

GREATER MANCHESTER INTEGRATED TRANSPORT AUTHORITY**REPORT FOR INFORMATION****COMMITTEE: Capital Projects****DATE: 2nd July 2010****SUBJECT: Greater Manchester Transport Fund Update****REPORT OF: The Clerk to GMITA and the Chief Executive of GMPTE**

PURPOSE OF REPORT

To provide Members with an update of the progress to date on the Greater Manchester Transport Fund Package.

RECOMMENDATIONS

Members are requested to note the progress to date on the Greater Manchester Transport Fund, and in particular to

- (1) note the content of the report, the progress made to date on developing the schemes within the package and in particular that the commercial and contractual arrangements for the Metrolink Phase 3B Airport line and Oldham and Rochdale Town Centre extensions are expected to be concluded before the end of July 2010;

BACKGROUND DOCUMENTS

Leigh Salford Manchester Busway - Advanced Works (Emergency Committee - 21st May 2010)

Metrolink Oldham and Rochdale Town Centre Extensions (Emergency Committee - 21st May 2010)

Metrolink Airport Line Extension (Capital Projects Committee – 5th March 2010)

Greater Manchester Transport Fund– Accelerated Package Delivery Programme and Financial Strategy Update (Authority – 18th December 2009)

Greater Manchester Transport Fund – Delivery Programme Update (Policy & Resources Committee - 20th November 2009)

Greater Manchester Transport Fund - Accelerated Package Update (Capital Projects

Committee – 18th September 2009)

Greater Manchester Transport Fund – Proposed Delivery Strategy & Financial Arrangements – (Policy & Resources Committee – 24th July 2009)

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1 INTRODUCTION / BACKGROUND

- 1.1 At its meeting on 12th May 2009, the AGMA Executive agreed to establish a Greater Manchester Transport Fund, incorporating prioritised schemes based on delivering the maximum economic benefit to Greater Manchester, consistent with positive package level social and environmental outcomes.
- 1.2 The Executive Board agreed that the following schemes should be prioritised for delivery:

Accelerated DfT Package

Metrolink: Chorlton to East Didsbury
Metrolink: Droylsden to Ashton
Cross City Bus Package
Park and Ride in Greater Manchester

Priority Public Transport Schemes

Metrolink: Rochdale Town Centre
Metrolink: Oldham Town Centre
Metrolink : Airport and Second City Crossing
Fund Contributions to Stations
Altrincham Interchange
Bolton Town Centre Strategy (formerly Bolton Interchange)
Leigh-Salford-Manchester Busway

Priority Road Schemes

SEMMMS Scenario
Longdendale Integrated Transport Strategy (formerly Mottram Bypass and Glossop Spur)
Ashton Northern Bypass Stage 2
Wigan Inner Relief Road

- 1.3 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

- 1.4 At its subsequent meeting on 31st July 2009, the AGMA Executive considered a further report which presented an outline delivery strategy and proposed financial arrangements in support of the Major Transport Scheme Prioritisation and Funding Strategy, and agreed, inter alia, that:

- the total investment package would be £1,512 million, funded from £448 million of Regional Funding Allocation; £165 million grant from the Department for Transport in relation to the SEMMMS road scheme; a £147 million 'top slice' from the Greater Manchester Integrated Transport Block LTP funding over a period of 9 years from 2010/11; up to £775 million from a combination of borrowings, to be undertaken by GMITA, and partly from local/third party contributions;
- GMITA 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) attributable to the Metrolink extensions funded through the Transport Fund; in part by the application of the annual ring-fenced levy contributions referred to in the report (which will be raised by GMITA 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 revenue contributions;
- the relevant delivery bodies/scheme sponsors would proceed with the development and implementation of their projects subject to the normal approval procedures, provided that, in relation to any project, they did not incur or commit expenditure in excess of the funding available for that project shown in Figure 1 of the report. The approval procedures would include updated assessments of scheme revenues to the extent that they are being used to repay prudential borrowings;
- GMITA to borrow up to £38 million for the development of public transport projects in 2009/10 and would incur interest costs of circa £0.2 million which can be met from the existing ITA financing budget for 2009/10;
- the Transport Fund delivery of Public Transport schemes would be monitored and managed by GMPTE. The road schemes will be monitored by GMPTE, receiving regular reports from the district councils which are incurring expenditure in accordance with the agreed programme and which would report regularly to GMITA and the AGMA Wider Leadership Team;
- in relation to the Longdendale Integrated Transport Strategy (formerly Mottram Bypass and Glossop Spur) scheme, the ten AGMA Council Leaders agreed that they support the scheme starting in 2011/12 rather than in 2017/18; the interest costs of bringing forward the scheme should be allowed for in the Transport Fund; the development of a business case for DFT for £100 million of RFA funding; and a request to DFT to allow the scheme to start earlier than the RFA profile would normally allow, on the basis that the interest costs of bringing forward funding would be met by the Transport Fund, from local sources.

