

## **GREATER MANCHESTER COMBINED AUTHORITY**

Date: 28 May 2021

Subject: Local Growth Deal Funding and Approvals

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

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### **PURPOSE OF REPORT:**

The purpose of this report is to provide the Combined Authority with an overview of final outcome of the delivery of the Local Growth Deal (LGF) and to set out actions needed to ensure all LGF projects can be fully completed over the coming months/years.

### **RECOMMENDATIONS:**

The GMCA is requested to:

1. Note the revised final Growth Deal allocations, recycled funding allocations and Growth Deal grant outturn figures for reporting to Government, as set out in the report and detailed in Annex A; and
2. Approve the proposals for allocating remaining non transport funds as set out in Sections 8.1 to 8.4 of this report.

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BOLTON  
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SALFORD

STOCKPORT  
TAMESIDE

TRAFFORD  
WIGAN

**Equalities Implications:**

The Growth Deal 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 as a whole includes a series of measures designed to encourage modal shift to public transport and active travel, with an associated reduction in private car use.

**Risk Management:**

Risk management considerations are referred in paragraphs 2.1 and 2.2 of the report.

**Legal Considerations:**

Legal Considerations are referenced in paragraphs 2.1 and 2.2 of the report.

**Financial Consequences – Revenue:**

Financial Consequences – Revenue, are referenced in paragraphs 2.1 and 2.2 of the report.

**Financial Consequences – Capital:**

Financial Consequences – Capital, are referenced in paragraphs 2.1 and 2.2 of the report.

**Number of attachments to the report:** 3

**Comments/recommendations from Overview & Scrutiny Committee:** N/A

**BACKGROUND PAPERS:** None

<b>TRACKING/PROCESS</b>		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution		Yes
<b>EXEMPTION FROM CALL IN</b>		
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	

## **1. INTRODUCTION**

- 1.1 The Government awarded a total of £493.3 million, over three Growth Deals to GM from 2015-2021, for capital projects that will benefit the local area and economy.
- 1.2 Transport projects were allocated £350.3 million to support the infrastructure and capital requirements for Greater Manchester's (GM's) priority Transport schemes. In addition, a further £7.3 million of Northern Powerhouse Infrastructure Fund was allocated to Transport in December 2016 alongside the Growth Deal 3 settlement that is being managed as part of the Growth Deal programme. This excludes the Stockport Town Centre Access Plan which is a Department for Transport (DfT) retained scheme, for which Stockport Council report the financial outturn separately to DfT
- 1.3 Non transport projects were allocated £143 million for Skills Capital and ED&R (Economic Development & Regeneration):
  - The Skills Capital allocation funding has been allocated to 14 projects to fund the development of world class learning facilities at Further Education (FE) level to support delivery of the work and skills strategy priorities, in line with the Greater Manchester Strategy.
  - ED&R projects comprise of a portfolio of 13 varied projects that include investment in business support, science, innovation and inclusive growth.
- 1.4 Prescribed outcomes against this funding were limited to jobs and match funding and were set against the full programme allocation of £493.3 million, recognising that only some projects would be able to demonstrate 'direct' achievement of these outcomes.
- 1.5 The outcomes agreed in the original profile with Government were for 6,250 jobs (direct and indirect) to be created and for the public sector investment to generate £210 million of private sector investment. These were set to be generated from a combination of Skills Capital, ED&R and Transport projects.

## **2. LGF OUTTURN POSITION BY 31 MARCH 2021 DEADLINE**

- 2.1 The full Growth Deal grant allocation was spent by the 31st March 2021 deadline (see Annex A for full project list and spend) and although outputs will take a few years to fully realise, are on track to achieve the full outputs set by government. Up to March 2021, a total of 5,564 jobs (direct and indirect) and £240.6 million match spend has been achieved.
- 2.2 Whilst the deadline for grant spend was 31 March 2021, several projects have spend profiles extending beyond this date and as a result, a number of additional eligible projects were brought into the programme to ensure spend of the full allocation by 31 March 2021 to meet grant conditions. The additional projects were largely

recycling in nature to allow the overhang of spend on the original projects to be funded. This also resolved an over commitment position on elements of the housing fund.

