

DATE: 27th January 2012

SUBJECT: Greater Manchester Transport Fund Update

REPORT OF: Head of Paid Services, Greater Manchester Combined Authority
Chief Executive, Transport for Greater Manchester

PURPOSE OF REPORT

To present an update in relation to the Greater Manchester Transport Fund (GMTF) and other strategic public transport schemes.

RECOMMENDATIONS

The Executive Board is requested to:

- (1) note the contents of the report, including, in particular the updated funding and finance strategy;
- (2) approve the funding proposals for the remaining works to integrate the Metrolink Airport extension with the SEMMMS road scheme as set out in section 3.22 of the report, the details of which will be finalised in consultation with the GMCA Treasurer; and
- (3) approve the transfer of funding of up to £1.2 million between the Ashton Northern Bypass and highway works in relation to Ashton Metrolink extension.

BACKGROUND DOCUMENTS

GMCA Report: Greater Manchester Transport Fund Update and Capital Programme Monitoring Report – 29 July 2011.

Report to GMCA: 'Integration of Metrolink Airport extension and SEMMMS Road Scheme'-27 May 2011.

Report to GMCA: 'Capital Programme 2011/12 to 2013/14'-1 April 2011.

Report to GMCA: 'Treasury Management Strategy Statement & Borrowing Limits and Annual Investment Strategy 2011- 12' – 1 April 2011.

Report to AGMA Executive Board: 'Greater Manchester Transport Fund-Metrolink Phase 3B Delivery Programme and Financial Strategy Update'-30 July 2010.

Report to AGMA Executive Board: 'Greater Manchester Transport Fund Update'-25 June 2010.

Report to AGMA Executive Board: 'Greater Manchester Transport Fund Delivery Programme Update'-27 November 2009.

Report to AGMA Executive Board: 'Greater Manchester Transport Fund - Accelerated Package Update'-25 September 2009.

Report to AGMA Executive Board: 'Greater Manchester Transport Fund – Proposed Delivery Strategy and Financial Arrangements'-31 July 2009.

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1 Background

- 1.1 At its meeting on 12 May 2009, the AGMA Executive agreed to establish a Greater Manchester Transport Fund (GMTF), incorporating prioritised schemes based on delivering the maximum economic benefit (GVA) to Greater Manchester, consistent with positive package level social and environmental outcomes.
- 1.2 The Executive agreed that schemes should be prioritised for delivery, in addition to the Metrolink Phase 3a extensions that were previously approved by AGMA in 2008.

Metrolink Phase 3a

- 1.3 The South Manchester line is a 1.7 mile (2.7km) conversion of a previously disused railway corridor from Trafford Bar to St. Werburgh's Road. This line opened on 7 June 2011.
- 1.4 The East Manchester line is a 3.9 miles (6.3km) section to Drolysden running from the existing Metrolink stop at Manchester Piccadilly via the Etihad Stadium and the Velodrome.
- 1.5 The extensions to Oldham and Rochdale are being delivered in phases; a line to Oldham Mumps via Central Park; and the continuation of the line to Rochdale Railway Station. This includes the conversion of 14 miles (22.5km) of old railway line for Metrolink use.

Metrolink Phase 3b

East Manchester Line - Droylsden To Ashton

- 1.6 The scheme comprises of a 2.4 mile (3.8km) extension from Droylsden to Ashton.

South Manchester Line - Chorlton To East Didsbury

- 1.7 The scheme comprises of a 2.8 mile (4.4km) extension from Chorlton to East Didsbury.

Oldham Rochdale Line to Rochdale Town Centre

- 1.8 The scheme comprises of a 0.7 mile (1.1km) extension into Rochdale Town Centre.

Oldham Rochdale Line to Oldham Town Centre

- 1.9 The scheme comprises of a 1.5 mile (2.4km) extension into Oldham Town Centre.

Airport Line

- 1.10 The scheme comprises 9 miles (14.5km) connecting the Regional Centre to Manchester Airport.

Second City Crossing (2CC)

- 1.11 The ITA Capital Projects Committee confirmed at its meeting on 18 September 2009 that Cross Street should be the alignment for the Second City Crossing and subsequent work undertaken jointly with MCC revised the southern end of the alignment to run through St Peter's Square, and down Princess Street, avoiding Mount Street and Albert Square. These proposals, which will integrate with the MCC proposals for St Peter's Square, were confirmed by the MCC Executive on 16 March 2011, and by the TfGMC Policy and Resources Committee on 18 March 2011.