- 1.5 At its meeting on 18th September 2009, GMITA Capital Projects Committee considered a further report which noted the progress made to date on the Accelerated Package and also noted that a number of planned, future schemes had been brought forward into the Accelerated Package as follows:
- two LRVs, one for each of the Metrolink extensions to East Didsbury and Ashton; and
 - three Park & Ride sites, in addition to those included within the £20 million funding originally proposed.
- 1.6 An update on progress was provided to the GMITA Policy and Resources Committee at its meeting on 20th November 2009 and proposals for borrowings for the development of schemes in the GMTF in 2010/11 were noted, to be agreed at the subsequent Authority meeting.
- 1.7 At the meeting on 18th December 2009, the Authority agreed that GMITA could borrow an additional £140 million in 2010/11 and incur interest costs of circa £4.9 million in 2010/11 in respect of existing and additional borrowings for the development and delivery of public transport projects within the GMTF.
- 1.8 This report provides an update on progress and status of the schemes within the Greater Manchester Transport Fund since the date of the last report to the Authority.

2 ACCELERATED PACKAGE

Metrolink Accelerated Schemes – Droylsden to Ashton and Chorlton to East Didsbury

- 2.1 The delivery of all of the Metrolink schemes is being managed through the enhancement of the established Delivery Partner arrangements, and appropriate levels of resource have been mobilised.
- 2.2 The Metrolink Phase 3A contracts, including the Design, Construct and Maintain ('DCM'), the Tram Operating System ('TOS') contract and the Light Rail vehicle ('LRV') contracts were procured and contracted with the option to extend the contracts to include repeat works for Metrolink Phase 3B, which includes the Metrolink schemes prioritised by AGMA in May 2009 as part of the GM Transport Fund.
- 2.3 The contract for the design, construction and maintenance of Phase 3A also includes a pricing mechanism for the pricing of the 3B works.

- 2.4 At its meeting on 6th November 2009, the GMITA Capital Projects Committee approved that GMPTE should proceed with the award of variations to the existing DCM and TOS contracts to include the Metrolink Phase 3B Accelerated Schemes (Droylsden to Ashton and Chorlton to East Didsbury) including the works to develop the Trafford Depot, subject to verification of the satisfactory performance of the existing contractor; the final costs being within confirmed budgets; ongoing value for money assessment of the existing contractors; and confirmed funding approvals from the Department for Transport and from the ITA in relation to the local borrowings.
- 2.5 At the meeting on 18th December 2009, the Authority agreed that GMITA could borrow an additional £140 million in 2010/11 and incur interest costs of circa £4.9 million in 2010/11 in respect of existing and additional borrowings for the development and delivery of public transport projects within the GMTF. These borrowings included for the forecast 2010/11 expenditure in relation to the works on the Metrolink Phase 3B Accelerated Schemes (Droylsden to Ashton and Chorlton to East Didsbury); the 2010/11 forecast expenditure in relation to the Airport and Oldham and Rochdale Town Centre extensions; and the works required to progress the other schemes within the Transport Fund that are funded in part from borrowings.
- 2.6 Following a robust analysis and challenge of the contractor's (MPT) price submissions, including modelling against Phase 3A and benchmarking against current industry standards, the final confirmed costs for the Metrolink Phase 3B extensions to Ashton and East Didsbury were within budget and represented value for money.
- 2.7 Confirmed funding approvals from the Department for Transport in relation to the Ashton and East Didsbury extensions were received on 8th March 2010 and a DCM contract was subsequently let to MPT on 26th March 2010.
- 2.8 The announcement by the Chief Secretary to the Treasury on the review of public spending commitments made since 1st January 2010 did not include specific reference to any of the schemes within the GM Transport Fund. DfT have, however, since notified us that the East Didsbury and Ashton Metrolink extensions will not be suspended or cancelled, and the works will therefore continue to progress as planned.
- 2.9 Extensive activity on the schemes has been undertaken by MPT on the Ashton and East Didsbury extensions following contract award, and design and construction works are underway. Site clearance and vegetation clearance works are progressing, and the main site compound, at Ashton Moss, is due for occupation in July 2010. Topographical, geotechnical

and drainage surveys have been completed, and design work is ongoing: some of the design is now complete and undergoing review by GMPTE in accordance with the agreed design process. Intermediate Design Review workshops between GMPTE and MPT have commenced and are ongoing.

- 2.10 Significant engagement activity has been undertaken with Local Authority, Highways and Planning authorities to develop a Design Guide for the Ashton and East Didsbury schemes. Planning applications have been submitted and approved for the schemes and public drop-in sessions have been held to inform local residents and businesses of the planning applications.
- 2.11 In addition to the main design and construction contract, contracts have been placed for eight Light Rail Vehicles with Bombardier and for the Tram Operating System (TOS) with Thales for the Ashton and East Didsbury schemes. These contracts were placed after a rigorous value for money assessment and the costs were within confirmed budgets.

