
**Manchester City Council
Report for Resolution**

Report to: Executive – 17 February 2016
Finance Scrutiny Committee – 25 February 2016

Subject: Capital Programme Budget and Strategy 2016/17-2018/19

Report of: The City Treasurer

Summary

The purpose of the report is to present the 2016/17 capital programme and forward commitments.

Recommendations

The Executive is requested to:

1. Approve and recommend the report to Council; and
2. Delegate authority to the City Treasurer in consultation with the Executive Member for Finance and Human Resources to make alterations to the schedules for the capital programme 2016/17 to 2018/19 prior to their submission to Council for approval, subject to no changes being made to the overall estimated total cost of each individual project.

The Executive is requested to recommend that the Council:

1. Approve the capital programme as presented in Appendix 1 (for £428.9m in 2016/17, £293.0m in 2017/18 and £165.4m in 2018/19) which will require prudential borrowing of £528.7m to fund non-HRA schemes over the three year period for which provision has been made in the revenue budget for the associated financing costs (within limits previously agreed).
2. Delegate authority to:
 - a) The Deputy Chief Executive (Growth & Neighbourhoods) in consultation with the Executive Member for Environment for the approval of the list of schemes to be undertaken under the Highways capital programme.
 - b) The Deputy Chief Executive (Growth & Neighbourhoods) to implement these schemes in accordance with the Capital Gateway process and after consultation with the Executive Member for Environment on the final details and estimated costs.
 - c) The City Treasurer in consultation with the Executive Member for Finance and Human Resources to add qualifying spend to save projects to the capital budget accordingly up to a maximum of £5m in 2016/17 and then £5m per year thereafter.
 - d) The City Treasurer, in consultation with the Executive Member for Finance and Human Resources to accelerate spend from later years when necessary

- within the programme subject to resource availability.
- e) The City Treasurer in consultation with Executive Member for Finance and Human Resources to agree and approve where appropriate:
- i. The programme of schemes for the delivery of the corporate asset management programme; and
 - ii. Proposals relating to Corporate Compulsory Purchase Orders

Wards Affected: All

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	The capital programme contributes to various areas of the economy including investment in public and private sector housing, education and children's social care, transport infrastructure, major regeneration activities, environmental, cultural and leisure services.
Reaching full potential in education and employment	The capital programme includes substantial investment in education and also provides opportunities for the construction industry to bid for schemes that could provide employment opportunities at least for the duration of contracts.
Individual and collective self esteem – mutual respect	The capital programme includes investment in adult and children's social care, education, housing and the environment, cultural and leisure services, all of which contribute towards the community strategy.
Neighbourhoods of Choice	Investment in all areas of the capital programme contributes towards the community strategy, notably investment in sustainable and affordable housing, building schools for the future, transport, environmental and major regeneration programmes.

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The capital programme report as presented will require £528.7m (all non-HRA) of prudential borrowing over the three year period, with £208.2m required for Manchester City Council projects and £320.5m required for projects carried out on behalf of Greater Manchester. Provision has been made in the revenue budget for the

associated financing costs, and for the revenue contributions to capital outlay (RCCO) which are forecast to be received from the General Fund and HRA.

Financial Consequences – Capital

The latest forecast spend for 2015/16 is £253.4m.

The proposals contained in this report would create a capital programme of £428.9m in 2016/17, £293.0m in 2017/18 and £165.4m in 2018/19.

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Attachments

Appendix 1: Detailed Three Year Capital Programme

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 Capital Programme (Budget 2015/16 – 2017/18)

Report to Council 6 March 2015 Capital Programme (Budget 2015/16 – 2017/18)

Report to the Executive 17 February 2016 (Capital Monitoring – Q3)

1.0 Introduction

- 1.1 The purpose of the report is to present the capital strategy and capital programme for 2016/17 and future years and to confirm that there are adequate levels of resources available to finance the capital programme.