Interchanges

Altrincham

- 1.12 TfGM is working with Trafford Council, Network Rail, and a number of other key stakeholders to design and implement a significant package of improvements at the existing Altrincham Interchange facility, including the construction of a new bus interchange; improvements to the rail / light rail passenger environment; the provision of a cycle centre; and the construction of a new accessible pedestrian footbridge and associated lifts. These improvements will facilitate enhanced access for bus, rail and Metrolink passengers and will strengthen connectivity to, and within, Altrincham town centre.

Bolton Town centre Strategy

- 1.13 The project is being developed in conjunction with Bolton Council and involves the relocation of the existing bus station from Moor Lane to a new site adjacent to Bolton Rail Station and incorporates a direct, wholly enclosed, pedestrian footbridge between the two facilities.

Bus Schemes

Leigh Salford Manchester (LSM) Busway

- 1.14 The LSM Busway scheme provides three core sections of bus priority infrastructure and associated park and ride facilities that will improve bus reliability and journey times. These core sections will complement the Cross City Bus package and will facilitate the enhancement of Leigh Salford bus services by including; an off highway guided section which will run from the outskirts of Leigh town centre to Ellenbrook; on highway bus priority measures along the A580 from Ellenbrook to the M60 Boothstown; and on highway bus priority measures linking Wigan to the guided section of the busway at Tyldesley.

Cross City Bus Package

- 1.15 The Cross City Bus Package involves the development of bus priority measures along four separate corridors:
- the A580 East Lancashire Road in Salford;
 - the A664 Rochdale Road in Manchester and Rochdale;
 - the Oxford Road Corridor in Manchester; and
 - the Regional Centre, in Manchester.
- 1.16 The Cross City Bus Package will link areas of social deprivation to the North and West of Manchester with key areas of employment, education and healthcare opportunities within the City Centre, along the Oxford Road Corridor and also in the Chapel Street area of Salford.
- 1.17 DfT announced in November 2011 that the bids for the Cross City Bus Package and the Rochdale Interchange had been successful. The package is be funded as follows; £32.5 million from DfT and £21.5 million of borrowings. The cost of the borrowings is included within the financial projections.

Park & Ride

- 1.18 The proposed Park and Ride sites included within the GMTF programme, as set out in the update report to the AGMA Executive Board in June 2010 are listed below:

Metrolink Sites	<i>District</i>	Other Sites (Rail unless indicated)	District
Prestwich	Bury	Horwich Parkway	Bolton
Radcliffe	Bury	Irlam	Salford
Whitefield	Bury	M60/A580 (Bus / LSM)	Salford
East Didsbury	Manchester	Hazel Grove	Stockport
Derker	Oldham	Cheadle Hulme	Stockport
Hollinwood	Oldham	Guide Bridge	Tameside
Oldham Mumps	Oldham	Flixton	Trafford
Shaw &	Oldham	Hindley	Wigan
Crompton			
Rochdale	Rochdale		
Dane Road	Trafford		

Contributions to Rail Stations

- 1.19 The Transport Fund in May 2009 included a £50 million contribution to make improvements at rail stations in Greater Manchester.

Road Schemes

SEMMMS

- 1.20 SEMMMS A6 to Manchester Airport Relief Road. This is part of a package of measures, originally proposed as part of the South East Manchester Multi-modal Study (SEMMMS) to relieve local communities from the impact of heavy traffic and improve access to the Airport.

Londendale Integrated Transport Strategy

- 1.21 Following the March 2009 withdrawal by the Highways Agency from the adjourned Mottram-Tintwistle bypass Public Inquiry, Tameside proposed the development of an integrated transport strategy for Longdendale. This area suffers from severe congestion problems caused by traffic travelling between the M67, Glossop and Sheffield. An integrated transport strategy would include a broad package of measures, such as improved public transport provision, walking and cycling, though the strategy is likely to rely on the construction of a local bypass to relieve the congestion before the other measures could flourish and reach their full potential.

