

## Greater Manchester Combined Authority

Date: 27<sup>th</sup> March 2026

Subject: 2026/27 GMCA Capital Strategy

Report of: Councillor David Molyneux, Portfolio Lead for Resources & Investment and Steve Wilson, GMCA Group Chief Finance Officer

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### Purpose of Report

The Capital Strategy sets out the over-arching principles and processes by which the capital and investment decisions set out in the Capital Programme will be prioritised against the key aims of the Greater Manchester Strategy (GMS).

In addition, the Capital Strategy considers the funding implications of the Capital Programme and where borrowing is required, the Treasury Management Strategy sets out how this will be managed during the year along with the policy for managing investments. The Treasury Management Strategy also incorporates the statutory prudential indicators along with the Minimum Revenue Provision Policy to be adopted for 2026/27.

The Capital Strategy also provides an overview of the governance arrangements for capital investment decisions and outlines the Authority's arrangements for managing risk.

The strategy has been reviewed by the GMCA Audit Committee who have approved its recommendation for approval to the GMCA.

### Recommendations:

The GMCA is requested to approve the Capital Strategy for 2026/27.

### Contact Officers

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## **Equalities Impact, Carbon and Sustainability Assessment:**

N/A

## **Risk Management**

The GMCA's approach to risk is included in section 8.

## **Legal Considerations**

This report fulfils the statutory requirements to have the necessary prudential indicators to be included in a Treasury Management Strategy.

## **Financial Consequences – Revenue**

Financial revenue consequences are contained within the body of the report.

## **Financial Consequences – Capital**

Financial capital consequences are contained within the body of the report.

## **Number of attachments to the report:**

None

## **Comments/recommendations from Overview & Scrutiny Committee**

N/A

## **Background Papers**

- [GMCA Capital Programme 2025/26 – 2028/29](#)
- [Greater Manchester Interim Recycling and Waste Plan](#)
- [Adopting a new Greater Manchester Strategy](#)

## **Tracking/ Process**

Does this report relate to a major strategic decision, as set out in the GMCA Constitution

No

## **Exemption from call in**

No

## **GM Transport Committee**

N/A

## **Overview and Scrutiny Committee**

N/A

# 2026/27 GMCA Capital Strategy

## 1. Introduction/Background

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to approve and publish an annual Capital Strategy. The Capital Strategy provides:
- a) a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
  - b) an overview of the management of associated risks; and
  - c) the implications for future budgets and financial sustainability.
- 1.2 The Capital Strategy maintains a strong link to the aims of the Greater Manchester Strategy (GMS). The collective vision for the next decade is to see a thriving city region where everyone can live a good life. The Strategy included the following pledges to the people of Greater Manchester:
- a) Creating a healthy, safe, warm space for everyone to call home
  - b) Building strong communities where people feel safe on their streets
  - c) Developing the Bee Network as a transport system for a global city region
  - d) Creating a clear line of sight to high-quality jobs
  - e) Providing everyday support in every neighbourhood via Live Well centres and spaces
  - f) Creating a greener future for everyone
  - g) Making Greater Manchester a great place to do business
- 1.3 To create a thriving city region where everyone can live a good life, we will focus on the following workstreams:
- a) Healthy Homes for all, a healthy, safe place to call home is the cornerstone of a healthy, happy life.
  - b) Safe and strong communities, safe streets and public transport in welcoming communities will allow us to feel confident going about our daily lives.
  - c) A transport system for a global city region, Our Bee Network will make it even easier to get around, connecting every community like never before.

- d) A clear line of sight to high-quality jobs, removing barriers to good employment will help reduce poverty, improve health, and boost the economy by closing critical skills gaps.
- e) Everyday support in every neighbourhood, we'll help everyone live well by improving access to support connections and resources.
- f) A great place to do business, we'll kickstart another decade of growth by delivering homes, jobs and innovation, supporting existing and attracting new industries.
- g) Digitally connected places and people, it's essential that everyone in our city region can thrive in the digital age – a new industrial revolution powered by artificial intelligence.

## **2. THE CAPITAL STRATEGY**

2.1 The overarching Capital Strategy for the Greater Manchester Combined Authority (GMCA) is to ensure that all resources are directed towards achieving the outcomes contained within the Greater Manchester Strategy (GMS) by maximising the use of external funding to deliver the highest impact affordable programme.