Cross City Bus Package

- 2.12 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
- 2.13 The aim of the scheme is to improve access to employment, healthcare and education and to support economic growth across the region. The developments will enable bus services from the Middleton and Salford corridors to run across Manchester city centre and access Oxford Road without passengers needing to change buses.
- 2.14 The scheme will provide the infrastructure to enable a link across the Regional Centre, which will reduce journey times and improve reliability.
- 2.15 It is currently intended that a Statutory Quality Partnership Scheme will be put in place that will set standards for the quality of services and the vehicles running on the routes.
- 2.16 Subsequent to the November 2009 update report, extensive dialogue has been undertaken with DfT to enable them to conclude their appraisal of the Major Scheme Business Case for the scheme, and Programme Entry status was awarded at the end of March 2010.

- 2.17 The public consultation exercise for the scheme was concluded in December 2009. The purpose of the consultation was to seek comment and to raise public awareness on detailed aspects of the scheme, and these replies have contributed to the ongoing design and scheme development process.
- 2.18 The broad themes arising from the consultation exercise were:
- general support for the overall scheme;
 - some outright opposition to the scheme;
 - concerns over existing levels of congestion;
 - concerns over existing bus services;
 - concerns over parking issues along the routes;
 - issues over the interaction between buses and cyclists along the dedicated cycle lane on Oxford Rd; and
 - concerns about the negative impact of vehicles ‘rat running’ through residential areas.
- 2.19 Approximately 1,900 feedback forms, emails, letters and text messages yielded 2,295 individual ‘comments’ which have been analysed and which will inform the detailed design of the proposals
- 2.20 The comprehensive feedback provides a firm basis for drawing conclusions from the consultation and formulating potential amendments to the scheme. The response rate is similar to previous bus priority consultations that GMPTE has carried out.
- 2.21 In addition to the direct consultation responses, 95 responses were received via Graham Stringer MP and a further ten letters were received through Graham Stringer’s constituency office dealing mainly with the consultation period and the potential for rat-running.
- 2.22 The number and spread of responses demonstrated the effectiveness of the process in communicating the proposals across the affected areas. As the public consultation was designed in accordance with the Government’s Code of Practice on Consultation it was not appropriate to extend the public consultation beyond the twelve week period. The points made in the ten letters from Graham Stringer’s constituency office have been taken into account in the ongoing design development of the scheme.
- 2.23 The Secretary of State for Transport announced on 10th June that, “All schemes that were granted Conditional Approval or Programme Entry by the previous Government will be reviewed as part of the spending review. Until

then, the Government can give no assurances on funding support for any of these schemes”.

2.24 The DfT has advised all scheme promoters across the country that until the conclusion of the spending review:

- the Major Schemes Guidance for Local Authorities published by the previous Government is suspended, and should not be followed by scheme promoters;
- the Department will not be taking any funding decisions on scheme approvals, including those scheme bids that have already been submitted for approval;
- the Department will not accept any further bids for any stage of major scheme funding approval; and
- all spend by Local Authorities and PTEs on schemes that have not yet reached full approval is entirely at their own risk.

2.25 No announcements on funding approvals for major schemes are expected before the Autumn. The timing of any further submission in respect of the Cross City Bus package will therefore be dependent upon the outcome of the Government’s review, and upon any new rules or requirements that are established in place of the suspended Major Schemes Guidance.

2.26 In the meantime we will continue to work closely with DfT to ensure that the importance and benefit of all of our schemes, including the Cross City Bus package, to the economy and the environment are fully understood.

2.27 Work to progress development of the scheme will continue at a reduced pace pending the conclusion of the Government’s spending review in the autumn, and the number of internal and external resources engaged on the scheme has been reduced to an absolute minimum, in order to minimise cost.

Park & Ride

2.28 The proposed Park and Ride sites as set out in the November 2009 update report to the Executive Board were as follows:

Figure 1 – Park & Ride Sites

| Metrolink Sites | Other Sites (Rail unless indicated) |
|------------------------|--|
| Shaw & Crompton | Hindley |
| Derker | Horwich |
| Oldham Mumps | Guide Bridge |
| Hollinwood | Irlam |
| Radcliffe | Hazel Grove |
| Whitefield | Rochdale |
| Prestwich | Cheadle Hulme |
| Dane Road | Flixton |
| East Didsbury | M60 / A580 (Bus) |

2.29 Development work in relation to the Park & Ride package has continued in recent months in key areas including:

- the acquisition of land required for the park and ride site at Oldham Mumps;
- the progression of discussions relating to other land matters;
- consultation with local planning authorities;
- liaison with other stakeholders including Local Authorities, Network Rail and Northern Rail; and
- the progression of environmental mitigation work.

2.30 £28 million of the £32 million budget allocated for these schemes relies upon central government funding.

2.31 The DfT has to date confirmed, and paid, the agreed funding for 2009/10 and 2010/11 of £3.55 million and £4.80 million respectively.

2.32 The DfT has advised that until the spending review has concluded, they will not release any funding for small schemes of £5m or less that had been prioritised for funding under the previous Government's RFA programme.

2.33 As a result, a review of the development and funding options for the Park and Ride package is currently being undertaken, predominantly by in house resources, pending the conclusion of the Government's spending review in the autumn, and the number of external consultants engaged to progress the scheme has been reduced to an absolute minimum, in order to minimise cost.

