PURPOSE OF REPORT

To provide an update on the GMRAPS financial forecast for 2017/18 and to present the proposal to be submitted to the GMCA that no change is made to the permit fee at this time.

RECOMMENDATIONS

Members are asked to note the contents of the report, which will be submitted to the Combined Authority on 28 July 2017.

BACKGROUND DOCUMENTS

N/A

CONTACT OFFICERS

Brian Thompson 0161 244 1602 Brian.Thompson@tfgm.com
Kevin Hargreaves 0161 244 1955 Kevin.Hargreaves@tfgm.com
Date: 28 July 2017
Subject: Year 4 Review of GMRAPS
Report of: Jon Lamonte, Chief Executive, TfGM

PURPOSE OF REPORT

To update GMCA on the fourth year operation of The Greater Manchester Road Activity Permit Scheme (GMRAPS) and provide a financial forecast for the fifth year of operation.

RECOMMENDATIONS:

The GMCA is asked to:

(i) note the financial review and forecasts as set out in Section 2; and
(ii) approve that, based upon the financial update set out in Section 2, it is not necessary to amend the scheme during year five of operation.

CONTACT OFFICERS:

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RISK/ FINANCIAL/ LEGAL CONSEQUENCES/DETAILS

Risk Management – none
Legal Considerations – see paragraph 1.3
Financial Consequences – Revenue – see paragraph 2.1 – 2.3
Financial Consequences – Capital - none

BACKGROUND PAPERS:

Report to the GMCA 25 July 2014, GMRAPS Year 1 review
Report to the GMCA 28 August 2015, Legislative Changes
Report to the GMCA 20 October 2015, GMRAPS Year 2 review
Report to the GMCA 29 July 2016, GMRAPS Year 3 review

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<td>Does this report relate to a major strategic decision, as set out in the GMCA Constitution (paragraph 14.2) or in the process (paragraph 13.1 AGMA Constitution) agreed by the AGMA Executive Board:</td>
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<td>Are there any aspects in this report which means it should be considered to be exempt from call in by the AGMA Scrutiny Pool on the grounds of urgency?</td>
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1. INTRODUCTION

1.1 The Greater Manchester Road Activity Permit Scheme (GMRAPS) has been in operation since 29th April 2013.

1.2 Following completion of the fourth year of GMRAPS on 28th April 2017, this report provides an update of the scheme.

1.3 There is a statutory requirement to report and publish the performance of a permit scheme every three years. The third year report was made available in July 2016.

1.4 Action points were agreed with Local Highway Authorities (LHA) in the year three report. These actions are underway and ongoing within appropriate timescales.

1.5 Overall performance of GMRAPS has been good over the previous 12 months. Information detailing individual performance in year four will be provided to the ten Greater Manchester LHAs separately. This will include action points and individual plans for further improvements to manage utility and other highway activities throughout the region.

2. Finance Update

2.1 The financial outturn for 2016/17 was close to forecast with fee income of £3.141 million, being 0.3% / £10,900 lower than forecast, generating a surplus of £5,776 for the year (Forecast deficit of £30,000). Local Authority allowable costs were £2.71 million, being 0.7% / £18,700 lower than forecast.

2017/18 Forecast

2.2 The lack of forward visibility of permit demand levels and works promoters’ capital investment programmes continues and limits the scope for meaningful forward planning. The 2017/18 Permit income forecast has been based on the 2016/17 outturn. The 2017/18 forecast is given in the table below together with the forecast and outturn for 2016/17.
2017/18 Forecast

- **Permit Fee Income** is based on the continuation of current Permit Fee rates and the actual mix of permits in 2016/17.

- **Local Authority allowable costs** are based on the continuation of the standard cost approach. The standard cost rates for 2017/18 reflect an average increase of 1.25% which is made up of a 1.0% inflationary increase in salary rates and changes in employers pension contribution rates.

- **CSC and Central costs** are forecast to increase by £4,000 compared to the 2016/17 forecast and £32,000 compared to the outturn.

- **Setup cost amortisation** the final balance of setup costs of £21,000 was recovered in 2016/17.

2.3 Scheme operators have the responsibility to ensure that income from fees does not exceed total allowable costs as prescribed in the permit regulations and, as such, the scheme breaks even on an ongoing basis. The scheme made a surplus of £5,776 in 2016/17, which resulted in cumulative scheme reserves of £199,000 being brought forward into 2017/18. A deficit of £39,000 is forecast for 2017/18, reducing forecast cumulative scheme reserves to £160,000. Given the lack of visibility of forward permit demand and the scheme’s sensitivity to changes in permit mix, it is proposed that no immediate action is taken to revise permit fee rates, until there is further visibility of future trends, when it will be reviewed again.

3. **Next Steps**

3.1 The year four GMRAPS review will be made available to key stakeholders by the end of August 2017 to meet permit regulation requirements.
4. RECOMMENDATIONS

4.1 The GMCA is asked to:

(i) note the financial review and forecasts as set out in Section 2; and
(ii) approve that, based upon the financial update set out in Section 2, it is not necessary to amend the scheme during year five of operation.

Dr Jon Lamonte

Chief Executive, TfGM