

Corporate Issues & Reform Overview & Scrutiny Committee

Date: 16 November 2021

Subject: GMCA Capital Update 2021/2022 - Quarter 2

Report of: Councillor David Molyneux, Portfolio Holder – Resources
Steve Wilson, Treasurer to GMCA

PURPOSE OF REPORT:

To present an update in relation to Greater Manchester Combined Authority 2021/22 capital expenditure programme.

RECOMMENDATIONS:

GMCA is requested to:

1. Note the current 2021/22 forecast of £625.7 million compared to the 2021/22 quarter 1 capital forecast of £681.7 million;
2. Note the additional funding secured of £3.4 million for the Clean Bus Fund from the Joint Air Quality Unit (JAQU) as outlined in para 8.1 of this report; and
3. Note that the GMCA will be asked to approve the addition to the Capital Programme of Clean Air Plan Electric Vehicle Taxi Infrastructure (part of the Greater Manchester Clean Air Plan) as outlined in para 8.3 of this report with a current forecast of £0.9 million in 2021/22, £1.3 million in 2022/23 and £0.8 million in 2023/24.

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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 – at the present time a significant proportion of the capital budget is funded through grant. In order to mitigate the risk of monetary claw back the full programme is carefully monitored against the grant conditions and further action would be taken as necessary.

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

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

Financial Consequences – Capital – The report sets out the expenditure for 2021/22.

Number of attachments included in the report: None

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

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
	Overview & Scrutiny Committee	
	Corporate Issues and Reform 16 th November 2021	

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 10 September 2021.
- 1.2 GMCA's capital programme includes Greater Manchester Fire and Rescue Services, Economic Development and Regeneration programmes and the continuation of the programme of activity currently being delivered by Transport for Greater Manchester ("TfGM") and Local Authorities including the following elements:
- The Greater Manchester Transport Fund ('GMTF');
 - Metrolink Trafford Park Line Extension;
 - Clean Air Schemes including Early Measures Investment Fund (EMIF), Clean Bus Initiatives, OZEV-EV Taxi, CAP EV Taxi Infrastructure, Clean Air Zones (CAZ) and Financial Support Scheme (FSS);
 - 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;
 - Transport Growth Deal Major Schemes;
 - Minor Works (including schemes funded by Integrated Transport Capital Block and Growth Deal);
 - Capital Highways Maintenance, Traffic Signals and Full Fibre;
 - Investments including Growing Places, Regional Growth Fund and Housing Investment Fund; and
 - Economic Development and Regeneration Growth Deal Schemes.
- 1.3 The 2021/22 Capital Programme is summarised in Appendix A and the major variances are described in this report.

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 his update. It is anticipated that these impacts will continue, to varying degrees, into the future in respect of expenditure within the current financial year.
- 2.4 These impacts are being kept under regular review and will continue to be reported to the GMCA through future capital updates.

3. GREATER MANCHESTER TRANSPORT FUND (GMTF)

- 3.1 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) 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).
- 3.2 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.
- 3.3 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).
- 3.4 As reported previously to GMCA, due to the impact of COVID-19, Metrolink has suffered a significant reduction in farebox revenues. DfT have now confirmed additional COVID support up to the end of the financial year with the funding currently forecast to be sufficient to cover the current operating deficit.

Metrolink Programme

- 3.5 The Metrolink Programme includes the close out of certain activities relating to the Phase 3 expansion programme as well as other service and operational improvement works to the network.
- 3.6 The current forecast expenditure for 2021/22 on residual works is £7.0 million, compared to a previous forecast of £6.5 million. The variance relates to the earlier conclusion of procurement and associated contract award activities with service and operational works now having started on site.
- 3.7 The total forecast outturn cost is within the total approved budget.

Metrolink Renewal and Enhancement Capital Programme

- 3.8 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 3.4 above, the programme was reprioritised, with only works that are either safety or operationally critical currently being delivered.
- 3.9 The current forecast expenditure for 2021/22 of £8.5 million is in line with the previous forecast of £8.6 million.

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

Park and Ride

3.11 The current forecast for 2021/22 is £0.1 million is in line with the previous forecast.

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

Bus Priority Programme

3.13 The current forecast for 2021/22 is £0.2 million, which is in line with the previous forecast.

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

Interchanges

3.15 The current forecast expenditure for 2021/22 is £0.1 million compared to a previous forecast of £0.3 million. The variance is due to the settlement of agreements.

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

A6 to Manchester Airport Relief Road (A6MARR)

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

3.18 The current forecast expenditure for 2021/22 is £3.4 million and is in line with the previous forecast of £3.5 million.

