

Date: 25 October 2019

Subject: GMCA Capital Update 2019/20

Report of: Cllr David Molyneux, Portfolio Holder - Resources
Richard Paver, Treasurer to GMCA

PURPOSE OF REPORT

To present an update in relation to the Greater Manchester Combined Authority 2019/20 capital expenditure programme.

RECOMMENDATIONS:

GMCA are requested to;

1. Note the current 2019/20 forecast compared to the previous 2019/20 capital forecast approved at the July 2019 GMCA meeting;
2. Delegate authority to the Treasurer to agree minor variations in grant allocations to Districts as required;

CONTACT OFFICERS:

Name: Richard Paver, Treasurer to GMCA
Telephone: 0161 778 7004
E-Mail: richard.paver@greatermanchester-ca.gov.uk

Name: Amanda Fox, Group Finance Lead (AGMA/GMCA)
Telephone: 0161 778 7004
E-Mail: amanda.fox@greatermanchester-ca.gov.uk

Name: Steve Warrener, Finance and Corporate Services Director, Transport for Greater Manchester
Telephone: 0161 244 1025

E-mail: steve.warrener@tfgm.com

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 forecast expenditure for 2019/20.

BACKGROUND PAPERS:

Report to Greater Manchester Combined Authority: ‘GMCA Capital Update 2019/20’: 26 July 2019

Report to Greater Manchester Combined Authority: ‘GMCA Capital Outturn 2018/19’: 28 June 2019

Report to Greater Manchester Combined Authority: ‘GMCA Capital Programme 2018/19 – 2021/22’: 15 February 2019.

Report to Greater Manchester Combined Authority: ‘GMCA Local Growth Deal (1, 2 and 3) - Six monthly Transport Progress’ 29 March 2019.

Report to Greater Manchester Combined Authority: ‘Mayor’s Cycling and Walking Challenge Fund’ 29 March 2019.

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	
N/A	N/A	

1. INTRODUCTION AND BACKGROUND

1.1 The Greater Manchester Combined Authority (GMCA) approved the 2019/20 Capital Programme at its meeting on 15 February 2019.

1.2 GMCA's capital programme includes Economic Development and Regeneration programmes, Waste 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 Phase 3 extensions;
- Metrolink Trafford Line extension;
- Other Metrolink Schemes;
- Transport Interchanges;
- Bus Priority;
- Other capital projects and programmes including Transforming Cities, Early Measures, Cycle Safety, Smart Ticketing and Cycle City Ambition Grant (CCAG 2);
- Growth Deal Major Schemes;
- Minor Works (including schemes funded by Integrated Transport Capital Block and Growth Deal);
- Capital Highways Maintenance and Pot-Hole funds
- Investments including Growing Places and Regional Growth Fund;
- Empty Home Programme;
- Economic Development and Regeneration Growth Deal Schemes;
- Fire Premises;
- Fire IT Schemes;
- Fire Vehicles & Equipment;
- Waste Operational Sites; and
- Waste Non-Operational Sites

1.3 The 2019/20 Capital Programme is summarised in Appendix A and the major variances are described in this report.

2. GREATER MANCHESTER TRANSPORT FUND (GMTF)

- 2.1 The GMTF 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 borrowings).
- 2.2 The GMCA will 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.
- 2.3 The GMCA and TfGM hold certain 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 in the GMTF) increase in future years.

Metrolink Expansion Programme

- 2.4 The Metrolink Expansion Projects include:
- Phase 3 programme;
 - Metrolink Second City Crossing('2CC'); and
 - SEMMMs Interface Works.
- 2.5 The current forecast expenditure for 2019/20 is £7.7 million, compared to a previous forecast of £7.5 million. The variance is due to a number of residual minor works that have been brought forward from future years and are now scheduled to be undertaken in 2019/20.
- 2.6 The total forecast outturn cost is within the total approved budget.

Metrolink Renewal and Enhancement Capital Programme

- 2.7 The current forecast expenditure for 2019/20 is £2.8 million, which is in line with the previous forecast.

