£m**
Borrowings	157.1
Capital Receipts	94.4
Access for All grant	2.7
Active Travel grant	10.2
Affordable Homes	0.2
Brownfield Land Fund	18.0
Clean Air grant	18.4
Early Measures grant	0.2
Earnback grant	6.6
Green Homes grant	21.5
Public Sector Decarbonisation Fund	20.6
Transforming Cities grant	57.3
Transforming Cities 2 grant	11.7
Revenue Contribution	0.1
External income	2.5
Total funding	**421.6**

Appendix 1

Capital Programme 2021/22 – 2024/25

	Budget 2021/22 £'000	Previous 2021/22 Forecast £'000	Current 2021/22 Forecast £'000	Variance £'000	2022/23 Forecast £'000	2023/24 Forecast £'000	2024/25 Forecast £'000	Future years forecast £'000
Metrolink Programme	5,770	7,029	7,020	9	5,871	28,792	25,129	-
Metrolink Renewals and Enhancements	8,394	8,513	9,257	(744)	10,217	11,819	5,747	298,968
Park and Ride	-	115	97	18	8	-	-	7,706
Bus Priority Programme	77	233	198	35	186	11,949	-	-
Interchange Programme	51	83	62	21	54	284	-	-
Greater Manchester Transport Fund	**14,292**	**15,973**	**16,634**	**(661)**	**16,336**	**52,844**	**30,876**	**306,674**
Road Schemes (Stockport)								
A6 MARR / SEMMMS	5,552	3,410	3,732	(322)	6,204	15,852	-	-
Stockport Council Schemes total	**5,552**	**3,410**	**3,732**	**(322)**	**6,204**	**15,852**	**-**	**-**
Other Metrolink Schemes								
Trafford Extension	196	174	710	(536)	410	3,891	3,891	4,020
Other Metrolink Schemes total	**196**	**174**	**710**	**(536)**	**410**	**3,891**	**3,891**	**4,020**
Clean Air Schemes								
OLEV & CAP Taxi	1,986	1,852	2,530	(678)	1,187	1,341	-	-
Clean Air Financial Support Scheme (FSS)	-	3,678	3,294	384	1,843	-	-	-
Clean Air Zone (CAZ)	-	18,065	18,137	(72)	8,267	12,299	-	-
Clean Bus Technology Fund	1,733	2,071	2,071	-	-	-	-	-
Clean Bus Fund	11,571	10,092	6,582	3,510	7,076	2,496	2,629	-
Early Measures	342	563	320	243	243	-	-	-

	Budget 2021/22 £'000	Previous 2021/22 Forecast £'000	Current 2021/22 Forecast £'000	Variance £'000	2022/23 Forecast £'000	2023/24 Forecast £'000	2024/25 Forecast £'000	Future years forecast £'000
Clean Air Schemes total	**15,632**	**36,321**	**32,934**	**3,387**	**18,616**	**16,136**	**2,629**	**-**
Other Capital Schemes								
CCAG 2	2,179	1,732	1,732	-	-	-	-	-
TCF - Mayors Challenge Fund	54,290	43,509	40,574	2,935	42,288	22,095	19,465	-
TCF - Metrolink Capacity Improvement Programme	18,132	16,925	16,856	69	15,044	5,856	-	-
Active Travel Fund	6,697	3,372	2,461	911	10,235	-	-	-
Access For All	1,788	502	624	(122)	2,716	6,447	-	-
Cycle Safety	-	-	-	-	-	1,542	-	-
Other Capital Schemes total	**83,086**	**66,040**	**62,247**	**3,793**	**70,283**	**35,940**	**19,465**	**-**
Growth Deal								
TfGM Majors	22,117	16,335	16,765	(430)	46,020	66,140	27,139	-
Local Authorities Majors	12,418	11,144	9,675	1,469	3,669	4,578	-	-
Growth Deal total	**34,535**	**27,479**	**26,440**	**1,039**	**49,689**	**70,718**	**27,139**	**-**
Minor Works								
ITB Local Authorities	849	1,160	1,011	149	970	-	-	-
Growth Deal 1 & 2 Local Authorities	6,932	5,395	4,993	402	1,497	-	-	-
Growth Deal 2 TfGM Schemes	910	703	638	65	55	992	-	-
Growth Deal 3 TfGM schemes	1,347	3,094	2,343	751	1,077	49	-	-
Growth Deal 3 Local Authorities	1,040	-	43	(43)	-	-	-	-
Minor Works total	**11,078**	**10,352**	**9,028**	**1,324**	**3,599**	**1,041**	**-**	**-**
Transforming Forming Cities 2								
TCF2	2,625	2,222	1,029	1,193	11,710	23,437	10,880	444
Transforming Forming Cities 2 total	**2,625**	**2,222**	**1,029**	**1,193**	**11,710**	**23,437**	**10,880**	**444**

	Budget 2021/22 £'000	Previous 2021/22 Forecast £'000	Current 2021/22 Forecast £'000	Variance £'000	2022/23 Forecast £'000	2023/24 Forecast £'000	2024/25 Forecast £'000	Future years forecast £'000
Bus Franchising								
Bus Franchising	-	15,600	6,423	9,177	37,510	-	-	-
Bus Franchising total	**-**	**15,600**	**6,423**	**9,177**	**37,510**	**-**	**-**	**-**
Traffic Signals (Externally Funded)	2,500	2,500	2,500	-	2,500	2,500	2,500	-
Full Fibre Network	21,184	17,252	11,200	6,052	3,344	-	-	-
Highways Capital Maintenance	27,202	34,940	34,940	-	-	-	-	-
GM One Network	-	-	-	-	12,053	-	-	-
Total Capital - Transport	**217,882**	**232,263**	**207,817**	**24,446**	**232,254**	**222,358**	**97,380**	**311,138**
Regional Growth Fund	5,000	10,103	8,295	1,808	5,000	3,000	2,000	-
Growing Places	20,000	11,182	10,250	932	8,444	4,250	2,125	-
Housing Investment Fund	90,142	148,181	77,434	70,747	80,444	88,060	90,000	-
Growth Deal - Skills Capital Round 2 & 3	9,673	5,053	4,596	457	1,404	-	-	-
Growth Deal - Life Sciences Fund	1,749	814	999	(185)	489	-	-	-
Growth Deal - Pankhurst Institute	793	-	-	-	793	-	-	-
Getting Building Fund	31,316	34,612	34,612	-	-	-	-	-
Brownfield Land Fund	30,000	37,907	37,907	-	18,000	8,500	8,400	-
Affordable Homes	-	200	200	-	200	200	200	-
Public Sector Decarbonisation Scheme	-	78,237	57,648	20,589	20,589	-	-	-
Homelessness Rough Sleeper Programme	-	1,335	1,335	-	-	-	-	-
Green Homes	-	27,222	3,300	23,922	21,457	-	-	-
Total Economic Development & Regen.	**188,673**	**354,846**	**236,576**	**118,270**	**156,820**	**104,010**	**102,725**	**-**
Estates	4,999	4,275	3,194	1,081	12,666	11,010	10,810	7,480
ICT	4,017	2,205	1,820	385	1,574	184	150	450

	Budget 2021/22 £'000	Previous 2021/22 Forecast £'000	Current 2021/22 Forecast £'000	Variance £'000	2022/23 Forecast £'000	2023/24 Forecast £'000	2024/25 Forecast £'000	Future years forecast £'000
Vehicles & Equipment	4,186	4,446	3,779	667	7,634	2,625	2,884	7,688
Sustainability	75	342	342	-	240	75	75	225
Waking Watch Relief	-	2,050	2,050	-	-	-	-	-
Total Fire and Rescue Service	**13,277**	**13,318**	**11,185**	**2,133**	**22,114**	**13,894**	**13,919**	**15,843**
Operational Sites	21,300	25,000	24,150	850	9,004	5,320	1,320	-
Non Operational Sites	1,750	200	189	11	1,350	750	1,200	-
Total Waste and Resources	**23,050**	**25,200**	**24,339**	**861**	**10,354**	**6,070**	**2,520**	**-**
Total GMCA Capital	**442,882**	**625,627**	**479,917**	**145,710**	**421,542**	**346,332**	**216,544**	**326,981**

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GREATER MANCHESTER COMBINED AUTHORITY

Greater Manchester Combined Authority

Date: **11 February 2022**

Subject: **Treasury Management Strategy Statement and Annual Investment Strategy 2022/23**

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 2022/23 to 2024/25 for the Authority. The strategy reflects the draft 2021-2025 capital programme for Transport, Economic Development, Fire and Rescue, Waste and Police.

Recommendations:

The GMCA is requested to

1. Approve the proposed Treasury Management Strategy Statement and Annual Investment Strategy to apply from the 1 April 2022, in particular:

   a) The Treasury and Prudential Indicators listed in Section 4.
   b) The Minimum Revenue Provision (MRP) Strategy in Section 3.
   c) The Treasury Management Scheme of Delegation at Appendix F.
   d) The Borrowing Strategy outlined in Section4.
   e) The Annual Investment Strategy detailed in Section 5.
   f) Delegation to the Treasurer to step outside of the investment limits to safeguard the GMCA’s position as outlined in section 5.21.

2. Approve the change in the MRP Strategy to enable it to apply in 2021/22.

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Equalities Impact, Carbon and Sustainability Assessment:
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: None

Comments/recommendations from Overview & Scrutiny Committee
N/A

Background Papers
Treasury Management Strategy Statement and Annual Investment Strategy 2021/22, GMCA 12 February 2021

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution?

No

Exemption from call in

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency? No

GM Transport Committee

N/A

Overview and Scrutiny Committee

N/A

1. INTRODUCTION AND BACKGROUND

1.1 The purpose of this report is to set out the proposed Treasury Management Strategy Statement, Borrowing Limits and Prudential Indicators for 2022/23 to 2024/25 for the Authority. The strategy reflects the draft 2021-2025 capital programme for Transport, Economic Development, Fire and Rescue, Waste and Police. This report should be read alongside the Capital Strategy 2022-2023 which is also on this agenda.

1.2 The strategy for 2022/23 covers two main areas:

Capital issues

a) the capital expenditure plans and the associated prudential indicators;
b) the Minimum Revenue Provision (MRP) policy.

Treasury management issues

a) the current treasury position;
b) treasury indicators which limit the treasury risk and activities of the Authority;
c) prospects for interest rates;
d) the borrowing strategy;
e) policy on borrowing in advance of need;
f) debt rescheduling;
g) the investment strategy;
h) creditworthiness policy; and

i) the policy on use of external service providers.

1.3 These elements cover the requirements of the Local Government Act 2003, Department for Levelling Up, Housing and Communities (DLUHC) Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

1.4 The Authority 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.

1.5 The second main function of the treasury management service is the funding of the GMCA's capital plans. These capital plans provide a guide to the borrowing need of the authority, essentially the longer-term cash flow planning, to ensure that the authority 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 Authority risk or cost objectives.

1.6 The contribution the treasury management function makes to the Authority 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 the General Fund Balance.

1.7 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

1.8 GMCA uses Link Group, Treasury solutions as its external treasury management advisors. The Authority 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 external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, the treasury advisers.

1.9 It is recognised that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Authority 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.

1.10 Daily treasury management activity is currently provided by Manchester City Council. This will be brought into the GMCA Finance Team from 1st April 2022 following the implementation of a new structure during 2021/22.

2. CIPFA CODES OF PRACTICE

2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

a) a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services

b) an overview of how the associated risk is managed

c) the implications for future financial sustainability.

2.2 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."

2.3 The aim of the capital strategy is to ensure that all elected Members on the full Authority fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

2.4 The Authority 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.

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

i. the capital plans, (including prudential indicators);

ii. a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);

iii. the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and

iv. an investment strategy, (the parameters on how investments are to be managed).

b) A mid-year treasury management report – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c) 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.

2.5 The above reports are required to be adequately scrutinised before being recommended to the Authority. This role is undertaken by the Audit Committee.

<u>Recent changes to the codes of practice</u>

2.6 CIPFA published revised code of practices on 20 December 2021 with formal adoption required by the 2023/24 financial year. The Authority must have regard to the revisions when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy and other related reports which are taken to GMCA for approval.

2.7 The revised codes will have the following implications:

a) a requirement for the authority to adopt a new debt liability benchmark treasury indicator to support the financing risk management of the capital financing requirement;

b) clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate. This will include the requirement to set a proportionate approach to commercial and service capital investment;

c) address Environmental, Social, Governance (ESG) issues within the Capital Strategy;

d) require implementation of a policy to review commercial property, with a view to divest where appropriate;

e) create new Investment Practices to manage risks associated with non-treasury investment (similar to the current Treasury Management Practices (TMP));

f) ensure that any long-term treasury investment is supported by a business model;

g) a requirement to effectively manage liquidity and longer-term cash flow requirements;

h) amendment to TMP1 to address ESG policy within the treasury management risk framework;

i) amendment to the knowledge and skills register for individuals involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each authority;

j) a new requirement to clarify reporting requirements for service and commercial investment, (especially where supported by borrowing/leverage).

2.8 All investments and investment income must be attributed to one of the following three purposes:

a) Treasury management

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

b) Service delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

c) Commercial return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a council's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

2.9 The Treasury Management Strategy Statement and Annual Investment Strategy deals solely with treasury management investments, the categories of service delivery and commercial investments is included as part of the capital strategy report. However, as investments in commercial property have implications for cash balances managed by the treasury team, it will be for each authority to determine whether they feel it is relevant to add a high-level summary of the impact that commercial investments have, or may have, if it is planned to liquidate such investments within the three-year time horizon of this report, (or a longer time horizon if that is felt appropriate). The GMCA does not currently have any commercial investments and no proposals for any have been brought forward.

2.10 Members will be updated on how all these changes will impact GMCA's current approach and any changes required will be formally adopted within the 2023/24 TMSS Strategy report to Audit Committee and GMCA early in 2023.

3. THE CAPITAL PRUDENTIAL INDICATORS 2022/23 – 2024/25

3.1 The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans.

Capital expenditure and financing

3.2 This prudential indicator is a summary of the Authority's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital expenditure £m	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Transport	207.817	232.254	222.358	97.380
Economic Development and Regeneration	236.576	156.820	104.010	102.725
Fire and Rescue Service	11.185	22.114	13.894	13.919
Waste & Resources Service	24.339	10.354	6.070	2.520
Police Service	57.601	17.013	37.551	18.726
Total	**537.518**	**438.555**	**383.883**	**235.270**

3.3 The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of capital expenditure £m	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Capital receipts	98.220	94.377	98.379	94.125
Capital grants	283.302	168.091	104.577	46.087
Revenue Contribution	5.449	2.590	2.590	2.590
Net financing need for the year	**150.547**	**173.497**	**178.337**	**92.468**

3.4 Other long-term liabilities - The above financing need excludes other long-term liabilities, such as Private Finance Initiative (PFI) and leasing arrangements that already include borrowing instruments.

The Authority's borrowing need - the Capital Financing Requirement (CFR)

3.5 The second prudential indicator is the Authority's CFR. The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Authority's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

3.6 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

3.7 The CFR includes any other long-term liabilities (for example, PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Authority's borrowing requirement, these types of schemes include a borrowing facility by the PFI, Public-Private Partnership (PPP) lease provider and so the Authority is not required to separately borrow for these schemes. The Authority currently has £41m of such schemes within the CFR.

3.8 The Authority is asked to approve the CFR projections below:

£m	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
CFR	**2,404.273**	**2,480.289**	**2,553.733**	**2,537.651**
Movement in CFR	**63.767**	**76.016**	**73.444**	**(16.082)**

Movement in CFR represented by				
Net financing need for the year (above)	150.547	173.497	178.337	92.468
Less MRP/VRP and other financing movements	(86.780)	(97.481)	(104.893)	(108.550)
Movement in CFR	**63.767**	**76.016**	**73.444**	**(16.082)**

Minimum revenue provision (MRP) policy statement

3.9 The Authority is required to pay off an element of the accumulated General Fund capital spend known as the Capital Financing Requirement (CFR) through an annual revenue charge known as the Minimum Revenue Provision (MRP). The authority is also permitted to undertake additional voluntary payments if required, known as the Voluntary Revenue Provision (VRP).

3.10 DLUHC regulations have been issued which require the full Authority to approve an MRP Statement in advance of each year. A variety of options are provided to authorities, so long as there is a prudent provision.

3.11 A review of GMCA's MRP policy was recently undertaken by Link group, the objective of the review was to provide the Authority with an independent check that the MRP strategy and policy were fit for both the current and future spending plans. It also provides the necessary challenge to ensure that any potential options are not missed when considering the capital financing decisions for new capital expenditure ensuring that the provision remains prudent and compliant with statutory guidance.

3.12 It is recommended that GMCA approve the following MRP Statement:

a) For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- MRP will be calculated using an Asset Life annuity basis over 50 years.

b) From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- MRP will be calculated on an Asset Life annuity basis. The interest rate applied will be linked to PWLB interest rates and the useful life of the asset.

3.13 MRP overpayments - A change introduced by the revised DLUHC MRP guidance was the allowance that any charges made over the statutory MRP, VRP or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. There were no general fund VRP overpayments up to 31 March 2021.

4. BORROWING

4.1 The capital expenditure plans set out in Section 3 provide details of the service activity of the Authority. The treasury management function ensures that the Authority's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Authority capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

Current portfolio position

4.2 The overall treasury management portfolio as at 31 March 2021 and for the position as at 1 February 2022 are shown below for both borrowing and investments.

	31-Mar-21 £m	1-Feb-22 £m
Treasury Investments		
Banks	88.797	14.950
Local Authorities	50.013	208.500
DMADF (HM Treasury)	-	176.090
Money Markey Funds	-	68.710
Total treasury investments	**138.810**	**468.250**
Treasury External Borrowing		
PWLB	567.494	548.008
Market	627.492	619.926
LOBOs	50.000	50.000
HCA/HIF	210.438	190.128
TfGM	61.780	46.597
Total external borrowing	**1,517.204**	**1,454.659**
Net treasury investments/(borrowing)	**(1,378.394)**	**(986.409)**

4.3 The Authority's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the CFR), highlighting any over or under borrowing.

£m	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
External Debt				
Debt at 1 April	1,517.204	1,379.007	1,348.328	1,315.814
Expected change in Debt	(138.197)	(30.679)	(32.514)	(40.172)
Other long-term liabilities (OLTL)	44.418	40.759	36.677	32.998
Expected change in OLTL	(3.659)	(4.082)	(3.679)	(4.353)
Actual gross debt at 31 March	**1,419.766**	**1,385.005**	**1,348.812**	**1,304.288**
Capital Financing Requirement	**2,404.273**	**2,480.289**	**2,553.733**	**2,537.651**
Under / (over) borrowing	**984.507**	**1,095.284**	**1,204.921**	**1,233.364**

4.4 Within the range of prudential indicators there are a number of key indicators to ensure that the Authority operates its activities within well-defined limits. One of these is that the Authority needs to ensure that its 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 2022/23 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

4.5 The Treasurer reports that the Authority complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

Treasury Indicators: limits to borrowing activity

4.6 **The operational boundary**. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational boundary £m	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Debt	2,524.487	2,604.304	2,681.420	2,664.534
Other long-term liabilities	46.639	42.797	38.511	34.648
Total	2,571.126	2,647.101	2,719.931	2,699.182

4.7 **The authorised limit for external debt**. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Authority. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

a) This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

b) The Authority is asked to approve the following authorised limit:

Authorised limit £m	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Debt	2,644.701	2,728.318	2,809.107	2,791.416
Other long-term liabilities	48.860	44.835	40.345	36.298
Total	2,693.560	2,773.153	2,849.451	2,827.714

Prospects for interest rates

4.8 The Authority has appointed Link Group as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. Link provided the following forecasts on 20 December 2021. These are forecasts for certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View 20 December 2021														
	Dec 21	**Mar 22**	**Jun 22**	**Sep 22**	**Dec 22**	**Mar 23**	**Jun 23**	**Sep 23**	**Dec 23**	**Mar 24**	**Jun 24**	**Sep 24**	**Dec 24**	**Mar 25**
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25
3 month ave earning	0.20	0.30	0.50	0.50	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00
6 month ave earning	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
10 yr PWLB	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
25 yr PWLB	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
50 yr PWLB	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30

4.9 Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16 December 2021.

4.10 As shown in the forecast table above, the forecast for Bank Rate now includes four increases, one in December 2021 to 0.25%, then quarter 2 of 2022 to 0.50%, quarter 1 of 2023 to 0.75%, quarter 1 of 2024 to 1.00% and, finally, one in quarter 1 of 2025 to 1.25%.

<u>Significant risks to the forecasts</u>

a) Mutations of the virus render current vaccines ineffective, and tweaked vaccines to combat these mutations are delayed, or cannot be administered fast enough to prevent further lockdowns. 25% of the population not being vaccinated is also a significant risk to the NHS being overwhelmed and lockdowns being the only remaining option.

b) Labour and supply shortages prove more enduring and disruptive and depress economic activity.

c) The Monetary Policy Committee (MPC) acts 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.

d) The MPC tightens monetary policy too late to ward off building inflationary pressures.

e) The Government acts too quickly to cut expenditure to balance the national budget.

f) UK / EU trade arrangements – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.

g) Longer term US treasury yields rise strongly and pull gilt yields up higher than forecast.

h) Major stock markets e.g., in the US, become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the "moral hazard" risks of having to buy shares and corporate bonds to reduce the impact of major financial market selloffs on the general economy.

i) Geopolitical risks, for example in Ukraine, Iran, North Korea, but also in Europe and Middle Eastern countries; on-going global power influence struggles between Russia/China/US. These could lead to increasing safe-haven flows.

4.11 The balance of risks to the UK economy:

a) The overall balance of risks to economic growth in the UK is now to the downside, including risks from Covid and its variants - both domestically and their potential effects worldwide.

<u>Forecasts for Bank Rate</u>

4.12 It is not expected that Bank Rate will go up fast after the initial rate rise as the supply potential of the economy is not likely to have taken a major hit during the pandemic: it should, therefore, be able to cope well with meeting demand after supply shortages subside over the next year, without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the MPC's 2% target after the spike up to around 5%. The forecast includes four increases in Bank Rate over the three-year forecast period to March 2025, ending at 1.25%. However, it is likely that these forecasts will need changing within a relatively short timeframe for the following reasons:

a) We do not know how severe an impact Omicron could have on the economy and whether there will be another lockdown or similar and, if there is, whether there would be significant fiscal support from the Government for businesses and jobs.

b) There were already increasing grounds for viewing the economic recovery as running out of steam during the autumn and now into the winter. And then along came Omicron to pose a significant downside threat to economic activity. This could lead into stagflation, or even into recession, which would then pose a dilemma for the MPC as to whether to focus on combating inflation or supporting economic growth through keeping interest rates low.

c) Will some current key supply shortages spill over into causing economic activity in some sectors to take a significant hit?

d) Rising gas and electricity prices in October 2021 and April 2022 and increases in other prices caused by supply shortages and increases in taxation in April 2022, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflation.

e) On the other hand, consumers are sitting on over £160bn of excess savings left over from the pandemic so when will they spend this sum, in part or in total.

f) It looks as if the economy coped well with the end of furlough on 30 September 2021. It is estimated that there were around 1 million people who came off furlough then and there was not a huge spike up in unemployment. The other side of the coin is that vacancies have been hitting record levels so there is a continuing acute shortage of workers. This is a potential danger area if this shortage drives up wages which then feed through into producer prices and the prices of services i.e., a second-round effect that the MPC would have to act against if it looked like gaining significant momentum.

g) We also recognise there could be further nasty surprises on the Covid front beyond the Omicron mutation.

h) If the UK invokes article 16 of the Brexit deal over the dislocation in trading arrangements with Northern Ireland, this has the potential to end up in a no-deal Brexit.

4.13 In summary, with the high level of uncertainty prevailing on several different fronts, we expect to have to revise our forecasts again - in line with whatever the new news is.

4.14 It should also be borne in mind that Bank Rate being cut to 0.25% and then to 0.10%, were emergency measures to deal with the Covid crisis hitting the UK in March 2020. At any time, the MPC could decide to simply take away such emergency cuts on no other grounds than they are no longer warranted, and as a step forward in the return to normalisation. In addition, any Bank Rate under 1% is both highly unusual and highly supportive of economic growth.

Forecasts for Public Works Loan Board (PWLB) rates and gilt and treasury yields

4.15 Since the start of 2021, we have seen a lot of volatility in gilt yields, and hence PWLB rates. As the interest forecast table for PWLB certainty rates above shows, there is forecast to be a steady, but slow, rise in both Bank Rate and gilt yields during the forecast period to March 2025, though there will doubtless be a lot of unpredictable volatility during this forecast period.

4.16 While monetary policy in the UK will have a major impact on gilt yields, there is also a need to consider the potential impact that rising treasury yields in America could have on our gilt yields. **As an average since 2011, there has been a 75% correlation between movements in US 10-year treasury yields and UK 10-year gilt yields. This is a significant UPWARD RISK exposure to our forecasts for longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison.**

4.17 **US treasury yields**. During the first part of 2021, US President Biden's, and the Democratic party's, determination to push through a $1.9trn (equivalent to 8.8% of Gross Domestic Product (GDP)) fiscal boost for the US economy as a recovery package from the Covid pandemic was what unsettled financial markets. However, this was in addition to the $900bn support package already passed in December 2020. This was then followed by additional Democratic ambition to spend $1trn on infrastructure, (which was eventually passed by both houses later in 2021), and an even larger sum on an American families plan over the next decade; this is still caught up in Democrat / Republican haggling. Financial markets were alarmed that all this stimulus was happening at a time when:

a) A fast vaccination programme had enabled a rapid opening up of the economy during 2021.

b) The economy was growing strongly during the first half of 2021 although it has weakened overall during the second half.

c) It started from a position of little spare capacity due to less severe lockdown measures than in many other countries.

d) And the Fed was still providing substantial stimulus through monthly Quantitative Easing (QE) purchases during 2021.

4.18 It was not much of a surprise that a combination of these factors would eventually cause an excess of demand in the economy which generated strong inflationary pressures. This has eventually been recognised by the Fed at its December meeting with an aggressive response to damp inflation down during 2022 and 2023.

4.19 At its 3 November 2021 Fed meeting, the Fed decided to make a start on tapering its $120bn per month of QE purchases so that they ended in June 2022. However, at its 15 December 2021 meeting it doubled the pace of tapering so that they will end all purchases in February 2022. These purchases are currently acting as downward pressure on treasury yields and so it would be expected that Treasury yields will rise over the taper period and after the taper ends, all other things being equal. The Fed also forecast that it expected there would be three rate rises in 2022 of 0.25% from near zero currently, followed by three in 2023 and two in 2024, taking rates back above 2% to a neutral level for monetary policy.

4.20 There are also possible **DOWNSIDE RISKS** from the huge sums of cash that the UK populace have saved during the pandemic; when savings accounts earn little interest, it is likely that some of this cash mountain could end up being invested in bonds and so push up demand for bonds and support their prices i.e., this would help to keep their yields down. How this will interplay with the Bank of England eventually getting round to not reinvesting maturing gilts and then later selling gilts, will be interesting to monitor.

4.21 There is likely to be exceptional volatility and unpredictability in respect of gilt yields and PWLB rates due to the following factors:

a) How strongly will changes in gilt yields be correlated to changes in US treasury yields (see below). Over 10 years since 2011 there has been an average 75% correlation between movements in US treasury yields and gilt yields. However, from time to time these two yields can diverge. Lack of spare economic capacity and rising inflationary pressures are viewed as being much greater dangers in the US than in the UK. This could mean that central bank rates will end up rising earlier and higher in the US than in the UK if inflationary pressures were to escalate; the consequent increases in treasury yields could well spill over to cause (lesser) increases in gilt yields. There is, therefore, an upside risk to forecasts for gilt yields due to this correlation. The Link Group forecasts have included a risk of a 75% correlation between the two yields.

b) Will the Fed take action to counter increasing treasury yields if they rise beyond a yet unspecified level?

c) Would the MPC act to counter increasing gilt yields if they rise beyond a yet unspecified level?

d) How strong will inflationary pressures actually turn out to be in both the US and the UK and so put upward pressure on treasury and gilt yields?

e) How will central banks implement their new average or sustainable level inflation monetary policies?

f) How well will central banks manage the withdrawal of QE purchases of their national bonds i.e., without causing a panic reaction in financial markets as happened in the “taper tantrums” in the US in 2013?

g) Will exceptional volatility be focused on the short or long-end of the yield curve, or both?

4.22 As the US financial markets are, by far, the biggest financial markets in the world, any upward trend in treasury yields will invariably impact and influence financial markets in other countries. Inflationary pressures and erosion of surplus economic capacity look much stronger in the US compared to those in the UK, which would suggest that Fed rate increases eventually needed to suppress inflation, are likely to be faster and stronger than Bank Rate increases in the UK. This is likely to put upward pressure on treasury yields which could then spill over into putting upward pressure on UK gilt yields.

4.23 The forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU within the forecasting period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and Russia, China / North Korea and Iran, which have a major impact on international trade and world GDP growth.

4.24 The balance of risks to medium to long term PWLB rates:

a) There is a balance of upside risks to forecasts for medium to long term PWLB rates.

A new era for local authority investing – a fundamental shift in central bank monetary policy

4.25 One of the key results of the pandemic has been a fundamental rethinking and shift in monetary policy by major central banks like the Fed, the Bank of England and the ECB, to tolerate a higher level of inflation than in the previous two decades when inflation was the prime target to bear down on so as to stop it going above a target rate. There is now also a greater emphasis on other targets for monetary policy than just inflation, especially on 'achieving broad and inclusive "maximum" employment in its entirety' in the US, before consideration would be given to increasing rates.

a) The Fed in America has gone furthest in adopting a monetary policy based on a clear goal of allowing the inflation target to be symmetrical, (rather than a ceiling to keep under), so that inflation averages out the dips down and surges above the target rate, over an unspecified period of time.

b) The Bank of England has also amended its target for monetary policy so that inflation should be 'sustainably over 2%' before starting on raising Bank Rate and the ECB now has a similar policy.

c) For local authorities, this means that investment interest rates and very short term PWLB rates will not be rising as quickly or as high as in previous decades when the economy recovers from a downturn and the recovery eventually runs out of spare capacity to fuel continuing expansion.

d) Labour market liberalisation since the 1970s has helped to break the wage-price spirals that fuelled high levels of inflation and has now set inflation on a lower path which makes this shift in monetary policy practicable. In addition, recent changes in flexible employment practices, the rise of the gig economy and technological changes, will all help to lower inflationary pressures.

e) Governments will also be concerned to see interest rates stay lower as every rise in central rates will add to the cost of vastly expanded levels of national debt; (in the UK this is £21bn for each 1% rise in rates). On the other hand, higher levels of inflation will help to erode the real value of total public debt.