2.0 Strategic Context

- 2.1 Manchester is an ambitious city with a strong track record of delivery through partnerships and effective strategic leadership, improving the quality of life for the residents and delivering a vision of making Manchester a world class city. As encapsulated in the recently adopted Manchester Strategy the vision is for Manchester in 2025 to be in the top flight of world class cities:

- with a competitive, dynamic and sustainable economy that draws on our distinctive strengths in science, advanced manufacturing, culture, creative and digital business, cultivating and encouraging new ideas;
- with highly skilled, enterprising and industrious people;
- that is connected, internationally and within the UK;
- that plays its full part in limiting the impacts of climate change
- where residents from all backgrounds feel safe, can aspire, succeed and live well;
- that is clean, attractive, culturally rich, outward looking and welcoming.

To be internationally competitive the city council has grasped the need to:

- deliver on meeting the need to reduce dependency and improve the productivity outcomes for our residents;
- embrace the need to be a low carbon exemplar;
- invest in, and strengthen, the council's existing economic and infrastructure asset base; and
- support the city's cultural and sporting offer.

- 2.2 The strategy adopted over the past three years of ensuring decisions are based on the priorities for the City needs to be continued. This requires a clear framework for making spending decisions and maximising the resources that remain. The 'Budget 2016/17 - A Strategic Response' elsewhere on the agenda, sets out the framework. This is drawn from the overall aims for Greater Manchester which are set out in the Greater Manchester Strategy (GMS) and the Manchester Strategy. This and the updated budget principles for: the Corporate Core; Leadership of Place; Targeted and Specialist Services; and Universal Services have informed the revenue and capital budget proposals which are being put forward. Given current economic pressures the ambition for the Council is to deliver a capital programme with the optimum combination of projects that represent the key priorities of the City Council and maximise the funding resources that are available.

- 2.3 In a wider City Region and regional context the ambition is for Greater Manchester to become a financially self-sustaining city, sitting at the heart of the Northern Powerhouse with the size, the assets, the skilled population and political and economic influence to rival any global city.

- 2.4 Greater Manchester has been working hard, with Government, to turn that vision into a reality. The conurbation's priorities around growth and reform are widely recognised to be distinctive, evidenced and wholly appropriate for the long term success of the area. The City Region is one of a few economic geographies capable of becoming a national engine of growth for the North and the UK as a whole, and in doing so, becoming a net contributor to the economy. Greater Manchester has made a strong, evidence-based case for the devolved, place-based management of local services, alongside innovative funding arrangements that remove unnecessary ring-fences to enable consistent prioritisation against Greater Manchester and Northern Powerhouse growth objectives.
- 2.5 Against this backdrop the Greater Manchester Strategy sets out the Vision for the future "By 2020 the Manchester City region will have pioneered a new model for sustainable economic growth based around a more connected, talented and greener city region where the prosperity secured is enjoyed by the many and not by the few". The Devolution Agreement places Greater Manchester in a better position to deliver on the key requirements for economic growth.
- 2.6 The key for the City of Manchester is to enable local people to contribute to and benefit from that growth. The Council will maximise the opportunities created through the Devolution Agreement alongside the City's capital programme to connect residents with skills and employment opportunities and to support the investment in transport and highways infrastructure.
- 2.7 The challenge for the future is to drive transformation, to define Manchester as an attractive place to live and further improve the quality of life for all residents; to increase their overall social and economic prospects, and enable them to participate fully in the life of the City. Important to the delivery of the aspirations of the City will be:
- to support, promote and drive the role and continuing growth of the city centre as a major regional, national and international economic driver; as the main focus for employment growth through a strengthening and diversification of its economic base and through the efficient use of land. This will be complemented by driving growth through for example, Corridor Manchester; the Airport City Enterprise Zone; the Siemens Princess Road Campus; Central Park in North Manchester; and at the Etihad Campus in East Manchester;
 - to support investment in transport infrastructure the City Centre will now see more than £1 billion of investment in projects between now and 2017 which will lay the foundations for continuing success by 'future proofing' the city's transport infrastructure including; the Second City Crossing, The Northern Hub, Cross City, Bus Corridor and the redevelopment of Victoria Station;
 - to provide an expanded, diverse, high quality housing offer that is attractive to and helps retain economically active residents in the city, ensuring that the growth is in sustainable locations supported by local services and the public transport infrastructure. This will include maximising the opportunities through Manchester Place, Manchester Life and the Housing