- 2.34 In the meantime we will continue to work closely with DfT to ensure that the importance and benefit of all of our schemes, including the Park and Ride package, to the economy and the environment are fully understood.
- 2.35 In advance, there are a number of Park and Ride sites that are being delivered as part of the Metrolink Phase 3A and Phase 3B extensions. These are set out in the table below.

| <i>Phase 3A Oldham and Rochdale line</i> | <i>Approximate Number of Spaces</i> |
|--|--|
| Hollinwood | 120 |
| Derker | 80 |
| Shaw and Crompton | 30 |
| <i>Phase 3B Accelerated Package - Ashton line</i> | |
| Ashton Moss | 190 |
| Ashton West | 200 (within the existing car park) |
| <i>Phase 3B Airport line</i> | |
| Sale Water Park | 280 |

3 PUBLIC TRANSPORT SCHEMES

Metrolink – Rochdale & Oldham Town Centres and Airport Line Extensions

- 3.1 In order to ensure value for money and affordability within confirmed budgets for the Airport Line, Oldham town centre and Rochdale town centre extensions, further price testing is being undertaken with the Phase 3A Contractors.
- 3.2 A £26 million package of budgeted advanced works to progress the development and design, and to inform the procurement process for the Airport line was approved by ITA Capital Projects Committee on 5th March 2010; and a £7.80 million package of similar budgeted advanced works to progress the Oldham and Rochdale Town Centre extensions was approved by ITA Emergency Committee on 21st May 2010. The borrowing limits approved by the ITA at its meeting on 18th December 2009 for expenditure during 2010/11 included the expenditure in relation to these works.
- 3.3 The advanced works will continue to inform the procurement process and will enable prices to be determined that are consistent with the preliminary designs and will ensure that risks are identified, quantified and priced accordingly. The advanced works also allow for on-going value engineering options to be further evaluated and finalised.

- 3.4 As part of the advanced works a programme of topographic, environmental, geotechnical and power supply surveys is underway to provide key input into the design process. In addition, site enabling works are progressing, including site clearance; tree removal; demolition works; and environmental mitigation works; and a number of Third Party agreements and land agreements are being progressed. Utility work is also being undertaken and Network Rail will be engaged to commence GRIP 3 (Option Selection) works at the Airport Station.
- 3.5 Meetings and presentations have taken place with key stakeholders on the Airport line including Manchester CC, Trafford MBC, Manchester Airport Group and Network Rail. Detailed discussions are also ongoing with the Highways Agency and the Environment Agency to contribute to the development of the scheme, as well as with Stockport MBC with regard to the interface to the SEMMMS road scheme and any further tram or tram train developments.
- 3.6 There is an estimated cost of approximately £8 million relating to the interface between the SEMMMS road scheme and the Metrolink Airport line extension. Based on the current financial projections this can be accommodated within the existing funding envelope for the GM Transport Fund.
- 3.7 The interface between the Metrolink Phase 3A Oldham line and the Phase 3B Oldham town centre extension is at Oldham Mumps. An initial track and highway alignment has been developed to optimise the integrated solution at the Oldham Mumps roundabout. The works will require planning consent from Oldham MBC and associated traffic measures. A TWA order will be obtained prior to commencement of operations if required. In addition, the works will involve the demolition of a viaduct to facilitate the diversion of the line via the town centre.
- 3.8 The alignment for the Phase 3B interface at Werneth has been agreed, and MPT are currently developing the design to allow the construction to be incorporated into the Oldham Phase 3A delivery programme.
- 3.9 The removal of the tunnel between Manchester Street and the Kings Road stop on the Oldham Town Centre extension will require planning consent from Oldham MBC and associated traffic measures. A TWA order will be obtained prior to commencement of operations.
- 3.10 A review of the proposed Metrolink Park & Ride facilities at Oldham has been undertaken with the aim of creating improved transport interchange facilities adjacent to the proposed Oldham Mumps tramstop. This review

concluded that an integrated solution could be provided closer to the town centre amenities and existing bus facilities. The proposed solution provides a tram stop, a park and ride site and adjacent bus stops. This facility required the acquisition and use of the land to the west of Oldham Mumps roundabout, between Oldham Way and Yorkshire Street. As referred to above, this land was acquired in March 2010.

- 3.11 Funding for a Kingsway stop on the Rochdale line is being progressed with the NWDA by Kingsway Developments, Rochdale MBC, Rochdale Development Agency and GMPTE.
- 3.12 Commercial and contractual negotiations are currently being finalised with the Metrolink contractor, including a robust analysis and challenge of the contractor's price submissions, including modelling against Phase 3A, the Phase 3B Accelerated Package schemes and benchmarking against current industry standards.
- 3.13 A further report setting out the outcome of the commercial contractual negotiations with the contractor (MPT) will be brought to the Executive Board in July.
- 3.14 The borrowing limits approved by the ITA at its meeting on 18th December 2009 included for the expenditure in 2010/11 in relation to the works on the Airport and the Oldham and Rochdale Town Centre Schemes.
- 3.15 Under the financial plan approved by AGMA in July 2009, none of the Metrolink Airport line, Oldham town centre or Rochdale town centre extensions require RFA funding from DfT.