Investment and borrowing rates

a) **Investment returns** are expected to improve in 2022/23. However, while markets are pricing in a series of Bank Rate hikes, actual economic circumstances may see the MPC fall short of these elevated expectations.

b) **Borrowing interest rates** fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England and still remain at historically low levels. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years.

c) On 25 November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates which had been increased by 100 bps in October 2019. The standard and certainty margins were reduced by 100 bps but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three-year capital programme. The current margins over gilt yields are as follows: -.

   i. PWLB Standard Rate is gilt plus 100 basis points (G+100bps)

   ii. PWLB Certainty Rate is gilt plus 80 basis points (G+80bps)

   iii. PWLB HRA Standard Rate is gilt plus 100 basis points (G+100bps)

   iv. PWLB HRA Certainty Rate is gilt plus 80bps (G+80bps)

   v. Local Infrastructure Rate is gilt plus 60bps (G+60bps)

d) Borrowing for capital expenditure. Our long-term (beyond 10 years), forecast for Bank Rate is 2.00%. As some PWLB certainty rates are currently below 2.00%, there remains value in considering long-term borrowing from the PWLB where appropriate. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive as part of a balanced debt portfolio. In addition, there are also some cheap alternative sources of long-term borrowing if an authority is seeking to avoid a “cost of carry” but also wishes to mitigate future re-financing risk.

e) While this Authority will not be able to avoid borrowing in the longer term to finance new capital expenditure, to replace maturing debt and the rundown of reserves and grants received in advance, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new borrowing that causes a temporary increase in cash balances.

<u>Borrowing Strategy</u>

4.26 The Authority is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the CFR), has not been fully funded with loan debt as cash supporting the Authority’s reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

4.27 Against this background and the risks within the economic forecast, caution will be adopted with the 2022/23 treasury operations. The Treasurer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

a) if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.

b) if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

4.28 Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

Policy on borrowing in advance of need

4.29 The Authority 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 CFR estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Authority can ensure the security of such funds.

4.30 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.

Debt Rescheduling

4.31 Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a very large difference between premature redemption rates and new borrowing rates, even though the general margin of PWLB rates over gilt yields was reduced by 100 bps in November 2020.

4.32 If rescheduling was done, it will be reported to the Audit Committee, at the earliest meeting following its action.

New financial institutions as a source of borrowing and / or types of borrowing

4.33 Currently the PWLB Certainty Rate is set at gilts + 80 basis points for borrowing. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

a) Local authorities (primarily shorter dated maturities out to 3 years or so – still cheaper than the Certainty Rate).

b) Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).

c) The Municipal Bonds Agency and UK Infrastructure Bank should they be proven as suitable alternatives.

4.34 Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

5. ANNUAL INVESTMENT STRATEGY

Investment policy – management of risk

5.1 The DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG) and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

5.2 The Authority’s investment policy has regard to the following: -

a) DLUHC’s Guidance on Local Government Investments (“the Guidance”)

b) CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”)

c) CIPFA Treasury Management Guidance Notes 2018.

5.3 The Authority’s investment priorities will be security first, portfolio liquidity second and then yield, (return). The Authority will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the

Authority's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the Authority will also consider the value available in periods up to 12 months with high credit rated financial institutions, as well as wider range fund options.

5.4 The above guidance from the DLUHC and CIPFA places a high priority on the management of risk. This Authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

a) 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.

b) 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 Authority 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.

c) Other information sources used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

d) This Authority has defined the list of types of investment instruments that the treasury management team are authorised to use. See Appendix D.

   i. Specified investments are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity if originally, they were classified as being non-specified investments solely due to the maturity period exceeding one year.

   ii. 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.

e) The Authority has determined that it will not use non specified investments.

f) Lending limits, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 5.11.

g) Transaction limits are set for each type of investment in paragraph 5.11.

h) This Authority will not invest for periods longer than 365 days.

i) Investments will only be placed with counterparties from countries with a specified minimum sovereign rating, (see paragraph 5.14).

j) This Authority has engaged external consultants, (see paragraph 1.8), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

k) All investments will be denominated in sterling.

l) As a result of the change in accounting standards for 2022/23 under IFRS 9, this Authority 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. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31 March 2023.

5.5 However, this Authority will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 5.17). Regular monitoring of investment performance will be carried out during the year.

Creditworthiness policy

5.6 This Authority applies the creditworthiness service provided by the Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

a) "watches" and "outlooks" from credit rating agencies;

b) Credit Default Swap (CDS) spreads that may give early warning of changes in credit ratings;

c) sovereign ratings to select counterparties from only the most creditworthy countries.

5.7 This modelling approach combines credit ratings, and any assigned Watches and Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Authority to determine the suggested duration for investments. The Authority will, therefore, use counterparties within the following durational bands:

a)	Yellow	5 years (UK Government debt or equivalent)
b)	Dark pink	5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
c)	Light pink	5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
d)	Purple	2 years
e)	Blue	1 year (only applies to nationalised or semi nationalised UK Banks)
f)	Orange	1 year
g)	Red	6 months
h)	Green	100 days
i)	No colour	not to be used

5.8 The Link creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

5.9 Typically, the minimum credit ratings criteria the Authority use will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

5.10 All credit ratings will be monitored weekly. The Authority is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

a) if a downgrade results in the counterparty / investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately.

b) in addition to the use of credit ratings the Authority will be advised of information in movements in CDS spreads against the iTraxx European Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link. Extreme market movements may result in downgrade of an institution or removal from the Authority's lending list.

5.11 Sole reliance will not be placed on the use of this external service. In addition, this Authority will also use market data and market information, as well as information on any external support for banks to help support its decision-making process.

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

	Colour (and long-term rating where applicable)	**Max % of total investments / £ limit per institution**	**Time limit**
Banks	yellow	100% / £25m	5yrs
Banks	purple	100% / £25m	2 yrs
Banks	orange	100% / £25m	1 yr
Banks – part nationalised	blue	100% / £25m	1 yr
Banks	red	100% / £25m	6 mths
Banks	green	100% / £25m	100 days
Banks	No colour	Not to be used	
Limit 3 category – Authority's banker (where "No Colour")	No colour	100% / £25m	1 day
DMADF	UK sovereign rating	unlimited	6 months
Local authorities	n/a	100% / £25m	1 year
Money Market Funds	AAA	100% / £25m	liquid

Creditworthiness

5.12 Significant levels of downgrades to Short- and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, as economies are beginning to reopen, there have been some instances of previous lowering of Outlooks being reversed.

CDS prices

5.13 Although bank CDS prices, (these are market indicators of credit risk), spiked upwards at the end of March / early April 2020 due to the heightened market uncertainty and ensuing liquidity crisis that affected financial markets, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Authority has access to this information via its Link-provided Passport portal.

Other limits

5.14 Due care will be taken to consider the exposure of the Authority's total investment portfolio to non-specified investments, countries, groups and sectors.

a) **Non-specified treasury management investment limit**. The Authority has determined that it will not invest for periods longer than 12 months.

b) **Country limit**. The Authority has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA- from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix E. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

Investment strategy

5.15 **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.

a) 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.

b) 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

5.16 The current forecast shown in paragraph 4.8, includes a forecast for a first increase in Bank Rate in May 2022, though it could come in February 2022.

5.17 The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year, (based on a first increase in Bank Rate in quarter 2 of 2022), are as follows:

Average earnings in each year	Now	Previously
2022/23	0.50%	0.50%
2023/24	0.75%	0.75%
2024/25	1.00%	1.00%
2025/26	1.25%	1.25%
Long term later years	2.00%	2.00%

5.18 For its cash flow generated balances, the Authority will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits, (overnight to 100 days), in order to benefit from the compounding of interest.

Investment performance / risk benchmarking

5.19 This Authority will use an investment benchmark to assess the investment performance of its investment portfolio of overnight, 7 day, 1, 3, 6 or 12 month compounded / SONIA

End of year investment report

5.20 At the end of the financial year, the Authority will report on its investment activity as part of its Annual Treasury Report.

Delegation to the Treasurer to Safeguard the Authority’s Position

5.21 It may be prudent, depending on circumstances, to temporarily increase the limits shown in paragraph 5.11 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.

6. APPENDICES

A Prudential and treasury indicators

B Interest rate forecasts

C Economic background

D Treasury Management Practice 1

E Approved countries for investments

F Treasury management scheme of delegation

G The treasury management role of the Section 151 Officer

APPENDIX A THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2022/23 – 2024/25

The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

1 Capital expenditure

Capital expenditure £m	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	Total Estimate
Transport	207.817	232.254	222.358	97.380	759.809
Economic Development and Regeneration	236.576	156.820	104.010	102.725	600.131
Fire and Rescue Service	11.185	22.114	13.894	13.919	61.112
Waste & Resources Service	24.339	10.354	6.070	2.520	43.283
Police Service	57.601	17.013	37.551	18.726	130.891
Total	**537.518**	**438.555**	**383.883**	**235.270**	**1,595.226**

2 Affordability prudential indicators

2.1 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Authority's overall finances. The Authority is asked to approve the following indicators:

2.2 **Ratio of financing costs to net revenue stream**

This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

%	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Ratio of Financing Costs	13.3%	13.7%	13.7%	13.6%

The estimates of financing costs include current commitments and the proposals in this budget report.

2.3 **Maturity structure of borrowing**

Maturity structure of borrowing. These gross limits are set to reduce the Authority's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Authority is asked to approve the following treasury indicators and limits:

Maturity structure of fixed interest rate borrowing 2022/23		
	Lower	**Upper**
Under 12 months	0%	10%
12 months to 2 years	0%	10%
2 years to 5 years	0%	20%
5 years to 10 years	0%	50%
10 years and over	0%	75%
Maturity structure of variable interest rate borrowing 2022/23		
	Lower	**Upper**
Under 12 months	0%	0%
12 months to 2 years	0%	0%
2 years to 5 years	0%	0%
5 years to 10 years	0%	0%
10 years and over	0%	0%

APPENDIX B INTEREST RATE FORECASTS 2021-2025

PWLB forecasts shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1 November 2012.

Link Group Interest Rate View 20.12.21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.20	0.30	0.50	0.50	0.60	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
10 yr PWLB	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
25 yr PWLB	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
50 yr PWLB	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30
Bank Rate														
Link	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
Capital Economics	0.25	0.25	0.50	0.75	0.75	0.75	0.75	1.00	1.00	-	-	-	-	-
5yr PWLB Rate														
Link	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
Capital Economics	1.40	1.40	1.50	1.50	1.60	1.70	1.70	1.80	1.90	-	-	-	-	-
10yr PWLB Rate														
Link	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
Capital Economics	1.60	1.60	1.70	1.70	1.80	1.80	1.90	2.00	2.00	-	-	-	-	-
25yr PWLB Rate														
Link	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
Capital Economics	1.80	1.80	1.90	1.90	2.00	2.10	2.10	2.20	2.30	-	-	-	-	-
50yr PWLB Rate														
Link	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30
Capital Economics	1.40	1.50	1.60	1.70	1.80	1.90	2.00	2.20	2.30	-	-	-	-	-

APPENDIX C ECONOMIC BACKGROUND

1 COVID-19 vaccines

1.1 These were the game changer during 2021 which raised high hopes that life in the UK would be able to largely return to normal in the second half of the year. However, the bursting onto the scene of the Omicron mutation at the end of November 2021, rendered the initial two doses of all vaccines largely ineffective in preventing infection. This has dashed such hopes and raises the spectre again that a fourth wave of the virus could overwhelm hospitals in early 2022. What we now know is that this mutation is very fast spreading with the potential for total case numbers to double every two to three days, although it possibly may not cause so much severe illness as previous mutations. Rather than go for full lockdowns which heavily damage the economy, the government strategy this time is focusing on getting as many people as possible to have a third (booster) vaccination after three months from the previous last injection, as a booster has been shown to restore a high percentage of immunity to Omicron to those who have had two vaccinations. There is now a race on between how quickly boosters can be given to limit the spread of Omicron, and how quickly will hospitals fill up and potentially be unable to cope. In the meantime, workers have been requested to work from home and restrictions have been placed on large indoor gatherings and hospitality venues. 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 services in sectors like restaurants, travel, tourism and hotels which had been hit hard during 2021, but could now be hit hard again by either, or both, of government restrictions and/or consumer reluctance to leave home. Growth will also be lower due to people being ill and not working, similar to the pingdemic in July 2021. The economy, therefore, faces significant headwinds although some sectors have learned how to cope well with Covid. However, the biggest impact on growth would come from another lockdown if that happened. The big question still remains as to whether any further mutations of this virus could develop which render all current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread until tweaked vaccines become widely available.

2 A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

2.1 In December 2021, the Bank of England became the first major western central bank to put interest rates up in this upswing in the current business cycle in western economies as recovery progresses from the Covid recession of 2020.

2.2 The next increase in Bank Rate could be in February 2022 or May 2022, dependent on how severe an impact there is from Omicron.

2.3 If there are lockdowns in January 2022, this could pose a barrier for the MPC to putting Bank Rate up again as early as 3 February 2022.

2.4 With inflation expected to peak at around 6% in April 2022, the MPC may want to be seen to be active in taking action to counter inflation on 5 May 2022, the release date for its Quarterly Monetary Policy Report.

2.5 The December 2021 MPC meeting was more concerned with combating inflation over the medium term than supporting economic growth in the short term.

2.6 Bank Rate increases beyond May 2022 are difficult to forecast as inflation is likely to drop sharply in the second half of 2022.

2.7 However, the MPC will want to normalise Bank Rate over the next three years so that it has its main monetary policy tool ready to use in time for the next down-turn; all rates under 2% are providing stimulus to economic growth.

2.8 We have put year end 0.25% increases into Q1 of each financial year from 2023 to recognise this upward bias in Bank Rate - but the actual timing in each year is difficult to predict.

2.9 Covid remains a major potential downside threat in all three years as we ARE likely to get further mutations.

2.10 How quickly can science come up with a mutation proof vaccine, or other treatment, – and for them to be widely administered around the world?

2.11 Purchases of gilts under QE ended in December 2021. Note that when Bank Rate reaches 0.50%, the MPC has said it will start running down its stock of QE.

3. MPC MEETING 16 DECEMBER 2021

3.1 The MPC voted 8-1 to raise Bank Rate by 0.15% from 0.10% to 0.25% and unanimously decided to make no changes to its programme of quantitative easing purchases due to finish in December 2021 at a total of £895bn.

3.2 The MPC disappointed financial markets by not raising Bank Rate at its November 2021 meeting. Until Omicron burst on the scene, most forecasters, therefore, viewed a Bank Rate increase as being near certain at this December 2021 meeting due to the way that inflationary pressures have been comprehensively building in both producer and consumer prices, and in wage rates. However, at the November 2021 meeting, the MPC decided it wanted to have assurance that the labour market would get over the end of the furlough scheme on 30 September 2021 without unemployment increasing sharply; their decision was, therefore, to wait until statistics were available to show how the economy had fared at this time.

3.3 On 10 December 2021 we learnt of the disappointing 0.1% m/m rise in GDP in October 2021 which suggested that economic growth had already slowed to a crawl even before the Omicron variant was discovered in late November 2021. Early evidence suggests growth in November 2021 might have been marginally better. Nonetheless, at such low rates of growth, the government's "Plan B" COVID-19 restrictions could cause the economy to contract in December 2021.

3.4 On 14 December 2021, the labour market statistics for the three months to October 2021 and the single month of October 2021 were released. The fallout after the furlough scheme was smaller and shorter than the Bank of England had feared. The single-month data were more informative and showed that Labour Force Survey (LFS) employment fell by 240,000, unemployment increased by 75,000 and the unemployment rate rose from 3.9% in September 2021 to 4.2%. However, the weekly data suggested this didn't last long as unemployment was falling again by the end of October 2021. What's more, the 49,700 fall in the claimant count and the 257,000 rise in the Pay As You Earn (PAYE) measure of company payrolls suggests that the labour market strengthened again in November 2021. The other side of the coin was a further rise in the number of vacancies from 1.182m to a record 1.219m in the three months to November 2021 which suggests that the supply of labour is struggling to keep up with demand, although the single-month figure for November 2021 fell for the first time since February 2021, from 1.307m to 1.227m.

3.5 These figures by themselves, would probably have been enough to give the MPC the assurance that it could press ahead to raise Bank Rate at this December 2021 meeting. However, the advent of Omicron potentially threw a spanner into the works as it poses a major headwind to the economy which, of itself, will help to cool the economy. The financial markets, therefore, swung round to expecting no change in Bank Rate.

3.6 On 15 December 2021 we had the Consumer Price Index (CPI) inflation figure for November 2021 which spiked up further from 4.2% to 5.1%, confirming again how inflationary pressures have been building sharply. However, Omicron also caused a sharp fall in world oil and other commodity prices; (gas and electricity inflation has generally accounted on average for about 60% of the increase in inflation in advanced western economies).

3.7 Other elements of inflation are also transitory e.g., prices of goods being forced up by supply shortages, and shortages of shipping containers due to ports being clogged have caused huge increases in shipping costs. But these issues are likely to clear during 2022, and then prices will subside back to more normal levels. Gas prices and electricity prices will also fall back once winter is passed and demand for these falls away.

3.8 Although it is possible that the Government could step in with some fiscal support for the economy, the huge cost of such support to date is likely to pose a barrier to incurring further major economy wide expenditure unless it is very limited and targeted on narrow sectors like hospitality, (as announced just before Christmas). The Government may well, therefore, effectively leave it to the MPC, and to monetary policy, to support economic growth – but at a time when the threat posed by rising inflation is near to peaking!

3.9 This is the adverse set of factors against which the MPC had to decide on Bank Rate. For the second month in a row, the MPC blind-sided financial markets, this time with a surprise increase in Bank Rate from 0.10% to 0.25%. What's more, the hawkish tone of comments indicated that the MPC is now concerned that inflationary pressures are indeed building and need concerted action by the MPC to counter. This indicates that there will be more increases to come with financial markets predicting 1% by the end of 2022. The 8-1 vote to raise the rate shows that there is firm agreement that inflation now poses a threat, especially after the CPI figure hit a 10-year high this week. The MPC commented that "there has been significant upside news" and that "there were some signs of greater persistence in domestic costs and price pressures".

3.10 On the other hand, it did also comment that "the Omicron variant is likely to weigh on near-term activity". But it stressed that at the November 2021 meeting it had said it would raise rates if the economy evolved as it expected and that now "these conditions had been met". It also appeared more worried about the possible boost to inflation form Omicron itself. It said that "the current position of the global and UK economies was materially different compared with prior to the onset of the pandemic, including elevated levels of consumer price inflation". It also noted the possibility that renewed social distancing would boost demand for goods again, (as demand for services would fall), meaning "global price pressures might persist for longer". (Recent news is that the largest port in the world in China has come down with an Omicron outbreak which is not only affecting the port but also factories in the region.)

3.11 On top of that, there were no references this month to inflation being expected to be below the 2% target in two years' time, which at November 2021's meeting the MPC referenced to suggest the markets had gone too far in expecting interest rates to rise to over 1.00% by the end of the year.

3.12 These comments indicate that there has been a material reappraisal by the MPC of the inflationary pressures since their last meeting and the Bank also increased its forecast for inflation to peak at 6% in April 2022, rather than at 5% as of a month ago. However, as the Bank retained its guidance that only a "modest tightening" in policy will be required, it cannot be thinking that it will need to increase interest rates that much more. A typical policy tightening cycle has usually involved rates rising by 0.25% four times in a year. "Modest" seems slower than that. As such, the Bank could be thinking about raising interest rates two or three times next year to 0.75% or 1.00%.

3.13 In as much as a considerable part of the inflationary pressures at the current time are indeed transitory, and will naturally subside, and since economic growth is likely to be weak over the next few months, this would appear to indicate that this tightening cycle is likely to be comparatively short.

3.14 As for the timing of the next increase in Bank Rate, the MPC dropped the comment from November 2021's statement that Bank Rate would be raised "in the coming months". That may imply another rise is unlikely at the next meeting in February 2022 and that May 2022 is more likely. However, much could depend on how adversely, or not, the economy is affected by Omicron in the run up to the next meeting on 3 February 2022. Once 0.50% is reached, the Bank would act to start shrinking its stock of QE, (gilts purchased by the Bank would not be replaced when they mature).

3.15 The MPC's forward guidance on its intended monetary policy on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -

a) Raising Bank Rate as "the active instrument in most circumstances".

b) Raising Bank Rate to 0.50% before starting on reducing its holdings.

c) Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.

d) Once Bank Rate had risen to at least 1%, it would start selling its holdings.

4 US

4.1 Shortages of goods and intermediate goods like semi-conductors, have been fuelling increases in prices and reducing economic growth potential. In November 2021, CPI inflation hit a near 40-year record level of 6.8% but with energy prices then falling sharply, this is probably the peak. The biggest problem for the Fed is the mounting evidence of a strong pick-up in cyclical price pressures e.g., in rent which has hit a decades high.

4.2 Shortages of labour have also been driving up wage rates sharply; this also poses a considerable threat to feeding back into producer prices and then into consumer prices inflation. It now also appears that there has been a sustained drop in the labour force which suggests the pandemic has had a longer-term scarring effect in reducing potential GDP. Economic growth may therefore be reduced to between 2 and 3% in 2022 and 2023 while core inflation is likely to remain elevated at around 3% in both years instead of declining back to the Fed's 2% central target.

4.3 Inflation hitting 6.8% and the feed through into second round effects, meant that it was near certain that the Fed's meeting of 15 December 2021 would take aggressive action against inflation. Accordingly, the rate of tapering of monthly $120bn QE purchases announced at its 3 November 2021 meeting was doubled so that all purchases would now finish in February 2022. In addition, Fed officials had started discussions on running down the stock of QE held by the Fed. Fed officials also expected three rate rises in 2022 of 0.25% from near zero currently, followed by three in 2023 and two in 2024, taking rates back above 2% to a neutral level for monetary policy. The first increase could come as soon as March 2022 as the chairman of the Fed stated his view that the economy had made rapid progress to achieving the other goal of the Fed – "maximum employment". The Fed forecast that inflation would fall from an average of 5.3% in 2021 to 2.6% in 2023, still above its target of 2% and both figures significantly up from previous forecasts. What was also significant was that this month the Fed dropped its description of the current level of inflation as being "transitory" and instead referred to "elevated levels" of inflation: the statement also dropped most of the language around the flexible average inflation target, with inflation now described as having exceeded 2 percent "for some time". It did not see Omicron as being a major impediment to the need to take action now to curtail the level of inflationary pressures that have built up, although Fed officials did note that it has the potential to exacerbate supply chain problems and add to price pressures.

5 EU

5.1 The slow role out of vaccines initially delayed economic recovery in early 2021 but the vaccination rate then picked up sharply. After a contraction of -0.3% in Q1, Q2 came in with strong growth of 2%. With Q3 at 2.2%, the EU recovery was then within 0.5% of its pre Covid size. However, the arrival of Omicron is now a major headwind to growth in quarter 4 and the expected downturn into weak growth could well turn negative, with the outlook for the first two months of 2022 expected to continue to be very weak.

5.2 November 2021's inflation figures breakdown shows that the increase in price pressures is not just due to high energy costs and global demand-supply imbalances for durable goods as services inflation also rose. Headline inflation reached 4.9% in November 2021, with over half of that due to energy. However, oil and gas prices are expected to fall after the winter and so energy inflation is expected to plummet in 2022. Core goods inflation rose to 2.4% in November 2021, its second highest ever level, and is likely to remain high for some time as it will take a long time for the inflationary impact of global imbalances in the demand and supply of durable goods to disappear. Price pressures also increased in the services sector, but wage growth remains subdued and there are no signs of a trend of faster wage growth which might lead to persistently higher services inflation - which would get the ECB concerned. The upshot is that the euro-zone is set for a prolonged period of inflation being above the ECB's target of 2% and it is likely to average 3% in 2022, in line with the ECB's latest projection.

5.3 **ECB tapering**. The ECB has joined with the Fed by also announcing at its meeting on 16 December 2022 that it will be reducing its QE purchases - by half from October 2022, i.e., it will still be providing significant stimulus via QE purchases for over half of next year. However, as inflation will fall back sharply during 2022, it is likely that it will leave its central rate below zero, (currently -0.50%), over the next two years. The main struggle that the ECB has had in recent years is that inflation has been doggedly anaemic in sticking below the ECB's target rate despite all its major programmes of monetary easing by cutting rates into negative territory and providing QE support.

5.4 The ECB will now also need to consider the impact of Omicron on the economy, and it stated at its December 2021 meeting that it is prepared to provide further QE support if the pandemic causes bond yield spreads of peripheral countries, (compared to the yields of northern EU countries), to rise. However, that is the only reason it will support peripheral yields, so this support is limited in its scope.

5.5 The EU has entered into a period of political uncertainty where a new German government formed of a coalition of three parties with Olaf Scholz replacing Angela Merkel as Chancellor in December 2021, will need to find its feet both within the EU and in the three parties successfully working together. In France there is a presidential election coming up in April 2022 followed by the legislative election in June. In addition, Italy needs to elect a new president in January with Prime Minister Draghi being a favourite due to having suitable gravitas for this post. However, if he switched office, there is a significant risk that the current government coalition could collapse. That could then cause differentials between Italian and German bonds to widen when 2022 will also see a gradual running down of ECB support for the bonds of weaker countries within the EU. These political uncertainties could have repercussions on economies and on Brexit issues.

6 China

6.1 After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of 2020; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China’s economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021.

6.2 However, the pace of economic growth has now fallen back in 2021 after this initial surge of recovery from the pandemic and looks likely to be particularly weak in 2022. China has been struggling to contain the spread of the Delta variant through using sharp local lockdowns - which depress economic growth. Chinese consumers are also being very wary about leaving home and so spending money on services. However, with Omicron having now spread to China, and being much more easily transmissible, this strategy of sharp local lockdowns to stop the virus may not prove so successful in future. In addition, the current pace of providing boosters at 100 billion per month will leave much of the 1.4 billion population exposed to Omicron, and any further mutations, for a considerable time. The People’s Bank of China made a start in December 2021 on cutting its key interest rate marginally so as to stimulate economic growth. However, after credit has already expanded by around 25% in just the last two years, it will probably leave the heavy lifting in supporting growth to fiscal stimulus by central and local government.

6.3 Supply shortages, especially of coal for power generation, were causing widespread power cuts to industry during the second half of 2021 and so a sharp disruptive impact on some sectors of the economy. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.

7 Japan

7.1 2021 has been a patchy year in combating Covid. However, recent business surveys indicate that the economy has been rebounding rapidly in 2021 once the bulk of the population had been double vaccinated and new virus cases had plunged. However, Omicron could reverse this initial success in combating Covid.

7.2 The Bank of Japan is continuing its very loose monetary policy but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon: indeed, inflation was actually negative in July 2021. New Prime Minister Kishida, having won the November 2021 general election, brought in a supplementary budget to boost growth, but it is unlikely to have a major effect.

8 World growth

8.1 World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum in the second half of the year, though overall growth for the year is expected to be about 6% and to be around 4-5% in 2022. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. While headline inflation will fall sharply, core inflation will probably not fall as quickly as central bankers would hope. It is 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, and vice versa. This is likely to reduce world growth rates from those in prior decades.

9 Supply shortages

9.1 The pandemic and extreme weather events, followed by a major surge in demand after lockdowns ended, have been highly disruptive of extended worldwide supply chains. Major queues of ships unable to unload their goods at ports in New York, California and China built up rapidly during quarters 2 and 3 of 2021 but then halved during quarter 4. Such issues have led to a misdistribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. The latest additional disruption has been a shortage of coal in China leading to power cuts focused primarily on producers (rather than consumers), i.e., this will further aggravate shortages in meeting demand for goods. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods available to purchase.

APPENDIX D TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

1. **SPECIFIED INVESTMENTS:** All such investments will be sterling denominated, with **maturities up to a maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable. (Non-specified investments which would be specified investments apart from originally being for a period longer than 12 months, will be classified as being specified once the remaining period to maturity falls to under twelve months.)

2 **NON-SPECIFIED INVESTMENTS**: These are any investments which do not meet the specified investment criteria. The Authority does not invest for periods longer than 1 year and therefore does not have any non-specified investments.

3 A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made, it will fall into one of the above categories.

4 The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria / colour band	Max % of total investments / £ limit per institution	Max. maturity period
Debt Management Account Deposit Facility (DMADF) – UK Government	yellow	100%/ unlimited	6 months (max. is set by the Debt Management Office (DMO)
UK Government gilts	yellow	Not used	5 years
UK Government Treasury bills	yellow	Not used	364 days (max. is set by the DMO*)
Bonds issued by multilateral development banks	yellow	Not used	5 years
Money Market Funds	AAA	100%/ £25m	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA	Not used	Liquid

Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	Not used	Liquid
Local authorities	yellow	100%/ £25m	5 years
Term deposits with housing associations	Blue Orange Red Green No Colour	Not used	12 months 12 months 6 months 100 days Not for use
Term deposits with banks and building societies	Blue Orange Red Green No Colour	100%/ £25m	12 months 12 months 6 months 100 days Not for use
CDs or corporate bonds with banks and building societies	Blue Orange Red Green No Colour	100%/ £25m	12 months 12 months 6 months 100 days Not for use
Gilt funds	UK sovereign rating	Not used	

APPENDIX E APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link credit worthiness service.

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Hong Kong
- Qatar
- U.K.

5.7 TREASURY MANAGEMENT SCHEME OF DELEGATION

APPENDIX F TREASURY MANAGEMENT SCHEME OF DELEGATION

1 Full Authority

a) receiving and reviewing reports on treasury management policies, practices and activities;

b) approval of annual strategy.

2 Audit Committee

a) approval of/amendments to the organisation’s adopted clauses, treasury management policy statement and treasury management practices;

b) budget consideration and approval;

c) approval of the division of responsibilities;

d) receiving and reviewing regular monitoring reports and acting on recommendations;

3 Treasurer

a) reviewing the treasury management policy and procedures and making recommendations to the responsible body.

APPENDIX G THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

a) recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;

b) submitting regular treasury management policy reports;

c) submitting budgets and budget variations;

d) receiving and reviewing management information reports;

e) reviewing the performance of the treasury management function;

f) ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;

g) ensuring the adequacy of internal audit, and liaising with external audit;

h) recommending the appointment of external service providers.

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GMCA GREATER MANCHESTER COMBINED AUTHORITY

Greater Manchester Combined Authority

Date: **11 February 2022**

Subject: **Capital Strategy 2022/23**

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

PURPOSE OF REPORT

The Capital Strategy sets out the over-arching principles and processes by which the capital and investment decisions set out in the Capital Programme will be prioritised against the key aims of the Greater Manchester Strategy (GMS).

In addition, the Capital Strategy considers the funding implications of the Capital Programme and where borrowing is required, the Treasury Management Strategy sets out how this will be managed during the year along with the policy for managing investments. The Treasury Management Strategy also incorporates the statutory prudential indicators along with the Minimum Revenue Provision Policy to be adopted for 2022/23.

The Capital Strategy also provides an overview of the governance arrangements for capital investment decisions and outlines the Authority's arrangements for managing risk.

RECOMMENDATIONS

The GMCA is requested to approve the Capital Strategy for 2022/23.

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Equalities Impact, Carbon and Sustainability:
N/A

Risk Management
The GMCA's approach to risk is included in section 9.