Investment Fund and to be able to react flexibly to deliver an attractive housing offer for the City;

- the delivery of a Schools Capital Programme to support new and expanded high quality primary and secondary school facilities for a growing population;
- support businesses and residents to create thriving district centres with appropriate retail, amenities and public service offer; and
- continuing to promote investment to secure an internationally competitive cultural and sporting offer and sustaining core lifestyle assets such as parks, leisure facilities and libraries within the City.

2.8 The capital programme will continue to be developed in line with the strategic priorities for the City and the City Council, and there will be further work on the programme aligned to the development of the medium term financial plan over the summer. This report sets out the current agreed capital programme.

3.0 Capital Programme

3.1 The development of the Capital Programme stems from the priorities outlined in the Strategic Response Budget Report elsewhere on the agenda, the Budget Principles and the approach to the Capital Strategy outlined above. Together these frame the balance between the investment priorities for the Council and the level of resources available. Given the constraints on the level of resources available the aim is to maximise the use of external funding and receipts where available and to limit increasing the borrowing requirement.

3.2 The capital programme uses the most up to date forecast of outturn figures for 2015/16 of £253.4m as the base for its calculation. The programme can be viewed as consisting of two distinct areas; one for the City Council, and one which includes investments which the City Council is making on behalf of Greater Manchester.

3.3 The current three year capital programme 2015/16 to 2017/18 originally approved by Executive in February 2015 is being implemented and has been updated for the amendments and additions approved by Executive and Council throughout the year.

3.4 A review of the Capital Programme has been completed. The review has focused on:

- confirming priorities and contractual commitments
- reviewing resource availability
- considering strategic spatial priorities

3.5 In reviewing resource availability, there has been particular focus on maximising flexibility around external funding and how it is applied, for example whether it has specific ring fence conditions or it can be used more generally to support the capital programme.

4.0 Proposed 2016/17 Capital Programme Summary

4.1 The capital programme 2016/17 to 2018/19 comprises the continuation of the

current three year programme and new proposals approved by the Gateway 1 Capital Review Board. The figures relating to the programme continuation are based on estimates compiled as at December 2015. It has been calculated on the expectation that the current year outturn will be £253.4m, of which £242.5m relates to City Council projects.

- 4.2 The carry forward of committed schemes from the current programme into future years, based on the latest monitoring report for 2015/16, and the addition of new schemes detailed below gives a proposed new capital programme for City Council projects of:
- 2016/17 – £291.8m
 - 2017/18 – £189.6m
 - 2018/19 – £85.4m
- 4.3 Details of the profile of the programme for schemes delivered on behalf of Greater Manchester are given at section 14.
- 4.4 The current programme does not include Central Government grant settlements for Children’s Services Basic Needs and Schools Maintenance for 2018/19, as the Government has not yet announced these figures. Once the grant allocations are known they will be reported to the Executive as part of the regular reports on proposed increases to the capital programme.
- 4.5 The programme will need to be reviewed if the resource position changes from the indicative level. The funding resources available to the City Council are invested so that they focus on the key priorities for the Council and take a holistic view of all planned investment in a locality. Priority will be given to key recurring programmes and strategic investments. Projects that will secure 100% external funding can be added to the programme if they fit strategically.

5.0 Proposed 2016/17 Capital Programme Detail

- 5.1 The existing capital programme has been reviewed, and where the capital gateway process has identified new schemes that fit strategically with the Council’s objectives they have been included in this report.
- 5.2 Further details of the proposed programme, including current commitments, are given in the paragraphs below, and are summarised in the table below:

	2015/16 forecast outturn £m	2016/17 budget £m	2017/18 budget £m	2018/19 budget £m	Total £m
Manchester City Council Programme					
Highways	27.9	42.7	13.6		84.2
Growth & Neighbourhoods	84.9	89.0	111.2	65.0	350.1
Housing – General Fund	16.7	27.7	16.0	0.3	60.7
Housing – HRA	27.0	29.3	37.0	20.1	113.4