Metrolink – Second City Crossing

- 3.16 A Second City Crossing is necessary to support the system expansion and improve the overall network resilience during daily operations.
- 3.17 The Second City Crossing will provide, inter alia, the following:
 - an increase in the operational capacity that will facilitate the full realisation of the Metrolink investments;
 - improvement in the reliability of all Metrolink services including the new routes;
 - the capacity to accommodate additional extensions beyond those currently funded and the capacity to extend services from Mediacity into the City Centre without having to change trams; and

- reduced disruption caused by any future maintenance or renewals in the City Centre and a diversionary route when one of the two routes is obstructed for any reason.
- 3.18 The ITA Capital Projects Committee confirmed at its meeting on 18th September 2009 that Cross Street should be the alignment for the Second City Crossing and that the documentation for the related public consultation in autumn 2010 should be prepared on that basis. An application for Transport and Works (TWA) powers will be made following the completion of the public consultation exercise.
- 3.19 Detailed discussions on the Second City Crossing have continued with the Manchester City Council (MCC) Regeneration team. MCC have been kept fully informed of all aspects of the design as it has developed, and all potential tram stop options and sub-options have been appraised with MCC.
- 3.20 Data gathering (pedestrian counts, service & access information) has continued to provide further input into the design.
- 3.21 Topographic survey work has now been completed, the results of which are now being analysed to provide further input into the design process.
- 3.22 The Second City Crossing scheme involves a large number of stakeholders, and engagement with frontage properties along the route is ongoing. Focussed key stakeholder meetings will be arranged in the vicinity of the proposed tramstops when further detail is available for the preferred locations of the tramstops.
- 3.23 Under the financial plan approved by AGMA in July 2009, the Metrolink Second City Crossing scheme does not require RFA funding from DfT.

Fund Contribution to Stations

- 3.24 Work is ongoing in relation to the £50 million contribution towards rail station improvements.
- 3.25 The current Ministerial review of spending priorities announced in June 2010 will determine the timing and extent of the financial resources available for the Funding Contributions to Stations.
- 3.26 We will continue discussions with DfT in this regard as they undertake their spending review and review of RFA allocations.

Altrincham Interchange

- 3.27 GMPTE is continuing to work in conjunction with Trafford Council, Network Rail, Northern Rail and a number of other key stakeholders to design and implement a package of improvements at Altrincham Interchange aimed at building upon the success of the enhancements undertaken at this location during the summer of 2009; and maximising benefits for passengers.
- 3.28 The proposed improvements include the demolition of the existing bus station and the construction of a new bus station concourse, improvements to the rail / light rail passenger environment, the removal of the existing pedestrian footbridge across the operational track, the construction of a new DDA compliant pedestrian footbridge with provision of lift access, and improvements to the local highway layout. It is intended that these improvements will facilitate enhanced access to bus, rail and Metrolink passengers and will strengthen connectivity to, and within, Altrincham town centre.
- 3.29 Significant design and development work, with input from a wide range of stakeholders, has taken place in recent months and the scheme is now nearing the stage where pre-planning public consultation can be undertaken, prior to the submission of an application for detailed Planning Consent.
- 3.30 Prior to the launch of the public consultation exercise, discussions with Trafford Council are currently taking place in order to align the scheme with future town centre developments.
- 3.31 It is anticipated that these discussions will be concluded in the coming weeks. The discussions are not anticipated to impact on the planned completion date of late 2013.
- 3.32 Under the financial plan approved by AGMA in July 2009, the Altrincham Interchange scheme does not require RFA funding from DfT.

Bolton Town Centre Transport Strategy

- 3.33 This scheme is being developed in conjunction with Bolton Council and is an integral component of the Council's Innovation Zone Bolton initiative. The scheme involves the creation of a new bus interchange on land adjacent to the railway station in Bolton Town Centre; thereby providing a modern, high quality facility for passengers with enhanced connectivity between transport modes and also with the town centre.

- 3.34 Good progress has been made in recent months on this scheme. An outline planning application for the scheme was submitted in April 2010, following significant design and stakeholder engagement work. This application is seeking to approve the principles of the relocation of the town centre's bus station from Moor Lane as part of wider development proposals for the site.
- 3.35 A consultation exercise was undertaken with the general public prior to the submission of the above planning application. The consultation exercise concluded in March 2010 and received a largely positive response. It is currently anticipated that a decision in respect of the outline planning application will be made in July 2010. Further public consultation will be undertaken in Autumn 2010, subject to the receipt of planning approval, in order to inform further scheme development. The new interchange is scheduled to come into operational use in late 2014.
- 3.36 GMPTE and Bolton Council are currently reviewing a range of land assembly and delivery options for the implementation of the new interchange, given the impact that the current economic situation is likely to have on the delivery timescales for some of the other initiatives within the Innovation Zone Bolton programme.
- 3.37 Under the financial plan approved by AGMA in July 2009, the Bolton Town Centre Transport Strategy scheme does not require RFA funding from DfT.