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: None

Comments/recommendations from Overview & Scrutiny Committee
N/A

Background Papers
Capital Strategy, GMCA 12th February 2021

Tracking/ Process
Does this report relate to a major strategic decision, as set out in the GMCA Constitution?
No

Exemption from call in

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency? No

GM Transport Committee

N/A

Overview and Scrutiny Committee

N/A

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 Capital Strategy maintains a strong link to the aims of the Greater Manchester Strategy (GMS). The overall vision set out in the GMS is to make Greater Manchester one of the best places in the world to grow up, get on and grow old. 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

1.3 The Capital Strategy covers the following key topics and should be read alongside the Treasury Management Strategy Statement, Borrowing Limits and Annual Investment Strategy 2022/23 also on the agenda for this meeting.

a) The Capital Strategy;

b) Governance, reporting and scrutiny arrangements;

c) The capital programme

d) Asset Management;

e) Commercial Investment;

f) The approach to borrowing and financial investments as set out in the Treasury Management Strategy;

g) The policy for setting aside amounts to repay debt as set out in the Minimum Revenue Provision Policy;

h) The financial indicators required by the Prudential Code;

i) The approach to risk;

j) The extent of other long-term liabilities; and

k) Current knowledge and skills to deliver the Capital Strategy.

2. THE CAPITAL STRATEGY

2.1 The overarching Capital Strategy for the Greater Manchester Combined Authority (GMCA) is to ensure that all resources are directed towards achieving the outcomes contained within the Greater Manchester Strategy (GMS) by maximising the use of external funding to deliver the highest impact affordable programme.

2.2 The following are priority investment areas for the GMCA and are reflected in the capital programme:

a) **Transport**. The Authority is significantly investing in Metrolink enhancements and renewals, Clean Air Zone, cycling, walking and buses. This is to achieve the GMS priorities of world-class connectivity that keeps Greater Manchester moving and green city region.

b) **Economic Development and Regeneration**. Alongside the Non-Treasury Investments in Section 5 of the report the Authority is significantly investing in public sector decarbonisation, green homes and brownfield sites funded by grants from UK central government. This is to achieve the GMS priorities of safe, decent and affordable housing, thriving productive economy in all parts of GM, good jobs with opportunities to progress and develop and a green city region.

c) **Fire & Rescue Service.** A rolling programme of vehicles and equipment renewals alongside a refreshed estates programme funded mainly from borrowings. This is to achieve the GMS priority of safe and strong communities.

d) **Waste & Resources Service.** Investment in improvements to current facilities enabling waste to be processed more efficiently. This links to the GMS priority of a green city region.

e) **Police Service**. Significant investment in Information and Communications Technology (ICT), fleet vehicles and further service improvements funded by borrowings. This is to achieve the GMS priority of safe and strong communities.

3. GOVERNANCE AND RISK MANAGEMENT FRAMEWORK

3.1 The GMCA's capital programme involves the expenditure and financing of £1.595 billion of capital schemes over the period 2021/22 to 2024/25. 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 the authority these governance arrangements are:

a) The Capital Strategy itself which is scrutinised by Audit Committee prior to approval by the GMCA.

b) The authority 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's Senior Management Team (SMT) which has overall responsibility for the management and monitoring of the Capital Programme;

e) The GMCA constitution 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.

3.2 Risk is inherent with any investment or commercial activity and whilst it cannot be eliminated, the authority will adopt a strategic approach to risk management. The GMCA's approach to managing risk is that any risks will be appropriate for the authority to take and proportionate to benefits derived, in terms of delivery of Capital Strategy and GMS objectives, both for individual projects and cumulatively. In this way, the authority has a clear understanding of the adverse aspects of risk and can take steps to mitigate it when making decisions.

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.

Capital expenditure £m	**2021/22 Estimate**	**2022/23 Estimate**	**2023/24 Estimate**	**2024/25 Estimate**	**Total Estimate**
Transport	207.817	232.254	222.358	97.380	759.809
Economic Development and Regeneration	236.576	156.820	104.010	102.725	600.131
Fire and Rescue Service	11.185	22.114	13.894	13.919	61.112
Waste & Resources Service	24.339	10.354	6.070	2.520	43.283
Police Service	57.601	17.013	37.551	18.726	130.891
Total	**537.518**	**438.555**	**383.883**	**235.270**	**1,595.226**

Financing of capital expenditure £m	**2021/22 Estimate**	**2022/23 Estimate**	**2023/24 Estimate**	**2024/25 Estimate**	**Total Estimate**
Capital receipts	98.220	94.377	98.379	94.125	385.101
Capital grants	283.302	168.091	104.577	46.087	602.057
Revenue Contribution	5.449	2.590	2.590	2.590	13.219
Borrowing Requirement	**150.547**	**173.497**	**178.337**	**92.468**	**594.849**

4.2. The capital programme is subject to regular review with quarterly monitoring reports presented to the authority. Estimates of capital grant allocations in the financing section above are known to be subject to variation.

4.3 The capital programme does not yet include the outcome of the City Region Sustainable Transport Fund submission which included proposals to secure up to £1.19 billion of capital funding for period 2022/23 to 2026/27. The outcome of this is not expected to increase the estimated borrowing requirement for GMCA over the period.

4.4 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 Comprehensive Spending Review. Key capital priorities for GMCA include

a) New programmes of investment through the City Region Sustainable Transport Scheme and Bus Franchising;

b) Investment to support low carbon transport such as electric buses, cycling and walking and Clean Air plans; and

c) Other programmes such as Public Sector Decarbonisation Scheme, Brownfield Land Fund, Getting Building Fund etc to deliver an integrated and extensive infrastructure pipeline which will create livable, sustainable and well-connected places.

5. NON-TREASURY MANAGEMENT REGENERATION INVESTMENTS

5.1 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 GMS priorities of a thriving and productive economy in all parts of Greater Manchester and safe, decent and affordable housing.

5.2. Growing Places Fund and Regional Growth Fund

5.2.1 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.

5.2.2 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.

5.2.3 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.

5.2.4 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.

5.3 Housing Investment Fund (HIF)

5.3.1 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.

5.3.2 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.

5.4 Greater Manchester Loan Fund (GMLF)

5.4.1 The GMLF was established in June 2013 in response to market constraints which significantly reduced the availability of debt finance.

5.4.2 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.

5.5 Protos Finance Limited

5.5.1 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.

6. COMMERCIAL INVESTMENTS

6.1 As the UK central government has introduced measures to actively discourage authorities from engaging in speculative commercial investment, principally by introducing access controls to future PWLB borrowing, then the Capital Strategy for 2022/23 does not allow for any investments to be undertaken solely for commercial purposes.

6.2 If the authority wishes to engage in such activity, then it will need to prepare a strategy for considering such investments which is to be approved by GMCA. In addition, such activity will also have implications for the authority's future ability to borrow from the PWLB thereby adding considerable financing risk to the authority's capital expenditure plans.

6.3 As such the Treasurer declares that the authority plans for capital investment as outlined in the capital programme do not contain any investments solely for commercial yield purposes.

7 BORROWING, REVENUE CONSEQUENCES AND THE TREASURY MANAGEMENT STRATEGY STATEMENT (TMSS)

7.1 Capital Financing

7.1.1 Wherever possible the financing of the capital programme will utilise and maximise external funding provided by central government or other third-party sources. The net financing requirement shown in the table in section 4 above is after application of capital receipts, capital grants and revenue contributions.

7.1.2 The capital programme is reliant on prudential borrowing totalling £594m between 2021/22 and 2024/25. 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 (MRP). 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

7.2.1 The Treasury Management Strategy Statement (TMSS) is covered in a separate accompanying report and is closely linked to this capital strategy. The capital programme identifies the borrowing need of the authority 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 authority 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 authority may borrow early and then invest the surplus cash until it is required.

7.3 Borrowing Limits

7.3.1 At the end of 2021/22 it is forecast that the GMCA's external debt will be £1.42 billion (including PFI liabilities) and this is forecast to increase to £1.6 billion 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:

£m	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Operational Boundary	2,571.126	2,647.101	2,719.931	2,699.182
Authorised Limit	2,693.560	2,773.153	2,849.451	2,827.714

8. ASSET MANAGEMENT

8.1. 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.

8.2. 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.

8.3 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.

8.4 Assets no longer required will be disposed of and the capital receipt used to fund the capital programme. The GMCA constitution sets out the powers of officers with regards to the disposal of assets.

9 APPROACH TO RISK

9.1 Risk is inherent with any investment or commercial activity and whilst it cannot be eliminated entirely the authority will adopt a strategic approach to risk management. The GMCA's approach to risk is to balance risk with the achievement of its priorities.

9.2 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.

9.3 For treasury management investments and debt the GMCA's risk appetite is extremely low with security of funds the primary concern. The authority seeks to invest surplus cash in instruments with high credit quality and for relatively short periods and to have alternative debt options available.

10 OTHER LONG-TERM LIABILITIES: PRIVATE FINANCE INITIATIVE (PFI)

10.1 The Authority has two PFI contracts: Stretford Fire Station and 17 Police Stations. In financial terms, PFIs are regarded as a form of debt financing and included within the Authority's borrowing limits.

10.2 Under the terms of the PFI contracts, the Authority makes regular payments which cover the service cost associated with facilities management and the asset itself. The PFI contracts are due to end as follows:

a) Stretford Fire Station: 2024/25
b) 17 Police Stations: 2030/31

11 KNOWLEDGE AND SKILLS

11.1 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.

11.2 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.

11.3 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.

11.4 When required internal skills and knowledge will be supplemented by external advisors. The Authority's treasury advisors are Link.

GMCA GREATER MANCHESTER COMBINED AUTHORITY

Date:	11th February 2022
Subject:	GMCA Revenue Update Quarter 3 - 2021/22
Report of:	Cllr David Molyneux, Portfolio Leader for Resources and Steve Wilson, Treasurer to GMCA

PURPOSE OF REPORT

To inform GMCA of the 2021/22 financial position at the end of December 2021 (quarter 3) and forecast revenue outturn position for the 2021/22 financial year.

RECOMMENDATIONS:

1. Approve an increase to Mayoral budget of £125k to be funded from reserves as set out in Section 2.
2. Approve an increase to the Fire and Rescue Service budget of £539k to be fully funded from reserves as set out in Section 4.

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

Legal Considerations – There are no specific legal implications with regards to the 2021/22 budget update.

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

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

Equalities Implications; - There are no specific equalities implications in the report.

Number of attachments included in the report: 0

BACKGROUND PAPERS:

Reports to Greater Manchester Combined Authority:

GMCA Budget Reports – 12th February 2021

GMCA Revenue Update Quarter 3 2021/22 – 26th November 2021

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

TGMC	Overview & Scrutiny Committee	
N/A	GM Corporate Issues & Reform 8th Feb 2022	

1. INTRODUCTION

1.1 The report details the GMCA actual position to 31st December 2021 and forecast revenue outturn position for 2021/22, covering Mayoral General Budget, Mayoral GM Fire and Rescue Budget (GMFRS), GMCA General Budgets, GM Waste and Transport including Transport for Greater Manchester (TfGM). It provides an analysis of the significant forecast variances in year compared to approved budget and seeks approval for revisions to the budget.

1.2 The position at Quarter 3 is summarised in the table below with further detail on the variances provided in the report.

GMCA Revenue Update 2021/22 Quarter 3	Approved Budget Exp	Approved Budget Income	Approved Budget Total	Q3 Forecast Outturn Exp	Q3 Forecast Outturn Income	Q3 Forecast Outturn Total	Change Exp	Change Income	Change Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Mayoral	127,567	-127,567	0	127,692	-127,692	0	125	-125	0
GMCA General	259,765	-259,765	0	240,115	-240,115	0	-19,650	19,650	0
GM Fire and Rescue	111,636	-111,636	0	110,037	-112,114	-2,076	-1,5989	-479	-2,076
Waste	162,402	-162,402	0	150,973	-162,402	-11,429	-11,429	0	-11,429
Transport	246,426	-246,426	0	250,476	-250,476	0	4,050	-4,050	0
Total	**907,796**	**-907,796**	**0**	**879,294**	**-892,799**	**-13,505**	**-28,502**	**14,997**	**-13,505**
Memorandum item									
TfGM	173,680	-173,680	0	177,730	-177,730	0	4,050	-4,050	0

2. MAYORAL BUDGET

2.1 The revised Mayoral budget for 2021/22 approved by GMCA following the GMCA Revenue Update Quarter 2 in July 2021 is £127.567m. At the end of quarter 3 the forecast position for the Mayoral budget is breakeven with projected expenditure of £127.692m. The table below summarises the position:

2.2 The quarter 3 position is an increase of expenditure by £125k to be funded by a transfer from Mayoral reserves relating to continued funding to the ‘No Child Goes Hungry’ scheme over the autumn term school holidays.

Mayoral Budget 2021/22 Quarter 3 Position	Original Budget	Revised Budget	Forecast Outturn	Forecast Variance
	£000	£000	£000	£000
Employee Related	457	452	456	4
Supplies and Services	2	9	7	-2
Travel Related	33	8	9	1
Corporate Recharge	756	756	756	0
Mayoral Priorities	19,250	20,092	20,214	122
Mayoral Transport	106,250	106,250	106,250	0
Total Expenditure	**126,749**	**127,567**	**127,692**	**125**
Funding	**-126,749**	**-127,567**	**-127,692**	**-125**
Net Expenditure	**0**	**0**	**0**	**0**

3. GMCA GENERAL BUDGET

3.1 The 2021/22 budget approved for GMCA in February 2021 was £224.044m funded from recurrent and non-recurrent sources, made up of local precepts and levies, government grants and reserves. Since the quarter 2 2021/22 revised budget was approved in September 2021 there have been changes to planned expenditure across the Directorates. The forecast outturn at quarter 3 is expenditure of £240.115m fully funded from grants, recharges, reserves and other income to provide a breakeven forecast for the year.

3.2 The table below provides a breakdown of the GMCA budget and the forecast outturn position at quarter 3.

GMCA Revenue Monitoring 2021/22 Quarter 3	Approved Budget	Revised Budget at Quarter 2	Current Forecast Outturn	Forecast Variance
	£000	£000	£000	£000
Digital	1,674	3,784	2,345	-1,439

Economy	18,954	26,573	16,105	-10,468
Environment	2,697	3,235	2,741	-494
Place	7,941	8,437	7,563	-874
Public Service Reform	21,993	34,443	35,098	654
Work and Skills	140,406	151,417	143,029	-8,387
GMCA Corporate	26,580	28,475	29,834	1,358
GM Election	3,800	3,400	3,400	0
Total Expenditure	**224,044**	**259,765**	**240,115**	**-19,650**
Funding	**-224,044**	**-259,765**	**-240,115**	**19,650**
Net Expenditure	**0**	**0**	**0**	**0**

3.3 Digital Directorate - There is an overall decrease in planned spend of in relation to Smart Residents Data Exchange Platform due to a review of service provision and associated spend on consultants and software.

3.4 Economy Directorate - Spend against the GM Productivity Programme and GM Local Industrial Strategy has been rephased into 2022/23.

3.5 Environment Directorate – A reduction in planned spend relating to the Ignition project which has been extended in 2022/23 due to the timescales for European Union auditors completing their work.

3.6 Place Directorate – The most significant variance is a reduction in forecast spend in 2021/22 against the Places for Everyone Programme, which has been delayed in 2022/23.

3.7 Public Service Reform Directorate – An increase in planned expenditure due to additional external funding received for Rough Sleeper and Children's Social Care programmes.

3.8 Work and Skills Directorate – A reduction in planned expenditure in 2021/22 relating to a reprofiling of expenditure into 2022/23 relating to the ESF Skills for Growth and Working Well Job Entry Targeted Support (JETS) Programmes.

3.9 GMCA Corporate Directorate – A increase forecast expenditure relating to Covid related expenditure which will be funded from a contribution from NHS and GMCA earmarked reserves.

4. MAYORAL GENERAL – GM FIRE AND RESCUE SERVICE

4.1 The 2021/22 budget for GM Fire and Rescue Service (GMFRS) in November 2021 was approved at £111.636m. The forecast revenue outturn position at quarter 3 is an underspend of £2.076m. The table below provides a summary of the position:

GMFRS Budget 2021/22 Quarter 3	Approved Budget	Actual Quarter 2	Forecast Outturn	Forecast Variance
	£000	£000	£000	£000
Employees	86,098	62,905	83,817	-2,281
Indirect Employees	1,852	680	1,476	-376
Premises	5,070	2,706	4,494	-576
Transport	2,260	1,380	2,059	-201
Supplies & Services	8,699	6,175	8,224	-475
Support Services	7,469	5,599	7,783	314
Government Grants	-768	-644	-707	61
Other Grants & Contributions	-214	-76	378	592
Customer & Client Receipts	-2,586	-1,347	-2,042	544
Capital Financing Costs	2,406	340	3,206	800
Tfr to Earmarked Reserve	1,349	0	1,349	0
Total Expenditure	**111,636**	**77,718**	**110,037**	**-1,598**
Localised Business Rates	-10,297	-7,723	-10,297	0
Baseline Funding	-40,353	-30,668	-40,353	0
Section 31 - Business Rates	-2,594	-1,903	-2,535	58
Section 31 - Pension Related	-5,605	-5,605	-5,605	0
Precept Income	-50,041	-37,113	-50,041	0
Collection Fund Surplus/Deficit	5,236	397	5,236	0
Local Council Tax Support	-1,349	-1,347	-1,347	2
Trf from Earmarked Reserve	-6,632	0	-7,171	-539
Total Funding	**-111,636**	**-83,961**	**-112,114**	**-479**

Net Expenditure	**0**	**-6,243**	**-2,076**	**-2,076**

Employee Related

4.2 Employees pay and pensions is a forecast underspend of £2.281m. This forecast is based on the current strength figures across GMFRS with the addition of 1.5% increase from July for pay award for uniformed pay and an assumption on increased costs for non-uniformed salaries. The pay award budget was set at 0%, however, the increase is being absorbed through vacancies.

4.3 The forecast also includes expected costs of future new recruit cohorts throughout the financial year. The figures do not include any assumptions of leavers in the last quarter of the financial year, it does include a number of vacancies which are expected to remain vacant to the end of the year.

4.4 The pay underspend is mainly attributable to the number of uniformed posts being lower than the budgeted establishment. The recruitment strategy seeks to increase headcount up to budgeted establishment numbers within 2022/23. Pre-arranged overtime has been included in the forecast based on average cost to date for the hours required to maintain ridership.

Non–pay related

4.5 Indirect Employee Allowances position is an underspend of £376k. The underspend is mainly in relation to insurance and reduced cost of other training expenses in year.

4.6 Premises Related expenditure is forecast to underspend by £576k attributable to a reduction in business rates expenditure. This includes one off rebates following valuations of the Estate and recurring savings which are being factored into the budget planning for 2022/23 onwards.

4.7 Transport Related forecast is an underspend of £201k based on costs incurred to date, however, travel costs may increase in line with the easing of national restrictions and internal hybrid working arrangements.

4.8 Supplies, Services and Other Expenditure is forecast at an underspend of £475k including savings identified in year which will be reinvested if pressures arise during the financial year.

4.9 Support Services budget incorporates the central recharges received from the wider Combined Authority. Further charges for specific additional support from HROD for the whole-time firefighter recruitment and selection process and Communications for various projects and strategies outside of central recharges have been forecast which result in an overspend of £314k.

4.10 Included in the forecasts is a revenue contribution to in-year capital outlay to reduce borrowing requirements, therefore, reducing the budget requirement in relation to capital financing in future years.

Income

4.11 Income is expected to underachieve by £1,197k in total, however, work is on-going to identify apprenticeship levy income and the requirements of offsetting the costs of end point assessments to be incurred by HROD within the wider CA. This and other elements of income will be closely monitored to identify any further variances. Loss of income for activities has been impacted by the pandemic, therefore, the Service request a drawdown from the Covid-19 grant reserve to cover the loss.

4.12 The Service requests further approval for use of reserves for the costs incurred or losses directly attributable to the pandemic, use of the Covid-19 revenue grant reserve of £539k.

5. GM WASTE AND RESOURCES

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

5.2 The position at quarter 3 is an underspend of £11.429m. The table below provides a breakdown of the position.

GM Waste Budget 2021/22 Quarter 3	**Approved Budget**	**Previous Forecast Outturn**	**Current Forecast Outturn**	**Forecast Variance**
	£000	**£000**	**£000**	**£000**
Operational costs	105,023	104,379	94,726	-10,297
Operational financing	48,830	47,640	47,446	-1,384
Office costs	6,190	6,105	6,105	-85
Non operational financing	2,629	2,640	2,640	11
Total Budget	**162,672**	**160,764**	**150,917**	**-11,755**
Levy adjustment	0	-757	56	56
Use of reserves	-270	0	0	270
Levy	**162,402**	**160,007**	**150,973**	**-11,429**

5.3 The forecast underspend in operational costs is largely driven by changes in the value of recyclate prices leading to increased income. Forecast income from paper and card being £5.3m higher and from commingled being £3m higher.

5.4 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 and Resources service is currently utilising the cash flow of the wider GMCA.

5.5 The current Levy Allocation Methodology Agreement (LAMA) provides for in year adjustments to be made when actual waste arisings vary from expected levels. Based upon updated profiled 2021/22 tonnages, an indicative outturn position has been calculated which predicts a Levy adjustment at District level.

5.6 Further information on the Waste position for 2021/22 is provided as part of the Waste Budget and Levy 2021/22 and Medium Term Financial Plan 2022/23 – 2024/25 elsewhere on agenda for this meeting.

6. TRANSPORT REVENUE BUDGET

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

6.2 The table below summarises the original approved budget for TfGM for 2021/22 and the proposed revised budget at quarter 3 of £177.730 million, an increase of £4.1 million compared to the original budget. A commentary on the key changes is provided below the table.

TfGM Revenue Budget 2021/22 Quarter 3	Approved Budget	Previous Forecast Outturn	Current Forecast Outturn	Forecast Variance
	£000	**£000**	**£000**	**£000**
Expenditure				
Concessionary Support	77,900	74,700	77,900	0
Supported Services	32,000	32,000	32,000	0
Accessible Transport	3,900	3,900	3,700	-200
Operational Costs	35,820	41,120	38,620	2,800
Clean Air Plan Costs	6,500	4,200	4,200	-2,300
Scheme/Pipeline Development Costs	7,000	9,000	10,000	3,000
Bus Franchising costs	4,250	10,000	5,000	750
Financing	6,310	6,310	6,310	0
Total Expenditure	**173,680**	**181,230**	**177,730**	**4,050**
Funded by				
Levy Allocated to TfGM	-36,380	-36,380	-36,380	0
Statutory Charge	-86,700	-86,700	-86,700	0
Mayoral Budget	-18,650	-18,650	-18,650	0
Rail Grant	-1,900	-1,900	-1,900	0
Metrolink funding revenue/reserves	-10,800	-10,800	-10,800	0
Clean Air Plan JAQU grants	-6,500	-4,200	-4,200	2,300
TCF2 funding for Scheme/Pipeline Development Costs	-7,000	-400	-1,400	5,600
ICTF funding for Scheme/Pipeline Development Costs	0	-8,600	-8,600	-8,600
Bus Franchising funding	-4,250	-10,000	-5,000	-750
Utilisation of reserves/other grants	-1,500	-3,600	-4,100	-2,600
Total Funding	**-173,680**	**-181,230**	**-177,730**	**-4,050**

6.3 The costs of concessionary reimbursement are currently forecast to outturn in line with budget after transfers to reserves. Whilst TfGM has, in line with previous Department for Transport (DfT) guidance, continued to reimburse bus operators for concessionary reimbursement in line with pre COVID-19 volumes, adjustments have been made, in line with further DfT guidance, where operated mileage has been less than 100% of pre COVID-19 levels. It is proposed to transfer this surplus, which is estimated at c. £3.3 million to reserves, in order to manage future costs, including the risk that Our Pass costs are in excess of the funding available in the Mayoral budget.

6.4 Payments for the 16-18 free travel concession, where volumes have recovered strongly in recent months, are currently forecast to be in line with budget.

6.5 The costs of Supported Service are currently forecast to outturn in line with budget in this year although there are significant cost pressures going forward, in particular into 2022/23, given the ongoing uncertainty as to the quantum and longevity of ongoing government funding beyond the end of March 2022.

6.6 The costs of Accessible Transport are currently forecast to outturn slightly below budget due to lower grants paid to GMATL to operate the Ring and Ride Service. This is due to less services being operated due to lower patronage during the pandemic.

6.7 Operational costs are currently forecast to outturn c.£2.8 million higher than the original budget due to the costs of activities which are funded by additional grants (£2.6 million); and other additional costs incurred, including those as a result of COVID-19 (£0.2 million).

6.8 The costs relating to the Clean Air Plan are currently forecast to outturn £2.3 million lower than budget. As in previous years, all of these costs are funded by grants from the Government's Joint Air Quality Unit.

6.9 Scheme/Pipeline Development costs relate to a pipeline of Greater Manchester Infrastructure Programme (GMIP) schemes being developed by TfGM and the ten local authorities. Expenditure is forecast to outturn £3 million higher than the original budget due to the phasing of work. As a result of receiving the £8.6 million of Intra City Transport Fund (ICTF) funding in the current year, the unutilised Transforming Cities Fund 2 (TCF2) funding will be carried forward to enable the further development of the pipeline in future years.

6.10 The total forecast expenditure on revenue funded implementation costs for Bus Franchising is £5 million, which is £0.75 million higher than the original budget. This is due to the phasing of a number of workstreams.

6.11 The spend against reserves/other grants is £2.6 million higher than budget due to expenditure on costs funded by additional grants, including previous approvals for use of reserves to fund revenue spend against capital schemes and spending against additional revenue grants received during the year.

7. Recommendations

7.1 Recommendations are included at the front of the report.

Greater Manchester Combined Authority

Date: 11th February 2022

Subject: A Bed Every Night 2022-25 Programme

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

Purpose of Report

To provide the GMCA with the detailed projected budget into GMCA for homelessness activity and an outline activities and programmes of work.

Recommendations:

The GMCA is requested to:

1. Note the A Bed Every Night service developments over the coming three years.
2. Approve A Bed Every Night budget for 2022/23 (**£5,850,000**).
3. Note and agree the direction of travel towards a more equitable allocation of funds to Local Authorities, pending reviews on the total budget required and evidence of the need for variance in Local Authorities allocations for 2023/24 and 2024/25.
4. Note the continuation of the Greater Manchester Housing First pilot and support ongoing delivery.
5. Note the submission of the Greater Manchester Rough Sleeper Initiative bid and support planned delivery.

Contact Officers

Andrew Lightfoot, GMCA <Andrew.Lightfoot@greatermanchester-ca.gov.uk>

Jane Forrest, GMCA <Jane.Forrest@greatermanchester-ca.gov.uk>

Equalities Impact, Carbon and Sustainability Assessment:

Results of the Sustainability Decision Support Tool to be included here:

Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion	G	The Service will support the prevention of homelessness, which impacts disproportionately on those with protected characteristics The Service will support the prevention of homelessness, which impacts disproportiontely on those who are socially or economically disadvantaged. The Service will enhance the accessibility of Public Services for the cohort In the contribution to lower levels of rough sleeping, in some communities, which is a cause for anti-social behaviour
Health	G	The Service will support the prevention of homelessness, with consideration for improving physical health The Service will support the prevention of homelessness, with consideration for improving mental health and wellbeing The Service will support the prevention of homelessness, with consideration for reducing social isolation
Resilience and Adaptation		
Housing	G	The service will support the prevention of homelessness, including rough sleeping. The service will support the prevention of homelessness, with consideration of move on into affordabile homes.
Economy		
Mobility and Connectivity		
Carbon, Nature and Environment		
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target		
Further Assessment(s):		Equalities Impact Assessment

Positive impacts overall, whether long or short term.	**Mix of positive and negative impacts. Trade-offs to consider.**	**Mostly negative, with at least one positive aspect. Trade-offs to consider.**	**Negative impacts overall.**

Risk Management

Risks relating to service delivery will be managed through structured contract management, delivered by Greater Manchester Local Authorities within Grant Agreements with Greater Manchester Combined Authority.

Legal Considerations

The procurement of A Bed Every Night services will be subject to legal advice relating to procurement and information governance.

Financial Consequences – Revenue

Revenue income is subject to risk, with mitigations and impacts outlined for assessment.

Financial Consequences – Capital

None.

Number of attachments to the report: 2

Appendix 1 – *ABEN approved service developments.doc*

Appendix 2 – *Part A ABEN Budget*

Comments/recommendations from Overview & Scrutiny Committee

N/A.

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

Please state the reason the report is exempt from call-in

GM Transport Committee

[Date considered at GM Transport Committee if appropriate]

Overview and Scrutiny Committee

[Date considered by the relevant Overview & Scrutiny Committee]

1. Introduction

1.1. Over the last 4 years Greater Manchester has achieved a marked reduction in rough sleeping (67%) as an urgent regional and national priority, with A Bed Every Night (ABEN) as a central enabler of this. To sustain this reduction and reach the shared goal of ending rough sleeping over the next 3 years we must continue providing emergency interventions, invest in truly affordable housing, meet challenging delivery targets, and drive reform to prevent homelessness.

1.2. As a GM system we collaborate across a wide range of interventions above and beyond ABEN (including Housing First, Rough Sleeper Initiative, Community Accommodation Scheme Tier 3, and Rough Sleeper Accommodation Programme) and have established a shared understanding of why and how we need to prevent all forms of homelessness (GM Homelessness Prevention Strategy 2021) in order to end rough sleeping.

1.3. A Bed Every Night was established as an emergency response, and sought to directly impact on levels of rough sleeping and evidence the wider changes that are needed in the system to prevent and end rough sleeping at local, regional and national levels. This continues to be its core purpose.

1.4. This report sets out the future of A Bed Every Night over the next three years. It is ambitious in doing so with uncertainty on Local Authority budgets, demand, and wider social and economic factors.

1.5. There is a key driver to increase the equitability of funding into Local Authorities. There is significant variation at present due to the piecemeal nature of ABEN funding and commissioning to date. 2022/23 should see Local Authorities maximise use of welfare funding and test out what is viable with local markets and providers to bring their budgets to a more equitable position, allowing for review before 2023/24 budget setting.

1.6. Alongside a move to greater equitability, the overall budget is planned to reduce due to the following reasons:

- Ambition for greater investment in other areas of homelessness response and prevention from investors (GM Health and Social Care Partnership and Department of Levelling Up, Housing and Communities)

- To reduce overall grant requirement as far as possible by end of national parliament and Greater Manchester Mayoral term and therefore improve future sustainability

1.7. Leaders are asked to approve the direction of travel of the planned budget for 2023/24 and 2024/25, with the risks and uncertainties that it contains both on the income side (requiring further agreement and potentially greater or additional contributions) and the expenditure side (viability of budget reductions on maintaining bed numbers and support quality in all areas). This will be reviewed ahead of budget confirmation for either year.

1.8. The intention is not only for bed numbers to be maintained, but also for quality to increase. This will be achieved through the continued use of evidence based practice, with the independent review of ABEN by Herriot Watt University providing clear direction.

1.9. Setting a three-year budget plan is aimed at best offsetting negative impacts of budget reduction on the A Bed Every Night service, and the response to rough sleeping more broadly, as it will enable multi-year re-commissioning in many areas. It will provide an opportunity to improve quality and responsiveness to local demand as it is now understood.