	2015/16 forecast outturn £m	2016/17 budget £m	2017/18 budget £m	2018/19 budget £m	Total £m
Children's Services	71.0	95.4	11.8		178.2
ICT	14.4	7.7			22.1
Adult Services	0.6				0.6
MCC TOTAL	242.5	291.8	189.6	85.4	809.3
Projects carried out on behalf of Greater Manchester	10.9	137.1	103.4	80.0	331.4
TOTAL	253.4	428.9	293.0	165.4	1,140.7

6.0 Highways

6.1 The Highways capital programme consists of the investment in the City's highways network, including work on bridges, cycle paths and bus priority lanes. The programme is forecast to be £56.3m between 2016/17 and 2018/19, as shown in the table below, and the primary schemes within the programme are also detailed below:

	2015/16 forecast outturn £m	2016/17 budget £m	2017/18 budget £m	2018/19 budget £m	Total £m
Highways	27.9	42.7	13.6		84.2

6.2 Planned Highways maintenance works (£8.9m over the three year forecast period) comprise carriageway and footway planned maintenance schemes to improve the condition of the highway network. All roads and footways across the City are inspected on a regular basis, and the work packages have been prioritised to target the worst condition roads and footways.

6.3 The project widening A57 Hyde Rd (£4.3m) involves increasing the span of a disused railway bridge to allow removal of a pinch point, which currently reduces the number of traffic lanes from four to two. Heavy traffic congestion, particularly at peak times and journey times will both be reduced.

6.4 The Cycle City Phase 2 scheme (£4.7m) aims to provide a high-quality network of dedicated cycle routes across Manchester, encouraging people to make short journeys in a healthy and inexpensive way and reduce the environmental impact of private car use.

6.5 The bus priority measures and traffic improvements (£16.6m) will remove the current sources of delay and open up new routes, creating:

- Cross city connections;
- Reduced running times and better schedules;
- Improved punctuality and reliability;
- More reliable journey times;

- Reduced duration of waiting times at stops;
- Buses being a real alternative to the car; and
- Increase use of public transport.

6.6 The City Council has Highways Maintenance Challenge funding (£7.1m) available for resurfacing or reconstruction works on major routes across the City.

6.7 The continuation of the South East Manchester Multi-Modal Strategy (SEMMMS) A6 to Manchester Airport Relief Road Scheme (£15.2m over the three year forecast period) will provide 10 kilometres of new 2-lane dual carriageway on an east-west route from South East Stockport to Manchester Airport and the link road to the M56. The delivery of the scheme will provide a much-needed connectivity for key strategic routes into the North West and to Manchester Airport for business, leisure travel and freight.

6.8 A review of the Highways Services is currently underway which will include improving project definition and delivery arrangements for highways.

7.0 Growth and Neighbourhoods

7.1 The Growth and Neighbourhoods capital programme includes the capital investment required to support the City's neighbourhoods, such as street lighting, leisure centres and cultural facilities. It also includes the programme for the Council's property assets, and investment in neighbourhood development. The programme is forecast to be £265.2m between 2016/17 and 2018/19, as shown in the table below, and the primary schemes within the programme are also detailed below:

	2015/16 forecast outturn	2016/17 budget	2017/18 budget	2018/19 budget	Total
	£m	£m	£m	£m	£m
Environment & Operations	4.3	18.8	25.9	13.9	62.9
Leisure	24.7	14.0	18.2		56.9
Culture	3.5	14.7	46.7	46.1	111.0
Libraries	0.3	0.3			0.6
Corporate Property	21.3	31.4	19.1	5.0	76.8
Development	30.8	9.8	1.3		41.9
Total Growth & Neighbourhoods	84.9	89.0	111.2	65.0	350.1

Environment and Operations

7.2 The Street Lighting Private Finance Initiative (PFI) project (£32.4m) will deliver the procurement and installation of modern, state of the art, low energy light emitting diode (LED) street lighting technology. Once operational the scheme is planned to provide revenue savings due to reduced energy charges, and lower maintenance costs for the Council's street lighting.

