

GREATER MANCHESTER COMBINED AUTHORITY

Date: 25 June 2021

Subject: Local Transport Grant and Pothole and Challenge Funding

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

PURPOSE OF REPORT:

This report sets out the final allocation of the devolved Local Transport Grant, which includes funding for the Integrated Transport Block and Highways Maintenance Block and Incentive Element totaling £35.7m. The funding for 2021/22 was confirmed later than in previous years and was not received in time to be included in the 2021/22 budget approved by GMCA on 12th February 2021. The Government has also recently confirmed the allocation for the Pothole and Challenge Fund of £15.5m.

RECOMMENDATIONS:

The GMCA is requested to:

1. Note and approve the proposed allocations for Highways funding to Districts and the proposed allocation of the Integrated Transport Block Funding for 2021/22.
2. Approve the update to the 2021/22 GMCA Capital Programme.
3. Note that the funding allocations for future years will be the subject of future reports to GMCA.

CONTACT OFFICERS:

Steve Wilson, GMCA Treasurer

Steve Warrener, Director of Finance and Corporate Services, TfGM

Equalities Implications:

N/A

Climate Change Impact Assessment and Mitigation Measures –

This proposal is an increase to the 2021-22 capital programme for the final allocation of the devolved Local Transport Grant and the Pothole and Challenge Fund of £15.5m. The Local Transport Grant is received annually and is usually approved as part of the annual budget proposals. However, funding for 2021/22 was confirmed later than in previous years. The funding is not new investment and supports the ongoing repairs and maintenance of highways, rather than measures to reduce emissions or impact on climate change.

Carbon Assessment

Overall Score



Buildings	Result	Justification/Mitigation
New Build residential		
Residential renovation or maintenance		
New Build Commercial/Industrial		
Transport		
Active travel and public transport		
Roads, Parking and Vehicle Access		
Access to amenities		
Vehicle procurement		
Land Use		
Land use		

Risk Management:

N/A

Legal Considerations: N/A

Financial Consequences – Revenue:

The funding for Integrated Transport Block and Highways Maintenance Block and Incentive Element is part of the Section 31 transport grant, which is revenue funding devolved to GMCA as part of the Single Pot agreed by Government in September 2016. The annual funding for the five years 2016/17 to 2020/21 was £41.4m, whereas the final funding confirmed for 2021/22 is £35.7m, a reduction of £5.7m.

Financial Consequences – Capital:

The funding through the Section 31 devolved Transport Grant of £35.7m and Pothole and Challenge funding of £15.5m will be included in the 2021/22 GMCA Capital Programme.

Number of attachments to the report:

N/A

Comments/recommendations from Overview & Scrutiny Committee**BACKGROUND PAPERS:**

The author of the report must include list of those documents on the subject matter which:

- Disclose any facts or matter on which the report or an important part of the report is based;
- Which have been relied on to a material extent in preparing the report

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	Overview & Scrutiny Committee	

1. INTRODUCTION

- 1.1 In February 2021 the Department for Transport (DfT) announced the allocations totaling £35.7m for the devolved Local Transport Grant which includes funding for the Integrated Transport Block (ITB), Highways Maintenance Block and 'Incentive Element'. The confirmation of funding for 2021/22 is later than in previous years and was not received in time to be included in the 2021/22 GMCA Capital Programme approved by GMCA on 12th February 2021. The DfT announcement also included the 2021/22 allocation for the Pothole and Challenge Funding of £15.5m which has previously been received later in the financial year.
- 1.2 Since 2019/20 the funding has been awarded directly to GMCA to determine the allocations in conjunction with the ten local authorities. Due to this model the local authorities have been receiving an additional 'Incentive element' of highways funding, in addition to the core elements of maintenance funding and ITB. Nationally the maintenance block funding has been reduced by c30% from £1.7bn to £1.2bn in 2021/22. The announced allocations show that every authority in England has suffered a reduction of approximately the same percentage magnitude.
- 1.3 To date, the allocations between GM local authorities of the Highways Maintenance and Pothole funding have been on the basis of the factors previously used by DfT when the funding was awarded directly to the local authorities. These are based on various factors including, for example, road length in each area. It is proposed that this basis of allocation continues to be used in 2021/22 to distribute the Highways Maintenance, Incentive element and Pothole and Challenge funding.
- 1.4 Until 2020/21 the ITB awarded to GMCA had been ringfenced solely for funding the Greater Manchester Transport Fund (GMTF), in line with the strategy agreed by AGMA in 2008. During 2020/21 this commitment was completed and a small amount of funding (£0.7 million) was available for other purposes. It was distributed between the ten local authorities on the same basis as the other Highways Maintenance Funding. In 2021/22 the full amount of ITB is available for allocation by GMCA and the ten local authorities and this report includes a proposal for this.

2. HIGHWAYS MAINTENANCE, INCENTIVE ELEMENT AND POTHOLE FUNDING

- 2.1 Set out below is an analysis of the funding awarded to GMCA for 2021/22, split between the elements of Highways Maintenance and Incentive plus the Pothole and Challenge funding, along with comparisons to the previous two years.

	19/20 £'000	20/21 £'000	21/22 £'000	Change	Change	Change	Change vs
				21/22 vs 19/20 £'000	21/22 vs 20/21 £'000	vs 19/20 %	20/21 %
Highways Maintenance	22,513	22,513	15,530	(6,983)	(6,983)	-31%	-31%
Incentive element	4,689	4,689	3,880	(809)	(809)	-17%	-17%
	27,202	27,202	19,410	(7,792)	(7,792)	-29%	-29%
Pothole and Challenge	1,630	20,899	15,530	13,900	(5,369)	853%	-26%
	28,832	48,101	34,940	6,108	(13,161)	21%	-27%

2.2 The analysis above shows the reduction in the Highways Maintenance and Incentive funding of c. 30% between 2021/21 and 2021/22 in line with the national position. It also shows a slightly smaller reduction in funding for Pothole and Challenge funding compared to 20/21, albeit this amount is still higher than the funding awarded in 2019/20.

