

Date: 31 July 2020

Subject: GMCA Capital Outturn 2019/2020

Report of: Cllr David Molyneux, Portfolio Holder - Resources
Steve Wilson, Treasurer to GMCA

PURPOSE OF REPORT

This report is to inform members of the Greater Manchester Combined Authority capital outturn for 2019/20.

RECOMMENDATIONS:

The GMCA is requested to:

1. Note the 2019/20 actual outturn capital expenditure compared to the forecast position presented to the GMCA in February 2020.
2. Approve the addition to the 2020/21 Capital Programme of:
 - £21.887m for the Clean Air as set out in section 10 and
 - £0.1m for the Waste scheme at Salford Road as set out in paragraph 13.3

BOLTON
BURY

MANCHESTER
OLDHAM

ROCHDALE
SALFORD

STOCKPORT
TAMESIDE

TRAFFORD
WIGAN

CONTACT OFFICE

Name: Steve Wilson, Treasurer to GMCA
Telephone: 07725 481067
E-Mail: steve.wilson@greatermanchester-ca.gov.uk

Name: Rachel Rosewell, Deputy Treasurer to GMCA
Telephone: 07725 482865
E-Mail: rachel.rosewell@greatermanchester-ca.gov.uk

Name: Steve Warrener, Finance and Corporate Services Director, Transport for Greater Manchester
Telephone: 07711 819301
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 expenditure for 2019/20.

Number of attachments included in the report: 0

BACKGROUND PAPERS:

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

Report to Greater Manchester Combined Authority: 'GMCA Capital Update 2019/20' 26 July 2019.

Report to Greater Manchester Combined Authority: 'GMCA Capital Update 2019/20' 25 October 2019.

Report to Greater Manchester Combined Authority: 'GMCA Capital Programme 2019/20 – 2022/23'
14 February 2020.

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
TfGMC	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. Updated forecast outturns were provided on a quarterly basis during 2019/20.

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 Phase 3 extensions;
- Metrolink Trafford Park 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, 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 actual capital expenditure for 2019/20 was £370.7m compared to forecast for 2019/20 presented to GMCA on 14 February 2020 of £406.3m. This is summarised in Appendix A and the major variances are described in this report. The financing of capital expenditure in 2019/20 is provided in Appendix B.

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 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).

Metrolink Programme

- 2.4 The Metrolink Programme includes:

- The Phase 3 programme that included new lines to East Didsbury, MediaCityUK, Rochdale via Oldham, Ashton and Manchester Airport;
- The Metrolink Second City Crossing ('2CC'); and
- The Metrolink Airport Line / A6 SEMMMs Interface Works.

- 2.5 The total expenditure in 2019/20 was £4.2 million, compared to the previous forecast of £5 million. The variance is primarily due to savings associated with agreeing final accounts in relation to utilities, land and property transactions. The total outturn cost was within the total approved budget.

Metrolink Renewal and Enhancement Capital Programme

- 2.6 The total expenditure for 2019/20 was £2.2 million, compared to the previous forecast of £2.3 million. This variance of £0.1 million is due to the phasing of a number of renewals schemes that are now scheduled to be undertaken in 2020/21. The total outturn cost was within the total approved budget.

Park and Ride

- 2.7 The total expenditure in 2019/20 was £0.1 million in line with forecast.

Bus Priority Programme

- 2.8 The total expenditure in 2019/20 was £0.4 million, compared to the previous forecast of £0.7 million. The variance is primarily due to Air Quality Monitoring equipment being procured by the Local Authorities that is now forecast to be delivered in 2020/21.

- 2.9 The total forecast outturn cost is within the total approved budget.

Bolton Town Centre Transport Strategy

- 2.10 The total expenditure for 2019/20 was £0.5 million, broadly in line with forecast of £0.6m which was within the approved budget for the scheme.

3. STOCKPORT COUNCIL SCHEMES

Stockport Town Centre Access Plan

- 3.1 Stockport MBC is responsible for the delivery of Stockport Town Centre Access Plan, a Growth Deal DfT retained scheme. The total expenditure for 2019/20 was £6.8 million compared to the previous forecast of £8.3 million. The variance is due to savings associated with agreeing final accounts in relation to utilities and delays to construction activities on two schemes due to poor weather conditions in Q4 of 2019/20. The total outturn cost is within the total approved budget.

A6 to Manchester Airport Relief Road

- 3.2 Stockport MBC is responsible for the delivery of the A6MARR, which will result in the expenditure largely comprising grant payments to Stockport MBC. The total expenditure for 2019/20 was £4.7 million, compared to the previous forecast of £5.8 million. The variance is primarily due to the current forecasts cost of closing out land acquisition and accommodation works being less than the previous forecast. The total outturn cost is within the total approved budget.

