Date: 15 February 2019

Subject: Greater Manchester Road Activity Permit Scheme Financial Update

Report of: Andy Burnham, Mayor of Greater Manchester, Portfolio Lead for Transport and Eamonn Boylan, Interim Chief Executive, TfGM

PURPOSE OF REPORT

To provide an overview of the financial performance and operation of Greater Manchester Road Activity Permit Scheme (GMRAPS) for 2017/18.

RECOMMENDATIONS:

Members are recommended 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, action will be required to ensure the scheme continues to break even on an ongoing basis. Any proposals in this regard will be incorporated within a review of the scheme operation and permit charges to be carried out as part of the comprehensive sixth year performance update in Summer 2019.

CONTACT OFFICERS:

Steve Warrener 0161 244 1025 Steve.Warrener@tfgm.com

Bob Morris 0161 244 1022 Bob.Morris@tfgm.com
Comments and/or recommendation from the relevant Overview & Scrutiny Committee

Risk Management – N/A
Legal Considerations – see paragraph 1.3
Financial Consequences – Revenue – see paragraph 2.1 – 2.3
Financial Consequences – Capital – N/A

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
- Report to GMCA 28 July 2017, GMRAPS Year 4 Performance Update

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1 Introduction

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

1.2 Following completion of the fifth year of GMRAPS on 28 April 2018, this report provides an update of the financial performance of the scheme.

1.3 There is a statutory requirement to report and publish the performance of a permit scheme every three years. The fourth year report was made available in July 2017. The sixth year report will be made available in the Summer of 2019.

1.4 Information detailing individual performance is provided to the 10 Greater Manchester Local Highway Authorities separately at regular intervals throughout the year. This includes action points and individual plans for further improvements to manage utility and other highway activities throughout the region.

2 Finance Update

2017/18 Outturn

2.1 The financial outturn for 2017/18 was close to forecast with fee income of £3.427 million, being 9.1% / £0.286 million higher than forecast, generating a deficit of £43,000 for the year compared to a forecast deficit of £39,000. Local Authority allowable costs were £3.018 million, 10.0% / £0.274 million higher than forecast, reflecting a higher than forecast number of permits issued, 8,575 higher at 92,620 permits (+10.2%) at a lower than forecast average permit fee.

2018/19 Outturn Forecast

2.2 The outturn forecast for 2018/19 shows income reducing by 2.3% as compared to 2017/18 to £3.349 million, resulting in a forecast scheme deficit for the year of £152,000, compared to a £43,000 deficit in 2017/18. Local Authority allowable costs are forecast to outturn at £3.048 million, 1.0% higher than in 2017/18. The scheme cumulative surplus is forecast to outturn at £4,000. The 2017/18 position together with the forecast outturn for 2018/19 is summarised in the table overleaf.
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, that the scheme breaks even on an ongoing basis. The scheme is forecast to generate a deficit of £152,000 in 2018/19, resulting in cumulative scheme reserves carried forward into 2019/2020 of £4,000. Consistent with previous years, there continues to be a lack of visibility of forward permit demand and scheme costs are anticipated to reflect inflationary increases in allowable costs which would result in a scheme cumulative deficit in 2019/20. Action is therefore required to ensure that the scheme maintains at break even on an ongoing basis. Proposals in this regard will be incorporated within the review of the scheme operations and permit charges to be carried out as part of the year six performance update in Summer 2019.

3 Next Steps

3.1 The year five GMRAPS review will be made available to key stakeholders including Local Highway Authorities to meet permit regulation requirements.

4 Recommendations

4.1 Recommendations are set out at the front of this report.

Eamonn Boylan

Interim Chief Executive, TfGM