Bus Priority Programme

- 2.8 The current forecast for 2018/19 is £0.8 million, compared to a previous forecast of £1.1 million. The variance is primarily due to the finalisation of accounts for the Cross City Bus Scheme and the phasing of residual programme risk allowances.
- 2.9 The total forecast outturn cost is within the total approved budget.

Park and Ride

- 2.10 The current forecast for 2019/20 is £0.1 million which is in line with the previous forecast.
- 2.11 The total forecast outturn cost is within the total approved budget.

Bolton Town Centre Transport Strategy (BTCTS)

- 2.12 The current forecast net expenditure in 2019/20 is nil, which is in line with the previous forecast.
- 2.13 The total forecast outturn cost is within the total approved budget.

A6 to Manchester Airport Relief Road

- 2.14 Stockport Council is responsible for the delivery of the A6MARR, resulting in the expenditure largely comprising grant payments to Stockport MBC.
- 2.15 The current forecast expenditure in 2019/20 is £8.7 million, which is in line with the previous forecast.
- 2.16 The total forecast outturn cost is within the total approved budget.

Stockport Town Centre Access Plan

- 2.17 Stockport MBC is responsible for the delivery of Stockport Town Centre Access Plan, a Growth Deal major DfT retained scheme.
- 2.18 The current forecast expenditure in 2019/20 is £8.3 million, which is in line with the previous forecast.
- 2.19 The total forecast outturn cost is within the total approved budget.

3. METROLINK TRAFFORD EXTENSION

- 3.1 The Metrolink Trafford Park Line Extension will extend Metrolink as far as the Trafford Centre.
- 3.2 The current forecast expenditure in 2019/20 is £63.9 million, compared to the previous forecast of £62.1 million. The variance of £1.8 million relates primarily to the phasing of works, with expenditure previously forecast to be incurred in financial year 2020/21 being brought forward into the current financial year.
- 3.3 Total forecast outturn cost is within the total approved budget.

4. TRANSFORMING CITIES FUND (TCF)

4.1 This programme includes:

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

4.2 The Metrolink Additional Capacity programme includes the purchase of 27 additional trams and additional supporting infrastructure. The current forecast expenditure in 2019/20 for the Metrolink Additional Capacity programme is £30.7 million compared to the previous forecast of £34.7 million. The £4.0 million variance is due primarily to a revised delivery and milestone schedule for the additional trams. This is the subject of ongoing discussions with the tram manufacturer.

4.3 The Cycling and Walking Challenge Fund 2019/20 forecast spend is £3.1 million, of which £1.7 million is revenue spend, resulting in a capital spend of £1.4 million. The £3.1 million compares to a previous forecast of £5.2 million. The £2.1 million variance is primarily due to the re-phasing of Local Authority Schemes from their Programme Entry position, this re-phasing having taken place within the context of Local Authorities having given priority consideration to their delivery of the wider Bee Network during the last quarter. As noted above, a review of resources required for the programme has resulted in £1.7 million being identified as revenue spend which will be reported elsewhere on the agenda.

4.4 Total forecast outturn cost is within the total approved budget.

5. OTHER CAPITAL SCHEMES & PROGRAMMES

5.1 The other capital projects include

- Smart Ticketing;
- Cycle City Ambition Grant 2 (CCAG);
- Cycle safety;
- Joint Air Quality Unit (JAQU) Early Measures; and
- Clean Bus Initiatives.

5.2 The current forecast expenditure in 2019/20 on the Smart Ticketing programme is £1.2 million, which is in line with the previous forecast.

5.3 The current forecast expenditure in 2019/20 on the CCAG 2 programme is £2.5 million, which is in line with the previous forecast.

5.4 Joint Air Quality Unit (JAQU) Early Measures Investment Funding (EMIF) 2019/20 current forecast expenditure is £1.6 million compared to a previous forecast of £1.8 million budget. This variance is due to ongoing work to finalise contractual arrangements with the Electric Vehicles charging points preferred supplier.

- 5.5 The Clean Bus Technology Fund 2019/20 forecast of £6.0 million is in line with the 2019/20 revised budget.
- 5.6 Total forecast outturn cost for all projects and programmes included in Section 5 is within the total approved budget.