1.10. Expected cost savings will come from the minimum use of welfare (Local Housing Allowance) where this is not currently the case, and through the categorisation of some accommodation as ‘supported exempt’ allowing for higher (Housing Benefit) claims. This requires a specific landlord and support provider model which some LAs will need to re-commission for. A high proportion of ‘bad debt’ is modelled in order to ensure that this is not exclusive to those who do not enter the service with benefits in place or are unwilling to claim.

2. ABEN delivery and development

2.1. Key milestones in the development of ABEN over the last 12 months include:

- Implementing a consistent referral and data system, providing a ‘live’ view of throughput, support needs and outcomes across the whole service.

- Implementing the first LGBTQ+ ABEN service, providing much needed accommodation and support for people who are LGBTQ+ and find themselves homeless.
- Undergoing evaluation by Herriot-Watt University and beginning the process of embedding the recommendations into normal working practice.
- The continued development of rent recovery models and shared learning across Boroughs on the best way to achieve this

2.2. Between April to December 2021 2,418 accommodation placements were made, which is 84% of all those referred to the service. Headlines from this cohort are:

- **People accessing ABEN are still relatively young:** Under 35s make up 52% of total referrals which, although a reduction on the previous year, suggests the ongoing importance of the Youth Pathfinder project and other targeted early intervention services for younger adults.
- **The rough sleeping population is incredibly diverse:** with over 55 different nationalities recorded, suggesting the need to further interrogate racial inequalities as both a driver of street homelessness and exacerbating factor of poor outcomes.
- **Substance Misuse, poor Mental Health and Dual Diagnosis remain widespread:** Over half of ABEN customers have an identified mental health and/or substance misuse need, underscoring the need for further development of specialist, cohort-specific services.
- **Some people do well in ABEN accommodation:** 41% of people achieved a positive accommodation outcome, with supported accommodation and the private rental sector being the predominant routes out of ABEN.
- **However, ABEN hasn’t worked for everyone:** Evictions (10%) and abandonments (37%) remain high and there is need to approach these negative outcomes as a shared problem across Boroughs and Providers and continue to reflect on how ABEN can be remodelled and developed to address the underlying causes.

2.3. The Herriot-Watt evaluation of ABEN (2021) specified areas for continued practise development both within ABEN provision and across the wider system that remains highly relevant. The GM Homelessness Programme Board has reviewed and accepted these recommendations (Appendix 1) and they will remain central to continued practise and system development.

3. Budget – income

3.1. The income into 2022/23 is agreed (See Table 1 and Appendix 2, Sheet 1), pending DLUHC contribution which needs to be held at risk. There is £562,500 total requirement from DLUHC in 2022/23, £187,500 of which is guaranteed. DLUHC will not reach their decision until at least April 2022. If it is not awarded in full further investment and/or mitigations will need to be considered, however it is not expected to be withheld.

Table 1 – Agreed Year 1 Budget

	2022/23
GM Mayor's Charity	£400,000
GM Mayoral Precept	£2,400,000
HMPPS	£100,000
GM Police and Crime Commissioner	£250,000
Health	£1,950,000
DLUHC Rough Sleeper Initiative 21-22	£187,500
DLUHC Rough Sleeper Initiative 22-25	£562,500*
Working position	**£5,850,000**
Annual change	-4%

3.2. Two models are presented for the income into 2023/24 and 2024/25, reflecting the uncertainty around the future commitments of the Health system pending full implementation of the Greater Manchester Integrated Care Service.

3.3. The Greater Manchester Health and Social Care Partnership (GMHSCP) will become the GM Integrated Commissioning Board (ICB) on June 2022. Further funding from the new ICB will be subject to discussions with the board following its establishment. There is work to do to maintain direct health contributions to tackle the response to rough sleeping as governance and system changes take place through 2022/23.

3.4. We have modelled a Tapering Budget (Table 2), which shows a less risky, and more reliable income expectation based on reduced Health contributions.

3.5. We have also modelled a Sustained Budget (Table 3), which shows a more ambitious, target budget based on sustained contributions from Health.

3.6. Our preferred approach (outlined in greater detail at Appendix 2, sheet 1) is to achieve the Model 2 - Sustained Budget. Presenting both budgets gives more detail to Local Authorities on likely allocations under each scenario and allows for commissioning to be carried out with the level of risk visible.

Table 2 – Model 1: Tapering Budget

	2023/24	**2024/25**
GM Mayor's Charity	£400,000	£400,000
GM Mayoral Precept	£2,400,000	£2,400,000
HMPPS	£100,000	£100,000
GM Police and Crime Commissioner	£250,000	£250,000
Health	£1,200,000*	£700,000*
DLUHC Rough Sleeper Initiative 22-25	£550,000*	£400,000*
Planned position	**£4,900,000**	**£4,250,000**
Annual change	-16%	-13%

Table 3 - Model Two: Sustained Budget

	2023/24	**2024/25**
GM Mayor's Charity	£400,000	£400,000
GM Mayoral Precept	£2,400,000	£2,400,000
HMPPS	£100,000	£100,000
GM Police and Crime Commissioner	£250,000	£250,000
Health	£1,950,000*	£1,700,000*

DLUHC Rough Sleeper Initiative 22-25	£500,000*	£400,000*
Target position	**£5,600,000**	**£5,250,000**
Annual change	-4%	-6%

3.7. Amounts marked with a (*) are at risk and require continued monitoring and evidence building to be secured. Consideration of other sources of possible income will be ongoing to mitigate against this risk.

3.8. Leaders are recommended to approve the 2022/23 income only. Approval positions are detailed in Table 4.

Table 4 – 2022/23 Income Breakdown

ABEN investor	**2022/23 investment**	**Approval position**
Greater Manchester Mayor's Charity	£400,000	Trustees approved fundraising target and mitigation plan in case of shortfall 24.01.2022
Greater Manchester Mayor's Precept	£2,400,000	To be confirmed 07.02.2021 GMCA
Her Majesty's Prison and Probation Service	£100,000	Confirmed via Greater Manchester Probation Service
Greater Manchester Police and Crime Commissioner	£250,000	Confirmed (Justice and Rehabilitation Executive)
Health - GMHSCP GM Joint/Integrated Commissioning Board	£1,950,000	Part agreed in 2021/22-2022/23 budget 16.02.2021 (GM JCB)
Department of Levelling Up (DLUHC) Rough Sleeper Initiative	£187,500	Confirmed as minimal allocation in 2021/22 into Quarter 1
Department of Levelling Up (DLUHC) Rough Sleeper Initiative	£562,500	To be confirmed as part of Rough Sleeper Initiative Bid 2022-25
Total	**£5,850,000**	

4. Restricted Eligibility Service - Income/Expenditure

4.1. The provision of accommodation and support to those with Restricted Eligibility (formerly termed No Recourse to Public Funds) is a critical part of meeting the needs of those who sleep rough in Greater Manchester. Funding from the Greater Manchester Mayor's Charity as 'non-public monies' helps enable this, however fundraising is both challenging and unpredictable.

4.2. ABEN 2022-25 will seek to maintain 60 beds for people with Restricted Eligibility (at a cost of £800,000), with an expectation of 50% charitable funding and 50% public funding to be reviewed every 6 months. Based on individual assessments for people who use ABEN and recording of legal reasoning for temporary accommodation, we will continue to ensure that public and charitable monies are used appropriately across this element of ABEN service provision.

4.3. In the instance that GMMC (in full) are unable to raise the minimum 50% funds required, or over 50% funds are required based on legal reasoning assessments, alternative charitable funds will be sought.

5. Budget - expenditure

5.1. As outlined above the budget reduces across the three years. The following grant amounts have been discussed in detail with local officers, and the following principles have been applied:

- Minimum expectation of welfare recovery for all areas (Local Housing Allowance or Housing Benefit where eligible)
- Maintain year one budget at 2021/22 levels as far as possible where welfare collection is being taken and look for increased collection rates in years two and three only
- Bring in budget reductions that achieve greater equity across all areas by year 3

5.2. It is recognised that some areas will require significant changes in current commissioning to achieve a funding model that is more equitable. These changes have been discussed throughout the development of ABEN since 2018/9, and have been informed by detailed co-production and service evaluation through 2021.

5.3. Peer support across Local Authorities and regional provider engagement is being facilitated to support this. Detailed work is also underway to align wider rough sleeper budgets where there is potential to do so, including the Community Accommodation Service (Tier 3) which will shortly reach a three year settlement (2022/23-2023/24).

5.4. It is proposed that any loss of bed capacity is mitigated and the budget amended year on year based on a clearer perspective of cost and demand. For instance, there is an expected reduction in bed numbers in Salford, an area with high ABEN capacity, from 160 beds in 2022/23 to 100 beds in 2024/25. This may change once the 'supported exempt' Housing Benefit model has been further tested

Table 5 – 2022/23 Expenditure for Approval see also Appendix 2, sheet 2

	Beds	**2022/23**
Bolton	38	£424,552
Bury	25	£199,894
Manchester	88	£1,628,000
Oldham	23	£277,200
Rochdale	26	£219,680
Salford	160	£1,440,000
Stockport	10	£66,000
Tameside	26	£286,000
Trafford	10	£79,590
Wigan	20	£281,788
Core beds Total	***426***	**£4,902,704**
NRPF - Oldham	*6*	£79,200
NRPF- Manchester	*30*	£396,000
NRPF - Rochdale	*4*	£52,800
NRPF- Salford	*20*	£264,300
NRPF - Support		£104,996
NRPF beds Total	**60**	**£897,296**
Project Management		£50,000
Total	***486***	**£5,850,000**

5.1. The three year expenditure is modelled for both Model 1 and Model 2, with allocations for each Local Authority until 2024/25 moving towards a more equitable and more sustainable funding position. See Part B report.

5.2. There will be opportunity to review planned expenditure for years 2023/24-2024/25, as re-commissioning tests the market, planned and new income is secured, and rough sleeping need is impacted by wider social and economic determinants is clear.

6. Wider programmes

6.1. GMCA has received assurance from DLUHC that the GM Housing First pilot will be extended to at least March 2024. This recognises the importance of continued support for those on the programme and the time needed to complete the national evaluation.

6.2. Whilst bidding is required, it is expected that £7.1m will be granted for this extension.

6.3. GMCA is undergoing a re-tendering process for the GM Housing First Pilot as no provision was originally made for extensions. Service continuity is of vital importance, alongside efforts to continue to derive maximum value for clients and stakeholders through the existing Housing First model.

6.4. GMCA is also submitting to the Rough Sleeper Initiative 2022-25 to continue existing work and bring in new interventions. Co-produced with Local Authorities to identify areas of GM collaboration and GMCA system support, this includes a continued focus on quality data use, improved specialist health services, and workforce development resource.

6.5. The value of this bid will be £2.4m (to be confirmed upon bid submission 04/02/2022) in 2022/23.

GMCA GREATER MANCHESTER COMBINED AUTHORITY

ABEN approved service developments.doc

1.0 DEVELOPMENT RECOMMENDATIONS

1.1. The following detailed recommendations have been made by Herriot Watt and a suggested action is included below for discussion.

Rough sleeping recommendations	Suggested action
Ensure that **adequate and sufficiently pro-active outreach** services are in operation across the city-region.	Continued development through Rough Sleeper Initiative programme
Address practices that risk blocking or delaying access to ABEN, including verification processes, and poor out-of-hours access options.	Local review of access and referral outcomes – ABEN Assurance and Learning
Ensure sufficient capacity within and flow through ABEN services so those newly in need or engaging can always access accommodation and support, including via **improved prevention** work specifically targeting those at risk of rough sleeping.	Local review of access and referral outcomes – ABEN Assurance and Learning
Improve the offer to those experiencing entrenched rough sleeping and/or reluctant to engage, including via increased access to Housing First tenancies and swift access to drug and alcohol services.	Task and Target functions to address, working across Rough Sleeper Initiative, Housing First and ABEN resources
Support **effective assessment** whether prospective ABEN users are at 'imminent risk of rough sleeping' to ensure that provision is safeguarded for the intended target group.	Local review of access and referral outcomes – ABEN Assurance and Learning

Housing led recommendations	Suggested action
Cease use of night shelters and night-time only accommodation. Move to **single-room only** accommodation and **maximise use of self-contained options**. Ensure that all ABEN accommodation enables flexible access to cooking and laundry facilities.	Adopt single room and full access recommendation. Explore and improve flexible access to cooking and laundry facilities.
Monitor and review eviction and exclusion practice and outcomes, **avoidance and abandonment outcomes**, and **repeat ABEN use** to enhance understanding of their drivers, mitigate negative impacts, and reduce their occurrence.	Review eviction and exclusion practise, including abandonment outcomes to establish more consistent practise and transparency – ABEN Assurance and Learning
Work with social and private landlords to increase access to mainstream accommodation for ABEN users, including via the Housing First programme and Ethical Lettings Agency, and **ensure the sustainment of move-on accommodation by enhancing housing-related support provision**.	Continued strategic ambitions – GM Homelessness Prevention Strategy

Individual tailored and flexible support recommendations	Suggested action
Develop and empower the ABEN workforce to effectively deliver a newly developed **GM-wide vision for ABEN support** provision via **training and capacity building**; and by ensuring caseloads and access to resources that enable sufficiently intensive and flexible support.	Review support capacity and practise and launch frontline network (RSI) to provide training and community of practise – ABEN Assurance and Learning and RSI
Ensure **support is available to those with NRPF to enable them to make best use of legal advice they are given** and in the small number of cases where this	Review access to legal advice for NRPF clients –

group have more complex needs, explore means of better addressing them.	ABEN Assurance and Learning
Improve the availability of mental health support to ABEN users. This may include training ABEN staff, recruiting staff with mental health expertise into ABEN services, and/or improving the capacity of mainstream mental health services to better support ABEN users.	Include mental health training within frontline network, and progress Health Inclusion Implementation Plan.
Engage in targeted work to **improve access to drug and alcohol services** for ABEN users (and other individuals rough sleeping or at risk), prioritising swift access to maximise entry into and sustainment of accommodation.	Progress Health Inclusion Implementation Plan

Poverty alleviation, reintegration and assets recommendations	**Suggested action**
Ensure that **welfare rights advice, income maximisation and financial inclusion** work are a core component and key focus of ABEN support work.	Ensure money support partners are embedded within ABEN services – ABEN Assurance and Learning
Explore the potential to roll out **evidence-informed, asset-based approaches** to support within ABEN accommodation, including a focus on **education, training, employment and wider reintegrative opportunities**.	Review support capacity and practise and launch frontline network (RSI) to provide training and community of practise – ABEN Assurance and Learning and RSI
Seek to **minimise the corrosive impacts of ABEN accommodation on people's capacity to build and sustain positive relationships with friends and family** (including children), and maximise swift access to self-contained move-on accommodation where possible.	Review access and support policies to encourage local connections and relationships – ABEN Assurance and Learning

National Policy (lobbying and influencing) recommendations	Suggested action
Pursuit of legal and/or funding reforms that require and/or **enable regional and local authorities to fund services that effectively prevent and relieve rough sleeping**. **Review of No Recourse to Public Funds policy**, to ensure that those impacted by it are able to avoid rough sleeping and access the support they need, without reliance on discretionary and cash-limited local funds. Review the **social security system and welfare reforms**, in particular the Shared Accommodation Rate and Local Housing Allowance caps, to ensure that households in receipt of benefits are able to access and afford self-contained accommodation in the private and social rented sectors. Revise funding frameworks to **disincentivise use of congregate forms of emergency and temporary accommodation, and encourage provision of self-contained options**. **Rapidly increase funding for Housing First** to meet estimated levels of demand for the programme. **Ensure that local authorities are adequately and appropriately funded to provide housing-related floating support** to those at risk of or who have recently exited homelessness, in order to foster tenancy sustainment.	Adopt within Working with Government – GM Homelessness Prevention Strategy

1.2. The following detailed recommendations have been made by GM HAN and a suggested action is included below for discussion.

That **coproduction work is adequately resourced** and that we **value the input of people with lived experience**. This means both paying for people's time and making an emotional investment in them, which	Participation commitment - GM Homelessness Prevention Strategy.

matches the emotional investment they make in the work, to ensure they can participate on terms which work for them.	Funding co-production through regional programmes where possible.
That everyone has brought in to the work and is making the **level of commitment** needed. It affects trust when people feel those with lived experience can just be 'wheeled in and out' at the points in the decision-making process which are most useful or convenient to policy-makers only to fall down their list of priorities again afterwards.	Participation commitment - GM Homelessness Prevention Strategy
That everyone has **access to the information they need** in the format which best allows them to make sense of it.	Drawing on GMCA Communications resources for accessible information.
That **people's input is responded to** wherever possible and appropriate and that it doesn't just feel like a tick box exercise.	Participation commitment - GM Homelessness Prevention Strategy
That **people with lived experience are involved in the commissioning and ongoing scrutiny and contract monitoring** of ABEN services.	Participation commitment - GM Homelessness Prevention Strategy

Note:

The full version of the ABEN Evaluation by Herriot Watt is now published: [Bed Every Night Evaluation]

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Agreed Budget - Income	Table 1
	2022/23
GM Mayor's Charity	£400,000
GM Mayoral Precept	£2,400,000
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Health	£1,950,000
DLUHC Rough Sleeper Initiative 21-22	£187,500
DLUHC Rough Sleeper Initiative 22-25	£562,500
Working position	**£5,850,000**
Annual change	-4%

Tapering Budget - Income	Table 2	
	2023/24	2024/25
GM Mayor's Charity	£400,000	£400,000
GM Mayoral Precept	£2,400,000	£2,400,000
HMPPS	£100,000	£100,000
GM Police and Crime Commissioner	£250,000	£250,000
Health	£1,200,000	£700,000
DLUHC Rough Sleeper Initiative 21-22		
DLUHC Rough Sleeper Initiative 22-25	£550,000	£400,000
Working position	**£4,900,000**	**£4,250,000**
Annual change	-16%	-13%

Sustained Budget - Income	Table 3	
	2023/24	2024/25
GM Mayor's Charity	£400,000	£400,000
GM Mayoral Precept	£2,400,000	£2,400,000
HMPPS	£100,000	£100,000
GM Police and Crime Commissioner	£250,000	£250,000
Health	£1,950,000	£1,700,000
DLUHC Rough Sleeper Initiative 21-22		
DLUHC Rough Sleeper Initiative 22-25	£500,000	£400,000
Working position	**£5,600,000**	**£5,250,000**
Annual change	-4%	-6%

2022/23 Budget Expenditure - for approval

Local Authority Grant Allocations	Beds	2022/23
Bolton	38	£424,552
Bury	25	£199,894
Manchester	88	£1,628,000
Oldham	23	£277,200
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NRPF - Support		£104,996
NRPF beds Total	**60**	**£897,296**
Project Mgmt		£50,000
Total	***486***	**£5,850,000**

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GREATER MANCHESTER COMBINED AUTHORITY

Date: 11th February 2022

Subject: National Skills Fund: Priorities & Approach for 2022/23

Report of: Cllr Bev Craig; Portfolio Lead for Education, Skills, Work & Apprenticeships and Digital City Region and Tom Stannard; Lead Chief Exec for Education, Skills, Work & Apprenticeships and Digital City Region.

PURPOSE OF REPORT:

The purpose of the report is to provide members with:

- An update on National Skills Fund/Skills Bootcamps particularly the opportunities to access devolved funds to support retraining in 22/23.
- Outline a delivery proposal for skills bootcamps in 22/23 including sector focus and set out the approach for developing the call for proposals further with stakeholders.
- Key recommendations to ensure that this ambitious programme can be delivered on time, with full draw down of funding and maximum benefit for GM residents.

RECOMMENDATIONS:

GMCA is requested to:

1. Consider and note overall progress of the Skills Bootcamps Pilot.
2. Comment on the proposed approach to new Skills Bootcamp delivery in 22/23.
3. Delegate authority to the GMCA Treasurer in consultation with the Portfolio Lead for the Education, Skills, Work & Apprenticeships and Digital to agree S14 grant conditions, commissioning route and award of individual grants/contracts.

CONTACT OFFICERS:

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Equalities Impact, Carbon and Sustainability Assessment:

Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion	G	The Skills Bootcamps Proposal supports those who are economically disadvantaged by ensuring they can access fully-funded skills provision with bespoke programmes for disadvantaged groups to support removal of barriers. This supports residents to progress in learning and to move towards / into productive and sustained employment. The Skills Bootcamps Proposal for 2022/23 set out what we plan to deliver to fill in-demand skills vacancies in the region with a focus on responding to the inequalities commission and targeting those groups facing most barriers to accessing employment.
Health	G	The opportunity to upskill and retrain into good quality well paid work will promote better physical and mental health for residents. Providers will need to show the wrap around support in place; for example with childcare, resilience and mental health support.
Resilience and Adaptation	G	Upskilling residents and tackling skills gaps will support individuals, businesses and GM's labour market to become more adaptable and resilient, future proofing the economy. The specific focus on green skills will support GM's low carbon infrastructure.
Housing		
Economy	G	The Skills Bootcamps proposal will address key skills gaps identified in GM (especially those within priority sectors, such as Digital and Green) by employers and will provide local residents with opportunity to access fully funded training leading to improved employment. The proposal addresses the needs for upskilling and retraining to support career progression.
Mobility and Connectivity		
Carbon, Nature and Environment	G	The proposal outlines green skills as one of the key priority areas for upskilling residents in GM. This will not only give residents the opportunity to upskill in areas such as retrofit, and electic vehicle installation, but will help reduce carbon emissions and achieve GM's Net Zero targets through filling these in demand "green economy" roles.
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target		This proposal supports Greater Manchester to become carbon neutral by 2038 through the delivery of skills training relating to the green economy (such as retrofitting, and elecreic vehicle installation). The comissioning also goes beyond deliving skills programmes and includes working with sector business leaders and training providers to build systemic capacity to lead/respond to the low carbon agenda through employer led skills bootcamps.
Further Assessment(s):		N/A

	Positive impacts overall, whether long or short term.		**Mix of positive and negative impacts. Trade-offs to consider.**		**Mostly negative, with at least one positive aspect. Trade-offs to consider.**		**Negative impacts overall.**

Risk Management:

A risk assessment has been developed for the programme identifying key risks and planned mitigations – strategic risks are highlighted under section five. GMCA's Education, Work & Skills Directorate will work with providers to ensure comprehensive processes are in place to identify and manage risk including managing the performance of delivery.

Legal Considerations:

Colleagues from legal have played a key role in the delivery of the Skills Bootcamp pilot thus far. GMCA's Education, Work & Skills Directorate will continue to work with legal support to ensure contractual documents are in place on the timescales required.

Financial Consequences – Revenue:

This proposal provides an additional external funding stream of £7m to support retraining provision in GM. To note – it is only a one year funding stream at this point in time.

Financial Consequences – Capital:

Not applicable.

Number of attachments to the report: 0.

Comments/recommendations from Overview & Scrutiny Committee:

Engagement will take place with Economy, Business Growth & Skills Overview & Scrutiny Committee on 11th March providing the opportunity to scutinise prior to the commencement of any activity. The short timescales provided by DfE to submit a proposal unfortunately did not allow time for engagement prior to this report coming to the Combined Authority.

BACKGROUND PAPERS:

Skills Bootcamps Policy Spec_Wave Three FY2022-23_Grants.docx

TRACKING/PROCESS	
Does this report relate to a major strategic decision, as set out in the GMCA Constitution?	Yes – impacts on all 10 LA Areas.

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	
GM Transport Committee	**Not applicable**	
Overview & Scrutiny Committee	To be considered 11th March 2022.	

1. INTRODUCTION & BACKGROUND

As part of the "Plan for Jobs" the Department for Education (DfE) are providing £2.5bn for the National Skills Fund (NSF) to help adults build skills for the economy of the future; complementing provision available through Adult Education Budget (AEB). NSF comprises of Skills Bootcamps and the Level 3 Free Courses for Jobs Offer. **Skills Bootcamps** offer free flexible courses of up to 16 weeks giving people the opportunity to build up sector specific skills and fast track to an interview with a local employer. The key objectives are to support adults to retrain and help employers to fill current skills shortage vacancies.

Skills Bootcamps are targeted at all adults aged 19+ who are in-work, self-employed, unemployed, returning to work after a career break and prisoners on temporary release or due to be released within six months. Opportunity to target specific priority groups.

GMCA initially worked with DCMS, Lancashire Digital Skills Partnership & more recently DfE to test "digital skills bootcamps" (now expanded to retrofit) through a multi-year £5.9m pilot. (Details on impact under section 2). The success of which has led to further opportunities to work with Government to develop local approaches to retraining in the region.

For 22/23 DfE are making available £150m of funding for skills bootcamps split equally between a national procurement and Section 14 grants to Mayoral Combined Authorities (MCAs). This represents an excellent opportunity for GM to develop local retraining opportunities for residents/businesses building upon the success of the pilot phase. It should be noted that DfE have a three year allocation from HMT, and we are pushing hard for the same certainty to be given to MCAs to support with long term strategic planning. However, at this point we are only able to submit a one year proposal.

GM's Labour Market is at a pivotal moment; skills and work activity has a critical role to play in supporting the recovery of growth and foundation sectors and tackling inequalities. GM is working with industry to shape our training offers, creating more routes into skilled employment – Skills Bootcamps are one element of a broader approach dovetailing with:

- **Adult Education Budget** focuses on ensuring adults aged 19+ have the core skills that they need for work and fulfills several statutory entitlements relating to english, maths and digital skills as well as first Level 2 and 3 qualifications and ESOL. AEB also delivers pre-employment training to support Sector Based Work Academies for jobseekers.
- **Skills for Growth** is a £42m three year ESF funded programme which supports businesses to fill occupational skill gaps and upskilling for people in-work. At present it is supporting upskilling through flexible skills provision in the following key sectors; retrofit, construction, health & social care, digital and manufacturing.
- Greater Manchester has a thriving **Apprenticeships and Technical Education** landscape incorporating; Traineeships, T-Levels, Apprenticeships, The GM Institute of Technology and Higher Technical Qualifications.

At a future meeting we intend to discuss with leaders the wider approach to supporting key sectors meet their employment & skills requirements, now and into the future.

2. PROGRESS MADE TO DATE

Following an announcement in the October 2018 Budget GMCA worked with the Department for Culture Media & Sport (DCMS) to test "digital skills bootcamps". The pilot funded twenty consortia of employers & providers to deliver innovative digital skills training with a wide range of employers engaged of all sizes and across all sectors. A wide range of underrepresented/disadvantaged groups were supported including unemployed young people, women returners, ethnic minorities and residents displaced by Covid-19. The success of the pilot led to an opportunity to work with DfE to further test the model and skills bootcamps are now being rolled out nationally as part of National Skills Fund.

In the last three years we have generated significant learning on "what works" including; employer led approaches, focus on place & the importance of targeted bespoke support. Some models of good practice that we would wish to highlight include:

- **Skills City** – Based at HOST at MediaCityUK, Skills City aims to break down barriers faced by those from underrepresented and disadvantaged backgrounds by fast tracking them into careers in technology. Delivering bootcamps in the most in-demand industry skills including Cloud, Cyber Security and Data Analytics.
- **Sharp Futures** – Based at the Sharp Project in Manchester, Sharp Futures is a social enterprise that supports diverse talent into the creative & digital sector in partnership with the likes of BBC & ITV. Through the pilot they ran short courses in production management and content creation helping young people get into the creative industry.
- **Tech Returners** – Tech Returners remove the barriers faced by returners faced by career breaks and empower skilled people back into technology careers in partnership with the likes of Autotrader & AO. Through the pilot they ran software related programmes helping people to return to a tech career & upskill into a better role.

Impact to Date: On the DfE funded skills bootcamps there have been 585 participants, 508 of which have completed so far with 279 entering skilled digital employment (55% of completers). Key demographic data of participants:

- Gender: 49% Male: 49% Female (2% prefer not to say)
- Age: 34% aged 19-25: 5% aged 50+
- Ethnicity: 41% of participants were from ethnic minorities
- Prior Employment Status: 47% unemployed, 43% in-work, 5% self-employed, 2% in-education, 1% returners to work (2% unknown).
- Prior Skill Status: 91% qualified to level 3+, nearly 64% were educated to degree level. Important to note there is a long standing issue with skills underutilisation in GM and although these people had level 3+ skills, many were in low paid work.
- Geography: The majority of participants came from Manchester (42%), Salford (14%) & Trafford (11%) mainly due to the cluster of digital/tech employers in these areas. In this next phase GMCA will work with localities to develop ways to connect a greater number of residents from all ten boroughs into these opportunities.

3. OVERVIEW OF 22/23 PROPOSAL: SKILLS BOOTCAMPS

By 28th Jan DfE require MCAs to submit a high level proposal setting out what we plan to deliver in **22/23 only** (starting from April) to fill in-demand skills vacancies in the region.

Including quantum of funding required, numbers to be trained and sector/occupational focus. The proposal has been developed based on Local Industry Strategy priorities, vacancy data and insight gathered from employers, localities, and key skills & employment stakeholders.

Over a three year period we believe GM could deliver an ambitious £25m+ programme to support at least 10,000 people. But as we are only able to submit a one year programme without any assurance of future funding there is a need to strike an appropriate balance between ambition and deliverability. Our proposal is to request £7m[1] for 22/23, which will allow us to build upon the pilot phase and maintain quality whilst ensuring the demand is there from learners and employers. We will however; continue to lobby DfE for a three year allocation and explore the potential to increase delivery over and above the initial £7m should the demand be there. DfE have already indicated that there will be the opportunity to bid for increased investment in 23/24 (particularly if we deliver successfully in 22/23).

For £7m GMCA will commission bootcamps across the range of LIS Frontier Sectors including digital & creative, advanced materials/manufacturing, green economy & life sciences supporting 2500 people into real job vacancies in the region. We will also use year one to explore the potential of whether the bootcamp model could support sectors with labour shortages such as health & social care and hospitality – in the medium/long term these industries need to transition their employment & workforce development models.

Building upon the recommendations of the inequalities commission we will target groups of residents underrepresented in key sectors and facing disadvantage in the labour market. Bespoke, targeted packages of support have proved highly successful thus far in helping for example - returners to work and black women overcome the barriers they face.

Please see table one below for a breakdown of sector focus, possible bootcamps, numbers to be trained and possible funding splits. (To note: this is flexible, and funding can be moved around to meet local priorities once it has been secured from DfE).

The rationale for the sector focus / proposed funding split is as follows:

- Digital & Creative as the key focus due to the significant demand for talent from a wide range of employers & large volume of skills shortage vacancies - over 38,000 IT related

[1] To note: GMCA can draw down management fee up to 10% to support administration of the programme.

roles were advertised last year alone. From the pilot we know these bootcamps work well and provide residents with a pathway into good quality employment.

- Other areas of technical skills such as advanced manufacturing and life sciences/health innovation are a significant opportunity. Particularly given major strategic developments such as the Advanced Machinery & Productivity Institute headquartered in Rochdale and home to the largest life sciences cluster outside the South East of England.
- GM will see several environmental initiatives roll out over the next few years supporting the journey to Net Zero by 2038. Ensuring the right skills support is critical – particularly in construction, net zero transport solutions, net zero buildings and de-carbonisation of existing sectors. We suggest starting reasonably cautiously in Y1 to ensure the job roles are there for people to move into but with a clear trajectory of significantly increasing the focus on green skills in years two and three as market demand increases. As GM transitions to Net Zero all jobs will need to be "green jobs" so we will look to include core green skills such as carbon literacy across all the bootcamps.

