

Greater Manchester Combined Authority

Date: 28 October 2022
Subject: GMCA 2022/23 Capital Update – Quarter 2
Report of: Councillor David Molyneux, Portfolio Lead for Resources and Steve Wilson,
GMCA Treasurer

Purpose of Report

To present an update in relation to the Combined Authority's 2022/23 capital expenditure programme.

Recommendations:

The GMCA is requested to:

1. Note the current 2022/23 forecast of £565.6m compared to the 2022/23 previous forecast of £630.6m and approve changes to the capital programme as set out in the report; and
2. Approve the addition to the Capital Programme of the Air Quality Monitoring project, funded from the Department of Environment, Food and Rural Affairs Air Quality grant as outlined in paragraph 3.12.3

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Equalities Impact, Carbon and Sustainability Assessment:

N/A

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.

Financial Consequences – Capital

The report sets out the capital expenditure for 2022/23.

Number of attachments to the report: None

Background Papers

GMCA Capital Programme 2021/22 – 2024/25 - 11 February 2022

GMCA 2022/23 Capital Update – Quarter 1 – 29 July 2022

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

N/A

1. Introduction/Background

- 1.1 The Greater Manchester Combined Authority (GMCA) approved the 2022/23 Capital Programme at its meeting on 11 February 2022. The latest 2022/23 Capital reforecast was reported and noted by the GMCA at its meeting on 29 July 2022.
- 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 Vehicles (EV), Taxi, Clean Air Plan (CAP), EV Taxi Infrastructure, Clean Air Zones (CAZ), Financial Support Schemes (FSS) and DEFRA Air Quality Monitoring;
 - d) City Regions Sustainable Transport Settlement (CRSTS);
 - e) Other capital projects and programmes including Transforming Cities Fund 1, Active Travel, Cycle City Ambition Grant (CCAG 2), Rail – Access for All, Cycle Safety, and Bus Franchising;
 - f) Transport Growth Deal Major Schemes;
 - g) Minor Works (including schemes funded by Integrated Transport Capital Block and Growth Deal);
 - h) Capital Highways Maintenance, Traffic Signals and Full Fibre;
 - i) Investments including Growing Places, Regional Growth Fund and Housing Investment Fund;
 - j) Economic Development and Regeneration Growth Deal Schemes;
 - k) Fire and Rescue Service Schemes; and
 - l) Waste and Resources Schemes.
- 1.3 The 2022/23 Capital Programme is summarised in Appendix A and the major variances are described in this report.

2. IMPACT OF NATIONAL AND GLOBAL PRESSURES

- 2.1 As previously reported, the progression of a number of schemes and their associated expenditure profiles has been impacted by global pressures on construction materials availability and associated pricing.
- 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, albeit due to more recent ongoing global events and trends this is becoming an increasing challenge.
- 2.3 It is anticipated that these impacts will continue to varying degrees into the future in respect of expenditure within 2022/23 and beyond.

3. Transport Schemes

3.1 Greater Manchester Transport Fund (GTMF)

- 3.1.1 The GTMF programme is funded from a combination of grants from the Department for Transport; 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 borrowing).
- 3.1.2 The GTMF 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 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 Metrolink has suffered a significant and lasting reduction in farebox revenues since the start of the COVID pandemic in March 2020. After falling to as low as 5% of pre-

COVID levels during the first lockdown, patronage has gradually recovered but is still some way below pre pandemic levels. A package of funding support from central government has been agreed up to the beginning of October 2022. DfT / HMT have indicated that no further recovery funding will be provided beyond this point. TfGM is engaged in ongoing dialogue with DfT. As a last resort, GMCA has sufficient reserves available to temporarily fund Metrolink's forecast net deficit for the remainder of 2022/23 and it is recommended that provision is made for this to continue in 2023/24, noting that these Reserves would subsequently need to be replenished. In parallel, a Financial Sustainability Plan is being prepared, which will include a strategy for Metrolink to cover its operating, renewals and financing costs in the medium to long term, including replenishing the reserves.