6. GROWTH DEAL MAJORS SCHEMES / GROWTH DEAL 3

- 6.1 The Growth Deal 1 Majors programme consists of 11 major schemes, excluding the Stockport TCAP scheme, which are being delivered by TfGM and the Local Authorities. The current forecast expenditure in 2019/20 is £37.8 million, compared to a previous forecast of £29.7 million. This £8.1 million variance is largely due to accelerating the overall grant spend on the Wigan A49 scheme by £7.1 million compared to the previous forecast. In addition, a re-phasing of construction works on the Ashton interchange project has resulted in an increase in expenditure of £1.8 million above the previous 2019/20 forecast. There has also been a rephasing of construction works for Stockport Interchange of £0.4 million and SBNI Salford of £0.4 million into later years when compared to the previous forecast.
- 6.2 The Growth Deal 3 (GD3) transport schemes programme includes a combination of both major and minor schemes. The current forecast expenditure in 2019/20 is £10.6 million, compared to a previous forecast of £12.1 million. The variance is primarily due to the rephasing of previously forecast 2019/20 expenditure into later years as additional scope has evolved within the minor scheme elements of the programme.
- 6.3 Total forecast outturn cost is within the total approved budget. It should also be noted that a more detailed report on the Growth Deal programme is elsewhere on the agenda.

7. MINOR WORKS

- 7.1 The Minor Works Programme is a combination of schemes being delivered by the Local Authorities and TfGM.
- 7.2 The programme consists of schemes funded from a combination of Integrated Transport Block (ITB), Growth Deal 1 (GD1) and Growth Deal 2 (GD2) funding.
- 7.3 The current forecast expenditure in 2019/20 20 is £9.1 million, compared to a previous forecast of £10.1 million. The variance is mainly due to the rephasing of the Local Authority promoted minor works schemes (£0.7million); and the rephasing of risk allowances (£0.3 million) for the TfGM promoted minor works schemes into subsequent years.
- 7.4 Total forecast outturn cost is within the total approved budget.

8. GMCA CONTROLLED TRANSPORT SCHEMES

Traffic Signals

- 8.1 The current forecast is in line with the budget of £2.5 million. All traffic signals are externally funded and the annual amount will fluctuate year on year dependant on the level of new installations and developments.

Capital Highways Maintenance (Including National Productivity Investment Fund and Pot-Hole funding)

- 8.2 The current forecast is in line with the budget of £36.2 million.

9. ECONOMIC DEVELOPMENT AND REGENERATION FUNCTIONS

Recycled RGF / GPF

- 9.1 Both the Regional Growth Fund and Growing Places Fund's loans are now being repaid, with the strategy being that a perpetual fund is created to support businesses and enable growth. For 2019/20 it is currently estimated that £4 million will be defrayed compared with the previous forecast of £8.8 million. The variance to due to funding for the loans being transferred to Local Growth Deal as detailed in paragraph 9.19.

GM Loans Fund

- 9.2 The Greater Manchester Loan Fund ('GMLF' or 'the Fund') was established in June 2013 in response to market constraints which significantly reduced the availability of debt finance.
- 9.3 The Fund was set up to provide debt finance of between £100k and £500k to small and medium enterprises in the Greater Manchester region, with the objective of generating business growth, creating and safeguarding jobs.
- 9.4 The current forecast net expenditure in 2019/20 is nil, compared with the previous forecast of £2.6 million as the fund has now closed.

Empty Homes Programme

- 9.5 Following a bid to the Homes and Communities Agency, up to £3.542 million was available between 2015 and 2018 to deliver 232 units. Whilst the programme did complete within 2018/19, final claims are being processed with £0.6 million anticipated to be drawn down.
- 9.6 The budget will be adjusted to reflect the final grant allocations from the Homes and Community Agency.

Housing Investment Fund

- 9.7 The Greater Manchester Housing 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.
- 9.8 To facilitate this DCLG have provided a £300 million facility to provide the up-front funding.
- 9.9 Forecasts for 2019/20 currently stand at £118 million however it should be noted that the forecast will be subject to change once specific loans are approved and the timing of payments confirmed.