### 3. RECYCLED FUNDING - TRANSPORT

3.1 In total there are 6 projects that were brought into the transport programme to recycle funds, using the local flexibility written into Local Growth Deal under ‘Single Pot’ principles. This enabled the realignment of programmes and associated funding, at a local level, to match delivery challenges and ensure full programme spend was met by the March 2021 deadline. The full amount of recycled funds is allocated to complete the remaining elements of the Growth Deal programme.

3.2 The projects brought into the transport programme and the amount of funding that will be released by recycling of the loans and use of original funding sources is as follows:

<b>Project</b>	<b>Total</b>
Metrolink additional capacity programme/TCF 1	£61.4m
SEMMMS 19/20 and 20/21	£8.5m
Metrolink Renewals and Enhancements	£6.5m
MCF Cycling and Walking Schemes	£8.0m
Evergreen Loan	£17.0m
Crusader Loan	£9.0m
<b>Total</b>	<b>£110.4m</b>

3.3 A cashflow forecast for when the funding from the Evergreen and Crusader loan projects will be returned can be seen at Annex B. It is also worth noting that although these two investments are considered low risk, they are not 100% guaranteed to return.

### 4. ALLOCATED FUNDS – TRANSPORT

4.1 The full £110.4 million of recycled funds is allocated to completing the remainder of the original Growth Deal transport programme, which totals £117.7 million including the £7.3 million Northern Powerhouse Infrastructure Fund contribution.

4.2 This includes completion of Major projects already on site including SBNI (Salford and Bolton Network Improvement programme), South Heywood Link Road/M62 J19 (Rochdale), Stockport Interchange (and Mixed Use Development), Oldham Town Centre Regeneration/Accessible Oldham and A5063 Trafford Road (Salford), together with remaining elements of the Minor Works and TfGM Additional Priorities

programmes. The Major schemes currently under development prior to moving into implementation include Wigan M58 Link Road, Salford Central Station and Carrington Relief Road.

- 4.3 The reallocated funding required to complete the programme is set out in Annex A.
- 4.4 The Stockport Town Centre Access Plan, which is a Department for Transport retained scheme, for which Stockport Council report the financial outturn separately has also spent its full Growth Deal grant allocation.

## 5. RECYCLED FUNDING NON-TRANSPORT

- 5.1 In total there are 6 projects that were brought into the non-transport programme to recycle funds, using the local flexibility written into Local Growth Deal under ‘Single Pot’ principles. This enabled the realignment of programmes and associated funding, at a local level, to match delivery challenges and ensure full programme spend was met by the March 2021 deadline.
- 5.2 The projects within the programme that are expected to recycle are:

<b>Project</b>	<b>Grant total</b>
Broughton House	£3.0m
Protos	£12.1m
Stockport Sorting Office (HIF)	£5.3m
Stagecoach (HIF)	£4.0m
CBILS	£1.5m
Project Q	£3.0m
<b>Total:</b>	<b>£28.9m</b>

- 5.3 The above list of projects are expected to recycle funds to the amount of £28.9m. Broughton House has already returned the full amount. With the exception of CBILS, the remaining projects will return back by the end of 21/22 financial year. CBILS is due back by December 2025. A full breakdown of when these funds will return is attached as Annex C. Project Q has been included in the recycled table as, although it's not yet drawn, if the Borrower draws funds they should return so this essentially nets the project off.
- 5.4 It is also worth noting that although these investments are considered low risk, they are not 100% guaranteed to return. Therefore, this will need to be taken into consideration when planning for the remaining unallocated funds.
- 5.5 As part of the original programme £10m was also invested into a Life Sciences Fund alongside Cheshire & Warrington LEP and Bruntwood. This was a 15-year Venture Capital fund investing in Life Sciences businesses across the region. The nature of the investments and the extended time frame for any funds to return mean that we are not including the Life Sciences investment in our analysis at this time as the return cannot accurately be forecast. If this does return, we are expecting the funds

to be reinvested back into Life Sciences in the long term, however, this will be reviewed as and when these funds return and regular updates will be brought forward over the next 10 years.

## **6. ALLOCATED FUNDS – NON-TRANSPORT**

6.1 Of the £28.9m recycled, £18.7m has been allocated to projects within the original programme.

### 6.2 Skills Capital

The following are skills capital projects that will continue to draw funds into the 21/22 financial year. Funds from recycling projects have already been allocated to the skills capital projects below:

Stockport and Trafford College: £16m grant for a mixture of refurb and new build works to improve the Wellington Road campus estate condition. Works are progressing but £4.5m of the grant was not drawn by March 2021.