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

4. METROLINK TRAFFORD EXTENSION

4.1 The current forecast expenditure in 2021/22 is £0.2 million, compared to a previous forecast £1.0 million. The variance is predominately due to rephasing of risk allowances.

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

5. TRANSFORMING CITIES FUND (TCF)

5.1 This programme includes:

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

- 5.2 The Metrolink Additional Capacity programme includes the purchase of 27 additional trams and additional supporting infrastructure. The current forecast expenditure is £16.9 million in 2021/22 compared to a previous forecast of £18.4 million. The variance is due to previously reported delays in manufacturing and delivery of trams, which have been affected by the supply of materials. The associated Power Upgrades and Depot Improvement works, are due to commence during Quarter 3 of this financial year.
- 5.3 The Cycling and Walking Challenge Fund 2021/22 current forecast spend of £43.5 is in line with the previous forecast of £43.9 million.
- 5.4 Total forecast outturn costs are within the total approved budgets.

6. TRANSFORMING CITIES FUND - SECOND ALLOCATION (TCF2)

- 6.1 The current TCF2 forecast expenditure is £2.2 million compared with a previous forecast of £2.6 million. The variance is due to a realignment of scheme development activities to ensure consistency with the programme of work included in the CRSTS submission.
- 6.2 The total forecast outturn cost is within the total approved budget.

7. ACTIVE TRAVEL FUND (ATF)

- 7.1 The Active Travel Fund (ATF) programme comprises 25 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 is £3.4 million against a previous forecast of £6.4 million. The variance is due to a review of the schemes within the programme, resulting in a re-phasing of some schemes into future years.
- 7.2 Total forecast outturn costs are within the total approved budgets.

8. CLEAN AIR PROGRAMME

- 8.1 The Clean Bus Fund and Clean Bus Technology Fund current expenditure forecast is £12.2 million compared to a previous forecast of £11.6 million. The variance is due additional funding secured for the Clean Bus Fund of £3.4 million in August 2021 of funding from Joint Air Quality Unit (JAQU) to support replacement of non-compliant vehicles for small and medium sized bus operators who operate registered bus services within Greater Manchester.
- 8.2 The OZEV EV Taxi Project current expenditure forecast is £0.9 million compared to a previous forecast of £1.6 million. The variance is primarily due to the finalisation of site selection shortlisting for Electric Vehicle Charging sites.

- 8.3 In March 2021, JAQU awarded £3.5 million (£3.0 million capital investment and £0.5 million revenue) as part of the Clean Air Programme to facilitate the roll out a minimum of 30 taxi dedicated rapid charging as part of the CAP EV Taxi Infrastructure. The current capital expenditure forecast for this financial year is £0.9 million.
- 8.4 The final Business Case for the GM Clean Air Zone (CAZ) is in the process of being finalised for submission to the JAQU.
- 8.5 The current forecast for implementation of the GM CAZ of £18.1 million is in line with the previous forecast of £18.4 million.
- 8.6 The Financial Support Scheme (FSS) current expenditure is £3.7 million compared to a previous forecast of £5.1 million due to rephasing of risk allowances.
- 8.7 Joint Air Quality Unit (JAQU) Early Measures Investment Funding (EMIF) 2021/22 current forecast expenditure is £0.6 million and is in line with the previous forecast
- 8.8 The total forecast outturn cost is within the total approved budget for both projects.

9. OTHER CAPITAL SCHEMES AND PROGRAMMES

- 9.1 The other capital schemes and programmes include:
- Cycle City Ambition Grant 2 (CCAG2); and
 - Rail - Access for All
- 9.2 The current forecast expenditure in 2021/22 on the CCAG 2 programme is £1.7 million and is in line with the previous forecast.
- 9.3 The Greater Manchester Rail Access for All Programme consists of £6.7 million of funding, awarded by the Department for Transport (DfT) to Network Rail. The Access for All Programme current expenditure forecast is £0.5 million compared to a previous forecast of £1.2 million. The variance is due to the timing of the development of the programme of works with Network Rail.
- 9.4 The total forecast outturn costs are within the total approved budgets for these programmes.

10. BUS FRANCHISING

- 10.1 The current Bus Franchising forecast for 2021/22 is £15.6 million compared to a previous forecast of £24.6 million. The variance is due to phasing of infrastructure works.