Table One: Skills Bootcamps Delivery Proposal

	Sector Focus	**Potential Bootcamp Subjects**	**Estimated numbers to be trained**	**Estimate Funding required**
1	**Digital, Creative & Technology**	Cloud Cyber Security Data Analysis & AI Dev-Ops Digital Marketing UX Design Games Design Networking IT Support Web Development Agile Delivery Animation Production Management Content Creation Service Design	1550	£4.5m
2	**Advanced Manufacturing & Life Sciences**	Electrical Engineering Advanced Machinery Electronics	450	£1.2m

		Product Development Manufacturing Operative Quality Improvement & Project Control Laboratory Technician Health innovation roles - bioinformatics, data science, clinical research		
3	**Green Economy (inc Construction)**	Grid Infrastructure Electric Vehicle Infrastructure Electric Vehicle Maintenance & Repair Rail Engineering Retrofit Roles Tradespeople e.g. plumbing, joinery On-Site Construction operative/supervisor Off-Site Professional e.g. design, surveying, architecture	450	£1.2m
4	**HGV Driving (DfE Priority)**	Retention of existing HGV Drivers Transport Managers Custom/Export HGV/DCPC Instructors	50	£100k
In total £7m delivery funding required to support 2500 learners to undertake bootcamps.				

4. ENGAGEMENT APPROACH & TIMELINE

In developing this proposal so far engagement has taken place with; key employers & sector bodies, localities, GM Employment & Skills Partnership, and organisations engaged in the skills bootcamp pilot phase. Overall feedback received was positive and in agreement with the approach to prioritise LIS key sectors. Key comments included the hybrid nature of many digital roles, the need to upscale retrofit provision and support under-represented groups and engaging with stakeholders already delivering flexible bootcamp provision in the region.

The call for proposals will be worked up with stakeholders. During February/March market engagement will be taking place with employers and providers as well as further engagement with localities. We intend to launch an initial call for proposals focusing on digital by the end of March with a likely second phase for wider sectors in May/June.

The timescales set by DfE are that delivery should start as soon as possible after 1st April 22 (within reason) and all delivery must be completed by end March 23.

5. KEY RISKS AND ISSUES

Although DfE have a three-year settlement MCAs will only receive a one-year allocation making long term strategic planning difficult. Although we can draw down a management fee, we will have to start with our current staffing structure impacting upon other activities.

The policy intent of the programme is to train people for jobs that are here in the economy now and the target is to get 75% of participants into employment. If programmes do not secure guaranteed interviews & job outcomes, we will not draw down full funding.

GMCA needs to work with DfE to ensure oversight of the whole of National Skills Fund in place regardless of which element or who it is commissioned by (national commissioning is currently underway). This “whole system approach” is critical to provide clarity to residents and businesses on the offering and target local funding appropriately.

GMCA GREATER MANCHESTER COMBINED AUTHORITY

Greater Manchester Combined Authority

Date: Friday 11 February 2022

Subject: GMCA Response to the HS2 Phase 2b hybrid Bill Environmental Statement Consultation

Report of: Andy Burnham, Mayor of Greater Manchester, Portfolio Lead for Transport and Eamonn Boylan, Chief Executive Officer, GMCA & TfGM.

Purpose of Report

To seek agreement to respond to the consultation on the Environmental Statement for the Crewe to Manchester HS2 Phase 2b Bill.

To seek Delegated Authority for the Chief Executive for TfGM/GMCA in consultation with the GM Mayor, to approve a response to the consultation on the Environmental Statement for the Crewe to Manchester HS2 Phase 2b Bill.

Recommendations:

GMCA is requested to:

1. Note that the HS2 Phase 2b Crewe to Manchester hybrid Bill was deposited on 24th January 2022.
2. Note the Bill process that TfGM will be required to follow to respond to the Environmental Statement consultation; consultation period is 25th January 2022 to 31st March 2022.
3. Agree to submit a response to the consultation on the Environmental Statement for HS2 Phase 2B Crewe to Manchester Bill.
4. Provide Delegated Authority to the Chief Executive for TfGM/GMCA in consultation with the GM Mayor, to approve a response to the consultation on the Environmental Statement for the Crewe to Manchester HS2 Phase 2b Bill.

Contact Officers

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Equalities Impact, Carbon and Sustainability Assessment:

There are no direct equalities implications of this report. A formal response to the HS2 Ltd ES consultation will seek to mitigate environmental impacts on GM, for example equality, health, economy, carbon, mobility etc.

Risk Management

This report seeks to mitigate any risks to GM with regards to the HS2 Environmental Statement Consultation.

Legal Considerations

N/A

Financial Consequences – Revenue

N/A

Financial Consequences – Capital

N/A

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

N/A

Background Papers

10th September 2021: HS2 and Northern Powerhouse Rail. Sets out the importance of the HS2 programme for Greater Manchester and identifies the Critical Issues for Greater Manchester

27th November 2020 HS2 Phase 2b Western Leg Design Refinement Consultation: GM Response – GM Response Approach

29th May 2020 and 21st August 2020: Response to NIC Rail Needs Assessment for the Midlands and the North

26th July 2019: HS2 Phase 2b Design Refinement Consultation – GM Response Approach

30th November 2018: HS2 Phase 2b Working Draft Environmental Statement Consultation – GM Response Approach

24th February 2017: HS2 Route Update and Consultation Response

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 exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?	No.	
GM Transport Committee	Overview & Scrutiny Committee	
N/A	N/A	

1. Introduction

1.1 TfGM have been working with GM Partners, which include Manchester City Council (MCC), Trafford Council (TC), Wigan Council (WC) and Manchester Airport Group (MAG) since HS2 proposals began to emerge. Collectively, we have liaised with National Highways, Cheshire East, Cheshire West and Warrington.

1.2 GMCA has been a strong supporter of the principal of high-speed rail, and therefore HS2, whilst retaining a clear position on the need to ensure that the proposals are delivered in a manner that fully complements the connectivity, place-making, local employment and sustainable growth objectives.

1.3 The GM Partners have been engaging with HS2 Ltd and the Department for Transport (DfT) in relation to the HS2 proposals over a number of years. This has included formally responding to a number of HS2 consultations since 2014 as well as setting out GM's vision to maximise the potentially transformational opportunity of High-Speed Rail in the GM HS2 NPR 'The Stops Are Just the Start' Growth Strategy launched in 2018.

1.4 Despite this long-term engagement, there remain a significant number of longstanding and outstanding issues yet to be resolved between Greater Manchester and HS2 Ltd, with the Department for Transport (DfT), over the final proposals. These were summarised in the HS2 and Northern Powerhouse Rail Report on the 10th September 2021.

2. The HS2 Phase 2b (Crewe – Manchester) hybrid Bill process and Environmental Statement Consultation

2.1 The HS2 hybrid Bill Phase 2b (Crewe – Manchester) was deposited to the House of Commons on Monday 24th January 2022. This starts the formal Parliamentary process to obtain Royal Assent.

2.2 The HS2 Crewe to Manchester Phase 2b hybrid Bill was accompanied by a range of documents including in particular:

a) **The Bill**: the legal document that sets out what HS2 can build

b) **An Environmental Statement (ES)**: This describes the likely significant effects of the construction and operation of Phase 2b of HS2, as well as the proposed ways to avoid, reduce, compensate for significant adverse environmental effect and monitor these

c) **Proposed Drawings**: Drawings setting out the plans will be deposited

d) **Background papers/studies/evidence**. This will consist of multiple documents.

2.3 The ES is supported by multiple technical documents and the drawings of the proposed infrastructure. This is the first document to be formally commented on within the Bill process. The Consultation on the ES was launched on the 25th January and closes on the 31st March.

2.4 The initial stages of the hybrid Bill process are set out in Appendix 1. It should be noted that process does not follow a set timetable and therefore the timeframes set out for stages of the process after the ES Consultation are indicative and subject to change.

2.5 In addition to the hybrid Bill and ES documentation, there are also a significant number of supporting Information Papers. The ‘Government response to High Speed Two Phase 2b: Crewe to Manchester Western Leg Design Refinement Consultation’ (2020) has also been published alongside an update of the HS2 Phase 2b Crewe to Manchester Strategic Outline Business Case.

3. Working Draft Environmental Statement (WDES) Consultation

3.1 Prior to the Bill being deposited and the Consultation on the ES, HS2 carried out a public consultation on a Working Draft Environmental Statement (WDES) in 2018. The aim of this consultation was to present the environmental information and potential environmental effects of the HS2 Phase 2b proposal available at that time.

3.2 The WDES was based on a point-in-time assessment of the design as of December 2017 - Control Point (CP) 1. At this stage, the HS2 design did not include infrastructure for NPR along its route or at the High-Speed stations at Piccadilly and the Airport or include the Metrolink proposals at Piccadilly.

3.3 TfGM prepared and submitted a response to the WDES consultation on behalf of GMCA. Delegated Authority for the Chief Executive of GMCA / TfGM to approve the response to the WDES was granted, in a similar manner to the recommendations set out in this report.

3.4 The GMCA response was an umbrella response on behalf of Greater Manchester and summarised the key comments on the WDES from MCC, TC, WC and MAG, who each submitted individual responses, and outlined the position of TfGM on transport matters.

4. HS2 hybrid Bill Environmental Statement consultation response

4.1 TfGM has been working closely with MCC, WC, TC and MAG throughout the development of HS2 Ltd's proposals. Consistent with previous HS2 consultations including the WDES, TfGM is coordinating the review of the Environmental Statement and preparation of the response to the consultation on behalf of GMCA.

4.2 The aforementioned Local Authorities and MAG will also submit their own responses to the ES consultation, focusing on their specific concerns, that will be approved via their individual governance processes.

4.3 As with the WDES, the GMCA response is proposed to be an umbrella response on behalf of GM and will therefore summarise the key issues and comments from the GM Partners as well as setting out the position of TfGM on transport matters on behalf of the Combined Authority. TfGM will continue to work closely with MCC, WC, TC and MAG to ensure consistent and co-ordinated responses across the GM Partners as appropriate.

4.4 As set out above, there remains a number of outstanding issues yet to be resolved between Greater Manchester and HS2 Ltd, with the Department for Transport (DfT), over the final HS2 proposals as summarised in the report to GMCA on the 10th September. The proposed GMCA response to the ES consultation will restate these issues. The overarching themes of these issues can be summarised as follows:

- Fully integrated, one-station solutions are needed for Piccadilly and the Airport with seamless integration between international, national, regional, and local transport modes, including accommodation of Metrolink, to support the vision for the 'Bee Network'; an integrated, modern, and accessible transport network.
- Integration of HS2 with Greater Manchester's wider local policy is essential, including regeneration and land use around stations and along the route as set out in the Manchester Piccadilly Strategic Regeneration Framework (SRF) and Local Growth Strategies;
- HS2's access strategy needs to be aligned with local transport strategy such as the 'Right Mix' objective for at least 50% of trips to be made using public transport, walking and cycling, including delivering an appropriate level of highway and parking capacity;
- Appropriate mitigations must be in place to minimise the impact of HS2 on the local environment, carbon emissions and any disruption to local communities;
- Station and rail infrastructure must be of a design and quality appropriate for the setting and acceptable to the Local Planning Authority; and
- Maximising the opportunity to upskill the GM population is essential.
- There is also a requirement to work with government the mechanisms for funding each part of the Growth Strategy package as set out below.

4.5 Further detail on the specific issues at each location is set out in the report to GMCA on the 10th September 2021.

4.6 A detailed review of the ES will also be carried out reviewed by technical disciplines / subject matter experts including, but not limited to, air quality, community, landscape and visual, land quality and traffic and transport. This will consider the extent of the impacts set out in the ES and consider the adequacy of HS2's proposed mitigation measures to inform the GMCA response. Where the mitigation is lacking, our response will point this out and request improvements. The review will also consider the issues raised in the previous WDES consultation response as appropriate.

4.7 Reasons for Delegated Authority

4.8 The review of the ES and preparation of the GMCA response is a considerable undertaking. The ES is made up of multiple volumes of technical detail equating to approximately 36,000 pages of information. It is anticipated that these documents will include a significant amount of new information in terms of environmental impacts and proposed mitigation.

4.9 A Delegated Authority is therefore requested in order to maximise the time available to review the detailed information set out in the ES and prepare a robust response on behalf of GMCA within the circa 9 week consultation period.

4.10 If the deadline for submitting the ES response is missed, this would mean that TfGM and GMCA's comments will not be assessed in relation to the HS2 Environmental Statement, and potentially not taken into account during the consideration of the Bill.

5. Recommendations

5.1 The recommendations are as per the front page of this report.

Appendix 1: Initial Stages of the hybrid Bill Process

The initial stages of the Bill process are set out below. Please note that all timeframes are indicative and subject to change.

Activity	From	To	Notes
Deposit Date	24th January 2022 (Milestone)		• The Bill is deposited in Parliament and published to enable its contents and associated appendices to be read and commented on.
Environmental Statement consultation period	25th January 2022	31st March 2022	• TfGM / GMCA will submit their responses to the Environmental Statement only • Each GM Partner will submit their own response • GM Partners will collaborate to ensure consistency where appropriate
Second Reading of the Bill	Mid May 2022 at the earliest (Milestone)		• Commences at least 6 weeks after ES Consultation finishes. • The Principle of the Bill is approved by the House of Commons. i.e., need for the railway, location of stations, broad route alignment etc. • Formal Petitioning Period is triggered
Formal Petitioning	Mid May 2022	Mid June 2022	• 25 calendar days period (at least) set at Second Reading • Petition must set out all of TfGM's/GMCA's objections to the Bill proposals

Activity	From	To	Notes
Select Committee Hearings	Summer / Autumn 2022 onwards	To be determined	• It is not yet known how the Select Committee will order their hearings, e.g., sequentially starting from Crewe end, or on a topic-by-topic basis. • Evidence is presented at this time, usually in the form of presentations at hearings, rather than detailed written submissions

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GREATER MANCHESTER COMBINED AUTHORITY

Greater Manchester Combined Authority

Date: 11th February 2022

Subject: GMCA Corporate Plan

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

Purpose of Report

To provide members with the GMCA Corporate Plan for review and endorsement. The Corporate Plan provides a framework for GMCA's activity over the next three years (2022 – 2025). This is the organisation's first corporate plan and is an externally focused document, which will be accompanied by annual (internally focused) business plans. It draws out some of the recent achievements across the GMCA and sets the priorities and areas of focus for the next three years, based around GMCA's four corporate objectives. Subject to endorsement, the Corporate Plan will be published on the GMCA website.

Recommendations:

The GMCA is requested to:

1. Review and provide views on the Corporate Plan, including summary version, noting the organisation's key achievements and priorities for the coming years.
2. Endorse the Corporate Plan and summary document and the approach to develop annual business plans to sit alongside the corporate plan and an effective performance framework to monitor our progress in delivering the activities set out.

Contact Officers

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Equalities Impact, Carbon and Sustainability Assessment:

Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion	G	The activities to be commissioned and delivered through the GMCA corporate plan will support individuals with protected characteristics and those socially and economically disadvantaged to achieve better outcomes. The activities to be commissioned and delivered through the GMCA corporate plan will support improved access to public services and will support communities in shaping decisions that affect them, and will support and improve community cohesion leading to improved outcomes for communities. Separate assessments will be completed for individual work programmes.
Health	G	The activities to be commissioned and delivered through the GMCA corporate plan will support improved physical and mental health of GM residents. Proposals will support improved levels of physical activity and improve resident access to health services through infrastructure improvements The activities to be commissioned and delivered through the GMCA corporate plan will support GM residents to reduce levels of social isolation and will support improvements to accessibility and provision of health food for GM residents. Separate assessments will be completed for individual work programmes.
Resilience and Adaptation	G	The activities to be commissioned and delivered through the GMCA corporate plan will support improvements to GM's identified risks. GM's ambition is for safe, resilient communities. Proposals will support GM's individuals, businesses and communities to withstand and recover from disruption and will de delivered with a view to reducing levels of inequality and improving the environment. The activities to be commissioned and delivered through the GMCA corporate plan include activity that will help tackle crime, anti social behaviour etc. and will support improvements to blue and green infrstratucture. Separate assessments will be completed for individual work programmes.
Housing	G	The activities to be commissioned and delivered through the GMCA corporate plan include activity to tackle homelessness, including the ABEN programme. Activity to be delivered will also seek to tackle access and affordability in housing provision. The activities to be commissioned and delivered include actions that will improve derelict urban land and unused buildings for housing and delivery relating to the construction of new build residential. The activities to be commissioned and delivered through the GMCA corporate plan include activity that will facilitate the maintenence or improvement of residential buildings . Separate assessments will be completed for individual work programmes.
Economy	G	The activities to be commissioned and delivered through the GMCA corporate plan will contribute to a more prosperus GM through sustainable economic development. Separate assessments will be completed for individual work programmes.
Mobility and Connectivity	G	The activities to be commissioned and delivered through the GMCA corporate plan will ensure digital inclusion for all and will enable world-class smart digital infrastructure and will enable world-class smart digital infrastructure. The Strategy commits to a fully integrated, accessible and affordable public transport system, and that everyone has access to essential services, local centres and high streets, leisure and culture spaces, and promotes active travel choices. The Strategy commits to a fully integrated public transport system, which should lead to a reduction in private car and road use The Strategy commits to a way of working which will impact positively on procurement The Strategy commits to carbon neutral GM by 2038, with better air quality and natural environment. Separate assessments will be completed for individual work programmes.
Carbon, Nature and Environment	G	The activities to be commissioned and delivered through the GMCA corporate plan will support GMs aim to be carbon neutral GM by 2038, with better air quality and natural environment
Consumption and Production	A	The activities to be commissioned and delivered through the GMCA corporate plan are likely to produce additional waste. It will be important to maintain and develop waste reduction efforts, work with construction industry and household waste recycling. The activities to be commissioned and delivered through the GMCA corporate plan will support minimisation of construction waste and will impact positvely on resource use and efficiency throughout design and delivery. The performance framework will monitor household waste recycling rates.
Contribution to achieving the GM Carbon Neutral 2038 target		

Further Assessment(s): Equalities Impact Assessment and Carbon Assessment

Positive impacts overall, whether long or short term.	**Mix of positive and negative impacts. Trade-offs to consider.**	**Mostly negative, with at least one positive aspect. Trade-offs to consider.**	**Negative impacts overall.**

Carbon Assessment

Overall Score		
Buildings	**Result**	**Justification/Mitigation**
New Build residential		
Residential building(s) renovation/maintenance		Due to this being an overarching plan, which does not directly deliver it has not been possible to fully assess against these critera.
New Build Commercial/ Industrial		
Transport		
Active travel and public transport		The activities to be commissioned and delivered through the GMCA corporate plan will enable accessible serivces and centres via an integrated transport system
Roads, Parking and Vehicle Access		The activities to be commissioned and delivered through the GMCA corporate plan will support integrated public transport and encourage active travel The activities to be commissioned and delivered through the GMCA corporate plan will enable accessible local centres and services The activities to be commissioned and delivered through the GMCA corporate plan will enable integrated public transport including e-scooters and bike hire
Access to amenities		Some of the developments in the corporate plan may require additional road capacity Access will be increased via the active travel plans It is likely developments delivered under the corporate plan will contain elements which increase car parking capacity It is likely developments delivered under the corporate plan will contain elements which increase EV charging points
Vehicle procurement		The activities to be commissioned and delivered through the GMCA corporate plan will enable accessible serivces and local centres The activities to be commissioned and delivered through the GMCA corporate plan will support an integrated public transport network
Land Use		
Land use		

No associated carbon impacts expected.	High standard in terms of practice and awareness on carbon.	Mostly best practice with a good level of awareness on carbon.	Partially meets best practice/ awareness, significant room to improve.	Not best practice and/ or insufficient awareness of carbon impacts.

Risk Management

The corporate plan and accompanying annual business plans will set out the mechanisms by which the GMCA manages risks.

Legal Considerations

N/A

Financial Consequences – Revenue

The activities outlined in the attached draft corporate plan will require revenue resource to deliver, in line with agreed GMCA budgets.

Financial Consequences – Capital

The activities outline in the attached draft corporate plan will require capital resource to deliver, in line with agreed GNCA budgets.

Number of attachments to the report: 2

Comments/recommendations from Overview & Scrutiny Committee

Issues arising from the consideration of this report by O&S committee members will be provided as a verbal update to GMCA members

Background Papers

N/A

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

N/A

Overview and Scrutiny Committee

Corporate Affairs & Reform Scrutiny Committee 8th Feb 2022

1. Introduction/Background

1.1 The Corporate Plan provides a framework for GMCA's activity over the next three years. This is the organisation's first corporate plan and is an externally focused document, which will be accompanied by annual (internally focused) business plans.

1.2 The Corporate Plan (Annex A and B) highlights some of the achievements across the GMCA in recent years and sets the priorities and areas of focus for the next three years, based around GMCA's four corporate objectives:

- Deliver core / devolved services for the public
- Secure, and manage, funding and investment at GM level for agreed activity

- Work with the 10 local authorities in GM to drive collective activity that puts GM at the forefront of tackling social, economic and environmental issues
- Ensure Greater Manchester is speaking with one voice – developing, leading & implementing our evidence-based strategies, building our networks and partnerships and influencing policy

1.3 The annual Business Plans will set out the detailed activities to be delivered by the GMCA in that year, aligned to our corporate objectives. An effective performance framework will be developed to monitor our progress in delivering the activities set out in the Business Plan. An organisational development plan covering areas such as IT, HR, Finance and wider organisation development, will also be developed.

2. Development of the Corporate Plan

2.1. The development of the Corporate Plan was overseen by a working group, led by the Executive Director, and with members from across a number of different teams within GMCA. This approach helped ensure that the breadth of GMCA's activity was adequately reflected in the Corporate Plan.

2.2. The corporate plan captures key achievements and sets out GMCA's organisational priorities for the next three years will seek to build on the achievements over recent years and will continue to ensure we deliver for our residents and businesses.

2.3. The established working group is now overseeing the development of a one-year Business Plan and the development of the performance framework, ensuring all documents are in place for the new financial year.

3 Next Steps

3.1 Subject to comments and endorsement the final designed version of the Corporate Plan and summary will be published on the GMCA website.

4 Recommendations

4.1 Recommendations appear at the front of this report.

Annex A

<u>**GMCA Corporate Plan 2022-25**</u>

Foreword from Eamonn Boylan, Chief Executive, GMCA

Welcome to our GMCA corporate plan which runs until the end of 2025.

The GMCA is an organisation I am immensely proud to lead. The vast array of activities led, developed and delivered by our diverse range of colleagues demonstrates our ability to translate the priorities of Greater Manchester into a reality across the whole of the city region.

Delivering with, and on behalf of the people of Greater Manchester has been a real test of everyone's ability and resilience during the Covid pandemic. However, throughout this whole time I have been impressed and heartened by the way our organisation has rallied, flexed and developed in line with the changing needs and priorities of the people, places and businesses of Greater Manchester. I would like to take this opportunity to thank all my colleagues for your fantastic efforts, your ability to adapt and your ongoing commitment and spirit, delivering during such difficult times.

While the last two years have not been without challenge, I take great pride and comfort in knowing our organisation is robust, equipped and will continue to strive for excellence in all that we do as we move through the coming years.

This corporate plan draws out some of the recent achievements across the GMCA and sets the priorities and areas of focus for the next three years.

The GMCA has existed in its current form since 2011 and with the election of the city region Mayor in 2017, we became the organisation we see today. The GMCA is now a well recognised and respected part of local and national governance, working jointly with the ten Local Authorities in the city region to translate collective ambitions and opportunities into reality for our residents and businesses. Our organisation is unique, and distinct from the functions of the Local Authorities, and it is the spirit of collaboration, the added value and the realisation of the coming together across numerous partners and partnerships, enabled through the activities delivered by our business, that makes Greater Manchester the fantastic place it is today. The unique relationships we have with our districts and partner organisations will enable us to make a positive difference to the lives of everyone living and working in Greater Manchester, enabling GM citizens to live good lives.

Throughout this document you'll learn more about what we do, how we do it, and our intentions on delivery for the coming years. Combined Authorities are still relatively unfamiliar to most people – through what we do and how we do it, we hope to change that. Building a brand, and building trust is a key enabler in our delivery of the major strategies and programmes we lead on across the city region. We do things differently in Greater Manchester, we always have, and this culture combined with our great people puts us on a strong footing to achieve all we set out to do.

As we move through the next phase of the pandemic and into recovery, the GMCA will continue to lead, shape and support the Greater Manchester system, working in partnership with key stakeholders such as Transport for Greater Manchester and the Greater Manchester Health & Care system. The success with which our organisation convenes the Greater Manchester system, bringing together partners from across public, private and voluntary sectors gives me great cause for optimism for the future; knowing our organisation will continue to be a driving force, bringing together activities across the city region to deliver on our shared ambitions to improve the lives of the people and businesses of our wonderful place.

1. Where we work

Our city region

Greater Manchester is one of the country's most successful city regions. It is home to more than 2.8 million people and with an economy bigger than that of Wales or Northern Ireland. Our collective vision is to make Greater Manchester one of the best places in the world to grow up, get on and grow old; a great place to invest, do business, visit and study.

The political body of the Greater Manchester Combined Authority (GMCA) is led jointly by the leaders of the ten Greater Manchester local authorities and Mayor, who work with other local services, businesses, communities and other partners to improve the city region.

The Mayor is Chair of the Greater Manchester Combined Authority and its eleventh member. He is supported by Deputy Mayor Beverley Hughes who leads on Police, Crime, Criminal Justice and Fire and Deputy Mayor Paul Dennett who leads on Housing and Homelessness.

The GMCA political body is distinct to that of the Greater Manchester Combined Authority organisation. The political GMCA provides the political direction, governance and oversight of the activities undertaken across Greater Manchester for those areas of responsibility which are jointly owned at GM level or those issues where voluntary pan-GM collaboration has been agreed. The GMCA organisation, through our Officers, translates that political direction into action. The GMCA organisation provides capacity for new and furthering activities; added value in the bringing together activities at Greater Manchester level; enables the city region to speak with a single voice; convenes the Greater Manchester system on behalf of all partners; and provides a clear and consistent conduit to Government where Greater Manchester chooses to speak and act as one.

Greater Manchester Strategy: Good Lives For All

The new Greater Manchester Strategy (GMS) is Greater Manchester’s plan for all the communities, neighbourhoods, towns and cities which make up our city region. It is a plan for renewal and recovery following the pandemic and has been developed and agreed by all parts of the public, private and Voluntary, Community and Social Enterprise (VCSE) sector.

It provides a ten-year vision and clear direction of travel for the city region, focused on those areas where all parts of the conurbation need to work together to achieve our shared vision and sets out how we will work with partners to achieve this goal. It is accompanied by a three-year Delivery Plan.

The GMS seeks to achieve a greener, fairer and more prosperous city region, delivered through shared outcomes and commitments. With the challenges of climate change and inequality at its heart, the GMS will drive change and activity which equips Greater Manchester to deliver against the shared outcomes:

- People’s wellbeing - with better homes, jobs, transport, and health, living in vibrant communities
- Thriving businesses - which succeed and look after their people, places and planet
- Leading the UK and the world - in sectors including low carbon and digital

The refreshed GMS will enable the development and realisation of opportunities across the whole of Greater Manchester, connecting our people and places and ensuring maximum benefit for all. Collectively there are plans in place covering the wide range of activities to help us deliver a greener, fairer, more prosperous Greater Manchester. These are led by organisations that work across the city-region in the places that make up our city-region.

<u>Devolution</u>

Greater Manchester's ten local authorities have a strong history of partnership working. This record of co-operation, and the creation of the GMCA (and commitment to elect a Mayor), helped Greater Manchester to become the first city-region to sign the ground breaking devolution deal with Government in 2014.

Devolution means having more control over how and where we spend the money we have. It means we can design services and find ways of working that better meet the needs of Greater Manchester and the people that live, work and invest here. It means we can boost the local economy and reinvest money back into the region to where it is needed most.

The city-region built upon its innovative 2014 Devolution Agreement with an initial £6 billion health and social care devolution deal in February 2015. Since then, there have been five further deals as shown below.

The appointment of an elected Mayor in 2017 provided additional accountability to this process and through these devolution agreements, the region has more powers and control over budgets, including:

- more control of local transport, with a long-term government budget to help us plan a more modern, better-connected network
- 100% retention of business rates, to fund projects / activity that supports economic growth
- planning powers to encourage regeneration and development
- a £300 million fund for housing: enough for an extra 15,000 new homes over ten years
- extra funding to get up to 50,000 people back into work
- local control over adult skills funding to work with skills providers to develop more work-related training
- the role of the Police and Crime Commissioner being merged with the elected mayor

- control of investment through a new 'earn back' funding arrangement which gives us extra money for the region's infrastructure if we reach certain levels of economic growth

The elected Mayor is also responsible for the fire service and holds the role of Police and Crime Commissioner. The Deputy Mayor for Policing, Crime, Criminal Justice and Fire sets the priorities and strategy, and holds the Chief Constable and Chief Fire Officer to account for the effective and efficient delivery of services.

Greater Manchester's ambitious plans for future devolution will enable us to continue to support and develop opportunities for the people, places and businesses across the city region. GMCA through our strategic partnerships with the Health and Care System, and Transport for Greater Manchester, ensures alignment and coordination of activities across these operations, enabling all parts of the Greater Manchester system to work together to meet the shared ambitions in the Greater Manchester Strategy.

2. How we work

Our people

As an employer, GMCA is home to over 2000 staff. Of these, around 1500 (72%) work solely for GMFRS. The other 600 are working directly for the Combined Authority.

GMCA is led by the Chief Executive, supported by the Senior Leadership Team (SLT) of the organisation which comprises our Directors and Corporate function leads. The Chief Executive and SLT are accountable to the Mayor and political leaders of Greater Manchester collectively.

The SLT oversee a series of Directorates, which have been created to bring greater clarity and focus on the delivery activities of the GMCA. These directorates are:

- Digital
- Education, work and skills
- Economy
- Environment
- Place making
- Public service reform
- Police, crime, criminal justice and fire
- Corporate functions; Finance / Audit / Core Investment; IT services; People Services Procurement & Contracts; Waste; Legal / Governance / Information Governance / Business Support; Strategy; Research; Communications & Engagement

SLT will ensure that GMCA is equipped to meet our corporate objectives and delivery priorities, develop our ways of working; our culture and practices, to enable GMCA to meet our mission. The SLT will have responsibility for managing the delivery and strategy of GMCA, and will work collaboratively, enabling cross departmental teams to work effectively together, delivering efficiently and achieving the greatest possible impact from our actions across the GMCA and working with our wider partners. The effective management and distributive leadership approaches of our organisation are led, developed and supported more widely by the Extended Leadership Network (ELN).

We are committed to supporting, developing and retaining our skilled and talented workforce. It is our intention to ensure everyone working for GMCA can deliver fully in their role and provided with opportunities to progress and excel. We are also committed to diversifying our workforce, recognising the significant benefits to be gained from a diverse and inclusive staff team, and providing opportunities for all.

Our Values

As an organisation, our aim is to be one of the best places to work, where our colleagues are happy, empowered and able to excel in their roles for the benefit of the people/businesses of Greater Manchester. In order to achieve this, we need to ensure all staff are supported, goals and expectations are clear, and that the whole organisation operates with an agility and a flexibility to accommodate change and emerging priorities.