Ashton Northern Bypass

- 1.22 This is the second stage of a scheme to provide a bypass for the town centre of Ashton-under-Lyne. It will remove traffic from the town centre, and will create a more attractive environment for shopping, visiting and working. The scheme is under construction and due to be completed in early 2012.

Wigan Inner Relief Road

- 1.23 This will relieve congestion within close to Wigan town centre, providing the opportunity to re-allocate road space to the more sustainable modes of travel. It will also be complementary to traffic management and streetscape improvements being undertaken by Wigan Council in the vicinity of the two rail stations along Wallgate.

Metrolink Trafford Park

- 1.24 The scheme includes proposals for a Metrolink extension running through Trafford Park, connecting with the Trafford Centre, the City of Salford Stadium and Port Salford. This extension will provide greatly improved public transport to the largest concentration of employment outside the Regional Centre and TfGM is working with partners to identify a delivery mechanism for the scheme.

Stockport Interchange

- 1.25 This scheme includes the delivery of a new bus interchange within Stockport town centre at the existing Bus Station site.

Stockport Town Centre Access Scheme

- 1.26 This scheme includes a series of traffic management measures to assist in the management of vehicles and pedestrians within the context of the overall town centre regeneration proposals.

East Lancashire/West Rochdale Area Study

- 1.27 This scheme identifies the transport issues acting as a constraint to achieving the Greater Manchester Strategy transport objectives in the East Lancashire/West Rochdale area; and those cost-effective transport interventions which could enhance sustainable connectivity from the area to the Regional Centre and other key employment centres.

2 GMTF Funding and Finance Strategy

Programme Costs

- 2.1 This report describes the financial profile of the GMTF, including the impact of the positive announcements in November 2011 in relation to the public transport schemes that had been included within the CSR Development Pool. The latest financial projections, include the impact of some of the capital expenditure being later than the originally projected and more favourable interest rates having been fixed for a proportion of the borrowings, as described in further detail below.
- 2.2 The overall cost of the programme as reported to AGMA in July 2010, was £1,528 million.
- 2.3 The total scheme costs include highways, utilities and other complementary works that are being undertaken by Oldham MBC and Rochdale MBC; and these works, to a value of £7.5 million, are being procured on behalf of the relevant Authority by TfGM in addition to the £1,528 million referred to above. Oldham MBC and Rochdale MBC are providing funding contributions of £5 million and £2.5 million respectively in respect of these works.
- 2.4 The report to the Combined Authority in July 2011 included a number of changes to the schemes included in the GMTF Programme, as set out below.
- 2.5 Savings of £8 million were identified for the LSM scheme allowing the local funding contribution to the Cross City Bus Package to increase. This reduction in the local funding contribution for the Cross City Bus Package was an integral part of the successful Development Pool submission to the Department for Transport.
- 2.6 The Metrolink extension to Oldham Town Centre scheme costs includes £5 million for 'Other Complementary Works'.
- 2.7 The Metrolink extension to Rochdale Town Centre scheme costs include £1.3 million for the new stop at Kingsway Business Park, funded from savings resulting from the removal of Drake Street stop; a contribution from Rochdale MBC of £700,000; and from Prudential borrowings of up to £600,000; and £2.5 million for 'Other Complementary Works'.

- 2.8 The table below sets out the forecast scheme cost at July 2011; the latest forecast costs; actual expenditure to the end of December 2011 and the future expenditure (all rounded to the nearest £ million).

Latest Scheme Forecast Costs

Scheme	July 2011 £m	Change £m	January 2012 £m	Spend To Date £m	Future Spend £m	Total £m
Metrolink Schemes						
Droylsden to Ashton	88	1	89	56	33	89
Chorlton to East Didsbury	88	-	88	52	36	88
Rochdale town centre	37	-	37	19	18	37
Oldham town centre	89	-	89	37	52	89
Airport and 2CC	520	-	520	148	372	520
Interchanges						
Altrincham Interchange	19	-	19	1	18	19
Bolton Interchange	48	-	48	1	48	48
Bus/Rail						
LSM	68	-	68	2	66	68
Cross City Bus	54	-	54	3	51	54
Park and Ride	32	-	32	4	28	32
Contributions To Rail Stations	50	-	50	-	50	50
Road Schemes						
SEMMMS	290	-	290	3	287	290
Longdendale Integrated Transport Strategy	100	-	100	-	100	100
Ashton Northern Bypass	16	(1)	15	13	2	15
Wigan Inner Relief Road	30	-	30	-	30	30
Total Schemes	1,529	-	1,529	339	1,190	1,529

- 2.9 The current forecast outturn cost for the Ashton Northern Bypass is approximately £15 million. It is proposed that up to £1.2 million of funding from this scheme is allocated to the Metrolink Ashton works which require the renewal of a section of the Droylsden Road inbound carriageway, to be undertaken by Tameside MBC.