2.2 The following are priority investment areas for the GMCA and are reflected in the capital programme:

- a) Transport. The Authority is significantly investing in Metrolink, Rail, Buses, Interchanges and Active Travel. This is to achieve the GMS commitments of
  - connecting people to jobs, education and leisure opportunities.
  - better, safer and easier and more affordable connections, all under one Bee Network brand.
  - delivering a low carbon London-style fully integrated public transport system across bus, tram, train and bike.
  - a clean, green, safe and affordable Bee Network by having a 100% zero emission bus fleet by 2030.
- b) Economic Development and Regeneration. Alongside the Non-Treasury Investments in Section 5 of the report the Authority is significantly investing in social housing decarbonisation funded by grants from UK central government and borrowing. This is to achieve the GMS commitments of
  - targeting investment into our growth locations, increasing our economic output as a city region and helping to spread the benefit across Greater Manchester by creating new centres of growth.

- delivering game-changing innovation districts, manufacturing sites and hubs for entrepreneurship, creating tens of thousands of new jobs and millions of square feet in research and development assets and industrial and commercial space.
  - increasing housing supply, aiming to build 75,000 new homes by 2030, including 10,000 energy efficient homes for social rent across all 10 local authority areas
  - a sustainable reduction in the number of families in unsuitable temporary accommodation in Greater Manchester overall.
  - ensuring that every young person has an opportunity to be in employment, education or training.
- c) Fire & Rescue Service. A rolling programme of vehicles and equipment renewals alongside a refreshed estates programme funded mainly from borrowings.
- Have a consistently high performing fire service.
- d) Waste & Resources Service. Investment in improvements to current facilities enabling waste to be processed more efficiently.
- creating a carbon neutral Greater Manchester by 2038.
- e) Police Service. Significant investment in Information and Communications Technology (ICT), fleet vehicles and further service improvements funded by borrowings.
- Building strong communities where people feel safe on their streets.
  - Having a consistently high performing police service, creating conditions for everyone in Greater Manchester to feel safe and secure going about their daily lives.
  - Making the Bee Network one of the safest transport systems in the world.

### **3. GOVERNANCE AND RISK MANAGEMENT FRAMEWORK**

3.1 The GMCA's capital programme involves the expenditure and financing of £2.8 billion of capital schemes over the period 2025/26 to 2028/29. It is important therefore that the risks surrounding the delivery and financing of the capital projects are understood and appropriate governance arrangements are in place. For the Authority these governance arrangements are:

- a) The Capital Strategy itself which is scrutinised by Audit Committee prior to approval by the GMCA.

- b) The Greater Manchester Combined Authority which approves the Capital Programme and capital schemes;
- c) The Overview and Scrutiny Committee which has the remit for budget oversight and other financial matters is responsible for scrutinising the Capital Programme;
- d) In relation to Police and Crime Commissioner (PCC) functions the Mayor is responsible for setting the Force’s capital and revenue budget allocating funds and assets to the Chief Constable. The annual Police Fund Revenue and Capital budget is reported to the Police, Fire and Crime Panel for information.
- e) The GMCA constitution sets out the powers of officers with regard to capital expenditure;
- f) The GMCA receives quarterly capital monitoring reports which identifies any variation to the approved programme;
- g) All capital expenditure follows the GMCA’s financial accounting framework which ensures expenditure is treated in a manner compliant with accounting convention / statutory guidance; and
- h) The capital programme is subject to both internal and external audit scrutiny.

3.2 Risk is inherent with any investment or commercial activity and whilst it cannot be eliminated, the authority will adopt a strategic approach to risk management. The GMCA’s approach to managing risk is that any risks will be appropriate for the authority to take and proportionate to benefits derived, in terms of delivery of Capital Strategy and GMS objectives, both for individual projects and cumulatively. In this way, the authority has a clear understanding of the adverse aspects of risk and can take steps to mitigate it when making decisions.

## 4. CAPITAL PROGRAMME

4.1. Schemes are included in the capital programme with the aim of delivering the 10 key priorities of Greater Manchester. The proposed capital programme is shown below along with the along with the associated financing.