3.2 Metrolink Programme

- 3.2.1 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.
- 3.2.2 The current forecast expenditure on these residual works in 2022/23 is £4.1m, compared to a previous forecast of £4.7m. The variance is primarily due to the rephasing of procurement activities and re-sequencing of works into 2023/24.
- 3.2.3 The total outturn cost is within the total approved budget.

3.3 Metrolink Renewals 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, because of COVID-19 and the associated impact on Metrolink revenues referred to above, the programme has been reprioritised, with only works that are either safety or operationally critical currently being delivered.
- 3.3.2 The current forecast expenditure in 2022/23 is £14.7m, compared to a previous forecast of £15.5m. This variance of £0.8m is predominantly due to the resequencing of certain works into future years.
- 3.3.3 The current forecast includes some renewals and enhancements expenditure funded from the City Region Sustainable Transport Settlement (CRSTS) grant.
- 3.3.4 The total outturn cost is within the total approved budget.

3.4 Park and Ride

3.4.1 The current forecast expenditure for 2022/23 is £0.1m, which is in line with the previous forecast.

3.4.2 The total outturn cost is within the total approved budget.

3.5 Bus Priority Programme

3.5.1 The current forecast expenditure in 2022/23 is £0.3m, which is line with the previous forecast.

3.5.2 The total outturn cost is within the total approved budget.

3.6 Interchanges

3.6.1 The current forecast expenditure in 2022/23 is £0.01m, which is in line with the previous forecast.

3.6.2 The total outturn cost is 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 MBC.

3.7.2 The current forecast expenditure in 2022/23 is £2.7m, which is in line with the previous forecast.

3.7.3 The total outturn cost is within the total approved budget

3.8 Metrolink Trafford Extension

3.8.1 The current forecast expenditure in 2022/23 is £0.3m, compared to a previous forecast of £0.5m. The variance is due to the re-phasing of the closure of final accounts on land transactions.

3.8.2 The total outturn cost is within the total approved budget.

3.9 Transforming Cities Fund – First Allocation (TCF1)

3.9.1 The 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, all of which have now been delivered, and additional supporting infrastructure. The current forecast expenditure for 2022/23 is £14.1m, which is in line with the previous forecast.

3.9.3 The Cycling and Walking Challenge Fund total, current forecast expenditure in 2022/23 is £33.6m, compared to a previous forecast of £39.6m. The variance is predominantly due to a rephasing of Manchester City Council's programme with works continuing into next year, design development activities for Oldham Council and Trafford Council schemes being re-phased into next year and Wigan Council undertaking a review of their schemes within their programme, resulting in a rephasing of delivery costs into next year.

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

3.10 Active Travel Fund (ATF 2 and 3)

3.10.1 The Active Travel Fund Tranche 2 and 3 programme comprises 27 (21 schemes in ATF2 and 6 schemes in ATF3) cycling and walking infrastructure schemes located on the public highway, which are to be delivered by the 10 Greater Manchester Authorities. The current forecast expenditure in 2022/23 is £4.5m, compared to a previous forecast of £7.2m. The variance is due to rephasing of some ATF 2 expenditure from 2022/23 to 2023/24 due to some changes to the original programme of works.

3.10.2 The total outturn costs are within the total approved budget.

3.11 Cycle Safety Grant

3.11.1 The current forecast expenditure in 2022/23 for Cycle Safety is £0.3m, which is in line with the previous forecast.

3.11.2 The total outturn costs are within the total approved budget.

3.12 Clear Air Programme

3.12.1 This is a range of Clean Air schemes which are funded entirely through grant funding from central government.

3.12.2 The case for a New GM Clean Air Plan was submitted to government on 17th August proposing an investment led, non-charging Clean Air Zone (CAZ). The costs to date and all future costs are fully funded by the Government's Joint Air

Quality Unit. The current forecast included for the Clean Air Plan is broadly in line with original budget and the previous forecast. Once Government has provided feedback the forecast will be updated as appropriate.