4. METROLINK TRAFFORD EXTENSION

- 4.1 The Metrolink Trafford Line Extension was opened on 22nd March 2020. The total expenditure for 2019/20 was £79.2 million compared to the previous forecast of £80.8 million. The variance is primarily due to the phasing of the costs associated with land and property transactions. The total 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 total expenditure for 2019/20 was £19.2 million, compared to the previous forecast of £23.1 million. The variance is mainly in relation to the revised delivery schedule which has been further impacted by supply chain issues as a result of Covid 19. Discussions are ongoing with the supplier and an update on the latest position is included in the Quarter 1 2020/21 forecast outturn report. Total forecast outturn cost is within the total approved budget.

- 5.3 The Cycling and Walking Challenge Fund total 2019/20 expenditure was £4.1 million compared to the previous forecast of £5.7 million. The variance predominantly relates to the development costs of the Local Authority delivered schemes which are now forecasted to be spent in 2020/21. Total forecast outturn cost is within the total approved budget.

6. OTHER CAPITAL SCHEMES AND PROGRAMMES

6.1 This Programme includes:

- Smart Ticketing;
- Cycle City Ambition Grant 2 (CCAG2);
- Cycle Safety;
- Joint Air Quality Unit (JAQU) Early Measures; and
- Clean Bus Initiatives.

6.2 The total expenditure on Smart Ticketing for 2019/20 was £2 million compared to the forecast of £1.2 million. This variance is due to expenditure in relation to enhancing the current Smart platform via the introduction of the Electronic Data Warehouse and other technology changes to the Smart Ticketing estate.

6.3 The total expenditure for the two Cycling programmes (CCAG 2 and Alan Turing Way) for 2019/20 was £1.5 million, compared to the forecast of £2.5 million. The variance predominantly relates to the CCAG2 Local Authority partnered schemes now being scheduled for delivery in 2020/21.

6.4 The Clean Bus Technology Fund 2019/20 expenditure was nil compared to the previous forecast of £2.4 million. This variance is due to the phasing of the finalisation of the funding agreements with third parties. The expenditure is forecast to be spent during the 2020/21 financial year.

6.5 Joint Air Quality Unit (JAQU) Early Measures expenditure was £1.1 million compared to £0.8m forecast previously. This variance is due to the electric vehicle charging equipment being purchased earlier than forecast in preparation for installation in 2020/21.

6.6 The total forecast outturn cost is within the total approved budget for these programmes.

7. GROWTH DEAL MAJORS SCHEMES

7.1 The Growth Deal 1 (GD1) Majors programme consists of 11 devolved major schemes that are being delivered by TfGM and the Local Authorities. The expenditure for 2019/20 for these schemes was £36.2 million, compared to the previous forecast of £36.5 million. The variance is primarily due to a rephasing of construction related activities for the Great Ancoats St (MCC scheme) and the Salford and Bolton Network Improvements (SBNI) schemes into 2020/21 in order to minimise disruption to the highway network.

7.2 The Growth Deal 3 (GD3) transport programme includes a combination of both major and minor schemes. The expenditure for 2019/20 was £7.0 million, compared to the forecast of £9.1 million. The variance is due to mainly construction related activities being re-phased into 2020/21 as scheme promoters review construction programmes to optimise delivery.

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

8. MINOR WORKS

- 8.1 The Minor Works Programme is a combination of schemes being delivered by the Local Authorities and TfGM. The forecast for the Local Authority Schemes has been provided by each Authority. The programme consists of schemes funded from a combination of Integrated Transport Block (ITB), Growth and Reform 1 (GD1) and Growth and Reform 2 (GD2).
- 8.2 The 2019/20 total expenditure for these schemes was £8.7m, compared to the previous forecast of £11.0 million. The majority of the variance relates to spend on Local Authority interventions being lower than forecast. Total forecast outturn cost is within the total approved budget.

9. GMCA CONTROLLED TRANSPORT SCHEMES

Traffic Signals

- 9.1 The total expenditure for 2019/20 was £1.8m compared to the forecast 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. The budget for 2020/21 remains at £2.5m.

Capital Highways Maintenance

- 9.2 Capital highways maintenance allocations to Local Authorities of £27.9m in line with allocations advised by DfT. In addition pot-hole funding and national productivity fund allocations with total spend for 2019/20 of £34.3m compared to forecast of £36.2m.