<b>Capital expenditure £m</b>	<b>2024/25 Actual</b>	<b>2025/26 Estimate</b>	<b>2026/27 Estimate</b>	<b>2027/28 Estimate</b>	<b>2028/29 Estimate</b>
Transport	343.241	289.586	373.148	370.497	176.369
Economic Development and Regeneration	241.839	238.282	652.484	198.264	192.825
Fire and Rescue Service	10.748	26.142	44.372	14.740	2.821

<b>Capital expenditure £m</b>	<b>2024/25 Actual</b>	<b>2025/26 Estimate</b>	<b>2026/27 Estimate</b>	<b>2027/28 Estimate</b>	<b>2028/29 Estimate</b>
Waste & Resources Service	2.737	31.842	36.778	8.250	3.438
Police Service	26.229	26.388	42.131	37.994	31.019
<b>Total</b>	<b>624.794</b>	<b>612.240</b>	<b>1148.913</b>	<b>629.745</b>	<b>406.472</b>

<b>Financing of capital expenditure £m</b>	<b>2024/25 Actual</b>	<b>2025/26 Estimate</b>	<b>2026/27 Estimate</b>	<b>2027/28 Estimate</b>	<b>2028/29 Estimate</b>
Capital receipts	74.176	97.632	82.716	43.100	37.731
Capital grants	376.655	363.293	495.399	416.690	249.863
Revenue Contribution	4.436	1.394	0.277	0.090	0.090
External Income	22.285	7.746	3.565	(2.434)	2.500
<b>Borrowing Requirement</b>	<b>147.242</b>	<b>142.175</b>	<b>566.956</b>	<b>172.299</b>	<b>116.288</b>

- 4.2. The capital programme is subject to regular review with quarterly monitoring reports presented to the Authority. Estimates of capital grant allocations in the financing section above are known to be subject to variation.

## **5. NON-TREASURY MANAGEMENT REGENERATION INVESTMENTS**

- 5.1 The GMCA does not make commercial investments, to the extent that it does not make investments purely to make a financial return. Where the GMCA has and does make capital investments, it is for strategic or regeneration purposes. The investments below align with the GMS priorities of improving the quality of life for residents, building a resilient and prosperous city region.

### **5.2 Integrated Pipeline – Good Growth Fund**

- 5.2.1 In November 2025, a report to the GMCA set out a new approach to investment to deliver Good Growth across the region. The growth is underpinned by the delivery of our Integrated Investment Pipeline which focusses on the healthy homes for all and a great place to do business, workstreams of the GMS.
- 5.2.2 The Integrated Pipeline combines major housing, employment, town centre regeneration, transport, innovation and infrastructure projects into a single coordinated programme for Greater Manchester.
- 5.2.3 In order to kickstart investment into the pipeline, the launch of the Good Growth Fund was announced, utilising out Integrated settlement monies alongside £150m

borrowing and a commitment from the Greater Manchester Pension Fund to invest £300m into the pipeline.

- 5.2.4 The funding will operate flexibly to blend the more flexible grant money with money that has to be recycled, in order to maximise the impact of the investment and address the funding requirements of the pipeline.

### **5.3. Regional Growth Fund**

- 5.3.1 The Regional Growth Fund (RGF) of £65m was secured by GM through two rounds of bidding for UK Central Government funding in 2012/13 and 2013/14. The RGF has supported eligible projects and programmes raising private sector investment to create economic growth and lasting employment, with over 8,000 jobs being either created or safeguarded.

- 5.3.2 The funding has been partially recycled with the terms of the allocation allowing for funding to be reinvested for the same purpose, to create/safeguard jobs.

### **5.4 Housing Investment Fund (HIF)**

- 5.4.1 The original Greater Manchester Housing Investment Fund closed for new commitments in March 2025 with the Fund due for repayment in 2028. The fund was designed to accelerate and unlock housing schemes and has supported the delivery of over 11,000 new homes.
- 5.4.2 MHCLG announced the recapitalisation of the Fund and extension in the Spending Review – future deployment of the Fund will be managed within the overall Good Growth Fund monies.

## **6. COMMERCIAL INVESTMENTS**

- 6.1 As the Government has introduced measures to actively discourage authorities from engaging in speculative commercial investment, principally by introducing access controls to future PWLB borrowing, then the Capital Strategy for 2026/27 does not allow for any investments to be undertaken solely for commercial purposes.
- 6.2 If the Authority wishes to engage in such activity, then it will need to prepare a strategy for considering such investments which is to be approved by GMCA. In addition, such activity will also have implications for the Authority's future ability to borrow from the PWLB thereby adding considerable financing risk to the authority's capital expenditure plans.

6.3 As such the Group Chief Financial Officer declares that the Authority plans for capital investment as outlined in the capital programme do not contain any investments solely for commercial yield purposes.

## **7 BORROWING, REVENUE CONSEQUENCES AND THE TREASURY MANAGEMENT STRATEGY STATEMENT (TMSS)**

### **7.1 Capital Financing**

7.1.1 Wherever possible the financing of the capital programme will utilise and maximise external funding provided by central government or other third-party sources. The net financing requirement shown in the table in section 4 above is after application of capital receipts, capital grants and revenue contributions.