3.12.3 The Air Quality Monitoring project has received £0.4m Lot 2 funding from DEFRA. The current forecast expenditure in 2022/23 is £0.3m.

3.12.4 The total outturn costs are within approved budgets for this programme.

3.13 Other Capital Schemes and Programmes

3.13.1 The other capital schemes and programmes include:

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

3.13.2 The current forecast expenditure in 2022/23 for CCAG 2 is £0.1m which is in line with the previous forecast.

3.13.3 The Access for All Programme current forecast expenditure in 2022/23 is £2.1m, compared to a previous forecast of £2.8m. The variance is predominantly due to rephasing of construction works into 2023/24 due to a rephasing of procurement activities.

3.13.4 The total forecast outturn costs are within the total approved budget for these programmes.

3.14 Bus Franchising

3.14.1 The current forecast expenditure in 2022/23 is £39.1m, compared to a previous forecast of £37.4m. The variance is due to a rephasing of depot costs from future years into 2022/23.

3.14.2 The current forecast includes some bus franchising expenditure funded from CRSTS local contributions.

3.14.3 The total outturn costs are within the total approved budget.

3.15 City Region Sustainable Transport Settlement (CRSTS)

3.15.1 The current forecast expenditure in 2022/23 for CRSTS is £87.8m, compared to a previous forecast of £72.1m. The variance is predominantly due to entering into contract for the delivery of the first 50 Electric Vehicle (EV) buses earlier than

budgeted, and a rephasing of Local Authority Strategic Maintenance costs from future years into 2022/23.

3.15.2 The total forecast outturn costs are within the total approved budget for this programme.

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

3.16.1 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 in 2022/23 is £53.2m, which is in line with the previous forecast.

3.16.2 The current forecast includes some expenditure that will be funded from the CRSTS grant.

3.16.3 The Local Growth Deal 2 and 3 Minor Works schemes are being delivered by TfGM and the Local Authorities. The total current forecast expenditure in 2022/23 is £0.9m, compared to a previous forecast of £1.2m. The variance is due to the rephasing of land costs into 2023/24.

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

3.17 Minor Works

3.17.1 The current forecast expenditure for 2022/23 on these schemes is £2.7m compared to a previous forecast of £3.1m. The variance is due to the rephasing of works across various schemes from 2022/23 into 2023/24.

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

3.18 Traffic Signals

3.18.1 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.

3.19 Full Fibre Network

3.19.1 Total forecast costs are the same as budget and previous quarter.

3.20 GM One Network

3.20.1 Following installation of full fibre network, the GM One Network project will provide the equipment to 'light the fibre' that has been installed at the public sector sites. There is currently a slight delay to the project and work is being undertaken to see if this can still be undertaken fully in year or whether a part reprofile into 2023/24 is required.

4. Economic Development and Regeneration

4.1 Regional Growth Fund (RGF)

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 at quarter 2 is now £6m with two large schemes now expected to be drawn in April 2023 and summer of 2023.

4.2 Growing Places

4.2.1 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. The forecast at quarter 2 is now £6.7m as one scheme is now not expected to be fully drawn in 2022/23.

4.3 Housing Investment Fund

4.3.1 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. To facilitate this government has provided a £300m loan to provide the up-front funding and loans are approved by GMCA. The forecast at quarter 2 is now £48.9m with pipeline schemes not expected to complete during 2022/23 now removed.

4.4 Skills Capital Round 2 & 3

4.4.1 The current forecast expenditure of £2m is in line with the previous forecast position.

4.5 Life Sciences Fund

4.5.1 The Greater Manchester and Cheshire Life Sciences Fund is a seed and early-stage venture capital fund targeting life sciences businesses located in the Greater Manchester and Cheshire and Warrington region. The current forecast expenditure of £1.8m has increased from the previous quarter by £0.5m. This is due to the inclusion of a second Life Sciences fund in this budget line that was previously included in RGF.