We strive for continual improvement in all parts of the organisation, and have identified three key principles, or values, which underpin how we operate, and which are reflected in staff competencies and appraisals, to ensure they are embedded throughout the organisation.

- Purpose driven and delivery focussed: our work should link to our mission and objectives and we should, with partners, make the decisions needed to link strategy to delivery to achieve the GMS priorities
- Collaborative: building trust and collaboration both with each other internally and with our local authorities and partners
- Empowering: helping people do the jobs they're here to do, removing barriers, streamlining the governance and giving people authority to act

Our approach is underpinned by clear, effective internal and leadership communications, recognising the need for a clear articulation of the organisation's direction of travel and priorities, and ensuring all our people have clarity of purpose in their roles and are supported to deliver.

Our work with Government

GMCA works in partnership with national government to deliver our ambitions for the city region. We have worked with, and delivered for, national Government on a range of programmes and projects, and continue to lead work which supports local and national priorities. One example of this collaborative approach was the development of the Greater Manchester Industrial Strategy – our joint plan with government for raising productivity and creating jobs in new industries.

Our devolution agreements with Government have also enabled us to realise many of our ambitions, with devolved funding and greater flexibilities around housing, planning, transport and skills enabling us to deliver better outcomes for our residents.

Maintaining these strong relationships with government is crucial to advance those Greater Manchester priorities which require political support or a political solution to be realised. For example, in 2021 we proposed a levelling up deal for Greater Manchester to government. This deal was our offer to demonstrate that – with the right funding and powers – we can deliver a London-style transport network with affordable London-level fares, accelerating our plans for a net zero future with better, greener homes and communities and better jobs and skills.

Our partnerships

GMCA, incorporating GMFRS and the Waste Disposal Authority, works as part of a complex and multiagency network of partnerships. We have two types of partner:

- Organisations that deliver specific tasks on behalf of the GMCA. For example, we can employ a training-provider to deliver skills-training that helps people back into work.
- Major partner organisations that contribute to our ambitions at a higher, decision-making, level. Their senior staff bring their expertise and experience to issues that affect everyone in Greater Manchester, such as crime or health.

Activities of the GMCA enable, support and develop those partnerships.

Our key partners include: the ten Local Authorities in Greater Manchester, Greater Manchester Police, Greater Manchester Probation Service, Transport for Greater Manchester, the NHS Greater Manchester Health and Social Care Partnership / Integrated Care Board, the Local Enterprise Partnership and the VCSE sector in Greater Manchester. We also work closely with: Government Departments and Agencies; The Growth Company (including Marketing Manchester and MIDAS); businesses including training providers and business representative organisations; universities; colleges; housing providers; energy network organisations; environmental organisations; and voluntary/community/social enterprise organisations.

Our Business

In order to achieve our objectives and priorities, we will need to ensure that our business procedures and processes are robust and effective.

We will develop annual business plans to sit alongside this corporate plan, which set out the detailed activities to be delivered by the GMCA in that year, aligned to our corporate objectives. We will also develop an organisational development plan covering areas such as IT, HR, Finance and wider organisation development.

We will ensure we have an effective performance framework in place so we can monitor our progress in delivering the detailed activities set out in our business plan, celebrate our successes, and ensure our activities are on track and delivering.

We will ensure our organisation achieves a balanced budget. There will be significant budget pressures on our organisation in the coming three years, however we will ensure we are managing our resources well and translating this into effective and efficient delivery of all our operations, aligned to our corporate objectives.

Taking forward the developmental work over recent years, we will ensure the GMCA has robust risk management processes and procedures in place. Our Senior Leadership Team will monitor and manage organisational risks, accountable to the GMCA Audit Committee.

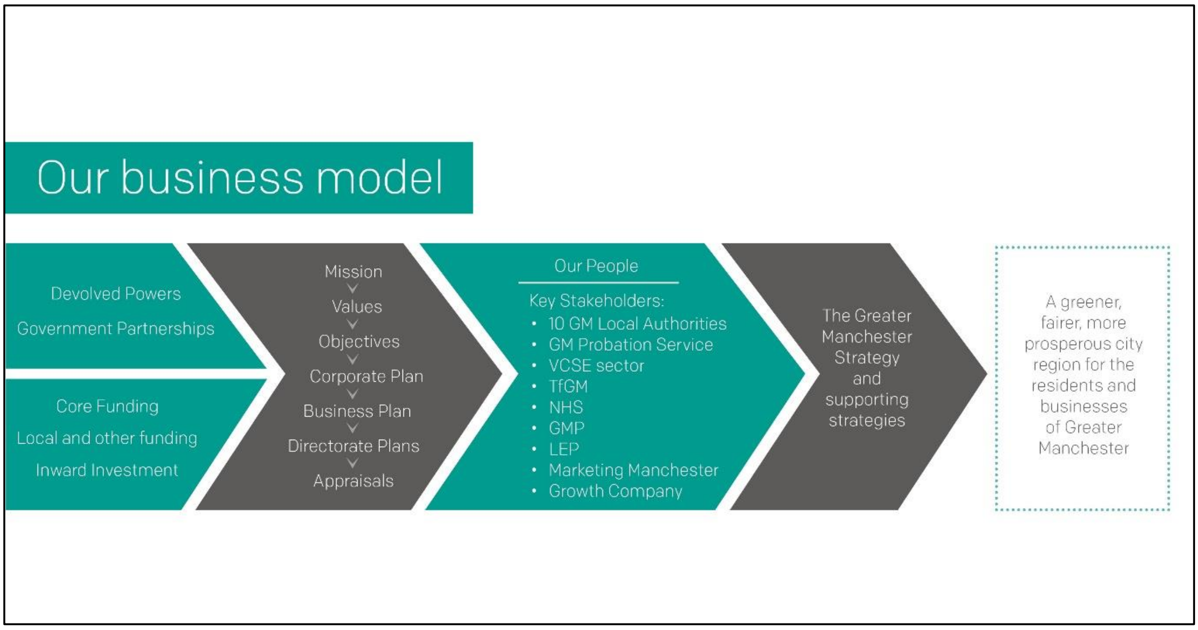
We have also established three thematic overview and scrutiny committees. Effective Scrutiny is an important part of GMCA's decision making process and is even more important in light of the new powers that devolution brings. The overarching purpose of the committees is to improve the quality of decisions made by the GMCA and the elected Mayor. The committees will do this by reviewing the work and decisions of the GMCA and the elected Mayor and by acting as a critical friend in the development of policy and new work streams.

Our Governance

We have set out our governance standards in a Corporate Code of Governance. The Annual Governance Statement sets out how GMCA meets these standards. Over the last year progress has been made across a range of areas – our new whistleblowing policy and procedure has been implemented, a revised complaints procedure has been published, a new risk management framework has been developed and a task group has been set up and overseen the development of a new hybrid operational working model for the organisation.

Over the next three years we will continue to ensure we meet GMCA's governance standards, in line with our Corporate Code of Governance and Annual Governance Statement.

Our Business Model



Our Mission

Our mission is to shape and enable Greater Manchester to deliver its shared ambitions and priorities.

Our corporate objectives

GMCA has four corporate objectives:

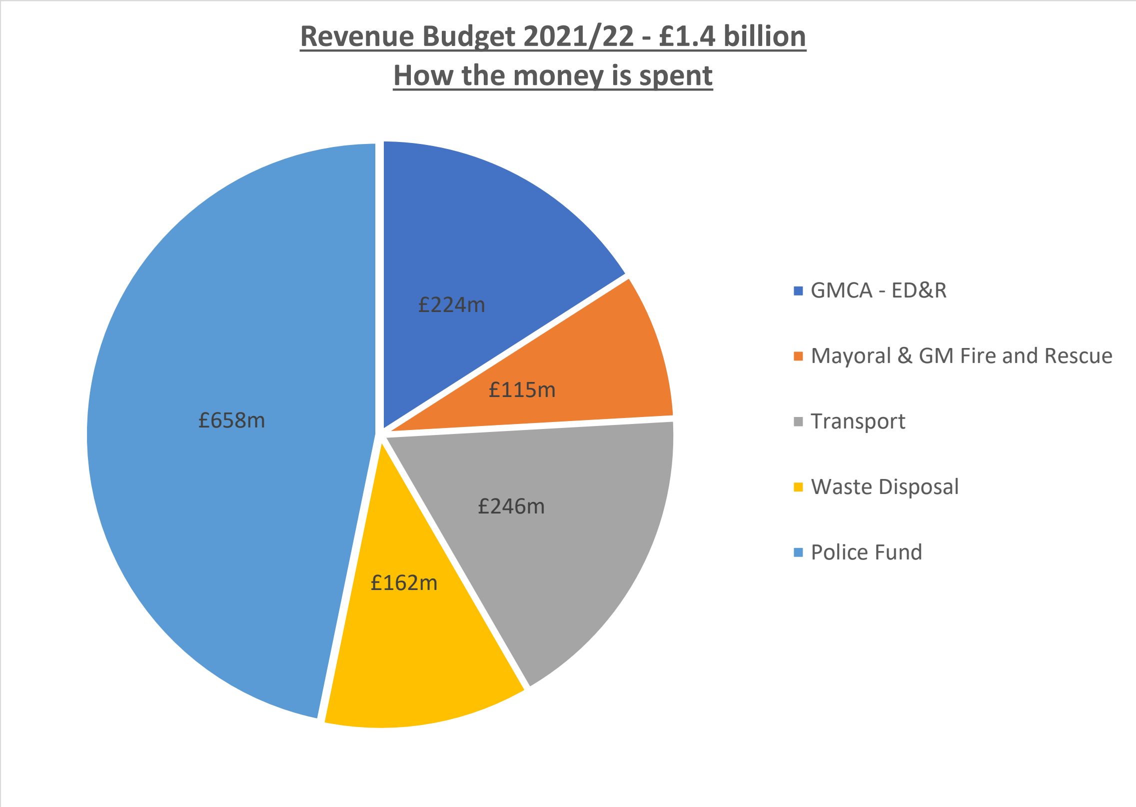
- Deliver core / devolved services for the public
- Secure, and manage, funding and investment at GM level for agreed activity
- Work with the 10 local authorities in GM to drive collective activity that puts GM at the forefront of tackling social, economic and environmental issues
- Ensure Greater Manchester is speaking with one voice – developing, leading & implementing our evidence-based strategies, building our networks and partnerships and influencing policy

3. Our resources and how we are funded

In February 2021 the GMCA and Police, Fire and Crime Panel approved the 2021/22 revenue budget totalling £1.4 billion covering the following areas:

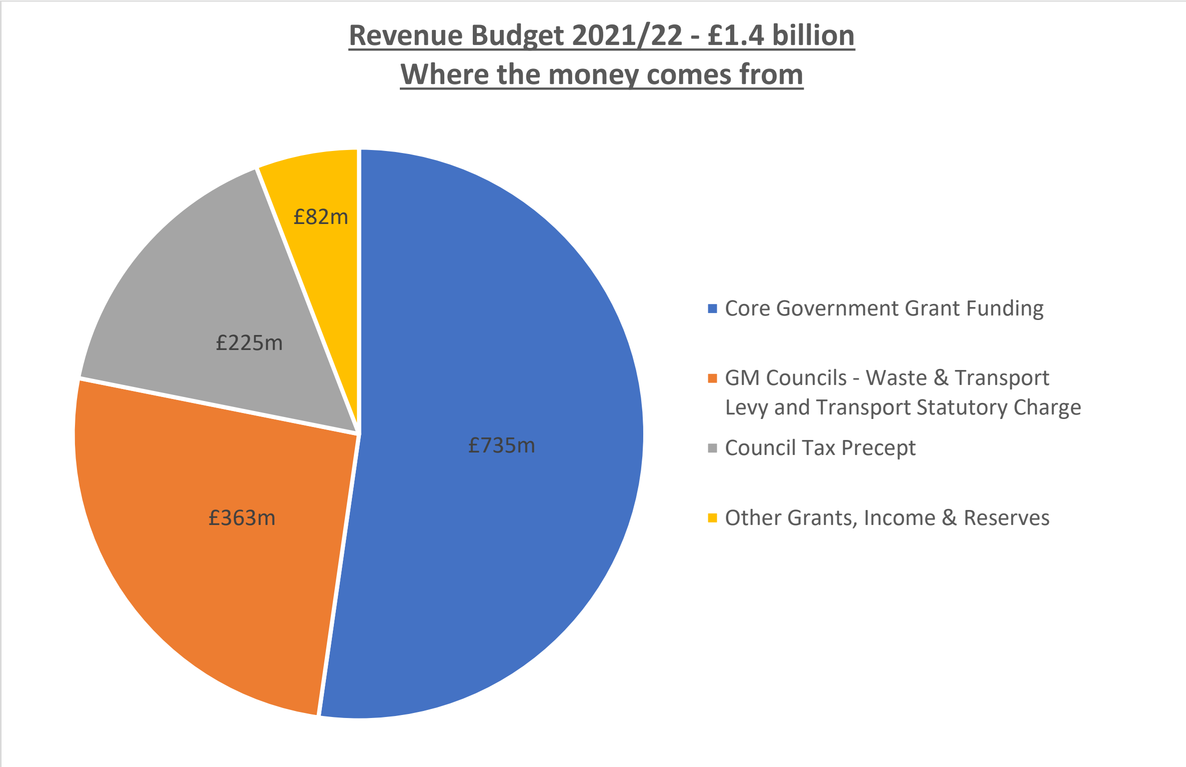
- GMCA Economic, Development and Regeneration, including devolved Adult Education Budget
- Mayoral including Greater Manchester Fire & Rescue Service
- Transport including Transport for Greater Manchester
- Waste Disposal functions provided on behalf of nine Greater Manchester local authorities

- Police Fund budget for the Police and Crime Commissioner's Office and Greater Manchester Police



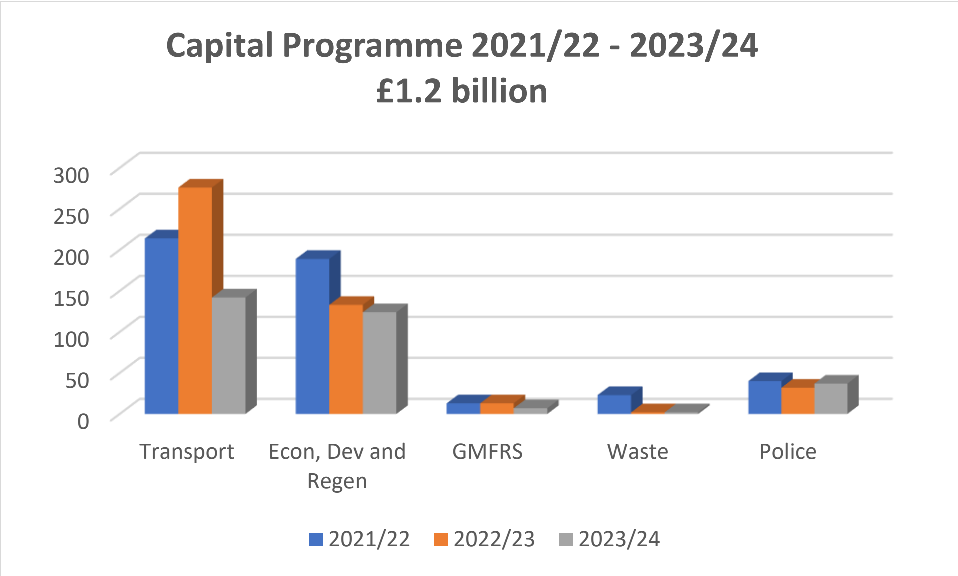
The majority of funding for the above revenue budgets comes from the following sources:

- Core Government grant
- Greater Manchester Local Authorities – consisting of a Levy and Statutory Charge for transport functions and a Levy for provision of waste disposal on behalf of nine authorities.
- Council Tax Precept
- Other grant, income and reserves



The Capital Programme for 2021/22 – 2023/24 of £1.2 billion approved in February 2021 included Economic Development and Regeneration programmes, Waste, Fire and Rescue Services and the continuation of programmes being delivered by Transport for Greater Manchester (TfGM) and Local Authorities including the following elements:

- The Greater Manchester Transport Fund
- Metrolink extensions and schemes
- Transport Interchanges
- Bus Priority programme
- Other transport capital projects and programmes including Transforming Cites, Active Travel, Clean Air schemes etc
- Greater Manchester Capital Highways Maintenance, Traffic Signals and Full Fibre Network
- Investments including Growing Places, Regional Growth Fund and Housing Investment Fund and
- Economic Development and Regeneration Schemes.



4. What we do – achievements and priorities

The challenges presented by the pandemic have impacted on all parts of our organisation. GMCA has played a key role in coordinating the Greater Manchester Covid response, enabling the collaborative approach adopted across the city region. The GMCA continues to be central to the development and ongoing delivery of the multiagency response and continues to convene the Greater Manchester system around living with, and recovery from, the pandemic.

Despite the significant challenges the pandemic has presented, our organisation has continued to deliver for the residents and businesses of Greater Manchester and has achieved a significant amount over recent years. GMCA provides the Fire and Rescue service for the city region and is the waste disposal authority for nine of the ten districts in Greater Manchester. And with its strong history of partnership working and the most advanced devolution deal anywhere in the UK, GMCA is uniquely placed to deliver its ambitions for the city-region over the coming years.

Our key achievements over recent years, and priorities for the next three years are set out below, structured around our four corporate objectives:

Objective 1: Deliver Core/Devolved services for the public

GMCA delivers core services and devolved services for the people of Greater Manchester.

Examples of our achievements and future priorities include:

- **Greater Manchester Fire and Rescue Service:** The Mayor and Deputy Mayor of Greater Manchester have overseen the GMFRS Programme for Change, which is driving improvement, leadership and culture change within GMFRS. A new Chief Fire Officer was been appointed for Greater Manchester in 2020 and a new Fire Plan has been developed, providing a clear direction for the fire service over the coming years. Further details of the role of this service are provided here.

Key priorities for the next 3 years: Provide the best emergency response we can to our communities. Our mission is to save lives, protect communities and work together.

- **Police and Crime:** Steps have been taken to improve GMP in response to Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) report. These include: a marked increase in the number and speed of crimes recorded, and the number of crimes being investigated, showing a positive step-change in the service provided to victims of crime. A new Chief Constable in 2021, and strengthening of the senior leadership team at GMP will accelerate further change.
  Key priorities for the next 3 years: Keep people in Greater Manchester safe, reduce harm and offending and strengthen our communities and places. We will continue to make the required improvements to the force itself in line with GMP's forward plan.

- **Co-commissioning with Her Majesty's Prison and Probation Service (HMPPS) via Justice Devolution**: GMCA has signed two Memorandums of Understanding with the Ministry of Justice since 2016 which set out commitments to support Greater Manchester Justice Devolution. This partnership has led to improved outcomes and experiences across the justice system including rehabilitating offenders, supporting victims and reducing the impact of crime.
  Key priorities for the next 3 years: Co-commission probation services with HMPPS, in order to achieve the shared aim of reducing reoffending and delivering public services effectively and efficiently to improve the lives of our residents. This approach means that Greater Manchester has the flexibility to diverge from national or standard policy and direction.
- **Adult Education Budget:** More than 51,000 residents have accessed skills and training programmes since local control of the Adult Education Budget (AEB) was transferred to Greater Manchester, despite the effects of the pandemic. Having local control of the budget means that Greater Manchester is able to design and deliver policies responsive to local needs.
  Key priorities for the next 3 years: Shape adult education provision in Greater Manchester and work with partner organisations and business to deliver quality training and education to our residents that supports them to engage with learning, helps them acquire essential skills and develop occupational competence to progress in work or further learning.

- **Working Well**: Working Well refers to a family of services that support people in Greater Manchester who are experiencing or at risk of long-term unemployment. The Work and Health Programme had supported 15,000 long term unemployed and disabled people in Greater Manchester by the end of March 2021, with activity focused on providing personalised support and help to overcome the barriers preventing them from working.
  As part of this programme, the devolved Job Entry Targeted Support Service continues to deliver a Covid recovery response, supporting 20,000 recently unemployed GM residents.

  Key priorities for the next 3 years: Subject to ongoing funding from DWP, we will continue to deliver support across a range of Health, Life, Skills and Work related interventions to support 22,600 GM residents on their journey to good employment.

- **Waste Disposal Service:** GMCA works with key partners (including Suez) to deliver waste services across nine of the ten Greater Manchester boroughs (Wigan has its own arrangements). Over the last four years GMCA has increased the amount of waste diverted from landfill from 90% in 2017 to over 98% in 2021. The recycling rate at the Household Waste Recycling Centres has also increased from c. 42% in 2017 to 50% in 2021. Further details of the role of this service are provided here.
  Key priorities for the next 3 years: Manage and dispose of municipal waste from Greater Manchester. Work in partnership with Suez to implement measures on Greater Manchester's Household Waste Recycling Centres in order to drive up recycling.

- **Business Support (via the Growth Company and GC Business Growth Hub):** GMCA, working with the Growth Company and Business Growth Hub, helps businesses across the city-region to access the support they need to start up, develop and grow. We are working to bring trade, investment and growth to Greater Manchester and we're helping people get the skills and training they need to get started. In the financial year 2020-21, Growth Hub services engaged more than 8,468 businesses, and working with partners, the Hub delivered 1,044 SME relationships aimed at delivering business growth. GMCA played an active role in providing support to businesses throughout the pandemic and was the first local government organisation to directly offer funding to support the distribution of Bounce Back Loans.
  Key priority over the next 3 years: Provide advice and support to businesses at all stages of their growth journey with a broad range of services. Key delivery programmes include Made Smarter which has had funding confirmed for a further three years via the Growth Company and the Business Productivity and Inclusive Growth Programme, through which the Growth Hub will support to 1240 businesses and create 680 jobs between Jan 2022 and June 2023. Working with GM Universities and the Growth Hub, GMCA has commissioned a new online leadership training programme 'OPEN SME' for at least 400 businesses, with a range of wraparound services, including 12 hours of support for at least 290 businesses.

Objective 2: Secure, and manage, funding and investment at a Greater Manchester level for agreed activity

GMCA secures and manages European and national funds that support growth and investment activity across Greater Manchester[1]. Successful bids led by GMCA have seen significant resource secured for the conurbation, supporting activity across all ten local authorities.

GMCA uses this funding and investment to commission activity that supports the Greater Manchester Strategy objectives. Our programmes are bringing significant economic benefit to our local economy, creating opportunities for the people and places of Greater Manchester.

[1] EU structural funds will be replaced with a new UK Shared Prosperity Fund (UKSPF), due to launch in April 2022. The one year Community Renewal Fund provides a bridge to the UKSPF.

Examples of our achievements and future priorities under this objective include:

- **Digital Infrastructure and Connectivity (£23.8 million of funding secured for Local Full Fibre Networks):** Forward looking digital infrastructure and connectivity is needed to support the city-region's social and economic ambitions. GMCA is working with partners to expand fibre and mobile infrastructure that will benefit GM residents and businesses. In its first year this funding generated £12m of overall local economic value (direct and indirect) with over 1,500km of fibre cable installed across the region. Over 1,200 public sector sites are connected and commissioned. Work is progressing to collectively activate this infrastructure and gain further economies of scale.
- **Key priority for next 3 years:** Deliver the Local Full Fibre Networks (LFFN) infrastructure to 1,600 sites and pursue wider investment in fixed and mobile infrastructure, using this capability to provide digital connectivity that underpins public sector reform, inclusion and economic activity.

- **Homelessness (£8 million of funding secured for Housing First over 3 years and £6 million for A Bed Every Night (ABEN) in 2021/22):** Over 3,000 homeless or rough sleepers have been supported through ABEN. GMCA, working in partnership with a wide range of organisations including Greater Manchester's 10 local authorities have contributed to a 57% reduction in rough sleeping over 3 years. The Housing First pilot, led by GMCA on behalf of all 10 Local Authorities has housed 257 people so far.

  Key priority for next 3 years: ABEN will continue to provide support across Greater Manchester, recognising the additional needs and challenges posed by winter. GMCA will lead activity to ensure the continuation of ABEN and Housing First provision beyond their current contracts.

- **Young people not in Education, Employment or Training (£11.85 million of funding secured through ESF):** Over 7,000 young people in GM that are not in education, employment or training (NEET) have been supported over the last 3 years. Current GM wide programmes to support NEET young people include:
  - Skills Support for Unemployed (led by The Growth Company) – offering one to one support to young people aged 15-24 to increase confidence and access employability skills.
  - GM Future Workforce Fund (led by The Princes Trust) – offering a range of courses and tailored support to provide vulnerable young people with the practical and financial support needed to stabilise their lives, develop self-esteem and confidence, and gain valuable skills for work.

  Key priority for next 3 years: Maximise the delivery of programmes offered, including new programmes such as a GM ESF NEET & Youth Employment programme, which will support 6,000 young people aged 15-24.

- **EnterprisingYou (£8m of funding secured from the Department for Education):** Up to 2,850 of the city region's self-employed people aged 18+ are benefitting from free support. This incorporates tailored guidance from a personal business coach, as well as specialist support in areas such as personal finance, health and well-being and a range of bespoke training opportunities, enabling self-employed people to develop and grow their business. The service has supported hundreds of small businesses in GM to date.
  Key priority for the next 3 years: Continue to provide support and networking opportunities for self-employed individuals in GM through EnterprisingYou.

- **Victim Services and domestic abuse perpetrator programmes:** Through funding secured from the Ministry of Justice, GM is radically transforming and improving the way victims' services are delivered in the city region and are putting victims and survivors of crime at the heart of how we design and deliver these support services. GMCA has launched a Gender Based Violence (GBV) strategy, which focuses on preventing GBV through a whole system approach, whereby all stakeholders come together to better understand this issue and enable effective change. GMCA has also secured funding for domestic abuse prevention programmes which focuses on preventative work with perpetrators.
  Key priority for the next 3 years: Successful implementation of reform to victims' services. Ensure delivery of the ambitions set out in the GBV Strategy, including domestic abuse prevention programmes which focuses on preventative work with perpetrators.

- **Safer Streets Funding (£500k secured):** GMCA has secured funding for the Safer Streets Initiative, aimed at helping women and girls feel safer when out and about in the city-region.
  Key priority for the next 3 years: We will implement a range of measures that will help women and girls feel safe when out and about in Greater Manchester, including steps to improve the safety of women and girls on public transport and increased lighting and CCTV in key areas.

- **GM Environment Fund:** GMCA and partners established a fund which aims to blend restricted and unrestricted funds to deliver greater investment into the region's natural environment. The fund will be used to deliver our wider objectives for addressing inequality and delivering our environmental ambitions.

  Key priority for next 3 years: Investigating revenue models from sale of carbon and biodiversity credits through peatland restoration and increasing biodiversity. Establish a Mayoral Green Spaces Fund.

- **Green Homes Grant (£10.3 million of funding secured):** GMCA is working in partnership with E.O.N to make homes across Greater Manchester more energy efficient through the allocation grants of up to £10,000 to low-income households. More than 500 GM households received grants in the first round, enabling them to make improvements such as installing insulation and low carbon heating systems, which will reduce energy bills and cut emissions. A second round of funding is supporting a further 800 households across the city-region.

  Key priority for next 3 years: To build on the grant funding award to establish a GM wide retrofit delivery vehicle (Retrofit Accelerator) and implement the GM Retrofit Action Plan.
- **Social Housing Decarbonisation Fund:** Our Local Authorities have collectively bid for c.£15m of Social Housing Decarbonisation funding, whereby registered providers of social housing can apply for funding to improve the energy performance of their social homes. Subject to this bid being successful, GMCA will be the accountable body for the bid on behalf of Greater Manchester Local Authorities and Registered Providers.
  Key priority for the next 3 years: Support the region's social landlords to maximise available funding and increase the energy efficiency of their housing stock.
- **Managing European / Government Funding (£87 million ESF funding):** We have supported Greater Manchester residents to access training, employment and

development opportunities through the commissioning and effective management of £87 million of funding through the European Social Fund (ESF). GM's Working Well programmes are one example of this support. We have also supported businesses to start, innovate and grow across a range of European Regional Development Fund (ERDF) business support programmes. Additionally, a number of significant ERDF capital investments supporting our innovation ambitions are approaching completion including Energy House 2 and the Centre for Intelligent Automation and Robotics at the University of Salford and a Sustainable Materials Innovation Hub at the new Royce Building at Manchester University.
Key priority for next 3 years: Securing and managing UK Shared Prosperity Funds (the replacement of European structural funds) into Greater Manchester that will ensure GM's people and places benefit from investments, in line with Greater Manchester Strategy objectives. ESF and some ERDF programmes will operate until Autumn 2023.

- **Local Growth Fund (£493.5 million of funding secured by GM LEP):** 4,841 jobs have been created across Greater Manchester and £240 million secured in private sector investment. Examples of projects supported by the fund include:
    - **Manchester Metropolitan University (MMU) School of Digital Arts** - Construction of MMU's ground-breaking interdisciplinary School of Digital Arts, which will bring together art and design, technology and computing all under one roof. Investment in new workspaces, networks, teaching and research will help meet the needs of the digital sector.
    - **Manchester College and UCEN Learning, Training & Employment campus -** This multi-campus development project includes the construction of a new city centre campus Centre of Excellence in Creative and Digital. The upgrade of the Openshaw campus now houses Centres of Excellence in Health and Wellbeing and Construction and Logistics with industry standard facilities. The project also includes investment in Harpurhey and Wythenshawe campuses as learning hubs.
    - **Stockport Interchange-** The development of a new bus station will provide improved integration with both Stockport town centre and rail station at this major transport hub and focus for economic regeneration.

  Key priority for next three years: GMCA has an established programme monitoring function in place to monitor the agreed outputs of our investments following completion. We will continue to monitor and report KPIs to the Department for Levelling Up, Housing and Communities until 2025, which is when the monitoring period for LGF closes. GM is expected to deliver a total of 7,000 jobs and £364m in private sector investment in the next few years as projects reach completion.

- **Core Investment Funds (£900 million):** Greater Manchester has secured and is managing a range of investment funds to offer loans/equity which support business, housing and economic growth across the conurbation. Investments made by GMCA into the local economy through the Greater Manchester Investment Fund has exceeded £900m to date. This figure is continuing to rise through fund recycling as money is repaid from previous successful loans and reinvested into new projects.
  (a) The Housing Investment Fund has provided over £570m of investment in residential developments to deliver 7,688 new homes and is on track to deliver 10,000 new homes across GM over its 10-year timeframe. Investments made into social impact funds totalling £15m will deliver around 300 new homes for vulnerable people in GM.
  (b) The Business Investment Fund has invested £101m into businesses, supporting

and creating 9,104 jobs.
(c) £264m has been invested in commercial property development, delivering nearly 200,000 square metres of BREEAM accredited employment space to support business growth and inward investment.
Key priority for next 3 years: To continue making new investments that will support the growth of businesses and the creation of jobs which contribute to a thriving and productive economy across Greater Manchester, and deliver new housing that supports Greater Manchester's plans to see 10,000 new homes built every year. Within this, key priorities will be to continue supporting priority sectors within Greater Manchester's economy, and to maintain a balance between investment in larger city-centre residential developments and those led by SME developers or with marginal viability in priority town centres.