Hopwood Hall College: £1.71m grant towards the creation of an Advanced Technology Centre. This includes the construction of an extension to the Annex on the college's Middleton campus; and refurbishment works to the existing Technology Centre and Annex. Of this grant there is £1.16m remaining to be drawn.

Management: There is an allocation of £1m of management costs remaining to be drawn. This figure is based on LGF management and costs from previous years. It is proposed that this figure will be used to fund staffing costs within the current programme team to support the ongoing delivery of projects, post project monitoring of outputs, and fulfil the ongoing reporting requirements to MHCLG over the next few years

Project Q: Investment into Apis Assay Technologies Ltd in support of purchasing laboratory equipment and providing working capital to service contracts with large pharmaceutical companies. Apis provides laboratory testing services and also performs product development/experiments on cutting edge genomic medicine and biomarkers to improve the prediction and prevention of disease. The Borrower has until November 2022 to draw the £3m funding for this project, however, it is viewed that this is unlikely to be required, and in any event could be funded through core funds.

### 6.3 Pankhurst Institute

The Pankhurst Institute is an investment in the development of advanced materials, digital technology and precision medicine; a partnership model focusing on LIS priority sectors. The project includes the construction of a new city centre extension and investment in CityLabs 4.0. Of the £5m grant to the Pankhurst Institute £0.793m remains to be drawn.

### 6.4 Investment in Skills

At the GMCA meeting on 26 July 2019 an approach was set out to bring forward an innovative skills provision linked to employer needs to further strengthen the skills gap and build upon the sector approach as detailed in the GM Industrial Strategy. The proposed programme for an 'Investment Pot for Skills' was approved at the meeting providing the relevant delegated authorities for the programme to be developed. The full project total of £8.2m remains to be drawn.

- 6.5 The table below summarises the funds which will be drawn by their associated projects beyond April 2021. Refer to Annex C for timing of when these funds are expected to be drawn:

<b>Project</b>	<b>Post March total</b>
Stockport and Trafford College	£4.5m
Hopwood Hall College	£1.2m
Management	£1.0m
Pankhurst Institute	£0.8m
Investment Pot for Skills	£8.2m
Project Q	£3.0m
<b>Total:</b>	<b>£18.7m</b>

## **7. UNALLOCATED FUNDS – NON-TRANSPORT**

- 7.1 There are £10.25m of funds that will be returning to the programme that remain to be committed.
- 7.2 Although these funds are expected to be recycled, there is always an element of risk with loans that they will not return, therefore this should be considered when allocating.
- 7.3 It is also worth noting that the funds will take a few years to fully return, see cashflow at Annex C, and therefore the timing of when the funds will be available should also be considered when making investment decisions.

## **8. UNALLOCATED FUNDS NON-TRANSPORT – CONCLUSION**

- 8.1 There has never been a more critical time to support businesses & people. The challenges around the labour market recovery post covid are still unknown; however, what is known is that some businesses and people have been disproportionately impacted across GM. There is a need to target skills & labour market responses through the lens of sectors and the varying needs this will bring; national programmes alone will not be enough to ensure businesses have the skills they need to adapt to the changing nature of work that were apparent pre Covid and

with Brexit, or to support people to transition from a declining part of the labour market to a growing part.

- 8.2 As this money was originally allocated to Skills related projects, but some were unable to meet the spend deadline set out by MHCLG, it is proposed that the £10.25m investment should remain related to skills & labour market responses post covid/Brexit across GM and be added to the £8.2m pot, to give a total pot for investment of £18.5m. It will be important to ensure the funding is targeted and data driven; taking into account all national & local funding at present to fill gaps across cohorts of people as well as sectors.
- 8.3 The GMCA Education, Work and Skills team working with partners will commit the £10.25m by the end of November 2022, allowing for a time frame of approximately 18 months to develop & invest money as the landscape evolves and settles to support post covid recovery and EU exit challenges. This time frame will also take into consideration that the recycled funds will take a few years to return (see Annex C) and therefore are not immediately available to invest.
- 8.4 A more detailed proposal will be brought forward once we understand the challenges better, however some key areas of priority could be supporting GM digital inclusion and creating a flexible revenue/capital skills fund that supports recovery from the covid-19 pandemic and EU exit.

## **9. RECOMMENDATIONS**

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

**Eamonn Boylan**

**Chief Executive Officer, GMCA & TfGM**