Leigh Salford Manchester Busway

- 3.38 Subsequent to the last update in November 2009, work has been undertaken to progress an advanced works package for the Guided Section of the scheme, thereby ensuring that the critical path for the scheme is maintained.
- 3.39 An advanced works package commenced in February 2010 with tree clearance at Newearth Road in Salford. Following approval by the ITA Emergency Committee on 21st May 2010, advanced works at Sale Lane commenced in June and environmental protection works have also commenced in the Newearth Road area to facilitate further advanced works in this area in July.
- 3.40 Four planning conditions, which were deemed to be 'conditions precedent' for the scheme, have been discharged by the local Planning Authorities, as have other 'pre-commencement' planning conditions for the advanced works. In addition, good progress is being made in finalising the land assembly arrangements for the Guided Section of the Works.

- 3.41 Delivery of the 'on-highway' proposals is planned to be undertaken by the relevant Local Highway Authority and discussions in this regard are ongoing with both Wigan MBC and Salford CC.
- 3.42 The LSM scheme connects to the Cross City Bus scheme at the junction of the A580 / M60 in Salford and utilises some of the infrastructure provided by the Cross City Bus scheme to optimise LSM services running into Manchester city centre.
- 3.43 As a result of the recent announcements in relation to the deferment of DfT approval of Major Schemes, including the Cross City Bus Package, options are being developed to facilitate LSM services into and across Manchester.
- 3.44 Under the financial plan approved by AGMA in July 2009, the Leigh Salford Manchester Busway scheme does not require RFA funding from DfT.

4 ROAD SCHEMES

Ashton Northern Bypass Stage 2

- 4.1 A detailed Business Case for the scheme was prepared by Tameside MBC and was reviewed by an independent review panel during November and December 2009.
- 4.2 An approval recommendation report was submitted to AGMA Wider Leadership Group on 8th January, and was endorsed with a recommendation that:
- full approval be given for phase one of the scheme (retaining walls, utility diversions and Mosque relocation); and
 - conditional approval be given for phase two (highway works).
- 4.3 AGMA Executive Board endorsed the recommendation of the Wider Leadership Team Friday on 29th January 2010 and granted full approval to phase one of the scheme and conditional approval for the remaining phase two.
- 4.4 Construction of the first phase of the scheme has been underway since February, with work progressing on the retaining walls and utility diversions by Virgin Media, British Telecom and United Utilities. The contract for the relocation of the Mosque has been agreed with the Mosque trustees, and contract mobilisation is underway, with work on site expected to commence during June.
- 4.5 Progress in delivery of the scheme is being monitored in a monthly review meeting held jointly between Tameside MBC and members of the GMTF

programme team from GMPTE, which also reviews quarterly claims for funding for the scheme to be released from GMTF.

- 4.6 The scheme has a £16 million budget including £2 million of RFA funding from central government, which has already been received.

SEMMMS

- 4.7 The SEMMMS Road Scheme is funded from a combination of DfT and local resources. The scheme does not yet have Programme Entry from the DfT.
- 4.8 At their meeting of 19th April 2010, the Wider Leadership Group approved a contribution of £3.35 million, over this and the next 3 financial years, towards the preparation costs of the scheme, from the previously agreed GMTF contribution to the scheme.
- 4.9 The Project Team have refined a number of the junction layouts along the route to optimise their operation and cost and to meet the requirements of the Local Authorities and Manchester Airport. The preferred final road layout will be considered by the Strategic Governance Board on 9th June 2010 and will subsequently be reported to Stockport, Manchester and Cheshire East Executives during summer 2010.
- 4.10 Discussions are continuing with the PTE and the Airport regarding the interfaces between the Metrolink Airport line extension and the SEMMMS road scheme.
- 4.11 The existing delivery programme assumes that a Major Scheme Business Case would be submitted to the DfT by September 2010; that public and planning pre-application consultation will commence in Autumn 2010; that a planning application submission will be made in early 2011 subject to achieving Programme Entry from DfT by the end of 2010; that work will start on site in summer 2013; and that construction will be complete by the end of 2015.
- 4.12 Further to the announcement by the Secretary of State for Transport on 10th June advising that DfT will not be carrying out any further assessment of schemes until conclusion of the spending review and that all spend by Local Authorities and PTEs on schemes that have not yet reached full approval is entirely at their own risk, discussions are progressing with Stockport to

ensure that the work undertaken in the period prior to the results of the spending review is optimised within available financial constraints.

Longdendale Integrated Transport Strategy

- 4.13 The Longdendale Integrated Transport Strategy scheme is funded from a combination of DfT and local resources. The scheme does not yet have Programme Entry from the DfT.
- 4.14 A substantial public consultation exercise involving exhibitions in Mottram, Broadbottom, Hollingworth and Glossop was carried out in February 2010. The consultation period finished on 14th May 2010 and a report on the findings is due shortly.
- 4.15 Further to the announcement by the Secretary of State for Transport on 10th June advising that DfT will not be carrying out any further assessment of schemes until conclusion of the spending review and that all spend by Local Authorities and PTEs on schemes that have not yet reached full approval is entirely at their own risk, Tameside MBC intends to continue to progress, develop and secure the funding for an integrated transport solution to the longstanding traffic and associated environmental problems in this area.