- 7.3 The Heat Network (£14m) project aims to provide a heat network throughout the Civic Quarter of the City. This will reduce energy costs, and also help achieve the City's aim of reducing carbon emissions by 41% by 2020.
- 7.4 As part of the waste and street cleaning contract, a loan will be provided to the contractor to upgrade vehicles (£8.5m) on a spend to save basis. The loan will be repaid through reduced service costs.

Leisure

- 7.5 Following a review of Indoor Leisure provision, it has been identified that investment is required in two leisure centres, Abraham Moss and Moss Side (£16m). A full refurbishment of Abraham Moss and Moss Side will reduce revenue costs associated with the upkeep of the buildings, and provide long-term savings to the Council.
- 7.6 As part of the Football Association's plan to transform the grassroots of the game, the Manchester Football Hubs programme (£13.0m) will provide football facilities including pitches, changing rooms and education suites at several sites across the City.
- 7.7 Following the successful completion of the first phase of activity at Boggart Hole Clough, including the refurbishment of the athletics infield, the visitors centre will be rebuilt (£0.8m). This will provide dedicated community facilities, a staff office, and sports changing facilities.
- 7.8 The Clean and Green reserve will be used to fund two projects. The first is for planting containers across the City Centre (£0.1m) to improve the appearance of key parts of the area, and the second is to update play equipment (£0.4m) across the City.
- 7.9 The second phase of Section 106 works at Mount Road (£0.1m) will replace a multi-use games area at Greenbank Park and install a synthetic cricket wicket.

Culture

- 7.10 The Factory project is a £110m cultural facility within the City Centre. This will receive significant financial support from the Government, and will create an estimated 2,400 jobs.

Libraries

- 7.11 Funding provided through the Wolfson Award (£0.1m) is to be used to fit out Central Library's Great Hall Reading Room and Media Lounge.
- 7.12 A further £0.2m Wolfson Award funding will be used to carry out building works and purchase new technology to allow the physical transformation of Children's Library services in six neighbourhood libraries.

Corporate Property

- 7.13 The Asset Management Programme (£13.1m) will ensure that the Council's assets, including its elite assets, are well-maintained. It includes provision for feasibility works for the Town Hall, and it includes an Estates Transformation Fund. The Fund will allow the Council to continue the rationalisation of the operational estate, and will seek to reduce running costs by withdrawing from poor quality accommodation.
- 7.14 The Strategic Acquisitions budget (£15.4m) will provide funding for the Council to acquire key sites throughout the city, provided they become available, which can further the aims and objectives of the corporate plan.
- 7.15 The Hammerstone Road project (£15m) will invest in the depot to allow the Council to consolidate all depots into one site. This investment will allow other sites to be released, and reduce the maintenance costs associated with these sites.
- 7.16 It is proposed to invest in Heron House (£12m) to refurbish the building.

Development

- 7.17 The New Smithfield Market project (£0.6m) involves the refurbishment of the current market. This project aims to secure the long term sustainability and viability of the wholesale market.
- 7.18 The Beswick project has delivered a new community hub which includes the Beswick Leisure Centre, Connell Sixth Form College, and the Manchester Institute of Health and Performance. Proposals for the final phases of development (£1.3m) will be brought forward during 2016/17.
- 7.19 The Airport Power Infrastructure scheme (£5.9m) involves the construction of new electricity distribution infrastructure to serve development within the Manchester Airport City Enterprise Zone. This will be funded through DCLG grant funding, which has been awarded under its Building the Foundations for Growth programme.