Full Fibre

- 9.3 Following the award of £21.3 million from Department of Digital, Culture, Media and Sport (DCMS) funding to undertake installation of a full fibre network within Greater Manchester. The full cost is anticipated to be £24.684 million, with £3.384 million will be funded from long term borrowings in 2020/21 for the Urban Traffic Management Control element of the programme. It was anticipated that £3.5 million would be spent in 2019/20 and remaining £21.184 million in 2020/21. The full year spend of 2019/20 of £30,000 due to delays on starting the programme. Progress has been made in 2020/21 with actual spend of £4.8m being claimed from DCMS in Quarter 1.

10. ADDITIONS TO THE CAPITAL PROGRAMME

Clean Air

- 10.1 In March 2020 Department for Transport notified GMCA of capital grant of £21.887 million to Greater Manchester authorities to help support individuals and businesses who will be affected by the planned Clean Air Zone. The funding has been provided to support the retrofitting of non-compliant buses (£15.439m), coaches (£4.448m) and mini-buses (£2m). This grant was accompanied by revenue grant also announced in March 2020 for £19.097 million.

11. ECONOMIC DEVELOPMENT AND REGENERATION FUNCTIONS

Recycled RGF / GPF

- 11.1 Both the Regional Growth Fund and Growing Places Funds loans are now being repaid, with the strategy being that a perpetual fund is created to support businesses and enable growth. For 2019/20 £12.7 million has been defrayed, this is an increase on the forecast of £8 million due to the approval of loans and timing of payments.

Empty Homes Programme

- 11.2 Following a bid to the Homes and Communities Agency, up to £3.5 million was available between 2015 and 2018 to deliver 232 units. Whilst the programme did complete within 2018/19, final claims of £0.3m were drawn down in 2019/20.

Housing Investment Fund

- 11.3 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. To facilitate DCLG has provided a £300 million loan to provide the up-front funding. There were drawdowns of £106.2m during 2019/20

Growth Deal – Economic Development and Regeneration Projects

- 11.4 Skills Capital has total spend of £8.9m against rounds 1 -3, which includes £1.5 million spend to bring Round 1 to a close and £7.5m for Rounds 2 and 3.
- 11.5 Life Sciences is a seed and early stage venture capital fund targeting life sciences businesses located in the Greater Manchester and Cheshire & Warrington region. The total expenditure in 2019/20 was £0.9m compared to forecast of £1.5m which reflects the approval of loans and investments.
- 11.6 International Screen School Manchester is a project by Manchester Metropolitan University for a £35 million facility on the Oxford Road campus which aims to be operational by mid-2021. The full spend for 2019/20 was £1.9m compared to forecast of £2.2m.
- 11.7 Investment Fund Loans relates to a number of Investment Fund loans totaling £18 million included as part of the Local Growth Fund (LGF). The 2019/20 spend was £4.3 million compared to forecast of £9.3 million due to drawdowns for the year.
- 11.8 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 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. The 2019/20 spend was £0.1 million which was in line with forecast.

12. GREATER MANCHESTER FIRE AND RESCUE SERVICE

- 12.1 The full year capital expenditure for 2019/20 for Greater Manchester Fire and Rescue was £4.4 million compared to forecast of £4.8 million. The variance relates to the following:

- Estates underspend of £0.155 million - The most significant variance is underspend on Littleborough Fire Station Refurbishment with £0.060m incurred against a budget of £0.190m. Planned works will continue into 2020/21.
- Vehicles and equipment underspend of £0.320 million - The most significant variance is on pump appliances and vehicle fleet due to timescales for delivery of items ordered.

13. WASTE

13.1 The full year capital expenditure for 2019/20 for Waste was £17.1 million compared to forecast of £19.1 million. The breakdown of spend is as follows:

- Mobile plant and vehicles (£12.8m)
- Raikes Lane, Bolton reinstatement (£1.1m)
- Mechanical Biological Treatment (MBT) modifications (£3.1m)

13.2 Expenditure on the former landfill sites has been postponed and projects reprofiled into 2020/21 capital programme. Spend on the former landfill sites has been postponed and projects relisted in the 2020/21 capital programme. The intensity of work on the MBT modifications has restricted the time available to this area.

13.3 The exception to the above is the replacement engineering team office at Salford Road, Over Hulton which was planned to be delivered in 2019/20. This was not included in the roll forward of projects to 2020/21 and a sum of £0.1m needs to be added to the 2020/21 capital programme.