Programme Funding and Risk Mitigation Strategy

- 2.10 On 31st July 2009, the AGMA Executive considered a report which presented an outline delivery strategy and proposed financial arrangements in support of the Transport Fund, and agreed that:

- the total investment package would be funded from grants from the Department for Transport; a 'top slice' from the Greater Manchester Integrated Transport Block (ITB) LTP funding over a period of 9 years from 2010/11; and from a combination of borrowings, to be undertaken by GMITA, and partly from local/third party contributions; and
- GMITA (now 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 referred to in the report (which will be raised by GMITA (now GMCA) under its levying powers in addition to the amounts which the GMITA requires to levy to fund its other expenditure); and in part from local, third party, revenue contributions.

- 2.11 The default financial strategy for the GMTF assumed that borrowings for the Transport Fund would be undertaken from the Public Works Loan Board ('PWLB'). However, given that the products offered by the PWLB do not allow flexibility; principally in that they do not allow interest rates to be fixed forward in advance, discussions were held with the European Investment Bank ('EIB'), who are able to offer a wider range of flexible products, including fixing forward interest rates.

- 2.12 The EIB undertook due diligence and visited Manchester in May 2010 to review the delivery progress for the Metrolink extensions. This subsequently enabled the GMCA Treasurer, in conjunction with TfGM, to negotiate a facility with the EIB of up to £500 million for the ongoing and future Metrolink investment programme. The £500 million represents approximately 39% of the total capital expenditure for the combined Metrolink Phase 3A programme

and the Metrolink Phase 3B extensions; approximately 57% of the total borrowing requirements for the combined Metrolink Phase 3A and 3B programme; and approximately 64% of the total borrowing requirements for the GMTF.

- 2.13 The EIB facility allows interest rates to be fixed forward, which provides the opportunity to mitigate against the risk of future interest rate fluctuations. This is of particular importance given the risk of future interest rate increases and the fact that borrowings from the default lender, the Public Works Loan Board (PWLB), can only be fixed at the time that the borrowings are undertaken. This approach also helped to protect the Fund programme from the impact of the Government's decision, at the time of the CSR, to charge a 1% margin (over the cost of gilts) on prudential borrowings through the PWLB.
- 2.14 To date, £450 million of the EIB facility has been fixed; at rates that compare favourably with Public Works Loan Board (PWLB) rates; represent value for money; and are affordable within the financial framework for the Metrolink programme and the GMTF.
- 2.15 The remaining £50 million of the £500 million facility from EIB is, as previously reported, conditional upon the granting of powers and approvals for the Metrolink Second City Crossing.
- 2.16 In addition, £297.5 million of borrowings have also been drawn down, at fixed rates, from PWLB. As a result, 72% of the forecast borrowings for the Transport Fund and Metrolink Phase 3A programmes have been fixed.
- 2.17 Utilising the fixed price products offered by EIB is consistent with the funding and risk mitigation strategy, which seeks to reduce the length of time over which we are exposed to fluctuations in interest rates, whereby
- the risks associated with committing to fixed facilities that then turn out to be required later, are mitigated by only fixing facilities for approximately 57% of total Metrolink 3A / 3B borrowing requirements, resulting in the remaining facilities being able to be scheduled flexibly;
 - rates are fixed on borrowings that are generally required later in the programme;

- EIB drawdowns have not been fixed to finance expenditure that relates to capital risk and contingency allowances;
- EIB drawdowns have not been fixed for the last 10% of borrowings, to allow for an appropriate level of programme flexibility; and
- borrowings for the Metrolink programmes can be managed alongside other borrowings for the non-Metrolink Transport Fund programmes.