2.3 Overall funding is 27% lower than 2020/21 but is 21% or c. £6.1 million higher than 2019/20 due to the increase in Pothole and Challenge funding in 2020/21.

2.4 Based on the allocation methodology previously applied by DfT, when the grants were awarded directly to the local authorities, the proposed allocations of each element of funding, compared to the previous two years are set out below:

Local Authority	Highways Maintenance			Incentive			Pothole & Challenge			Change from 20/21
	2019/20	2020/21	2021/22	2019/20	2020/21	2021/22	2019/20	2020/21	2021/22	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bolton	2,459	2,459	1,696	512	512	424	178	2,282	1,696	(1,437)
Bury	1,640	1,640	1,131	342	342	283	119	1,522	1,131	(959)
Manchester	3,061	3,061	2,111	637	637	527	222	2,841	2,111	(1,790)
Oldham	1,973	1,973	1,362	411	411	340	143	1,832	1,362	(1,152)
Rochdale	1,967	1,967	1,357	410	410	339	142	1,826	1,357	(1,150)
Salford	2,021	2,021	1,395	421	421	348	146	1,877	1,395	(1,181)
Stockport	2,558	2,558	1,764	533	533	441	185	2,375	1,764	(1,497)
Tameside	1,869	1,869	1,289	389	389	322	135	1,735	1,289	(1,093)
Trafford	1,873	1,873	1,292	390	390	323	136	1,738	1,292	(1,094)
Wigan	3,092	3,092	2,133	644	644	533	224	2,870	2,133	(1,807)
Total	22,513	22,513	15,530	4,689	4,689	3,880	1,630	20,899	15,530	
Change			(6,983)			(809)			(5,369)	(13,160)

3. INTEGRATED TRANSPORT BLOCK FUNDING

- 3.1 As noted at 1.4 above, until 2020/21 the ITB funding has been allocated in full to the GMTF. As the commitment to the GMTF has now been completed, in 2021/22 the funding is available in full for allocation for funding transport capital schemes, as determined by GMCA and the ten local authorities.
- 3.2 Prior to 2008, when the ITB was ringfenced for the GMTF for the first time, the ITB funding was allocated on a 50:50 basis between the ten local authorities and GMITA, the latter for spend on transport schemes as determined by the GMITA Committee.
- 3.3 In 2021/22 ITB funding awarded to GMCA has been maintained at the same level as in recent years at £16.3 million. No firm 'commitments' have yet been made for the ongoing ITB funding, although it was included as a 'mitigating' funding source for Bus Reform in the funding strategy for that project and is also a short term, partial, mitigation for funding safety and operationally critical Metrolink renewals, due to the significant reduction in Metrolink farebox and net revenues, as a result of Covid, that would otherwise have been the primary funding source for Metrolink Renewals.
- 3.4 It is proposed that the allocation of the £16.3 million of funding available in 2021/22 will be based on a 75:25 allocation between the ten Local Authorities (£12.225 million) and GMCA (£4.075 million). This would compensate the Local Authorities for the whole of the reductions in Maintenance and Incentive funding suffered in 2021/22 compared to 2020/21 and make a significant contribution to the reduction in Pothole funding, such that the remaining shortfall compared to 2020/21 would be just less than £1 million in total and no more than £128,000 for any individual Local Authority.
- 3.5 The allocation to GMCA of £4.075m would be used to part fund safety and operationally critical renewals works on the Metrolink network, that were previously assumed to be funded in full from Metrolink net revenues.
- 3.6 Based on this proposed approach, the total funding allocations, including ITB would be as set out below:

	'Base' Position					Including proposed allocation of ITB		Variances to	
	Highways		Pothole		Total	Allocations	Total	19/20	20/21
	Maint.	Incentive	and	Challenge	ITB				
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bolton	1,696	424	1,696	-	3,816	1,335	5,151	2,002	(102)
Bury	1,131	283	1,131	-	2,545	890	3,435	1,334	(69)
Manchester	2,111	527	2,111	-	4,749	1,662	6,411	2,491	(128)
Oldham	1,361	340	1,361	-	3,062	1,071	4,133	1,606	(83)
Rochdale	1,357	339	1,357	-	3,053	1,068	4,121	1,602	(82)
Salford	1,395	348	1,395	-	3,138	1,098	4,236	1,648	(83)
Stockport	1,765	441	1,765	-	3,971	1,389	5,360	2,084	(106)
Tameside	1,289	322	1,289	-	2,900	1,015	3,915	1,522	(78)
Trafford	1,292	323	1,292	-	2,907	1,017	3,924	1,525	(77)
Wigan	2,133	533	2,133	-	4,799	1,679	6,478	2,518	(128)
GMCA	-	-	-	16,300	16,300	4,075	4,075	(12,225)	(12,225)
	15,530	3,880	15,530	16,300	51,240	16,300	51,240	6,108	(13,160)

4. FUTURE FUNDING

- 4.1 Highways Funding beyond 2021/22 is subject to the 2021 Spending Review. As noted above, ITB has been identified as mitigation for Bus Reform during transition however no 'firm' commitments have been made on future uses.
- 4.2 When the funding position for future years is better known, following the 2021 Spending Review, a proposal for the basis for the ongoing allocations will be brought forward.