Wigan Inner Relief Road

- 4.16 The Wigan Inner Relief Road is funded from a combination of DfT and local resources. The scheme does not yet have Programme Entry from the DfT.
- 4.17 At their meeting of 5th February 2010, the AGMA Wider Leadership Group approved a contribution of £2 million, over this and the next three financial years, towards the preparation costs of the scheme from the previously agreed GMTF contribution to the scheme.
- 4.18 Design development is progressing, and a number of surveys have been completed to inform the design, including a topographical survey; verification of vertical and horizontal geometry; and ground investigation reports to identify additional works relating to contamination, which are planned to be carried out in advance of any construction works.
- 4.19 In addition, all statutory undertakers "C3 estimates" have been received; the drainage strategy has been reviewed and verified; the first stage safety audit has been carried out and amendments included; the landscaping scheme has been drawn up; and there has been liaison with Network Rail and British Waterways to progress rights agreements. Advanced construction works to

re-locate the wall belonging to the Deanery High School are due to commence in August 2010.

4.20 Further to the announcement by the Secretary of State for Transport on 10th June advising that DfT will not be carrying out any further assessment of schemes until conclusion of the spending review and that all spend by Local Authorities and PTEs on schemes that have not yet reached full approval is entirely at their own risk, Wigan MBC are continuing to progress the development of the MSBC, which is due to be completed in November 2010.

5 FUNDING & FINANCE

Funding Sources

5.1 Nominal capital funding agreed by AGMA in July 2009, to be drawn down between 2009 and 2020 is summarised in Figure 2 below.

Figure 2 – Nominal capital funding

| Funding Source | £m |
|--|---------------------|
| RFA | 448 |
| LTP | 147 |
| DfT contribution to SEMMMS | 165 |
| Prudential borrowing, fare box revenue and third party contributions | 775 |
| Total | <u><u>1,535</u></u> |

Allocation of Funding Sources to Schemes

5.2 It was agreed by AGMA that GMPTE will act as the delivery body for public transport schemes, with assistance from the district councils as appropriate, in relation to highways matters. Individual district councils or the Highways Agency will act as scheme sponsors for the four roads schemes and have defined nominal budgets for delivering those schemes. Funding within the Transport Fund will be allocated to schemes on the basis of the following principles:

- ring fenced funding linked to specific schemes, including specifically the £165 million from DfT for SEMMMs will be used for the scheme in question;
- road schemes will be funded using a combination of RFA and LTP funding, in addition to any ring fenced funding;
- in addition to RFA and LTP Funding, public transport schemes will be funded through borrowings, which will be financed and repaid using a

combination of GMITA Levy, net fare box revenue and third party contributions; and

- RFA will be used to support schemes with Business Cases which will gain approval through the DfT Major Scheme Business Case approval process.

5.3 Figure 3 below shows the current projected assignment of funds to specific schemes:

Figure 3 – Projected funding to schemes

| Scheme | RFA £m | LTP £m | DfT / Other £m | PB £m | Total £m |
|--|-------------------|-------------------|---------------------------|------------------|---------------------|
| <i>Accelerated Package</i> | | | | | |
| ML: Droylsden to Ashton | 61 | 9 | - | 18 | 88 |
| ML: Chorlton to East Didsbury | 60 | - | - | 28 | 88 |
| Cross City Bus Package | 41 | - | - | 13 | 54 |
| Park & Ride | 28 | 2 | - | 2 | 32 |
| <i>Public Transport Schemes</i> | | | | | |
| ML: Rochdale Town Centre | - | 3 | - | 30 | 33 |
| ML: Oldham Town Centre | - | 4 | - | 80 | 84 |
| ML: Airport and 2CC | - | 73 | - | 439 | 512 |
| Contributions to Stations | 47 | 3 | - | - | 50 |
| Altrincham Interchange | - | - | 1 | 18 | 19 |
| Bolton Town Centre Strategy | - | - | 3 | 45 | 48 |
| LSM Busway | - | - | - | 76 | 76 |
| <i>Road Schemes</i> | | | | | |
| SEMMMs | 89 | 29 | 172 | - | 290 |
| Longdendale ITS | 90 | 10 | - | - | 100 |
| Ashton Northern Bypass | 2 | 12 | 2 | - | 16 |
| Wigan Inner Relief Road | 25 | 2 | 3 | - | 30 |
| Total | 443 | 147 | 181 | 749 | 1,520 |