2.18 These factors are in addition to the following mitigation strategies and contingencies, which were built into the financial strategy to protect against the risk of reduced revenues or increased operating or financing costs:

- Metrolink passenger numbers and resultant revenue forecasts were projected using prudent demand and yield forecasts;
- Forecast Metrolink operating costs have been calculated by projecting forward known, existing; and future, Phase 3, operating costs; and
- Forecast net revenues have been subject to a risk adjustment before being included in the financial strategy.

2.19 GMCA and TfGM hold certain reserves which are ring-fenced to pay for and manage the risks of delivering their ongoing capital programme. TfGM is responsible for delivering a £1.7 billion capital programme of public transport investment and infrastructure, during the period to 2016. This is the largest programme of transport investment outside of London. The forecast annual capital spend in 2012/13 is budgeted to be over £300 million.

2.20 Primarily as a result of the timing of capital spend and consequently lower than budgeted finance costs, the balance on the Capital Programme Reserve at 31 March 2012 is forecast to be approximately £19 million.

2.21 The capital programme reserve 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.

2.22 The projected balance on the Capital Programme Reserve at the end of 2014/15 is approximately £20 million. This is after allowing for:

- up to £18 million towards the costs of carrying out the road works at Manchester Airport where SEMMMS and the Metrolink extension interface. This is the balance of the funding required for the full cost of the works of £35.8 million as set out in the May 2011 GMCA report;
- the costs relating to the acquisition of an additional 20 trams to replace the remainder of the existing T68 fleet; and
- a programme level allowance relating to the cost of delivering the Metrolink capital programme.

2.23 The balance of £20 million would cover the cost of a shortfall in revenues from the new Metrolink lines of approximately 30% of the projected revenue in the first full year. Revenue shortfalls of approximately 10% have been allowed for in the projections for subsequent years.

2.24 The resource streams, including the Metrolink net revenues, which will support the prudential borrowings are set out below.

Levy Contributions

2.25 The financial strategy for the Fund, agreed by AGMA in 2009, included for agreed levy contributions to commence in 2010/11 and to increase each year for 6 years until 2015/16 at the rate of 3% of the prior year levy.

2.26 The levy contributions would then continue at the 2015/16 level for the following 30 years, which reflects the 30 year asset lives.

2.27 As reported in the separate report on the agenda for the GMCA meeting in relation to the Transport Levy, it is proposed that a reduction of 1.5% (i.e. from 3% to 1.5%) in the 2012/13 levy be delivered by taking advantage of the benefit to the Transport Fund that has accrued as a result of a deferral in some of the capital expenditure (compared to the originally projected phasing in the financial model) and more favourable interest rates having been fixed for a proportion of the borrowings. To maintain the purchasing power of the fund, if the contribution into the Transport Fund is reduced in 2012/13, it would need to be restored in year 7 of the life of the Fund i.e. 2016/17, when there would otherwise have been no additional Levy contributions into the Fund.

Net Revenues

- 2.28 Net revenues generated by the schemes, including, in particular, the Metrolink schemes, delivered by the Fund will be available to support the prudential borrowing. In line with current agreed policy; fares are assumed to increase at RPI + 1% year on year.

Resource contribution by Manchester Airport

- 2.29 The Manchester Airport contribution of £50 million was originally assumed to be received in two £25 million tranches in each of 2011-12 and 2012-13. It has subsequently been agreed that the contribution will be received in five annual £10 million tranches (with a further payment of up to £1 million to reflect the time value of the revised schedule of contributions), with the first contribution having been received in 2010/11.

3 Current funding position

3.1 The table below sets out the anticipated assignment of funds to specific schemes within the GMTF and the subsequent paragraphs describe the current position in relation to schemes that are not yet funded.

