

Date: 18 December 2020

Subject: Local Growth Deal Update and Approvals

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

PURPOSE OF REPORT

The purpose of this report is to provide the Combined Authority with an overview of progress on the delivery of the Local Growth Deal (LGF) Programme (Tranches 1, 2 and 3) and to seek approval to vary the transport grant allocation, to maximise Growth Deal grant spend by March 2021.

RECOMMENDATIONS:

The GMCA is requested to:

1. Note the progress made in relation to the Growth Deal transport programme as set out in Section 3 of this report.
2. Note the progress made in relation to the non transport Skills Capital and Economic Development & Regeneration (ED &R) programmes as set out in Section 5 of this report.
3. Agree the £5.4 million variation of the Growth Deal transport grant to maximise eligible grant spend on the Mayors Challenge Fund Cycling and Walking programme for 2020/2021, as set out in Section 2 of this report.

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BOLTON	MANCHESTER	ROCHDALE	STOCKPORT	TRAFFORD
BURY	OLDHAM	SALFORD	TAMESIDE	WIGAN

Equalities Implications:

The Growth Deal Transport programme is managed in line with current legislation and assessments are carried out by the promoters of each scheme.

Climate Change Impact Assessment and Mitigation Measures:

The Growth Deal programme objectives are to introduce measures to enable economic growth within Greater Manchester. The programme contains measures to enable growth to be accommodated through improvements to the public transport network and to encourage increases in active travel.

Risk Management:

Risk management considerations are referred in paragraphs 4.2, 4.3 and 4.4 of the report.

Legal Considerations:

Legal Considerations are referenced in paragraphs 4.3 and 4.4 of the report.

Financial Consequences – Revenue:

Financial Consequences – Revenue, are referenced in paragraphs 4.1, 4.2, 4.3 and 4.4 of the report.

Financial Consequences – Capital:

Financial Consequences – Capital, are referenced in paragraphs 2.2, 4.1, 4.2, 4.3 and 4.4 of the report.

Number of attachments to the report: None

Comments/recommendations from Overview & Scrutiny Committee

N/A

BACKGROUND PAPERS:

None.

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	N/A	

1. INTRODUCTION

- 1.1 The Local Growth Deal announcements made by Government in July 2014, January 2015 and November 2016 confirmed capital funding for Greater Manchester in relation to a programme of Major Schemes, Minor Works, Additional Priorities, Skills Capital and Economic Development & Regeneration (ED &R) Programmes (Growth Deal 1, 2 and 3).
- 1.2 The Growth Deal Programme is in the final year of delivery, with Government requiring the full Growth Deal Programme and LGF grant to be fully spent by 31 March 2021.
- 1.3 The spend rate across the whole of the Growth Deal programme has now increased significantly, and all LGF funding is committed. Following a review of 2020/21 transport spend forecasts, as reported in the Capital Update Report to the 27 November GMCA meeting, there are some forecast variances across the schemes that make up the Growth Deal transport programme. Progress is currently as planned on the non transport projects.

2. CURRENT REPORTING AND PERFORMANCE

- 2.1 The Growth Deal programme overall is progressing well; with a number of major schemes on site; however as noted above, there are some variances in the 2020/21 forecasts across schemes that make up the transport element of the programme.
- 2.2 The forecast spend for capital schemes was reported to the GMCA meeting on 27 November 2020. This included the original Growth Deal schemes along with schemes contributing to the Growth Deal spend target. In July the LEP/GMCA agreed to add some MCF Cycling and Walking schemes to the Growth Deal portfolio to contribute to the Growth Deal spend target by March 2021 (with the MCF funding then being used to fund spend on remaining Growth Deal projects beyond March 2021). It is proposed to increase the total amount of MCF Cycling and Walking schemes within the Growth Deal portfolio by £5.4 million, from £26.7 million to £32.1 million to enable further activity in 2020/21 on these schemes to contribute to the Growth Deal spend target. There will be no impact in terms of funding allocations to projects as an equal amount of MCF funding would then be recycled to fund remaining spend on Growth Deal projects beyond March 2021 as set out in the 31 July Growth Deal GMCA report. This reallocation is due to be considered by GM LEP at its meeting of 15 December and, subject to the LEP's approval, GMCA approval is sought as recommendation 3 to this report.
- 2.3 The Growth Deal programme remains on target to meet the 31 March 2021 grant deadline based on the Growth Deal transport reallocation as set out in this report.