7.1.2 The capital programme is reliant on prudential borrowing totalling £998m between 2025/26 and 2028/29. This method of financing involves the GMCA borrowing from external sources and results in additional revenue costs of interest and borrowing plus a statutory charge known as the Minimum Revenue Provision (MRP). There is an element of borrowing that is being provided from Central Government, this is specifically focussed on supporting investment into housing and key regeneration schemes. All prudential borrowing is undertaken in full compliance with the CIPFA Prudential Code which requires authorities to approve their own borrowing limits for the year with indicators to measure the affordability and sustainability of the capital programme.

### **7.2 Treasury Management Strategy Statement**

7.2.1 The Treasury Management Strategy Statement (TMSS) is covered in a separate accompanying report and is closely linked to this capital strategy. The capital programme identifies the borrowing need of the authority whilst the TMSS considers how the GMCA will manage these cash requirements. This may involve arranging loans and taking decisions on whether these loans should be short- or long-term having regard to prevailing and forecast interest rates. The TMSS will also consider the GMCA's cash surpluses and how these should be managed. At times it may be beneficial to defer borrowing and use these cash surpluses to avoid borrowing and thereby saving interest expenditure.

7.2.2 The Authority has successfully pursued a policy of internal borrowing using its cash surpluses over the last few years whilst keeping interest rates under review

for signs they may increase. In times of increasing interest rates, the authority may borrow early and then invest the surplus cash until it is required.

## 7.3 Borrowing Limits

7.3.1 At the end of 2025/26 it is forecast that the GMCA’s external debt will be £1.401 billion (including PFI liabilities) and this is forecast to be £1.758 billion by the end of 2028/29.

7.3.2 The Prudential Code requires the GMCA to set two limits for external debt each year.

- a) The Authorised Limit – this represents the maximum limit for external debt, including PFI liabilities, taking account of fluctuations in day to day cash requirements.
- b) The Operational Boundary – this is the limit beyond which external debt is not normally expected to exceed. The GMCA is currently under borrowed as a result of pursuing an internal borrowing policy and thereby reducing financing costs.

7.3.3 Based on the forecast capital programme, the limits in the TMSS are:

£m	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Operational Boundary	2,696.418	3,167,665	3,217,401	3,205,365
Authorised Limit	2,823.455	3,317,366	3,369,720	3,357,389

## 8 APPROACH TO RISK

8.1 Risk is inherent with any investment or commercial activity and whilst it cannot be eliminated entirely the authority will adopt a strategic approach to risk management. The GMCA’s approach to risk is to balance risk with the achievement of its priorities.

8.2 There is a clear distinction between capital investments, where the achievement of strategic aims will be considered and treasury management investments which are made for the purpose of cash flow management. The risk appetite for these two distinct types of investment may differ given the difference in expected outcomes.

8.3 For treasury management investments and debt the GMCA’s risk appetite is extremely low with security of funds the primary concern. The Authority seeks to

invest surplus cash in instruments with high credit quality and for relatively short periods and to have alternative debt options available.

## **9 OTHER LONG-TERM LIABILITIES: PRIVATE FINANCE INITIATIVE (PFI)**

9.1 The Authority has one PFI contract for 17 Police Stations. In financial terms, PFIs are regarded as a form of debt financing and included within the Authority's borrowing limits.

9.2 Under the terms of the PFI contract, the Authority makes regular payments which cover the service cost associated with facilities management and the asset itself. The PFI contract is due to end in 2030/31.

## **10 KNOWLEDGE AND SKILLS**

10.1 Both the capital programme and the Treasury Management Strategy are managed by teams of professionally qualified, local government experienced accountants. Officers maintain and develop their knowledge through Continuous Professional Development and by attending courses offered by CIPFA and other sector experts.

10.2 The Group Chief Financial Officer has overall responsibility for ensuring the proper management of the GMCA's capital programme, assets and treasury management activities. The Group Chief Financial Officer is also a professionally qualified accountant.

10.3 The Audit Committee is the body that scrutinises all aspects of the Capital Strategy. Internal and external training is available to members of the committee to ensure they have the relevant skills, knowledge and understanding to undertake this role.

10.4 When required internal skills and knowledge will be supplemented by external advisors. The Authority's treasury advisors are MUFG.

## **11 RECOMMENDATIONS**

11.1 The GMCA is requested to approve the Capital Strategy for 2026/27.