	DfT	LTP	Other	PB	Total	Funded	Not yet Funded	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Metrolink Schemes								
Droylsden to Ashton	61	10	-	18	89	89	-	89
Chorlton to East Didsbury	60	-	-	28	88	88	-	88
Rochdale Town Centre	-	3	3	31	37	37	-	37
Oldham Town Centre	-	4	5	80	89	89	-	89
Airport and 2CC	-	73	-	447	520	520	-	520
Interchanges								
Altrincham Interchange	-	-	1	18	19	19	-	19
Bolton Town Centre Strategy	-	-	3	45	48	48	-	48
Bus/Rail								
LSM Busway	-	-	-	68	68	68	-	68
Cross City Bus Package	32	-	-	22	54	54	-	54
Park & Ride	8	2	-	22	32	27	5	32
Contributions to Rail Stations	-	3	47	-	50	-	50	50
Road Schemes								
SEMMMs	165	29	78	18	290	28	262	290
Longdendale ITS	-	10	90	-	100	-	100	100
Ashton Northern Bypass	2	11	2	-	15	15	-	15
Wigan Inner Relief Road	-	2	28	-	30	-	30	30
Total	328	147	257	797	1,529	1,087	442	1,529

Park and Ride

- 3.2 A number of Park and Ride sites are being delivered as part of the Metrolink Phase 3A and Phase 3B extensions. Funding for these sites is included within the overall funding package for the Metrolink Phase 3 extensions.
- 3.3 The Park and Ride sites included within the Greater Manchester Transport Fund programme, with a budgeted cost of £32 million, are detailed in Section 1.
- 3.4 Funding for the Park and Rides sites within the GMTF of approximately £8.5 million was received from DfT during 2009/10 and 2010/11 and £2 million was allocated from LTP funds.
- 3.5 Following the Comprehensive Spending Review in late October 2010, DfT advised that no further central government funding would be available for this programme in the period to 1 April 2015. As a result, a review of the development and funding options for the Park and Ride package has been undertaken.
- 3.6 The Capital Programme and Treasury Management report approved by the CA in April 2011 allowed for all of the required borrowings to deliver the Metrolink and LSM Park and Ride schemes in the GMTF and noted that funding sources would need to be identified for the remaining rail related Park and Ride sites. Following approval by the Combined Authority in July 2011, forecast capital cost of the Metrolink and LSM Park and Ride schemes is to be funded as follows; £8.5 million from DfT, £2.0 million from LTP and £15.5 million of borrowings.
- 3.7 The Rail Park and Ride sites included within the Greater Manchester Transport Fund are at Horwich Parkway, Irlam, Hazel Grove, Cheadle Hulme, Guide Bridge, Flixton and Hindley.
- 3.8 Funding has been secured for the sites at Cheadle Hulme and Guide Bridge from a combination of Network Rail and the Station Commercial Project Facility (SCPF). In addition, Horwich Parkway has been successful in attracting

funding of approximately £0.2 million from the SCPF, towards the overall cost of the scheme of approximately £0.7 million.

- 3.9 The funding required for the remaining Park and Ride sites is £5.1 million. Work is ongoing to deliver a business case to fund the the sites remaining from other sources, including from the European Regional Development Fund (ERDF) and Integrated Transport Block funding.

Contributions to Rail Stations

- 3.10 Work is continuing with rail industry partners to identify funding opportunities for the delivery of the rail station improvements across Greater Manchester.
- 3.11 Opportunities include the opportunity to encourage future franchise bidders to include station developments in their plans; and in the case of larger stations, inclusion of station plans in larger schemes and programmes.
- 3.12 The Strategic Rail Priorities for 2014-19 includes making the case to the rail industry and government for the establishment of a substantial fund to be established as part of the rail industry settlement for 2014-19 for relatively small schemes at stations and other rail facilities.
- 3.13 Work will continue to develop funding proposals for contributions to Rail Station improvements. This will include discussions with Network Rail and the Train Operating Companies, as part of the pending refranchising process. In addition, smaller scale schemes including the development of the Rail Station Improvement Strategy (RSIS) will continue to be progressed. Work is ongoing to deliver a business case to fund the remaining RSIS schemes from other sources, including from the European Regional Development Fund (ERDF), the additional 2011/12 Integrated Transport Block funding and from Northern Rail, who administer the Access for All Small Schemes funding on behalf of DfT.

Road Schemes

Ashton Northern Bypass

- 3.14 Construction of the main highway works for the Ashton Northern Bypass commenced in January 2011 and the highway is expected to open, as scheduled, in early 2012.
- 3.15 The current forecast outturn cost for the Ashton Northern Bypass is approximately £15 million. It is proposed that the £1.2 million of funding from this scheme is allocated to the Metrolink Ashton extension, to enable additional on street works relating to the renewal of a section of the Droylsden Road inbound carriageway to be undertaken by Tameside MBC.