11. TRANSPORT LOCAL GROWTH DEAL 1 MAJORS SCHEMES AND 3 (Major and Minor Schemes)

- 11.1 The Transport Local Growth Deal 1 & 3 Majors Programme consists of 15 major schemes (excluding Stockport TCAP) which are being delivered by TfGM and the Local Authorities. The total current forecast expenditure is £27.5 million compared to a previous forecast of £34.2 million with the variance being due to rephasing of works on the Oldham Town Centre scheme into next financial year, a rephasing of design works on the TfGM led Stockport Mixed Used scheme and a rephasing of risk allowances on the Metrolink Improvement Package.
- 11.2 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 £3.1 million and is in line with the previous forecast of £3.2 million.
- 11.3 Total forecast outturn costs are within the total approved budgets.

12. MINOR WORKS

- 12.1 The 2021/22 current expenditure forecast for these schemes is £7.3 million compared to a previous forecast of £5.3 million. The reason for this variance is works across various schemes being progressed ahead of schedule.
- 12.2 Total forecast outturn costs are within the total approved budgets.

13. GMCA CONTROLLED TRANSPORT SCHEMES

- 13.1 The final allocation of the devolved Local Transport Grant, which includes funding for the Integrated Transport Block and Highways Maintenance Block and Incentive Element totalling £35.7m 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 12 February 2021. The Government also confirmed the allocation for the Pothole and Challenge Fund of £15.5m. The update to the capital programme and allocations to GM local authorities was agreed by GMCA on 25th June 2021 as is now reflected in the revised capital programme.

14. ECONOMIC DEVELOPMENT AND REGENERATION FUNCTIONS

14.1 Regional Growth Fund (RGF)

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, equity investments and loan repayments would lead to a net spend of £10.1m in 2021/22.

14.2 Growing Places

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 £11.2m are forecast for 2021/22.

14.3 Housing Investment Fund

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. Forecasts drawdowns for 2021/22 currently stand at £148.2m, a reduction of £21.5m since quarter 1 as pipeline projects are subject to change once specific loans are approved and the timing of payments confirmed. This means the forecast expenditure may come to fruition during 2021/22 but may be carried forward in to 2022/23.

14.4 Former Growth Deal

The 2021/22 current expenditure forecast for these schemes is £5.7m which is a reduction of £0.9m since quarter 1 against the budget of £12.2m. The variance relates to rephasing of the works, where the remaining spend will take place in 2022/23

14.5 Getting Building Fund

The 2021/22 current expenditure forecast is £34.6m which is unchanged from quarter 1 based on full spend of the grant by 31st March 2022.

14.6 Brownfield Land

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.

14.7 Public Sector Decarbonisation Scheme

The submission of a bid for the Public Sector Decarbonisation Scheme (PSDC) was reported to the 27 November 2020 meeting of the GMCA. The purpose of the grant via Salix is to half 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).

The 2021/22 current expenditure forecast remains at £78.2m which is being spent by GMCA, TfGM, GM Local Authorities and other partner organisations within GM. Full spend of the grant must take place by 31st March 2022 otherwise grant must be returned.

14.8 Homelessness Rough Sleeper Programme

The 2021/22 current expenditure forecast is £1.3m and was approved at the 27 November 2020 meeting of the GMCA.

14.9 Green Homes Grant

The 2021/22 current expenditure forecast is £27.2m which includes phases 1a, 1b and 2 and is to support domestic retrofit projects fully funded by UK central government.

15. **GREATER MANCHESTER FIRE AND RESCUE SERVICE**

15.1 Estates

A long-term Estates Strategy is being formulated, the approved Phase 1 of the scheme with plans for extension and refurbishment works on Littleborough Fire Station underway and the remainder of the Phase 1 plan to commence from 2022/23 and complete by 2025/26. Alongside this is the Bury Training and Safety Centre scheme which is also underway and due to complete in the first quarter of 2022/23.

15.2 ICT

Work is on-going with the ICT Governance Group to identify future investment requirements to underpin the Fire Plan and Annual Delivery Plan using digital solutions.

15.3 Vehicles and Equipment

Forecasts have been reprofiled to reflect the expected value of vehicle and equipment to be received by March 2022.

15.4 Waking Watch Relief

This scheme is administered by GMFRS for the City Region and funded by Government Grant. The funding is for the implementation of alarm systems to allow the release of costs of employing a waking watch. The full allocation of the grant has been successfully awarded under the governance of a panel and reported back to Government.

16. **WASTE**

16.1 Operational Assets

The 2021/22 current expenditure forecast has increased slightly from quarter 1 by £0.950m to allow for planning and initial groundworks to commence in 2021/22 at Reliance Street, Newton Heath if resources allow.

16.2 Non-Operational Assets

The 2021/22 current expenditure forecast has decreased by £0.910m due to projects being reprofiled into 2022/23 to allow for the works on the operational assets to continue.