Growth Deal – Economic Development and Regeneration Projects

Skills Capital (Round One)

- 9.10 The Skills Capital (Round One) allocation is to be used supporting colleges and adult education facilities invest in capital infrastructure. There are currently six approved schemes being delivered. The forecast for 2019/20 is £1.53 million compared to £2.1 million previously forecast. The variance is due primarily to rephrasing of the remaining schemes within round one.

Skills Capital (Round Two and Three)

- 9.11 £71 million has been allocated to Skills Capital under rounds 2 and 3 of the Growth Deal. It is proposed that the allocation will deliver four strands of investment as follows;
- Large Redevelopment of Further Education
 - Priority Sectors
 - Smaller Investment Projects
 - Digital Skills

- 9.12 The forecast for 2019/20 is currently £23.2 million compared to the previous forecast of £19.7 million. The variance is primarily due to drawdowns being confirmed following full approval of schemes.

Life Sciences

- 9.13 The GM&C Life Sciences Fund is a seed and early stage venture capital fund targeting life sciences businesses located in the Greater Manchester and Cheshire & Warrington region. The forecast for 2019/20 is £2.6 million compared to the previous forecast of £2 million. The variance is primarily due to drawdowns being confirmed following full approval of loans and investments.

International Screen School Manchester

- 9.14 This project by Manchester Metropolitan University provides a new £35 million facility on the Oxford Road campus and aims to be operational by mid-2021. The forecast spend for 2019/20 is £2.78 million compared with the previous forecast of £9.3 million. The variance is due primarily to rephrasing of the forecast cashflow following submission of more detailed cost plans.

Cyber Innovation Hub

- 9.15 This project proposes to fit out and purchase IT equipment for the hub with Manchester City Council as the delivery partner. The forecast spend for 2019/20 is currently nil compared to the previous forecast of £2.2 million, however this could change once timescales for full approval are confirmed.

Pankhurst

- 9.16 The LEP Board have approved a full business case for £5m of Local Growth Fund (LGF) investment in the University of Manchester to support the establishment of the Christabel Pankhurst Institute for Research in Health, Technology and Innovation ('the Pankhurst Institute'). This £5m of LGF investment will be matched by £7.2m of additional capital investment. £13.4m of revenue match will also be provided, resulting in a total project value of over £25m. The Pankhurst Institute will be a new Institute which will exploit the University of Manchester's strengths in advanced materials, digital technology and precision medicine to drive health benefit, business growth, productivity-gain and employment in Greater Manchester (GM), filling a critical gap in the GM health innovation ecosystem. The Pankhurst Institute will create a complete and robust translational pathway. Research and early translation activities of the Institute will be located in a refurbished and extended building on the University campus (the NatWest building), and later-stage translational and business engagement activities will be located in the CityLabs 4.0 development.
- 9.17 The forecast for 2019/20 is £0.5 million compared with the previous forecast of £0.625 million.

Investment Fund Loans

- 9.18 Following approval at the July GMCA, a number of Investment Fund loans have now been included as part of the Local Growth Fund (LGF). The current forecast is £15.3 million compared with the previous forecast of £12.3 million due to expected drawdowns being confirmed for the year.

LGBT+ Centre

- 9.19 The Proud Trust provides services to LGBT+ young people across Greater Manchester and the North West of England from its hub at the LGBT+ Centre, located on Sidney Street in central Manchester. The Centre was established in 1988, in co-operation with Manchester City Council, and was the first fully publicly funded 'LGBT centre' in Europe. The Centre is currently in a state of disrepair and lacks the space to accommodate the numbers of young people the Proud Trust wish to work with, or act as a true community hub.
- 9.20 The current forecast of £0.45 million is in line with the approved budget.

12 WASTE

- 12.1 The capital programme has been reprofiled and delivery will be extended into 2020/21. However, milestones for the revised programme of works at one of the waste facilities have yet to be agreed and as such, the reprofiled amount included in the table below will be amended when finalised.
- 12.2 Spend on the non-operational sites has been revised down due to ongoing commitment of resources to the operational sites. Works will be reprogrammed for 2020/21.