- **Get Building/Brownfield Land Funds (£97 million of funding secured from the Brownfield Housing Fund and £54.2m funding from Getting Building Fund)** Funding is being used to bring forward stalled sites that will ultimately see delivery of commercial / industrial floorspace and high quality housing across Greater Manchester. The brownfield funding will see the remediation of land across Greater Manchester that will deliver thousands of homes for Greater Manchester residents, delivering on Greater Manchester s policy to develop brownfield sites first and bring unviable land back into use.

  Key priority for next 3 years: Ensure grant expenditure and regeneration of brownfield sites and ensure delivery of 8,638 homes for Greater Manchester residents (second phase of funding will deliver 2,720 of these homes).

- **Public Sector Decarbonisation Scheme (£78 Million of funding secured):** GMCA is supporting energy efficiency upgrades to more than 150 public buildings across the city-region, helping to cut emissions and create or safeguard around 2,000 jobs. Retrofitting measures include new heating systems, solar panels, and energy monitoring and control systems.

  Key priority for the next 3 years: To create a rolling programme of Public Sector retrofit, which demonstrates leadership, supports jobs and low carbon goods and services sector development.

- **Made Smarter:** Since 2018, Made Smarter has engaged with over 350 businesses in GM, helping manufacturers to modernise by adopting digital technologies. Overall, businesses in Greater Manchester have secured £885,000 in matched funding for 47 projects, generating £2.2m of private sector investment. The projects are forecast to deliver an additional £33m in gross value added for the city-region's economy over the next three years, creating 198 new jobs.
  Key priority for next 3 years: Ensure that Greater Manchester manufacturers receive the necessary digital technology support to enable them to become more productive and support the growth of Greater Manchester's economy.

Objective 3: Work with the ten local authorities to drive collective activity that puts Greater Manchester at the forefront of tackling social, economic and environmental issues

GMCA works in partnership with the ten local authorities in Greater Manchester, where working together can help deliver activity which better tackles important issues for the city region.

Examples of our achievements and future priorities under this objective include:

- **Transport - activity led by Transport for Greater Manchester (TfGM):** TfGM has ensured transport played its part in GM's emergency response to the pandemic, including by protecting services for those needing to make essential journeys, re-deploying staff to support other areas of GM's response, working with partners to ensure Metrolink and other modes are as Covid-safe as possible, and working with Government to secure multiple packages of emergency funding to keep the trams running and to deliver active travel schemes to help people get around safely on foot and by bicycle.
  2021 also saw a significant moment for the city-region's long-term vision for rail with TfGM taking operational control over Horwich Parkway Station. Mayor Andy Burnham also announced that Greater Manchester would be the first city region outside of London to take control of buses through franchising. GM was awarded more than £1bn in Government 'City Region Sustainable Transport Settlement' (CRSTS) funding, the largest amount secured by any city region, and a further bid was made to Government for funding for GM's bus network. The Bee Network Cycle Hire scheme was launched, and there was ongoing progress to create the UK's largest cycling and walking network, with £73m worth of schemes completed or under construction. The year concluded with a major milestone in the Bee Network, GM's vision for a London-style integrated public transport system, with the first phase of bus franchising procurement opened, with potential operators submitting their interest in operating services in Bolton and Wigan as part of the first tranche of franchising.
  Key priorities for the next 3 years: With CRSTS funding of over £1bn secured, and the expectation of more funding for bus through the Bus Services Improvement Plan process, the coming years will see Government funds starting to be deployed into a wide range of transport initiatives focussed on the shared priorities of TfGM, GMCA and Local Authorities, including into the development and delivery of the Bee Network. In particular (currently pending judicial review decision), the work to deliver bus franchising in tranches from 2024 will be vital to enable GM to properly integrate our bus and Metrolink networks, including with a joined-up fares and ticketing policy. Work is also continuing to deliver new transport interchanges at Stockport and Bury and to develop schemes to improve orbital connectivity around GM and to make local highways, cycling and walking improvements in town centres. All ten GM Local Authorities are currently under a legal direction from Government to tackle illegal levels of NO_2 pollution across Greater Manchester. Proposals for the introduction of a Clean Air Zone together with financial support packages to help vehicle owners transition to cleaner vehicles are subject to ongoing discussions with Government, with actions being taken over coming years. The coming years will also present significant opportunities for GM to advance long-term ambitions on rail devolution and continue to pursue the case for the best possible form of HS2 to be secured through the multiyear legislative process.

- **Greater Manchester Good Employment Charter / Real Living Wage:** GMCA developed the Charter, which aims to raise employment standards across Greater Manchester, including through payment of a real living wage – based on the cost of living. This supports Greater Manchester's ambitions to become the UK's first Living Wage City-Region. Over the past year the Charter has grown by 125%, reaching over 450 employers, with Charter Supporters now covering 230,000 employees in the city region.

Key priority for the next 3 years: Build on the success of the Charter by increasing the number of businesses engaging with it and drive forward Greater Manchester s ambition to become the UK's first Living Wage City-Region.

- **Digital inclusion:** GMCA launched a new Digital Inclusion Action Network to tackle the digital divide across Greater Manchester and ensure more of our residents are able to get online. This activity has supported a number of different groups, including around 3,500 children who have been supported through the Greater Manchester Tech Fund which has garnered cross industry and public sector support to provide equipment and connectivity for children during the pandemic. **Key priority for the next 3 years**: Through the Digital Inclusion Action Network & Taskforce, we will seek to address the digital divide across Greater Manchester and help in addressing barriers to digital inclusion such as connectivity, accessibility, affordability, skills, motivation and confidence. Working in partnership we are prioritising under 25s, over 75s, and disabled people.

- **Digital, data and technology enabled public services:** GMCA is enabling digitisation of a range of services for residents, businesses and professionals across Greater Manchester in partnership with localities. Priority areas of work include Early Years support, Supporting Families, the Public Sector Decarbonisation Scheme and Homelessness, with the intention of applying re-usable techniques and technologies to improve services and insights. **Key priority for the next 3 years**: Digital Early Years record across all ten boroughs in support of School Readiness; data and analytics capability that supports city region priorities across environment, victims services, reform, work & skills, place and equalities.

- **Care Leavers Guarantee:** The Greater Manchester Care Leaver Guarantee outlines the city region's approach to boosting outcomes for often vulnerable young people who leave the care system. This activity is strongly supported by a range of agencies including Youth Focus North West, Manchester Metropolitan University and Transport for Greater Manchester. This partnership working is key to making this a success and GMCA work with the 10 Councils and partners from the Voluntary and Community Sector, Health, Housing and Education providers to deliver against 5 key themes:
  1. Be better prepared and supported to live independently
  2. Have improved access to education, employment and training
  3. Experience stability in their lives and feel safe and secure
  4. Receive improved access to health support
  5. Achieve financial stability

  Key priority for the next 3 years: Ensuring a high quality and consistent offer across GM for our care experienced young people with targeted programmes to support education and employment opportunities, digital connectivity, travel and transport and housing.

- **Greater Manchester Apprenticeship and Careers Service (GMACS) / Young Person's Guarantee:** Over 100,000 young people across 107 institutions have used GMACS provided by GMCA - a one stop shop that allows young people to search and apply directly for opportunities with businesses, gain careers advice, access skill-building workshops and apply for apprenticeships. The platform has grown considerably to incorporate material on other issues of the concern raised by young people through the Young Person's Guarantee such as transitions into work and training, health and wellbeing, digital connectivity and transport safety.

Key priority for the next 3 years: Further develop GMACS for young people in Greater Manchester, providing careers advice and allowing young people to apply for courses, jobs and apprenticeships. Build on the Young Person's Guarantee and take forward the recommendations made by the Youth Task Force.

- **Age-friendly City-Region:** GMCA is committed to making Greater Manchester a better place to grow older and has worked with partners to provide support to people as they age. Through the £10m Ambition for Ageing programme, we worked with community groups and over 21,000 residents to design and deliver local projects that created more age-friendly places and empowered people to live fulfilling lives as they age. Activity focused on work in 25 neighbourhoods across Greater Manchester and the 53 Mayoral Age-friendly challenge areas and focused on tackling thematic issues, such as the development of social eating activities. In addition, during 2020 we produced and distributed 150,000 information booklets to older adults and promoted the Valuable not Vulnerable campaign in partnership with the Greater Manchester Older People's Network. We also published guidance on age-friendly housing, the impact of Covid on marginalised communities, and promoting the Pride in Ageing project to support older LGBTQ+ people. In addition, we have worked with Greater Manchester housing organisations to support GM pensioners to claim £2 million in unclaimed benefits through the "Top-Up" campaign.
  Key priority for the next 3 years: Attract further resources for the age-friendly neighbourhood work, expand the Take-Up campaign and reduce digital exclusion and work to expand employment opportunities for 50plus workers, promoting better housing options and working with the NHS, TfGM and Greater Sport on improving how older people can get around their neighbourhood.
- **Gender-Based Violence:** In September 2021 GMCA launched a 10-year strategy to tackle gender-based violence. This will see a radical transformation in Greater Manchester's approach to tackling this issue. Our aim is to lead a comprehensive, responsive programme of service delivery that enhances the safety of women and girls, whilst preventing gender-based violence, challenging the attitudes and inequalities that promote it, and enabling those perpetrators who want to change to do so. There are multiple different forms of gender-based violence and a wide range of issues , including inequality, that perpetuate it. We outline these in our strategy and how we intend to tackle them taking a whole system approach. First and foremost, our goal is to prevent gender-based violence in the first place and so prevention activities will be prioritised.
  Key Priority for the next 3 years: Launch a Gender-Based Violence Board, and Victim and Survivor Panel. Develop an initial delivery plan that prioritise commitments made in the strategy in respect of public engagement and education, issues associated with housing, perpetrator programmes and improving policing and criminal justice.

- **Places for Everyone:** Following the withdrawal of Stockport from the Greater Manchester Spatial Framework process in December 2020, the remaining 9 local authorities (Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Tameside, Trafford and Wigan) have continued to progress a joint local plan (called Places for Everyone). This plan has recently been through a formal consultation (Regulation 19 – Publication Stage) and it is intended to submit the plan to the Secretary of State for examination, in early 2022. The Places for Everyone plan underpins our ambitions for levelling up across Greater Manchester in particular looking to address spatial inequalities.

Key priority for the next 3 years: To adopt the Places for Everyone plan by the end of 2023 and deliver the Plan's ambitions, through the Greater Manchester Growth Locations work, which will provide the platform for a levelling up approach across Greater Manchester, by creating value through new development and in turn ensuring that the resultant benefits and outcomes are experienced across wider GM communities.

- **Housing Delivery:** The Greater Manchester Housing Strategy provides a framework for the delivery of the new homes set out in Places for Everyone. Amongst its priorities are plans to deliver safe, decent and affordable housing for GM residents. A total of 12,149 new homes were built in the city region over the last year, a slight fall from the previous year but the third year in a row with completions over 10,000.

  Key priority for the next 3 years: We will set out a plan to deliver 30,000 new zero-carbon homes for social rent by 2038. We will work to radically improve temporary accommodation standards, with a focus on families experiencing homelessness.

- **Culture, creativity and night-time economy:** Greater Manchester has a thriving, world class cultural offer that supports the creativity of our people, reflects the distinctive identity of our places, attracts talent and visitors from across the world and recognises the role culture plays in the health and wellbeing of our residents. Between 2020-2023 GMCA has invested £4.1m per annum in cultural organisations and strategic activity that supports the delivery of the Greater Manchester Culture Strategy, recognising the significant global reputation and impact of our arts and culture. The music sector alone in Greater Manchester is worth more than £169m per annum. From initiatives like the Greater Manchester Music Commission, StreamGM, Town of Culture and Creative Improvement Districts to regular investment in a broad range of organisations, from The Halle and Manchester International Festival to Sheba Arts and Art With Heart. Our work supports creativity in our diverse communities and puts talent on a global stage. During the Pandemic, GMCA supported the cultural sector by providing six months grant payments upfront to organisations it funds as well as developing and delivering a number of strategic projects. These included Covid Commissions, 60 micro grants of £500 that recognised the precarity of work for freelance artists, Creative Care Packs, which saw more than 20,000 activity packs delivered to digitally excluded residents during Lockdown, and United We Stream which produced 308 hours of live content for 48 shows, amassing more than 20 million views, raising £583,000 for local good causes, cultural organisations and charities, and providing both a platform and creative outlet for 400+ artists and cultural organisations.

  Key priority for the next 3 years: We will work with partners to revise our approach to cultural investment, building on successes to date, maximising opportunities across our city region and beyond and ensuring that the sector supports and promotes talent and actively reduces barriers to participation and engagement.

- **Coordination of Covid response**: GMCA has been instrumental in the development and delivery of the Covid response, providing leadership, coordination and input across a range of response structures. GMCA played a crucial role in coordinating the system, working with local authorities and other agencies, to ensure a consistent and collective understanding of impacts arising from the

pandemic and supporting the delivery of responses. The Living with Covid Resilience Plan provided a framework and clear set of priorities to support the effective delivery of services and support. The collaborative approach adopted, working across sectors and agencies to develop this Plan continued through its implementation.
Key priority for the next 3 years: Continue to lead Greater Manchester level partnership, convening the whole of the Greater Manchester system to deliver on collective shared ambitions set in the Greater Manchester Strategy.

Objective 4: Ensure Greater Manchester is speaking with one voice – developing, leading & implementing our evidence-based strategies, building our networks and partnerships and influencing policy

We work with the ten local authorities in Greater Manchester to build the evidence and external partnerships that we need to drive Greater Manchester's collective agendas and provide system leadership.

Examples of our achievements and future priorities under this objective include:

- **Environment:** There are major environmental challenges that threaten the health and prosperity of our region. Greater Manchester's Five Year Environment Plan sets out our long-term environmental vision – to be carbon neutral by 2038 – and the urgent actions we all need to take in the next five years to help achieve this. This commitment to accelerate progress to net zero in the North West by 2038 puts Greater Manchester at least 10 years ahead of the national target. There are a number of projects that are supporting Greater Manchester's vision of a low carbon future including:
    - **Energy Innovation:** We have established an Energy Innovation Agency with Greater Manchester's Universities, public and private sector partners. The aim of the Agency is to accelerate the commercialisation of technologies which can reduce carbon emissions.
    Key priority for the next 3 Years: Fully establish the Agency and support a pipeline of innovations to commercialisation

    - **Go Neutral:** The Go Neutral Smart Energy call-off framework aims to support Districts and other public bodies to optimise renewable energy generation on the public estate and to take greater control of how we generate, use and trade our energy locally. It marks an important milestone in our plans to decarbonise the city region and facilitates a pathway for us to continually develop and fund significant amounts of renewable energy on Local Authority assets. The initial phase will seek to deliver 85 MW of solar power generation with battery storage and electric vehicle charging infrastructure.
    Key priority for the next 3 Years: It aims to deliver an additional 300MW of renewable energy over the next three years and, through engaging local supply chains, it will create local investment opportunities that will support local sector development and jobs.

    - **Local Area Energy Plans:** Local Area Energy Plans (LAEP) aim to model, at the local level, the future energy supply and demand and

consequent network required to get us to carbon neutral by 2038. LAEPs have been completed for Bury, Salford and Manchester. Oldham, Rochdale, Tameside and Stockport are now underdevelopment.
Key priority for the next 3 Years: To complete the production of a LAEP for each District plus a GM Wide Plan and utilise these plans for the planning of future investments and interventions.

- **Retrofitting:** The Greater Manchester Retrofitting Task Force will develop plans to deliver low-carbon retrofitting across the city-region. Its aim will be to outline how home and building improvements can take place on a mass scale, while identifying opportunities to boost new skills, create good jobs, and drive investment in low-carbon industries.

- **Tackling Inequalities:** We have developed the Social Value Framework to encourage all organisations to help tackle inequalities in Greater Manchester and act in a sustainable way. Linked to this, we have signed a new agreement setting out how GMCA and the VCSE sector will work together to tackle entrenched inequalities across the city-region. We have also established a range of Equality Panels, including a Women & Girls Panel, Race Equality Panel and Faith and Belief Panel, to enable us to hear from our diverse communities and tackle inequality in GM.

  Key priorities for the next 3 years: We will continue to tackle inequalities across Greater Manchester through:

  - using social value to make the things that we do, good, fair and sustainable. We will encourage every organisation in Greater Manchester to do this too through the continued implementation of our Social Value Framework.

  - promoting the role of the VCSE sector and working with the sector to tackle entrenched inequalities across Greater Manchester, through implementation of the new VCSE agreement. This will include the delivery of a 5-year programme of work which aims to maximise the ability of VCSE organisations to really make a difference in communities and localities.

  - embedding the work of our Equality Panels.

- **Reform:** We are committed to ensuring that the most effective systems of support are available to residents across Greater Manchester, in particular getting the right help to the right people, at the right time. The Greater Manchester Model of Unified Public Services sets out our ambitions to integrate services around people, prevention & place, ensuring that everyone in the city-region is able to fulfil their potential. We are using this approach to drive change and transformation across the full family of GM public services as well as working closely with our VCSE sector, recognising the important role they play. Our unified approach has been used to inform the design of a range of associated strategies including the Greater Manchester Children's Plan, Homelessness Prevention Strategy, Responding to Multiple Disadvantage and our 'Ageing in Place' programme.

  Key priorities for the next 3 years: GMCA will continue to be recognised as a national trailblazer for Public Service Reform, we will reinvigorate our work around integrated neighbourhood support by building in learning from the community response to the pandemic. We will also develop a network to identify, amplify and elevate the innovative approaches to help and support that are taking place in communities across Greater Manchester.

- **Greater Manchester Violence Reduction Unit (GMVRU):** Established in 2019, the GMVRU is a team of subject leads and experts from Greater Manchester Police, GMCA, Public Health, Education, community voluntary sector, youth justice and local authorities, addressing the underlying causes of violence and working together with communities to prevent it. In July 2020, the VRU launched its Serious Violence Action Plan, which sets out seven priorities for the unit and the framework through which serious violence will be addressed.

  Key priorities for the next 3 years: Reduce serious violence, especially in the under 25 age group, and strengthen local communities through a place-based approach to investment and interventions.

- **Resilience:** The Greater Manchester Resilience Unit (part of GMCA) ensures that the city-region is able to plan and respond to civil risks and emergencies. This could include terrorist attacks, infrastructure or technology failures, infectious diseases such as Covid19 and natural hazards such as moorland fires and flooding. The Unit offers a year-round emergency response service, ensuring Greater Manchester's local authorities always have access to disaster management expertise. Greater Manchester's progress in this area has recently been recognised with the city-region being named as a "Resilience Hub" for its policy and advocacy work in addressing growing climate and disaster risks.
  Key priorities for the next 3 years: We will create a resilient city region by continuing to ensure that Greater Manchester is prepared and able to respond to civil risks and emergencies. We will play a lead role in this at a GM level working with the ten local authorities in Greater Manchester.

- **International activity:** We work with the ten local authorities in Greater Manchester and our partners on our shared ambitions and stand together in promoting our city-region to the world. In 2020 a one-year International Strategy was agreed to respond to the international challenges that emerged from the pandemic and the continued uncertainties surrounding EU exit. The strategy also reframed our new international ambitions and priorities around a new Greater Manchester context and new UK foreign policy. A new three-year refresh of the Strategy will be launched in early 2022. The creation of the Greater Manchester -Japan Steering Group and the Greater Manchester -Bangladesh Partnership Board have strengthened our working with these countries as has the signing of several Memorandums of Understanding with the metropolitan authority of the Ruhr (Germany) and the State of Maharashtra in India.
  Key priorities for the next 3 years: We will continue to work with the ten local authorities in Greater Manchester and partners to realise our ambitions and promote GM to the world, building on the partnerships and agreements that are now in place. Through Greater Manchester's new International Strategy we will deliver our long-term international ambitions for international trade, foreign direct investment, research and innovation collaborations, international visitors and international students.

- **Economy:** We are committed to delivering a thriving and productive economy in all parts of Greater Manchester. The Greater Manchester Local Industrial Strategy provides the rigorous evidence base and priorities for raising productivity and increasing the number of good jobs across all parts of the city region. The Local Industrial Strategy draws together activity across Greater Manchester's highly

productivity Frontier sectors and high employment Foundational Economy, linking in with other strategies such as the International Strategy, Housing Strategy / Good Landlord Charter, Cultural Strategy, Digital Blueprint, Innovation Blueprint, and the Green City Region Partnership ambitions.
Key priorities for the next 3 years: The Greater Manchester Local Industrial Strategy will be refreshed to flexibly respond to new economic challenges and opportunities. The GMCA will continue to support the development of Innovation Greater Manchester, led by the city region's businesses and universities.

- **Work with local authorities and partners:** We have overseen delivery of the priorities set out in the 2017 – 2020 GM Strategy and one year Living with Covid Plan. The GMCA has convened the whole Greater Manchester system to develop the refreshed Greater Manchester Strategy and ensured all stakeholders are engaged and involved in its development and delivery.
  Key priorities for the next 3 years: We will drive forward the priorities set out in the refreshed Greater Manchester Strategy, working with local authorities and partners to deliver the programmes and activity which support our shared outcomes and commitments.

- **Work with national Government:** We have worked to develop new proposals for partnership working with national Government across a wide range of areas. This has included working with Parliamentarians, Ministers and Civil Servants to deepen their understanding of the towns and cities of Greater Manchester, and the opportunities which can be created through working in partnership. It also meant providing intelligence to partners across Greater Manchester on engagement with Government and in Parliament, including submissions to Select Committees, White Papers and fiscal events such as Spending Reviews and Budgets.
  Key priorities for the next 3 years: We will work with Government to shape and implement the levelling up agenda, with the Levelling Up White Paper expected in early 2022. We will also work with partners on Parliament Bills which are a priority for the city region.

- **Information Governance:**
  To manage, share and use information effectively, public services need to have consistent information governance policies and practices. The GMCA and Greater Manchester Local Authorities are working together to provide leadership on information governance and to promote consistent working practices; by strengthening shared ways of working, policies and tools to enable effective information assurance in the context of a growing complexity and pace of demands for data sharing.

  The Greater Manchester Information Board provides strategic oversight and co-ordination of a Greater Manchester approach to principles and standards for information governance and data sharing. This entails supporting and providing direction to the development of a strategic information sharing approach across Greater Manchester programmes.

  Key priority for the next 3 years: Implement a Greater Manchester information governance framework for the better use, management and sharing of information and data and deliver the Greater Manchester Information Strategy. In addition, we will work with Government to improve the way data is shared to better meet the needs of children, families and adults, including through the Data Accelerator programme.

6. Where to find out more

Our websites: www.greatermanchester-ca.gov.uk, www.manchesterfire.gov.uk, www.r4gm.co.uk

Our social media: Find us on Twitter, Facebook, Linked In and You Tube

We also hold regular public facing events where you can ask questions to the Mayor and other leaders of Greater Manchester. To find out more visit our social media channels for the latest information.

Greater Manchester Fire & Rescue Service and Waste Disposal Service

GMCA incorporates Greater Manchester Fire and Rescue Service and Greater Manchester Waste Disposal Service. Further details of the role of these services are provided below.

Greater Manchester Fire and Rescue Service

Greater Manchester Fire and Rescue Service (GMFRS) is one of the largest Fire and Rescue Services outside London with more than 1,637 members of staff and 41 fire stations. It covers an area of approximately 500 square miles and a culturally diverse population of 2.8 million people.

Responsibility for the Service sits with the mayor, with certain functions delegated to the Deputy Mayor for Policing, Crime and Fire, bringing police and fire functions closer together.

GMFRS vision is to be a modern, flexible, resilient fire and rescue service. Its primary function is to provide the best emergency response it can to local communities in Greater Manchester, however its role is much broader than this. GMFRS has focused on prevention and protection work over the last decade to try and stop incidents happening in the first place, improving community outcomes, educating and developing young people and making fire station facilities available and more welcoming to the public.

The priorities for GMFRS are set out in the Greater Manchester Fire Plan. This is the overarching strategy for GMFRS and outlines the work GMFRS will undertake to help make the city region safe. The plan includes six priorities and a number of commitments to residents, businesses and partners across Greater Manchester.

The six priorities are:

- Provide a fast, safe and effective response
- Help people reduce the risks of fires and other emergencies
- Help protect the built environment
- Use resources sustainably and deliver the most value
- Develop a culture of excellence, equality and inclusivity
- Integrate our services in every locality with those of partner agencies

It provides a clear understanding of how GMFRS will continue to prevent, protect and respond efficiently and effectively to meet the needs of Greater Manchester's communities. It also explains how it will help deliver the wider Greater Manchester Strategy.

In addition to the Fire Plan, an Annual Delivery Plan for the Service outlines exactly how the commitments in the Fire Plan will be delivered. Together, the two plans fulfil the Service's statutory duty to produce an Integrated Risk Management Plan.

GMFRS will face a number of pressures over the next three years. The pandemic will have a lasting effect on communities across Greater Manchester and how GMFRS continues to protect them. Financial uncertainties are likely to negatively impact the money GMFRS receives both locally and nationally, meaning it will have to work hard to deliver services as efficiently as possible. Many of the threats in the built environment exposed by the Grenfell Tower fire remain and there is a need to ensure those risks are resourced appropriately. The climate emergency will continue to affect communities and GMFRS has a responsibility to not only reduce its own impact, but to respond to wide-area flooding and moorland fires when they occur. In addition to this, GMFRS will need to change how it delivers services in line with the findings from the inquiries into the Grenfell Tower fire and the Manchester Arena attack, as well as the recommendations from Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) inspection of GMFRS.

Waste Disposal Service

GMCA is the statutory waste disposal authority for nine of the ten Greater Manchester local authorities (Wigan makes its own arrangements for waste disposal) and is responsible for managing c.1.1 million tonnes of waste every year that is collected by the ten local authorities from households and from 20 Household Waste Recycling Centre's (HWRCs). The statutory responsibility for waste disposal transferred to GMCA in April 2018 when the former Greater Manchester Waste Disposal Authority was dissolved. GMCA is the largest waste disposal authority in the country by virtue of the quantity of waste handled and geographic area served.

GMCA meets its statutory obligations through contract arrangements that were awarded in 2019 to Suez Recycling and Recovery UK. The two contracts have an initial seven year term and cover the operation and maintenance of 35 waste facilities located on 27 sites including the 20 HWRCs. Local authorities in Greater Manchester's collect four principal waste streams:

- Mixed paper and card
- Mixed glass, cans, plastic bottles
- Mixed garden and food waste
- Residual, unrecyclable waste

The 20 HWRCs are provided for members of the public to deposit household waste which can then be recycled and disposed of appropriately. These sites are a key asset and receive in the region of 500,000 visits per month. Preventing the deposit of illegal trade waste at these sites is a key activity and GMCA has introduced measures to deter traders and control access to the sites. In 2020, carpet and mattress recycling facilities were also introduced at the HWRCs and have contributed to an increase in recycling performance.

Under the Suez contracts, GMCA has placed a great emphasis on reuse of materials and 2021 saw the opening of three reuse shops where residents can buy items that have been discarded and then made available for resale. The proceeds from the shops are supporting a £100k per annum contribution to the Mayors Fund to support homelessness initiatives and a £220k per annum contribution to a Community Fund to support recycling based community projects. GMCA also undertakes a waste education programme for schools, community groups and other interested parties through a purpose-built education centre and through online activities.

The waste disposal activities carried out by GMCA are funded through a waste levy that is charged to the nine constituent local authorities and in 2021/22 the levy was set at £162.4 million. Key performance metrics are the percentage of waste diverted away from landfill and the recycling rates on the HWRCs. Landfill diversion has increased significantly over the last three years since the Suez contracts commenced and is currently at c.98%. Recycling at the HWRCs has also increased over that timeframe and is currently at c.50%.

The main challenge for the next three years will be to understand the requirements of the National Resources and Waste Strategy and how these may impact on service delivery in Greater Manchester. Central Government is due to provide further guidance and detail on these requirements in 2022 and these will inform the development of a Greater Manchester Waste Strategy.

Abbreviations and acronyms

ABEN	A Bed Every Night	HS2	High Speed 2 (rail)
AEB	Adult education budget	IT	Information Technology
bn	billion	KM	Kilo meter
BREEAM	Building Research Establishment's Environmental Assessment Method	KPI	Key Performance Indicator
CRSTS	City Region Sustainable Transport Settlement	LAEP	Local Area Energy Plans
DWP	Department for Work and Pensions	LEP	Local Enterprise Partnership
ELN	Extended Leadership Network	LFFN	Local Full Fibre Networks
ERDF	European Regional Development Fund	LGBTQ+	Lesbian, Gay, Bisexual, Transgender, Queer or Questioning. The ‘plus’ represents other sexual orientations and gender identities including (but not limited to) pansexual, asexual, and various non-binary genders.
ESF	European Social Fund	LGF	Local Growth Fund
EU	European Union	m	million
GBV	Gender Based Violence	MMU	Manchester Metropolitan University
GM	Greater Manchester	MW	Mega Watt
GMACS	Greater Manchester Apprenticeship and Careers Service	NEET	Not in Education, Employment or Training
GMCA	Greater Manchester Combined Authority	NHS	National Health Service
GMFRS	Greater Manchester Fire and Rescue Service	NO_2	Nitrogen Dioxide
GMP	Greater Manchester Police	SLT	Senior Leadership Team
GMS	Greater Manchester Strategy	SME	Small and medium-sized enterprise
GMVRU	Greater Manchester Violence Reduction Unit	TfGM	Transport for Greater Manchester
HMICFRS	Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services	UK	United Kingdom
HMPPS	Her Majesty’s Prison and Probation Service	VCSE	Voluntary, Community and Social Enterprise

HR	Human resources		

Annex B

GMCA Corporate Plan 2022 - 2025: Summary

Overview of our organisation

Our Mission

The mission of GMCA is to shape and enable Greater Manchester to deliver its shared ambitions and priorities.