SEMMMS (Including Metrolink interface Works)

- 3.16 The SEMMMS road scheme was not included in the DfT's Development Pool of Schemes following the Comprehensive Spending Review; and funding strategies are being developed for the scheme.
- 3.17 The Chancellor of the Exchequer announced in the 2011 Autumn Statement that £165 million of the DfT funding originally set aside for the delivery of SEMMMS was being made available, potentially to an accelerated timetable.
- 3.18 Although the reinstatement of the £165 million could, in principle, help with some early works, it is not sufficient on its own to deliver the full scheme, which originally also relied on £89 million of funding through the RFA; and local contributions, principally through the LTP top slice.
- 3.19 The LTP top slice contribution remains in place, but there is, as yet, no visibility on the devolved funding position post 2015. DfT is expected to consult shortly on the post 2015 devolved funding regime, which is likely to involve an annual, as yet unquantified, allocation of major scheme funding to Greater Manchester.
- 3.20 A report was submitted to the GMCA on 27 May 2011 to approve £17.9 million of road works at Manchester Airport where SEMMMS and the Metrolink extension interface, in order to progress work in relation to utility works adjacent to Manchester Airport and Airport City and design and preparation

for the highways works, including the Metrolink underpass. The works are being funded from £8 million of borrowings to fund the Metrolink Underpass on Ringway Road West; and £9.9 million, from the £29 million of LTP funding allocated to the SEMMMS road scheme.

- 3.21 To ensure that the Metrolink and highway works required around Manchester Airport are effectively integrated and to avoid incurring a much greater level of costs and prolonged disruption arising from construction works in the future, it is proposed that the remaining commitments are made to undertake utility and highway works in the vicinity of the Airport now. In addition to saving cost and disruption later, these works improve the Eastern access to the Airport City Enterprise Zone; helping to safeguard projected growth on the site, which will generate business rates which AGMA has agreed will be pooled at the GM level.
- 3.22 The latest financial projections include £18 million towards the costs of carrying out the road works at Manchester Airport where SEMMMS and the Metrolink extension interface. This is the balance of the funding required for the full cost of the works of £35.8 million as set out in the May 2011 GMCA report. Approval is now sought for the borrowings of up to £18 million to fund the remainder of these works with the final amount being subject to the outcome of discussions with Manchester Airport and with DfT in relation to their funding contributions to SEMMMS. The optimum mix of reserves utilisation and borrowings will be determined by the Combined Authority Treasurer, prior to the closure of the relevant years' accounts.
- 3.23 Following the publication of the Government's response to the Local Government Resource Review (LGRR) consultation; and in the context of the Deals for Cities agenda, the funding solutions for this and other unfunded GMTF schemes are being explored with Treasury, DCLG and DfT. This will be the subject of a future report to the GMCA Executive.

Longdendale Integrated Transport Strategy

- 3.24 The funding for the Longdendale Integrated Transport Strategy scheme approved by AGMA in May 2009 included a combination of DfT and local resources.
- 3.25 Following the Comprehensive Spending Review, no Major Transport Schemes Funding is available from central government for this scheme prior to 1 April

2015. Funding sources are being sought (including Central Government Major Schemes Funding for the period after 1 April 2015) to develop an integrated transport solution to the traffic and associated environmental issues in this area.

- 3.26 Following the publication of the Government's response to the Local Government Resource Review (LGRR) consultation; and in the context of the Deals for Cities agenda, the funding solutions for this and other unfunded GMTF schemes are being explored with Treasury, DCLG and DfT.

Wigan Inner Relief Road

- 3.27 The funding for the Wigan Inner Relief Road approved by AGMA in May 2009 included a combination of DfT and local resources.
- 3.28 Following the Comprehensive Spending Review no Major Transport Schemes funding is available from central government for this scheme prior to 1 April 2015. Funding sources are being sought to develop the scheme including Central Government Major Schemes Funding for the period after 1 April 2015.
- 3.29 Following the publication of the Government's response to the Local Government Resource Review (LGRR) consultation; and in the context of the Deals for Cities agenda, the funding solutions for this and other unfunded GMTF schemes are being explored with Treasury, DCLG and DfT.