13 GM FIRE AND RESCUE

- 13.1 The 2019/20 capital outturn position is currently forecasting an underspend of £0.768 million. This is mainly as a result of a reduction of forecasts on Vehicles and Equipment. It was anticipated that a number of vehicles would be purchased and delivered in year, however, this has now been slipped to 2020/21 including the purchase of a Hydraulic Platform Vehicle at an estimate of £0.65 million.

14 RECOMMENDATIONS

- 14.1 The recommendations appear at the front of this report.

Capital Programme 2019/20

	Approved Budget 2019/20 £'000	Previous Forecast 2019/20 (July) £'000	Current Forecast 2019/20 £'000	Variance from Previous Forecast £'000
Greater Manchester Transport Fund	20,375	11,473	11,413	(60)
Road Schemes (Stockport)				
Stockport Town Centre Access Plan (DfT retained scheme)	8,725	8,325	8,325	-
A6 MARR / SEMMMS	7,456	8,718	8,673	(45)
Stockport Council Schemes total	16,181	17,043	16,998	(45)
Other Metrolink Schemes				
Trafford Extension	55,486	62,140	63,935	1,795
Other Metrolink Schemes total	55,486	62,140	63,935	1,795
Other Capital Schemes				
Other Capital Schemes	-	1,241	1,248	7
CCAG 2	2,319	2,453	2,459	6
Transforming Cities	50,752	39,964	32,042	(7,922)
Cycle Safety	672	-	-	-
Clean Bus Fund	5,981	5,981	5,981	-
Early Measures	1,492	1,765	1,576	(189)
Other Capital Schemes total	61,216	51,404	43,306	(8,098)
Growth Deal				
TfGM Majors	16,647	17,431	18,518	1,087
Local Authorities Majors	15,964	12,275	19,247	6,972
Growth Deal 3 TfGM schemes	4,352	3,438	3,438	-
Growth Deal 3 Local Authorities	6,450	8,646	7,157	(1,489)
Growth Deal total	43,413	41,790	48,360	6,570
Minor Works				
ITB Local Authorities	413	736	674	(62)
Growth Deal 1 Local Authorities	584	945	796	(149)
Growth Deal 2 Local Authorities	5,510	5,380	4,821	(559)
Growth Deal 2 TfGM Schemes	3,163	3,064	2,814	(250)
Minor Works total	9,670	10,125	9,105	(1,020)
Traffic Signals (Externally Funded)	2,500	2,500	2,500	-
Full Fibre Network	7,100	7,100	7,100	-
Highways Capital Maintenance (Incl. Pot-Holes and NPIF)	36,224	36,224	36,224	-
Total Capital - Transport	252,165	239,799	238,941	(858)
Economic Development & Regeneration				
Recycled GF / RGF Capital Receipts	8,806	8,806	4,000	(4,806)
GM Loans Fund	2,577	2,577	-	(2,577)
Empty Homes Programme	600	600	600	-
Housing Investment Fund	145,423	122,300	117,990	(4,310)
Growth Deal - Skills Capital	2,144	2,144	1,530	(614)
Growth Deal - Skills Capital Round 2 & 3	19,704	19,704	23,200	3,496
Growth Deal - Life Sciences Fund	2,000	2,000	2,600	600
Growth Deal - International Screen School Manchester	9,300	9,300	2,780	(6,520)
Growth Deal - Pankhurst	625	625	500	(125)
Growth Deal - Cyber Innovation Hub	2,200	2,200	-	(2,200)
Growth Deal - Investment Fund Loans	12,309	12,309	15,300	2,991
LGBT Centre	450	450	450	-
Total Capital - Economic Development & Regeneration	206,138	183,015	168,950	(14,065)
Waste				
Operational Sites	49,925	49,925	25,075	(24,850)
Non-Operational Sites	2,075	2,075	400	(1,675)
Total Capital - Waste	52,000	52,000	25,475	(26,525)
GM Fire & Rescue				
Estates	1,319	1,319	1,510	191
ICT	301	301	301	-
Vehicles and Equipment	4,256	4,256	3,297	(959)
Total Capital - GM Fire & Rescue	5,876	5,876	5,108	(768)
Total Capital	516,179	480,690	438,474	(42,216)