Our values

Everyone in our organisation strives to be:

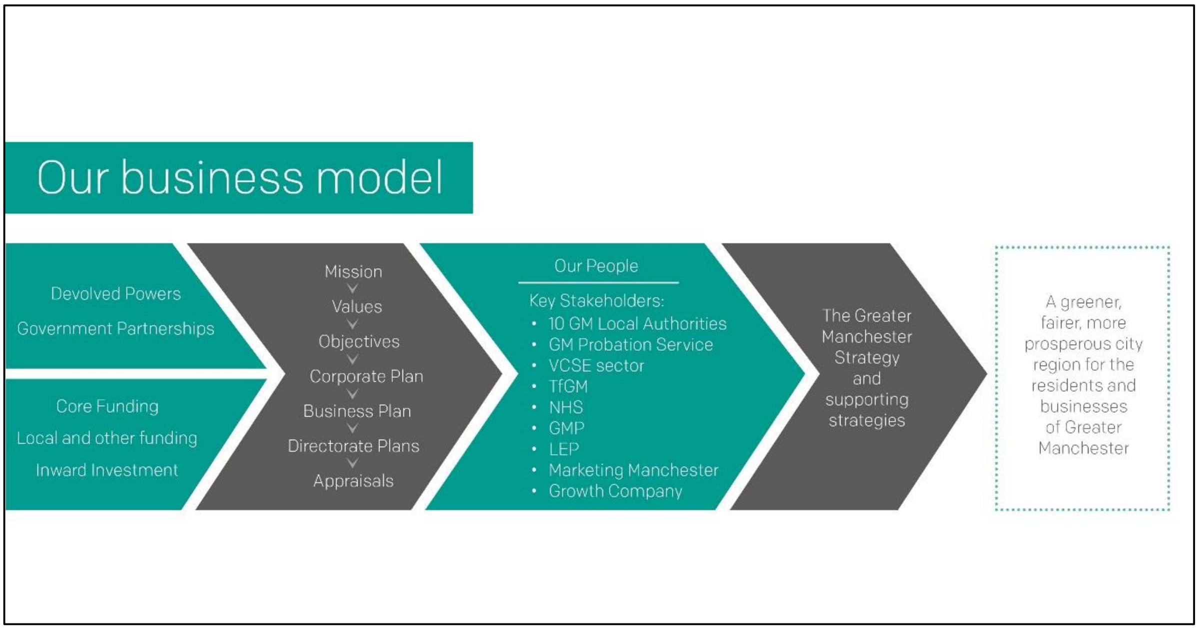
- Purpose driven and delivery focussed: our work should link to our mission and objectives and we should, with partners, make the decisions needed to link strategy to delivery to achieve the GMS priorities
- Collaborative: building trust and collaboration both with each other internally and with our local authorities and partners
- Empowering: helping people do the jobs they're here to do, removing barriers, streamlining the governance, and giving people authority to act

Our corporate objectives

We have four corporate objectives:

- Deliver core and devolved services for the public
- Secure, and manage, funding and investment at Greater Manchester level for agreed activity
- Work with the 10 local authorities in Greater Manchester to drive collective activity that puts Greater Manchester at the forefront of tackling social, economic, and environmental issues
- Ensure Greater Manchester is speaking with one voice – developing, leading & implementing our evidence-based strategies, building our networks and partnerships and influencing policy

Our Business Model



About GMCA

The Greater Manchester Combined Authority has existed in its current form since 2011 and with the election of the city region Mayor in 2017, we became the organisation we see today.

The GMCA is both a political entity and an organisation in its own right. The political part of GMCA provides direction, governance, and oversight of the work we do on behalf of the city region for our residents and businesses. The GMCA as an organisation translates that political direction into action through teams of dedicated experts across a range of functions and services.

As a political entity, GMCA comprises the ten local authorities that make up the city region. The Authority is Chaired by the Mayor and is led by the Chief Executive.

Combined Authorities across England operate in different ways and in Greater Manchester, we have worked together to take advantage of the powers we have gained through devolution. These powers have helped make GMCA bold in its ambitions, taking advantage of the functions and resources transferred to us from national government. Our devolved powers give us greater control over spatial planning, housing, transport, policing and skills. GMCA also works in partnership with health colleagues on Health & Social Care devolution and with Transport for Greater Manchester on bus reform.

Devolution has also enabled us to bring a number of organisations and functions together across the GMCA including:

- Greater Manchester Fire and Rescue Service (GMFRS)
- Greater Manchester Waste Disposal Authority (with services outsourced to a private contractor, SUEZ)
- The Police and Crime Commissioner Function, including the commissioning of probation services
- Management of the Adult Education Budget for Greater Manchester

Across the UK, the GMCA is a well-recognised and respected part of local and national governance. We are unique and have distinct differences from Local Authorities, and it is the Greater Manchester spirit of collaboration that gives us added value when it comes to strategies that benefit the whole of the city region and its people. By working together, we have, and continue to make Greater Manchester the place it is today.

Our people

As an employer, GMCA is home to over 2000 staff. Of these, around 1500 (72%) work solely for GMFRS. The other 600 are working directly for the Combined Authority, including shared support services that come under our Corporate Functions.

Our colleagues have a diverse range of skills, knowledge, and expertise in areas as distinct as economic policy to digital transformation, organisational change to fire prevention.

Within the various functions of GMCA, our colleagues spend the majority of their time working across teams and with our partners to ensure the city region speaks and acts with one voice.

The organisation is led by a Senior Leadership Team that collectively oversees the following directorates:

- Digital
- Education, work, and skills
- Economy
- Environment
- Place making
- Public service reform
- Police, crime, criminal justice, and fire
- Corporate functions; Finance / Audit / Core Investment; IT services; People Services Procurement & Contracts; Waste; Legal / Governance / Information Governance / Business Support; Strategy; Research; Communications & Engagement

We work closely with partners in health, transport, criminal justice, business, voluntary and community sectors as well as the GM Local Enterprise Partnership (LEP) , other regional bodies and national government to ensure the work we do has a positive impact on the 2.8m people that call Greater Manchester home, as well as the many thousands who chose to work, study, visit and invest in the city region.

How we're funded

Our core funding includes:

- Core Government grant
- Greater Manchester Local Authorities – consisting of a Levy and Statutory Charge for transport functions and a Levy for provision of waste disposal on behalf of nine authorities.
- Council Tax Precept
- Other grant, income and reserves

This funds the following services and a wide range of activity:

- GMCA Economic, Development and Regeneration, including devolved Adult Education Budget

- Mayoral including Greater Manchester Fire & Rescue Service
- Transport including Transport for Greater Manchester
- Waste Disposal functions provided on behalf of nine Greater Manchester local authorities
- Police Fund budget for the Police and Crime Commissioner's Office and Greater Manchester Police

Supporting Greater Manchester

In February 2022 we launched a new Greater Manchester Strategy. The strategy provides a plan and way of working on behalf of the city region.

With the primary objective of creating a greener, fairer, and more prosperous city region, the strategy focusses on what we want to achieve, how we'll achieve it, how we will work together and what this will mean. The strategy aims to deliver against the following shared outcomes:

- People's wellbeing - better homes, jobs, transport, and health, living in vibrant communities
- Thriving businesses - which succeed and look after their people, places, and planet
- Leading the UK and the world - in sectors including low carbon and digital

It is not the responsibility of GMCA to deliver these outcomes alone. Achieving results against any of these areas is down to the collective effort and energy of all our partner organisations, driven and enabled by and through the GMCA.

Our achievements

GMCA has achieved a significant amount over recent years and some examples of our achievements are provided below. Further detail can be found in our full Corporate Plan:

- successfully delivering core and devolved services for the people of Greater Manchester, including the Fire and Rescue service.
- securing and managing European and national funds that have supported growth and investment activity across Greater Manchester - for example, funding from the European Social Fund has been used to help Greater Manchester residents to access training, employment and development opportunities. In addition, funding secured for A Bed Every Night has helped reduce the number of homeless people or people sleeping rough on our streets.
- working in partnership with the ten local authorities in Greater Manchester to deliver the Greater Manchester Apprenticeship and Careers Service, the development of the Good Employment Charter, the delivery of safe, decent and affordable homes and working with TfGM on a range of transport initiatives, including the launch of the Bee Network.
- Building the evidence base and partnerships to drive Greater Manchester's agenda and provide system leadership, including through the development of the social value framework to help tackle inequalities in Greater Manchester, creating a unified model of public services to better integrate services in Greater Manchester and implementing our Environment Plan, which supports the city region's vision for a low carbon future.

We have also been able to deliver on areas as diverse as the development of a ten year gender based violence strategy, a new Fire Plan for the city region, improved access to digital infrastructure and equipment, early years interventions, delivering against our science based environmental targets, and many other essential and, in some cases, ground breaking schemes that directly affect our communities.

Over the last two years, GMCA has also played a pivotal role in supporting residents and businesses across the city region deal with the impact of the COVID 19 pandemic and now, as we begin to rebuild across all areas of society. We will continue to play a central role in supporting the city region as part of the multiagency response to this uniquely devastating issue and our plans for the next three years support this. The unique relationships we have with our districts and partner organisations will enable us to support those affected by the pandemic, making a positive difference to the lives of everyone living and working in Greater Manchester.

Our objectives and priorities

With its strong history of partnership working and the most advanced devolution deal anywhere in the UK, GMCA is uniquely placed to deliver its ambitions for the city-region over the coming years.

We have developed four corporate objectives for 2022 – 25 that will help shape and support our commitment to the city region:

Objective 1: Deliver Core/Devolved services for the public

Our key priorities for the next three years include:

- Providing the best fire and rescue service we can to our communities. Our mission is to save lives, protect communities and work together.
- Keeping people in Greater Manchester safe, reduce harm and offending, and strengthen our communities and places. We will continue to make the required improvements to policing the city region in line with GMP's forward plan.
- Co-commissioning probation services with Her Majesty's Prison and Probation Service so that we can reduce reoffending and deliver public services effectively and efficiently. This approach gives us the flexibility to diverge from national or standard policy and direction.
- Shaping adult education provision in Greater Manchester and working with partner organisations and business to deliver quality training and education. This will support our residents with learning, helping them acquire essential skills and experience to progress in work or further learning.
- Continue to deliver support across a range of Health, Life, Skills and Work-related interventions to support 22,600 Greater Manchester residents on their journey to good employment (subject to additional funding from DWP).
- Managing and disposing of municipal waste from 9 of GM's districts and working together with Suez to increase recycling rates across households

- Providing advice and support to businesses to help them grow. This includes providing access to expert one-to-one and peer-to-peer business support, events, specialist programmes and funding.

Objective 2: Secure, and manage, funding and investment at a Greater Manchester level for agreed activity

Our key priorities for the next three years include:

- Deliver Local Full Fibre Network infrastructure to 1,600 sites and look to attract more investment in infrastructure, helping support public sector reform, inclusion, and economic activity.
- A Bed Every Night (ABEN) will continue to support homeless residents across Greater Manchester, recognising the additional needs and challenges posed by winter. GMCA will lead activity to ensure the continuation of ABEN and Housing First provision beyond their current contracts.
- Continue support for young people not in education, employment, or training (NEET), plus launch the Greater Manchester ESF NEET & Youth Employment programme, which will support 6,000 young people aged 15-24.
- Continuing our focus on victim services and domestic abuse perpetrator programmes, including reform to victims' services and domestic abuse prevention programmes linked to our Gender Based Violence strategy.
- Helping women and girls feel safer through improving safety on public transport, with increased lighting and CCTV in key areas.
- Establishing a mayoral green spaces fund which will build upon the successes we've had through our Five-Year Environment Strategy. This is addition to looking at restoring our peatlands through commercial investment initiatives.
- Deliver against our retrofit action plan and build on the grant funding we've already received to create a retrofit accelerator
- Improve the energy efficiency of social housing, working with landlords to support tenants have warmer, more secure homes.
- Deliver new housing that supports Greater Manchester's plans to build 10,000 new homes every year, balancing developments across our towns and cities, including regeneration of brownfield sites to deliver an extra 8,638 homes
- Continue to roll out the refit of public sector buildings.
- Support manufacturers with access to digital technology so they can be even more productive, growing the Greater Manchester economy and supporting their employees adopt new ways of working.
- Securing and managing UK Shared Prosperity Funds. These funds will ensure our people and places benefit from investments in line with Greater Manchester Strategy objectives.
- Continue to manage the Local Growth Fund. Through the LEP, GMCA was awarded £493.5 million which has been, and will continue to be used to create jobs and attract further investment into the city region. We expect to deliver around 7,000 jobs and £364m in private sector investment in the next few years as projects reach completion.

Objective 3: Work with the ten local authorities to drive collective activity that puts Greater Manchester at the forefront of tackling social, economic, and environmental issues

Our key priorities for the next three years include:

- Supporting TfGM to deliver a wide range of transport initiatives, including the development and delivery of the Bee Network and the work to deliver bus franchising, which will be vital to enable GM to properly integrate our bus and Metrolink networks. All ten GM Local Authorities are currently under a legal direction from Government to tackle illegal levels of NO2 pollution across Greater Manchester. Proposals for the introduction of a Clean Air Zone together with financial support packages to help vehicle owners transition to cleaner vehicles are subject to ongoing discussions with Government, with actions to be taken over coming years and we will seek to advance long-term ambitions on rail devolution.
- Building on the success of The Good Employment Charter by increasing the number of businesses engaging with it and driving forward Greater Manchester's ambition to become the UK's first Living Wage City-Region.
- Through the Digital Inclusion Action Network and Taskforce, we will address the digital divide by removing barriers to digital inclusion such as connectivity, accessibility, affordability, skills, motivation, and confidence. Working with partners, we are prioritising under 25s, over 75s, and disabled people.
- Creating digital early years records across all ten boroughs to support school readiness for our children
- Improving data and analytics capability to support our priorities around the environment, victims services, reform, work and skills, place and equalities.
- Attracting further resources for the age-friendly neighbourhood work
- Expanding the Take-Up campaign, reducing digital exclusion, and working to expand employment opportunities for workers aged over 50
- Further develop GMACS for young people in Greater Manchester, providing careers advice and allowing young people to apply for courses, jobs, and apprenticeships.
- Building on the Young Person's Guarantee and taking forward the recommendations made by the Youth Task Force.
- Ensuring a high quality and consistent offer across Greater Manchester for our care experienced young people, with targeted programmes to support education and employment opportunities, digital connectivity, travel and transport and housing
- Promoting better housing options by working with the NHS, TfGM, and Greater Sport on improving how older people can get around their neighbourhood.
- Launching a Gender-Based Violence Board, and Victim and Survivor Panel, including the development of an initial delivery plan focussed on public engagement and education, issues associated with housing, perpetrator programmes, and improved policing and criminal justice.
- Adopting the Places for Everyone plan by the end of 2023, and delivering the Plan's ambitions, through the Greater Manchester Growth Locations project.
- Setting out plans to deliver 30,000 new zero-carbon homes for social rent by 2038. We will work to radically improve temporary accommodation standards, with a focus on families experiencing homelessness.
- Revising our approach to cultural investment, maximising opportunities across our city region and beyond, and ensuring that the sector supports and promotes talent and actively reduces barriers to involvement.
- Convening the whole of the Greater Manchester system to deliver the shared ambitions set in the Greater Manchester Strategy.

Objective 4: Ensuring Greater Manchester is speaking with one voice – developing, leading, and implementing our evidence-based strategies, building our networks and partnerships, and influencing policy

Our key priorities for the next three years include:

- Through Go Neutral, delivering an additional 300MW of renewable energy over the next three years, using local supply chains, to create further investment and jobs.
- Creating Local Area Energy Plans for each district, alongside a Greater Manchester wide plan.
- Developing plans for low-carbon retrofitting across the city-region through the Greater Manchester Retrofitting Taskforce. This will include home and building improvements on a mass scale, boosting new skills, creating good jobs, and driving investment in low-carbon industries.
- Using social value to make sure the things we do are good, fair, and sustainable through the continued implementation of our Social Value Framework.
- Promoting the role of the VCSE sector, working with the sector to tackle inequalities across Greater Manchester, through implementation of the new VCSE agreement. This includes the delivery of a five-year programme to harness the potential of VCSE organisations working across the city region.
- Embedding the work of our Equality Panels.
- Continuing to be a national trailblazer, reinvigorating our work around integrated neighbourhood support by learning from the community response to the pandemic. This includes developing a network to identify, amplify and elevate new and innovative ways of working.
- Creating a resilient city region so that Greater Manchester remains prepared and able to respond to civil risks and emergencies. We will play a lead role in this at a city region level working with the ten local authorities in Greater Manchester.
- Through the Violence Reduction Unit, reduce serious violence, especially in the under 25 age group, and strengthen local communities through a place-based approach to investment and interventions.
- Fully establishing the Energy Innovation Agency and supporting a pipeline of innovations to commercialisation.
- Continuing to promote Greater Manchester to the world, through Greater Manchester’s new International Strategy. This includes ambitions for international trade, foreign direct investment, research and innovation collaborations, international visitors, and international students.
- Refreshing the Greater Manchester Local Industrial Strategy so we can respond to new economic challenges and opportunities. The GMCA will also continue to support the development of Innovation Greater Manchester, led by the city region’s businesses and universities.
- Working with Government to shape and implement the levelling up agenda, with the Levelling Up White Paper expected in early 2022. We will also work with partners on Parliament Bills which are a priority for the city region.
- Implementing a Greater Manchester Information Governance framework and deliver the Greater Manchester Information Strategy. We will also work with Government to improve the way data is shared.

Where to find out more

You can read a full version of our Corporate Plan on the GMCA website (LINK), where you'll also find further details of our achievements and our plans and strategies for the future that we coordinate across the city region on behalf of our residents and businesses.

You can also read the Greater Manchester Strategy online at (LINK).

Get involved

- Twitter
- Facebook
- Linked In

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GMCA GREATER MANCHESTER COMBINED AUTHORITY

Greater Manchester Combined Authority

Date: 11th February 2022

Subject: GM Brownfield Housing Fund – Further Funds Bid

Report of: Salford City Mayor Paul Dennett, Portfolio Lead for Housing, Homelessness and Infrastructure and Steve Rumbelow, Portfolio Lead Chief Executive for Housing, Homelessness, and Infrastructure

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PURPOSE OF REPORT:

This report seeks the Greater Manchester Combined Authority's approval to allocate grant funding to those sites recommended within this report and subsequently enter into individual Grant Agreements with the respective parties.

RECOMMENDATIONS:

The GMCA is requested to:

1. Approve receipt of the DLUHC Further Brownfield Housing Funds and allocation of grant funding to those sites set out within para 2.3 and the entering into individual Grant Agreements for those recommended sites; and

2. Delegate authority to the GMCA Treasurer acting in conjunction with the GMCA Monitoring Officer to agree the final terms of all the necessary agreements.

CONTACT OFFICERS:

Andrew McIntosh: andrew.mcintosh@greatermanchester-ca.gov.uk
Neil Waddington: neil.waddington@greatermanchester-ca.gov.uk

Equalities Impact, Carbon and Sustainability Assessment:

Alongside the preparation of this report the GMCA Decision Tool has also been populated to assist with the decision-making process. Given the nature of the decision required only Section 5 of the Impacts Questionnaire relating to the Economy was relevant. To which, the recommendations being sought approval for as part of this report were evaluated as having a long-lasting positive impact (Green RAG rating) as set out in the table below. There are no other implications to note.

Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation	Guidance
Equality and Inclusion			***See Equalities Impact Assessment Result***
Health			
Resilience and Adaptation			
Housing			
Economy		Further allocated BHF monies from DHLUC will help to support additional schemes (to those already benefitting from BHF monies and previous CA approvals) and has long term implications for increasing housing supply across GM and in turn positively supporting and enhancing GM's Economy.	
Mobility and Connectivity			
Carbon, Nature and Environment			***See Carbon Assessment Result***
Consumption and Production			

Contribution to achieving the Greater Manchester Carbon Neutral 2038 target.	Schemes put forward as part of this further submission to DHLUC have had due regard to sustainability credentials in line with the Carbon Neutral 2028 target and applied through an agreed set of deliverability criteria.

Risk Management

The grants will be conditional upon a satisfactory outcome of detailed due diligence and ongoing monitoring confirmation that the schemes are being delivered satisfactorily.

In view of the nature of the DLUHC/MHCLG grant funding agreements for BHF any conditions will be mirrored in agreements between the GMCA and scheme promoters, mitigating any risk retained by the GMCA.

Legal Considerations

A detailed grant agreement and other associated legal documentation will be completed for each scheme ahead of the first grant payment.

There are no Subsidy Control implications associated with either GMCA accepting the grant or signing the grant agreements with MHCLG in relation to the BHF. Subsidy Control requirements will be considered further for each individual scheme allocation with any allocation being state aid compliant.

Financial Consequences – Revenue

Any revenue costs are anticipated to be funded through the existing Brownfield Housing Fund Revenue Grant received alongside the capital allocation.

Financial Consequences – Capital

Capital expenditure is provided by the further £ 11,383,097 BHF Capital Grant allocation. There are therefore no capital consequences for the GMCA.

Monitoring and reporting assurance will form part of the existing Single Pot Assurance Framework. The GMCA Accounting Officer will be required to confirm that investment is being used for the purposes agreed under the respective fund to deliver to fund's objectives.

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

N/A

Background Papers

1. Brownfield Housing Fund Tranche 1 (GMCA Approval on 30th October 2020)
2. Brownfield Housing Fund – Additional award of funding from MHCLG (GMCA Approval on 12th February 2021)
3. Brownfield Housing Fund Tranche 2 (GMCA Approval on 26th March 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

GM Transport Committee

N/A

Overview and Scrutiny Committee

N/A

1. Introduction/Background

1.1 DLUHC invited proposals on 9th December 2021 from all CA's for the allocation of Further Brownfield Housing Funds (BHF) which had been made available.

1.2 These funds are not part of the previously allocated £400m BHF as reported to the GMCA in July 2020, or part of the new £300m which is anticipated to be outlined further in the White Paper

1.3 Proposals were requested by a deadline of 5pm on 14th December 2021.

1.4 Districts were informed of the availability of funds and invitation to submit proposals through Directors of Place and eligible schemes were sought.

1.5 On 31st January 2022, DLUHC confirmed that the submission had been approved.

2. Eligibility and Schemes

2.1 Schemes were required to comply with the usual BHF eligibility as follows;

- Deliver Housing on Brownfield sites
- Minimum BCR of 1
- Maximum £15k per home
- Viability Gap preventing development
- Capital Spend only

2.2 In addition, all spend must be achieved before 31st March 2022.

2.3 The following schemes and grant allocations have been agreed by DHLUC.

District	Applicant	Scheme/Address	Units	Grant
Bolton	Bolton at Home	Lever Gardens, Little Lever	68	£481,097

Manchester	Manchester One	Moston Campus	60	£900,000
	Manchester One	Oldham Rd/Dulverston St, Newton Heath	75	£585,000
	Nuvu Development Limited, Your Housing	Jackson's Brickworks, Ten Acres Lane	313	£3,705,000
Salford	Winworth Construction/Forviva	Dudley Street, Eccles	21	£270,000
Stockport	C&C/Stockport	Wear Mill	253	£3,652,000
Tameside	Southway Housing	Emmanuel Court	42	£530,000
Trafford	Trafford	Magistrates Courts, Sale	84	£1,260,000
			916	**£ 11,383,097**

2.4 A verbal approval has now been received from DLUHC about the GMCA's allocation following DLUHC's press release on the 30th January, which made reference to £30 million being awarded to 3 Mayoral Combined Authorities in Greater Manchester, Tees Valley and West Midlands on disused brownfield land. We therefore need to enter the agreements on successful schemes and approval is requested from the CA to receive the grant award from DHLUC and to enter into the necessary grant agreements with the final recipients.

3 Recommendations

3.1 Recommendations are set out at the front of this report.

Greater Manchester Combined Authority

Date:	11th 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 seek approval of the delivery funding requirements for two Mayor's Challenge Fund (MCF) Cycling and Walking Schemes, and to note the planned extension of the MCF programme into 2022/23 in order to ensure the continued delivery of the GM Active Travel Capital Programme.

Recommendations:

The GMCA is requested to:

1. Approve the release of up to £5.4 million of MCF funding for the Bury and Salford schemes, as set out in section 2 of this report, in order to secure full approval and enable the signing of the necessary legal agreements; and

2. Note the planned continuation of the Mayor's Challenge Fund Cycling and Walking Programme into 2022/23, in support of continued scheme delivery across Greater Manchester.

Contact Officers

Steve Warrener	Director of Finance and Corporate Services	Steve.Warrener@TfGM.com
Richard Nickson	Cycling and Walking Programme Director	Richard.Nickson@TfGM.com

Equalities Impact, Carbon and Sustainability Assessment:

Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion	G	
Health	G	The schemes being both developed and delivered in full will provide the infrastructure required to support and enable Active, heathy travel - supporting both both physcial and mental health improvements.
Resilience and Adaptation		
Housing		
Economy		
Mobility and Connectivity	G	
Carbon, Nature and Environment	G	
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target		
Further Assessment(s):		Carbon Assessment

Positive impacts overall, whether long or short term.	Mix of positive and negative impacts. Trade-offs to consider.
Mostly negative, with at least one positive aspect. Trade-offs to consider.	Negative impacts overall.

Equalities Implications:

The schemes, which are developed and delivered through the Mayor's Challenge Fund for Walking and Cycling, are subject to detailed local engagement and consultation to ensure that the needs of all users are considered in producing designs which provide equity of access. All scheme proposals also undergo a detailed design assurance process which takes into account national design guidance as well as Greater Manchester's own interim cycling and walking design guidance, which itself has been the subject of discussion with TfGM's Disability Design Reference Group.

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.

Carbon Assessment

Overall Score		
Buildings	**Result**	**Justification/Mitigation**
New Build residential	N/A	
Residential building(s) renovation/maintenance	N/A	
New Build Commercial/ Industrial	N/A	
Transport		
Active travel and public transport		
Roads, Parking and Vehicle Access	N/A	Approval of MCF development costs and the provision of full scheme approval will enable both the design and delivery of active travel routes as part of the Bee Network - including the creation of new and the extension and imporvement of existing.
Access to amenities		
Vehicle procurement	N/A	Approval of MCF development costs and the provision of full scheme approval will enable both the design and delivery of active travel routes as part of the Bee Network - including the creation of new and the extension and imporvement of existing.
Land Use		
Land use		

No associated carbon impacts expected.	High standard in terms of practice and awareness on carbon.	Mostly best practice with a good level of awareness on carbon.	Partially meets best practice/ awareness, significant room to improve.	Not best practice and/ or insufficient awareness of carbon impacts.

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 2.4 and 2.5.

Financial Consequences – Capital

Financial consequences are set out in paragraphs 2.4 and 2.5.

Number of attachments to the report: **No attachments**

Comments/recommendations from Overview & Scrutiny Committee

N/A

Background Papers

- 29 January 2021 - Mayor’s Challenge Fund Cycling and Walking Financial Approvals
- 12 February 2021 - Mayor’s Challenge Fund Cycling and Walking Financial Approvals
- 26 March 2021 - Mayor’s Challenge Fund Cycling and Walking Financial Approvals
- 28 May 2021 – Governance and Cycling and Walking Financial Approvals
- 25 June 2021 - Mayor’s Challenge Fund Cycling and Walking Financial Approvals
- 10 September 2021 - Mayor’s Challenge Fund Cycling and Walking Financial Approvals
- 24 September 2021 - Mayor’s Challenge Fund Cycling and Walking Financial Approvals
- 26 November 2021 – Mayor’s Challenge Fund Cycling and Walking Financial Approvals
- 11 February 2022 – GMCA Revenue and Capital Programme Budget 2022/23

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

N/A

Overview and Scrutiny Committee

N/A

1. Introduction/Background

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). The fund had an initial four-year timeframe, running until the end of 2021/22.

1.2 The fund is being used to deliver the first phase of the Bee Active Network, which is the walking and cycling element of the wider Bee Network, which will transform Greater Manchester's transport system. The Bee Active 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.

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.

1.5 The additional c£66.5 million of funding required to deliver the overprogrammed element of the first phase of the Bee Network delivery is being sought from additional funding sources, including the City Region Sustainable Transport Settlement, with future pipeline funding planned from the national Active Travel Fund pot (managed by the Department for Transport, supported by Active Travel England).

1.6 In addition, and in accordance with Local Transport Note 1/20, all future Highway schemes will be required to provide for active travel, including in particular the Streets programme within GM's proposed City Region Sustainable Transport Settlement programme, and notably the delivery of bus priority routes and multi-modal corridors.

1.7 The report recommends full scheme funding approvals associated with the ongoing implementation of the Bee Network through the Mayor's Cycling and Walking Challenge Fund, and the continuation of the overall programme into 2022/23. This is a monthly funding approval paper in support of MCF programme delivery.

2. MCF FULL SCHEME APPROVAL

2.1 Over the last 3 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 Having previously received MCF Programme Entry, the Salford Chapel Street East Phase 1 and Bury Fishpool Phase 1 schemes are now recommended for Full Approval and subsequent delivery, requiring a total MCF contribution of £5,348,358. For Local Authority-led schemes, Full Approval will enable the release of delivery funding via legal delivery agreements.

2.4 Both schemes were subject to a full business case review, undertaken by the MCF Programme Team, which concluded that they fulfil the required five-case criteria (Strategic, Economic, Management, Financial and Commercial). This recommendation was endorsed by the Cycling and Walking Programme Board on the 3rd February and subsequently ratified by the GM Cycling and Walking Board via written procedures.

Salford Chapel Street East Phase 1

2.5 The scheme will transform a section of Chapel Street from one characterised by vehicular movement, typical of a city centre radial, into an attractive and people focused route with enhanced public realm. The scheme will include the provision of 750m of continuous footway and a terraced cycle track separated from traffic. New crossing facilities will be provided, combined with new paving and street furniture. Bury Street will be closed to traffic in order to prevent rat-running, but remain open for cyclists and pedestrians, with new lighting under the railway arches. The scheme will firmly establish Chapel Street as a gateway to the city and support the wider aspirations for regeneration of Chapel Wharf within Salford.

2.6 The scheme has a total cost of £4,688,130, with a requested MCF funding ask of £4,192,410. Following a full business case review by the MCF programme team, the scheme is forecast to return a low value for money under current conditions, however this is forecast to increase to high, based on future growth scenarios.

Bury Fishpool Phase 1

2.7 The Fishpool scheme is to be delivered in 2 phases and has been designed to reduce severance within Fishpool and increase the number of neighbourhood walking and cycling trips, whilst enhancing access by active travel modes to Bury town centre and Bury interchange.

2.8 The Phase 1 scheme includes the construction of a new bridge crossing over the River Roch, enhancing access at a point near to the closed Gigg Mills footbridge. The new crossing will provide direct access to Pilsworth Industrial Estate, connect to the Roch Valley Greenway and will help enable a network of cycling and walking routes to support active travel connections between Bury town centre and the residential areas of Fishpool and Gigg.

2.9 The scheme has a total cost and MCF funding ask of £1,155,948 and following a full business case review by the MCF programme team is forecast to return a very high value for money

2.10 Full Approval of these schemes would result in a total of 35 MCF work packages having secured full funding approval, with an associated total full approval commitment of circa £70.1 million of MCF funding.

3. ACTIVE TRAVEL PROGRAMME CONTINUATION

3.1 The Mayor's Challenge fund was established as a four-year £160 million cycling and walking capital programme to enable delivery of Greater Manchester's active travel Bee Network to commence. These four years represent the start of a 10-year ambition to deliver the longest, integrated, planned active travel network in the country, connecting every neighbourhood of Greater Manchester. The scale of this ambition was articulated in GM's Change a Region to Change a Nation plan which sets out the long-term commitment to delivery of an active travel capital scheme pipeline.

3.2 Current projections forecast active travel scheme delivery continuing throughout 2022/23 and beyond, in line with the planned 10-year delivery timeframe. The MCF programme was initiated through £160m Transforming Cities funding, however continued active travel pipeline delivery in future years will ultimately require additional sources of funding, such as the national Active Travel Fund, and as identified in the GM City Region Sustainable Transport Settlement prospectus.

3.3 In recognition of this, the Mayor's Challenge Fund, for which programme management and scheme assurance is undertaken by TfGM on behalf of the Combined Authority, will continue into 2022/23. The requisite budget provisions are set out in the February 2022 Revenue and Capital Programme Budget paper to the Combined Authority.

4. RECOMMENDATIONS

4.1 The recommendations are set out at the front of the report.

Eamonn Boylan

Chief Executive Officer, GMCA & TfGM

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