14. RECOMMENDATIONS

14.1 The recommendations appear at the front of this report.

APPENDIX A Page 1 of 2 GMCA CAPITAL OUTTURN 2019/20	Forecast 2019/20 £'000	Actuals 2019/20 £'000	Variance £'000
<u>TRANSPORT</u>			
<u>Greater Manchester Transport Fund</u>			
Metrolink Programme	4,972	4,222	(750)
Metrolink Renewals & Enhancement	2,258	2,230	(28)
Subtotal Metrolink	7,230	6,452	(778)
Park and Ride	86	51	(35)
Bus Priority Programme	666	372	(294)
Bolton Interchange	564	529	(35)
Subtotal Other Schemes	1,316	952	(364)
Greater Manchester Transport Fund total	8,546	7,405	(1,141)
<u>Road Schemes (Stockport)</u>			
Stockport Town Centre Access Plan (DfT retained scheme)	8,325	6,818	(1,507)
A6 MARR / SEMMMS	5,768	4,697	(1,071)
Stockport Council Schemes total	14,093	11,514	(2,579)
<u>Metrolink Schemes</u>			
Trafford Extension	80,776	79,234	(1,542)
Metrolink Schemes total	80,776	79,234	(1,542)
<u>Transforming Cities</u>			
Mayors Challenge Fund	5,677	4,099	(1,578)
Metrolink Capacity Improvement Programme	23,084	19,163	(3,921)
Transforming Cities	28,761	23,262	(5,499)
<u>Other Capital Schemes and Programmes</u>			
Smart Ticketing	1,222	1,992	770
Cycling-CCAG 2- Cycle Safety	2,519	1,482	(1,037)
Clean Bus Fund	2,393	-	(2,393)
Early Measures Fund	790	1,113	323
Other Capital Schemes total	6,924	4,587	(2,337)
<u>Growth Deal</u>			
TfGM Majors	18,040	18,389	349
Local Authorities Majors	18,446	17,855	(591)
Growth Deal 3 TfGM schemes	3,202	2,635	(567)
Growth Deal 3 Local Authorities	5,931	4,321	(1,610)
Growth Deal total	45,619	43,199	(2,420)
<u>Minor Works</u>			
ITB Local Authorities and TfGM	608	81	(527)
Growth Deal 1 Local Authorities & TfGM	589	207	(382)
Growth Deal 2 Local Authorities	6,333	4,609	(1,724)
Growth Deal 2 TfGM Schemes	3,427	3,758	331
Minor Works total	10,957	8,655	(2,302)

APPENDIX A Page 2 of 2 GMCA CAPITAL OUTTURN 2019/20	Forecast 2019/20 £'000	Actuals 2019/20 £'000	Variance £'000
<u>TRANSPORT (Cont'd)</u>			
<u>GMCA Controlled Transport Schemes</u>			
Traffic Signals (Externally Funded)	2,500	1,845	(655)
Highways Maintenance	36,224	34,325	(1,899)
Full Fibre Network	3,500	30	(3,470)
GMCA Controlled Transport Schemes total	42,224	36,201	(6,023)
Total Capital - Transport	237,900	214,056	(23,844)
<u>ECONOMIC DEVELOPMENT AND REGENERATION FUNCTIONS</u>			
Recycled GF / RGF Capital Receipts	8,000	12,723	4,723
Empty Homes Programme	600	309	(291)
Housing Investment Fund	113,498	106,167	(7,331)
Growth Deal - Skills Capital	1,530		7,418
Growth Deal - Skills Capital Round 2 & 3	7,800	8,948	(7,800)
Growth Deal - Life Sciences Fund	1,500	814	(686)
Growth Deal - International Screen School Manchester	2,177	1,879	(298)
Growth Deal - Investment Fund Loans	9,284	4,290	(4,994)
LGBT Centre	112	113	1
Total Capital - Economic Development & Regeneration	144,501	135,243	(9,258)
<u>GREATER MANCHESTER FIRE AND RESCUE</u>			
Estates Related	1,699	1,544	(155)
IT Schemes	373	374	1
Vehicles and Equipment	2,767	2,447	(320)
Total Capital - GM Fire & Rescue	4,839	4,365	(474)
<u>WASTE</u>			
Waste and Recycling Sites	18,691	17,069	(1,622)
Former Landfill Sites	400	-	(400)
Total Capital - Waste and Resources	19,091	17,069	(2,022)
TOTAL	406,331	370,734	(35,597)

Appendix B

Financed by:	£000
<u>GMCA Resources</u>	
Borrowing	61,504
Capital Grants	91,505
Revenue Contribution to Capital Outlay	51,169
External Contributions	1,845
<u>TfGM / District Resources</u>	
Third Party Contributions	87
District Contributions	7,946
Total Transport	214,056
Borrowing	106,167
Capital Grants	16,241
Revenue Contribution to Capital Outlay	113
Useable Capital Receipts	12,723
Total Economic Development and Regeneration	135,243
Revenue Contribution to Capital Outlay	4,365
Total GM Fire and Rescue Service	4,365
Borrowing	14,762
Revenue Contribution to Capital Outlay	2,307
Total Waste	17,069
Total Funding	370,734