3. TRANSPORT UPDATE

- 3.1 Since the last update, the A5063 Trafford Road (Salford), Rochdale South Heywood Link Road (M62 J19) and Phase 1 of the Oldham Town Centre Regeneration/Accessible Oldham Major schemes have commenced on site.
- 3.2 Four Major schemes, Wigan Bus Station, MSIRR Regent Road/Water Street, Wigan A49 Link Road and Ashton Interchange are now complete and in operation. Works are progressing on the Salford Bolton Network Improvement Programme (SBNI), MSIRR Great Ancoats Street projects and the final element of the Metrolink Service Improvement Package. Advance works are progressing on the Wigan M58 Link Road scheme and the construction of a temporary travel shop and temporary bus station are underway as part of the Stockport Mixed Use Development scheme. Salford Central Station and Carrington Relief Road are in the final stages of development prior to moving into delivery. The Stockport Town Centre Access Plan (TCAP) scheme is in the final year of delivery and is forecast to achieve full spend by 31 March 2021.
- 3.3 The Minor Works and Additional Priorities programme continues to progress well, with the Bus Stop Accessibility programme having commenced on site in Oldham in November.
- 3.4 The Additional priorities and Minor Works programme is forecast to meet the Growth Deal grant spend allocation by 31 March 2021.

4. TRANSPORT – FINANCIAL UPDATE

- 4.1 Claims for the reimbursement of expended costs from scheme promoters are being processed on an ongoing basis, in line with the agreed Major Schemes Capital Programme Guidance.
- 4.2 The previously approved arrangements for the cash flow of development work by scheme promoters are being kept under regular review and the quarterly Capital Expenditure Updates to the GMCA provide ongoing expenditure information in relation to these costs.
- 4.3 The monitoring of the financial position on the Growth Deal programme which takes places on an ongoing basis has identified a number of schemes with projected potential savings or overruns against the original budget. As the GMCA's Local Growth Deal budget is fixed, the ultimate cost risk is borne by the relevant scheme promoter, which is either GMCA, for TfGM promoted schemes, or the relevant Local Authority. The agreed arrangements for dealing with these savings and cost overruns are being progressed, as set out in previous reports.

- 4.4 Work has continued with scheme promoters to ensure schedules and financial forecasts are regularly reviewed, and that challenges are identified and mitigated and the Major scheme programme is forecast to fully spend the remaining grant within the Growth Deal funding period to 31 March 2021.

5. NON TRANSPORT FINANCIAL UPDATE

- 5.1 GMCA's Skills Capital 2017-2020 Programme and Economic Development & Regeneration projects (ED&R) have now completed commissioning and all projects are contractually committed, with an update on progress of projects being reported at the GMCA meeting on the 25th September 2020.
- 5.2 The spend rate across the non transport projects has increased significantly and detailed forecasts have been submitted across all projects and are being monitored closely to identify any areas of risk.
- 5.3 Discussions have taken place with project leads at the colleges and Universities receiving the grants, to ensure they are aware of the March 2021 spend deadline, and appropriate actions are taken to ensure that any spend identified as being at risk past this point is reduced and brought forward, through actions such as accelerating grants, ensuring swift claims are made and exploring project level options to support an increased cashflow, always within the defray and repay rules set out in our funding agreements
- 5.4 Based on the latest position, full spend of the non transport LGF allocation is forecast to be achieved by March 21, however, work is ongoing with projects to ensure this spend deadline is achieved.

6. RECOMMENDATIONS

- 6.1 Recommendations are set out at the front of this report.

Eamonn Boylan

Chief Executive Officer, GMCA & TfGM