4 Other GMTF Prioritised Schemes

- 4.1 As referred to in section 1 above, at the time that the delivery priorities for the GMTF were established, additional priorities awaiting further funding were also confirmed as follows:
- Metrolink: Trafford Park
 - Stockport Interchange
 - Stockport Town Centre Access Scheme
 - East Lancashire / West Rochdale Area Study

- 4.2 Following the publication of the Government's response to the Local Government Resource Review (LGRR) consultation; and in the context of the Deals for Cities agenda, the funding solutions for this and other unfunded GMTF schemes are being explored with Treasury, DCLG and DfT.

Metrolink Trafford Park

- 4.3 The redesign of the Trafford Metrolink line has significantly improved its forecast GVA return at the Greater Manchester level. This would further strengthen the case for the investment as and when sufficient funding is available to extend the GMTF programme.

Stockport Town Centre Bus Interchange

- 4.4 Stockport Interchange is currently included within AGMA's Greater Manchester Transport Fund Programme on the list of schemes that have been identified as awaiting further funding.
- 4.5 Work has been ongoing with Stockport MBC to review how a new bus interchange could be delivered within Stockport town centre in the future, in the context of the updated town centre master plan proposals. This work concluded that the preferred location of both TfGM and the Council for a new bus facility is the existing Bus Station site.

Stockport Town Centre Accessibility Package

- 4.6 The Stockport Town Centre Accessibility package is currently included within AGMA's Greater Manchester Transport Fund Programme on the list of schemes that have been identified as priorities but which are awaiting further funding.
- 4.7 This scheme included a series of traffic management measures that would assist in the management of vehicles and pedestrians within the context of the overall town centre regeneration proposals.

East Lancashire / West Rochdale Area Study

- 4.8 Work is being undertaken to identify the transport issues acting as a constraint to achieving the Greater Manchester Strategy transport objectives in the East Lancashire/West Rochdale area; and to identify those cost-effective transport

interventions which could enhance sustainable connectivity from the area to the Regional Centre and other key employment centres. The work also identifies any cost-effective interventions which could potentially form part of a future GMTF programme, including an assessment of improvements to the East Lancashire Railway to operate commuter services and highway-based schemes.

- 4.9 The outcome of the work is currently being assessed and further discussions are being undertaken with local authorities and stakeholders.

5 Other Metrolink Capital Programmes

- 5.1 Other Metrolink Capital Programmes include a number of projects to enhance the overall quality of service for passengers. This includes a programme to replace the existing fleet of 32 T68 trams.

- 5.2 Proposals to replace 12 of the existing fleet of T68 trams were approved by the Combined Authority in September 2011. The latest financial projections have been prepared after allowing for the costs relating to the acquisition of an additional 20 trams to replace the remainder of the existing T68 fleet. Detailed proposals will be submitted to GMCA for consideration in relation to the procurement of additional trams before the expiry of the current contractual option period in September 2012.

6 Other Capital Schemes

Rochdale Interchange

- 6.1 The Rochdale Interchange scheme involves the relocation of the existing town centre bus station to an alternative site adjacent to the River Roch. This scheme will deliver a step change in public transport facilities in the town; will allow the bus and Metrolink facilities to be integrated; and will facilitate the wider town centre re-development proposals being led by Rochdale Council.
- 6.2 DfT announced in November 2011 that the bid for the Rochdale Interchange had been successful. The package is to be funded as follows; £7 million from DfT and £4.5 million from local contributions including ITB funding and contributions from Rochdale Council and the Single Regeneration Budget (SRB).

Wythenshawe Interchange

- 6.3 A preferred solution for the Wythenshawe scheme is now progressing for a Multi-Modal Transport Interchange and significant work has been carried out in recent months to bring the new scheme forward. This has included work to maximise opportunities for integration between the bus station and the adjacent Metrolink stop.
- 6.4 Local stakeholders have been engaged in developing the layout and a public consultation exercise will commence shortly; in advance of a planning application for the scheme being submitted in 2012.
- 6.5 Subject to the satisfactory conclusion of the planning process and the procurement exercise, it is anticipated that works will commence on site in 2013 and be completed in 2014. The forecast outturn cost is in line with the budget of £6.7 million.

7 Recommendations

- 7.1 The recommendations are contained on the front sheet of this report.