17. **RECOMMENDATIONS**

17.1 The recommendations appear at the front of this report.

Appendix 1

	2021/22 Original Budget	2021/22 Revised Budget at Qtr 1	2021/22 Forecast Outturn at Qtr 2	Change
	£'000	£'000	£'000	£'000
<u>TRANSPORT</u>				
Greater Manchester Transport Fund				
Metrolink Programme	5,770	6,494	7,029	535
Metrolink Renewals and Enhancements	8,394	8,614	8,513	(101)
Park and Ride	-	129	115	(14)
Bus Priority Programme	77	216	233	17
Interchanges	-	212	83	(129)
Greater Manchester Transport Fund	14,241	15,665	15,973	308
Road Schemes (Stockport)				
Stockport Town Centre Access Plan (DfT retained scheme)	-	-	-	-
A6 MARR / SEMMMS	5,552	3,493	3,410	(83)
Stockport Council Schemes total	5,552	3,493	3,410	(83)
Other Metrolink Schemes				
Trafford Extension	196	976	174	(802)
Other Metrolink Schemes total	196	976	174	(802)
Other Capital Schemes				
Wythenshawe Interchange	51	51	51	-
Cycling-CCAG 2	2,179	1,736	1,732	(4)
TCF - Mayors Challenge Fund	54,290	43,889	43,509	(380)
TCF - Metrolink Capacity Improvement Programme	18,132	18,358	16,925	(1,433)
Transforming Cities 2	2,625	2,625	2,222	(403)
Active Travel Fund	6,697	6,368	3,372	(2,996)
Access For All	1,788	1,245	502	(743)
Bus Franchising	-	24,600	15,600	(9,000)
Cycle Safety	-	-	-	-
OLEV Taxi	1,986	1,579	922	(657)
CAP EV Taxi Infrastructure	-	-	930	930
Clean Funds Scheme (CFS)	-	5,137	3,678	(1,459)
Clean Air Zone (CAZ)	-	18,358	18,065	(293)
Clean Bus Technology Fund	1,733	2,071	2,071	-
Clean Bus Fund	11,571	9,571	10,092	521

Early Measures	342	563	563	0
Other Capital Schemes total	101,394	136,151	120,234	(15,917)
Growth Deal - Transport				
TfGM Majors	22,117	20,715	16,335	(4,380)
Local Authorities Majors	12,418	13,508	11,144	(2,364)
Growth Deal 3 TfGM schemes	1,347	3,169	3,094	(75)
Growth Deal 3 Local Authorities	1,040	56	-	(56)
Growth Deal total	36,922	37,448	30,573	(6,875)
Minor Works				
ITB Local Authorities and TfGM	849	1,047	1,160	113
Growth Deal 1&2 Local Authorities	6,932	3,563	5,395	1,832
Growth Deal 2 TfGM Schemes	910	725	703	(22)
Minor Works total	8,691	5,335	7,258	1,923
GMCA Transport Schemes				
Traffic Signals	2,500	2,500	2,500	-
Full Fibre Network	17,252	17,252	17,252	-
Highways Maintenance	27,202	34,940	34,940	-
GMCA Transport Schemes	46,954	54,692	54,692	-
Total - Transport	213,950	253,760	232,314	(21,446)
Regional Growth Fund	5,000	7,950	10,103	2,153
Growing Places	20,000	20,000	11,182	(8,818)
Housing Investment Fund	90,142	169,694	148,181	(21,513)
Growth Deal - Skills Capital Round 2 & 3	9,673	5,932	5,053	(879)
Growth Deal - Life Sciences Fund	1,749	814	814	-
Growth Deal - Pankhurst Institute	793	-	-	-
Getting Building Fund	31,316	34,612	34,612	-
Brownfield Land Fund	30,000	37,500	37,907	407
Affordable Homes	-	200	200	-
Public Sector Decarbonisation Scheme	-	78,237	78,237	-
Homelessness Rough Sleeper Programme	-	1,335	1,335	-
Green Homes	-	27,222	27,222	-
Total Capital - ED&R	188,673	383,496	354,846	(28,650)
Estates	4,999	6,372	4,275	(2,097)
ICT	4,017	2,218	2,205	(13)
Vehicles & Equipment	4,186	7,162	4,446	(2,716)
Sustainability	75	471	342	(129)
Waking Watch Relief	-	2,050	2,050	-

Total Capital - Fire and Rescue Service	13,277	18,273	13,318	(4,955)
Operational Sites	21,300	24,050	25,000	950
Non-Operational - Sites	1,750	1,110	200	(910)
Total Capital - Waste & Resources	23,050	25,160	25,200	40
Total Capital	438,950	680,689	625,678	(55,011)