

**Manchester City Council
Report for Resolution**

Report to: Executive - 2 December 2015
Subject: Capital Programme - Proposed Increases
Report of: Chief Executive and the City Treasurer

Summary

To inform members of requests to increase the capital programme. To seek approval for those schemes that can be approved under authority delegated to the Executive, and to make recommendations to the City Council for proposals that require specific Council approval.

Recommendations

Members are asked under powers delegated to the Executive to approve the following:

1. Leisure Programme - Arcadia Leisure Centre in Levenshulme. To increase the capital budget by £72k in 2015/16, funded by use of the capital fund.
 2. Development Programme - The Factory:
 - To increase the capital budget by £4.0m in 2015/16, funded by a £3.5m Arts Council England development grant and £0.5m use of capital fund.
 - To authorise the City Treasurer to determine the correct accounting classification and treatment of expenditure due to be funded by the £0.5m use of capital fund and allow the funding to be available to fund capital or revenue expenditure.
-

Wards Affected: Various

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	None in this report
Reaching full potential in education and employment	None in this report
Individual and collective self esteem – mutual respect	None in this report

Neighbourhoods of Choice

Environmental improvements.

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

There are no revenue consequences arising from the recommendations in this report.

Financial Consequences – Capital

The recommendations in this report, if approved, will increase the capital budget by £4.072m.

Contact Officers:

Name: Richard Paver
Position: City Treasurer
Telephone: 0161 234 3564
E-mail: r.paver@manchester.gov.uk

Name: Carol Culley
Position: Deputy City Treasurer
Telephone: 0161 234 1647
E-mail: c.culley@manchester.gov.uk

Name: Tim Seagrave
Position: Finance Lead – Capital & Treasury Management
Telephone: 0161 234 3459
E-mail: t.seagrave@manchester.gov.uk

Name: Helen Fountain
Position: Principal Finance Manager (Capital)
Telephone: 0161 234 3456
E-mail: h.fountain@manchester.gov.uk

Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Report to the Executive 13 February 2015 (Budget 2015/16 - 2017/18)

1. Introduction

- 1.1 Requests for increases to the forthcoming three year capital budget have been identified. This report outlines those requirements.

2. Background

- 2.1 In February each year the Executive receives a report on the capital budget for the forthcoming three financial years and approves a series of recommendations to make to the City Council. The City Council's resolutions on these recommendations constitute the approval of the three year capital programme for Manchester City Council. Proposals for the 2015/16 to 2017/18 Capital Budget were presented to the Executive on 13th February 2015.
- 2.2 A summary of the requests for additions to the programme is shown in Appendix 1 and represents requests received since the previous report to the Executive.

3. Proposals Not Requiring Specific Council Approval

- 3.1 Leisure Programme - Arcadia Leisure Centre in Levenshulme. Additional costs have been incurred on this scheme due to ground issues and contamination problems. The wider Leisure Programme has been successful in attracting external funds which has released internal resources to contribute towards the increased costs, however there still remains a small shortfall to complete the required works. A budget increase is requested of £72k in 2015/16, funded by use of the capital fund.
- 3.2 Development Programme - The Factory. Arts Council England (ACE) have approved the award of a grant for £3.5m relating to the development of the Factory to fund the following eligible costs; professional fees for cost and design, client related costs for project management, legal fees, feasibility studies and contingencies. A number of the expenditure items may cross financial years into 2016/17; however the grant must be spent by the 31st March 2016.
- 3.3 It is anticipated that total costs including feasibility and design, will exceed the £3.5m grant award, therefore a further contribution of £0.5m is requested from the City Council to provide a total funding resource of £4.0m in 2015/16. To support the next phases of the development a further application will be submitted to ACE for the value of £73.5m to provide funding for 2016/17, 2017/18 and 2018/19. The £0.5m of City Council funding now requested will form part of the Council's overall funding requirement for the project.
- 3.4 A budget increase is requested of £4.0m in 2015/16, funded by a £3.5m Arts Council England development grant and £0.5m capital fund. A delegation is also requested to allow the City Treasurer to determine the correct accounting classification and treatment of expenditure due to be funded by the £0.5m use of capital fund and allow the funding to be available to fund capital or revenue

expenditure.

4. Prudential Performance Indicators

- 4.1 If the recommendations in this report are approved the non-HRA capital budget will increase by £4.072m across financial years as detailed in Appendix 1.
- 4.2 This will also result in an increase in the prudential indicator for Capital Expenditure in corresponding years. Monitoring of all prudential indicators is included within the Global Revenue Monitoring report. The next report to the Executive will be 6th January 2016 which will include a recommendation to increase the Capital Expenditure indicator as detailed above.
- 4.3 There is no requirement for prudential borrowing and therefore no impact on the City's Council Tax.

5. Conclusions

- 5.1 The capital budget will increase by £4.072m if the recommendations in this report are approved. The adjustments to the programme, as summarised in Appendix 1 are financed by: £3.5m capital grant and £0.572m increased use of the capital fund.

6. Contributing to the Community Strategy

- 6.1 The Capital Programme provides opportunities for the construction industry to bid for schemes that could provide employment opportunities at least for the duration of contracts.
- 6.2 The decisions provide resources for important projects to go forward, each project making its own contribution to the Community Strategy.

7. Key Policies and Considerations

(a) Equal Opportunities

- 7.1 All proposals have been drawn up in awareness of Council policy on equality.

(b) Risk Management

- 7.2 All capital projects go through the Gateway process and are subject to a risk assessment which includes a rapid risk check, risk workshops and the compilation of risk logs to support project delivery and risk management.

Appendix 1

Requests for Adjustments to the Capital Budget Provision						
2nd December 2015 EXECUTIVE						
Dept	Scheme	Funding	2015/16	2016/17	2017/18	Future
			£'000	£'000	£'000	£'000
Leisure Capital Programme	Arcadia Leisure Centre - Levenshulme	Capital Fund	72			
Development Capital Programme	The Factory	Arts Council England Development Grant	3,500			
Development Capital Programme	The Factory	Capital Fund	500			
		TOTAL	4,072	0	0	0