4.6 Pankhurst Institute

4.6.1 The forecast expenditure is in line with budget and previous forecasts.

4.7 City Deal

4.7.1 The City Deal funding from Homes England was extending from 31 March 2022 to 30 September 2022. A further extension has now been granted until 31 January 2023. The scheme has been included in the forecast outturn with plans to commit the funding to new schemes prior to the repayment date.

4.8 Brownfield Land Fund

4.8.1 The forecast expenditure is in line with budget and previous forecasts. Expenditure is expected to be mostly in the final quarter of the financial year.

4.9 Affordable Homes

4.9.1 The current expenditure forecast is £0.2m which is in line with previous forecasts.

4.10 Public Sector Decarbonisation Scheme 1

4.10.1 The 2021/22 programme was carried forward to reflect agreed carry forward to 2022/23 of £42.980m to be spent by end of June 2022. The programme has now successfully completed and final claim submitted with a small underspend expected.

4.11 Homelessness Rough Sleeper Programme

4.11.1 This scheme will deliver 60 units of accommodation and an associated support contract, with accommodation acquired by Resonance and leased to Let Us (GM Ethical Letting Agency) for a period of 30 years. Forecasts is in line with previous budget.

4.12 Green Homes

4.12.1 Scheme is in line with previous forecasts and funding is expected to be spent by 31 March 2023.

4.13 Public Sector Decarbonisation Scheme 3

4.13.1 Scheme is in line with previous forecasts and funding is expected to be spent by 31 March 2023.

4.14 Social Housing Decarbonisation

4.14.1 Scheme is in line with previous forecasts and funding is expected to be spent by 31 March 2023.

5. Fire and Rescue Service

5.1 Estates

5.1.1 An assessment of the Estates Capital Programme Strategy has been undertaken to re-profile the five year scheme. In addition, schemes regarding the Stockport stations have been agreed, for which, the budget has been added alongside increases to budget for cost pressures around inflation on existing schemes.

5.2 ICT

5.2.1 The main variance against ICT Capital Programme is in relation to the mobilisation kit requirements which is anticipated to be delivered within the next financial year.

5.3 Vehicles & Equipment

5.3.1 The acceleration £3.582m against Transport is in relation to the value of stage payments due to be made within the year for orders placed on appliances. The remainder of the forecast is equal to costs to date and orders in place for delivery of vehicles within the financial year.

5.3.2 The variance on Equipment is mainly due to an assessment of the replacement and additional PPE and helmet requirements. The budget has been accelerated from future years to fund costs expected within 2022/23

5.4 Sustainability

5.4.1 An additional scheme has been added to the Programme in relation to Decarbonisation work. This is to be funded from government grant.

6. Waste and Resources

6.1 All schemes planned expenditure currently on track but may change as some schemes are programmed to start in the second half of the year.