- 5.4 Total forecast utilised funding remains within the funding envelope approved by AGMA in May 2009.
- 5.5 As referred to above, Full Approval of the £120.9 million of RFA funding for the Ashton and East Didsbury Metrolink extensions was received from DfT in March 2010.
- 5.6 Approval was also granted during 2009/10 for £8.35 million of the Central Government contribution towards the Park and Ride package and the £2 million contribution to the Ashton Northern Bypass. These funds have been received.
- 5.7 As referred to above, The Secretary of State for Transport announced on 10th June that, "All schemes that were granted Conditional Approval or Programme Entry by the previous Government will be reviewed as part of the spending review. Until then, the Government can give no assurances on funding support for any of these schemes".
- 5.8 Subsequent correspondence from DfT has advised all scheme promoters across the country that the Major Schemes guidance and process have been suspended; that they will not be carrying out any further assessment of schemes until the conclusion of the spending review; and that all spend by Local Authorities and PTEs on schemes that have not yet reached full approval is entirely at their own risk.
- 5.9 The timing of further DfT approvals for the Cross City Bus Package; the remaining funding for the Park and Ride Package; the Contributions to Stations; and the SEMMMS, Longendale and Wigan Inner Relief road schemes will therefore be dependent upon the outcome of the Government's spending review.
- 5.10 The Government also announced on 10th June that they would be reducing the Local Transport Plan ('LTP') Integrated Transport Block (ITB) funding nationally by 25%. A total of £40.299 million was originally made available to Greater Manchester in total for 2010/11. The DfT / DCLG announcements would reduce this funding by 25% to just over £30 million.
- 5.11 In order to accommodate the top slices previously agreed by AGMA, including the £147 million (over ten years) top slice into the GM Transport Fund, the ITB available to each GM authority (including GMITA) will need to be reduced by approximately 50%. The implications of this reduction at a District level have been advised to Chief Executives and DCLG will be informed of the revised allocation of the GM reductions.

- 5.12 Borrowings during 2009/10 were within the £38 million borrowing limit approved by AGMA in July 2009, for the development of public transport projects. The cost of these borrowings in 2009/10, of circa £0.2 million, was met from the ITA financing budget for 2009/10.
- 5.13 At the meeting on 18th December 2009, the Authority agreed that GMITA could borrow an additional £140 million in 2010/11 and incur interest costs of circa £4.9 million in 2010/11 in respect of existing and additional borrowings for the development and delivery of public transport projects within the GMTF. These borrowings included for the forecast 2010/11 expenditure in relation to the works on the Metrolink Phase 3B Accelerated Schemes (Droylsden to Ashton and Chorlton to East Didsbury); the 2010/11 forecast expenditure in relation to the Airport and Oldham and Rochdale Town Centre extensions; and the works required to progress the other schemes within the Transport Fund that are funded from borrowings
- 5.14 Work continues to identify and evaluate potential sources of additional funding that could be used to support the programme.
- 5.15 The default financial strategy assumes that borrowings for the Transport Fund are 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 have been progressing with the European Investment Bank ('EIB'), which is able to offer a wider range of flexible products, including fixing forward interest rates.
- 5.16 The EIB will, in principle, lend up to 50% of the capital costs of a programme. The EIB have indicated that they will include the costs of the Metrolink Phase 3A programme within their assessment. They have also indicated that they will focus their due diligence on the Metrolink programme and that they would consider a borrowing facility of in the region of £500 million. This would represent approximately 50% of the borrowings included within the Transport Fund financial strategy.
- 5.17 The EIB have undertaken some initial due diligence and visited Manchester in May 2010 to review the progress made to date on developing and delivering the Metrolink Phase 3A and Phase 3B extensions. Feedback during and following the visit was positive and work is progressing towards the EIB obtaining an 'agreement in principal to lend' from their Board in late July. This would enable the ITA Treasurer, in conjunction with the PTE, to negotiate a facility with the EIB, subject to confirming value for money and affordability of rates.

- 5.18 Discussions have also been ongoing with officers from the North West Development Agency (NWDA) to review options for securing European Regional Development Funding (ERDF) contributions to individual prioritised projects. Expressions of Interest have been submitted for a number of projects with a view to securing funding contributions from the current ERDF North West Operational Programme ('NWOP') , and / or securing a place on a 'reserve list' for subsequent NWOPs.
- 5.19 Additional potential funding opportunities, including, but not limited to, the submission for funding from the Transport European Network – Transport ('TEN-T') will also be considered and progressed accordingly.
- 5.20 AGMA is leading a consortium which is bidding to operate an Urban Development Fund (UDF) in the North West. The UDF will receive funding from EIB and NWDA under the Joint European Support for Sustainable Investment in Inner City Areas initiative (JESSICA).
- 5.21 The second stage submission was submitted in mid June and AGMA is competing with one other bidder. A decision on which bidder has been successful is expected in September this year. The fund has the potential to become the cornerstone of a much larger North West fund attracting significant institutional investment, and facilitating the delivery of projects which maximise the economic benefits to Greater Manchester and the North West region.
- 5.22 The JESSICA Fund will, however, be a source of finance rather than funding, i.e. an alternative to PWLB or EIB borrowings. It may prove an attractive source of finance for the Transport Fund, but it is unlikely to be an alternative to either RFA or local funding.

6 RECOMMENDATIONS

- 6.1 A full set of recommendations is set out on the front sheet of this report.