Appendix A

	2022/23 Budget £'000	Q1 2022/23 Forecast £'000	Current 2022/23 Forecast £'000	Variance £'000
Metrolink Programme	5,871	4,711	4,103	(608)
Metrolink Renewals and Enhancements	10,217	15,495	14,746	(749)
Park and Ride	8	97	75	(22)
Bus Priority Programme	186	228	266	38
Interchange Programme	54	15	11	(4)
Greater Manchester Transport Fund	16,336	20,546	19,201	(1,345)
Road Schemes (Stockport)				
A6 MARR / SEMMMS	6,204	2,709	2,713	4
Stockport Council Schemes total	6,204	2,709	2,713	4
Other Metrolink Schemes				
Trafford Extension	410	485	318	(167)
Other Metrolink Schemes total	410	485	318	(167)
Clean Air Schemes				
OLEV & CAP Taxi	1,187	1,129	1,132	3
Clean Air Financial Support Scheme (FSS)	1,843	781	768	(13)
Clean Air Zone (CAZ)	8,267	8,267	8,267	-
Clean Bus Technology Fund	-	424	424	-
Clean Bus Fund	7,076	8,533	8,533	-
Defra Air Quality Monitoring	-	-	343	343
Early Measures	243	230	230	-
Clean Air Schemes total	18,616	19,364	19,697	333
Other Capital Schemes				
CCAG 2	-	112	112	-
TCF - Mayors Challenge Fund	42,288	39,565	33,573	(5,992)
TCF - Metrolink Capacity Improvement Programme	15,044	14,218	14,124	(94)
Active Travel Fund	10,235	7,217	4,453	(2,764)
Access For All	2,716	2,796	2,065	(731)
Cycle Safety	-	300	300	-
Other Capital Schemes total	70,283	64,208	54,627	(9,581)
Growth Deal				
TfGM Majors	46,020	49,724	49,676	-48
Local Authorities Majors	3,669	3,352	3,474	122
Growth Deal total	49,689	53,076	53,150	74

	2022/23 Budget	Q1 2022/23 Forecast	Current 2022/23 Forecast	Variance
	£'000	£'000	£'000	£'000
Minor Works				
ITB Local Authorities	970	960	952	(8)
Growth Deal 1 & 2 Local Authorities	1,497	2,134	1,791	(343)
Growth Deal 2 TfGM Schemes	55	111	70	(41)
Growth Deal 3 TfGM schemes	1,077	1,053	827	(226)
Growth Deal 3 Local Authorities	-	14	14	-
Minor Works total	3,599	4,272	3,654	(618)
Bus Franchising				
Bus Franchising	37,510	37,410	39,107	1,697
Bus Franchising total	37,510	37,410	39,107	1,697
CRSTS	11,710	72,073	87,761	15,688
Traffic Signals (Externally Funded)	2,500	2,500	2,500	-
Full Fibre Network	3,344	3,344	3,344	-
GM One Network	12,053	12,053	12,053	-
Total Capital - Transport	232,254	292,040	298,125	6,085
Regional Growth Fund	5,000	36,000	6,006	(29,994)
Growing Places	8,444	11,008	6,727	(4,281)
Housing Investment Fund	80,444	83,801	48,895	(34,906)
Skills Capital Round 2 & 3	1,404	1,891	2,072	181
Life Sciences Fund	489	1,326	1,837	511
Pankhurst Institute	793	793	793	-
City Deal	-	30,000	30,000	-
Brownfield Land Fund	18,000	46,484	46,484	-
Affordable Homes	200	200	200	-
Public Sector Decarbonisation Scheme 1	20,589	42,980	42,980	-
Homelessness Rough Sleeper Programme	-	2,796	2,796	-
Green Homes	21,457	21,457	21,457	-
Public Sector Decarbonisation Scheme 3	-	15,534	15,534	-
Social Housing Decarbonisation	-	10,473	10,473	-
Total Capital - Economic Development & Regeneration	156,820	304,743	236,254	(68,489)
Estates	12,666	12,666	5,883	(6,783)
ICT	1,574	2,946	2,662	(284)
Vehicles & Equipment	7,634	2,465	6,909	4,444
Sustainability	240	565	599	34

	2022/23 Budget £'000	Q1 2022/23 Forecast £'000	Current 2022/23 Forecast £'000	Variance £'000
Waking Watch Relief	-	2,728	2,728	-
Total Capital - Fire and Rescue Service	22,114	21,370	18,781	(2,589)
Operational Sites	9,004	11,104	11,104	-
Non-Operational Sites	1,350	1,350	1,350	-
Total Capital - Waste and Resources	10,354	12,454	12,454	-
Total Capital	421,542	630,607	565,614	(64,993)