8.0 Housing – General Fund

- 8.1 The Housing – General Fund capital programme includes housing regeneration schemes, such as the Council's housing Private Finance Initiative (PFI) schemes. It also includes funding for disabled facilities and energy efficiency schemes. The programme is forecast to be £44.0m between 2016/17 and 2018/19, as shown in the table below, and the primary schemes are also detailed below:

	2015/16 forecast outturn	2016/17 budget	2017/18 budget	2018/19 budget	Total
	£m	£m	£m	£m	£m
Housing – General Fund	16.7	27.7	16.0	0.3	60.7

- 8.2 Funding has been set aside within the programme for commercial and residential acquisitions (£12.0m) which will support the existing Brunswick and Miles Platting PFI schemes. Similarly funding is available for the acquisition of properties relating to regeneration in West Gorton (£2.6m), and for potential commitments from historical CPOs.
- 8.3 Provision is also made regarding the ongoing Redrow development programme (£2.1m), which represents the cost of new builds. This will be funded by the ongoing sale of properties over current and future years.
- 8.4 Major adaptations funding is available (£7.4m) to assist in works to make social rented properties suitable for disabled residents.
- 8.5 Work will be undertaken to create a community park (£0.3m) in West Gorton.

9.0 Housing – Housing Revenue Account (HRA)

- 9.1 The Housing – HRA capital programme consists of the investment in the Council's public sector housing estate, including acquisitions and capital works on existing Council housing assets. The programme is forecast to be £86.4m between 2016/17 and 2018/19, as shown in the table below, and the main schemes are also detailed below:

	2015/16 forecast outturn	2016/17 budget	2017/18 budget	2018/19 budget	Total
	£m	£m	£m	£m	£m
Housing – HRA	27.0	29.3	37.0	20.1	113.4

- 9.2 The programme includes funding for the ongoing regeneration works in Collyhurst (£4.7m), including the demolition of obsolete maisonettes, improvements to the infrastructure of the Village, and potential compensation for tenants involved in demolition projects.
- 9.3 Provision for acquisitions (£6.7m) is included within the programme, in particular in relation to the Council's existing PFI schemes.
- 9.4 The programme contains funding to achieve or maintain the Decent Homes Standard. This includes internal and external works to properties across the City.
- 9.5 Provision is also made in the budget to reflect the delivery of new works in future years that will support the ongoing 30-year HRA asset management plan (£42.9m). The funds will be used to maintain the Decent Homes Standard within Manchester's housing stock and, in addition, will support innovative climate change investment; essential health and safety works; public realm environmental works; and, where appropriate, it will support estate regeneration and re-modelling. This has been reduced to ensure that the HRA has a balanced budget.

10.0 Children's Services

10.1 The Children's Services capital programme is predominantly focused on the building of new schools, to meet school place demand, and investment in the existing school estate. The programme is forecast to be £107.2m between 2016/17 and 2018/19, as shown in the table below, and the main schemes are also detailed below:

	2015/16 forecast outturn	2016/17 budget	2017/18 budget	2018/19 budget	Total
	£m	£m	£m	£m	£m
Children's Services	71.0	95.4	11.8		178.2

10.2 The Dean Trust Ardwick scheme (£13.9m) will deliver a new eight form of entry school in Ardwick, providing 1,200 secondary school places for the city.

10.3 The Cheetham Academy (£1.3m), Cavendish Community School (£1.3m) and Holy Trinity Primary School (£2.9m) expansions will provide permanent accommodation for a further form of entry at each school.

10.4 Work at United Learning Trust (ULT) - William Hulme (£5.8m) will create a new 420 place primary school with nursery places, releasing space within the existing buildings to allow a 300 place expansion of the secondary school.

10.5 The City Council has been notified that it will receive a substantial Basic Need grant in 2017/18, to fund the significant increase in school places forecast to be required in that year. To accommodate this increase, work needs to begin on new school builds and site expansions before 2017/18.

10.6 Council is therefore asked to approve borrowing in 2016/17 up to the level of the 2017/18 Basic Need allocation, with the expectation that the borrowing will be repaid using the grant once it is received in 2017/18. This will allow the works to commence and the places to be available by September 2017.

10.7 As noted above, grant allocations for 2018/19 have not been announced by Central Government. Once these are made available, a revised capital programme including the grant funding will be reported to Executive as part of the regular reports on proposed increases to the capital programme.

10.8 Investment in highways infrastructure (£0.8m), specifically various types of crossings, will create permanent road safety solutions near schools.

11.0 Information and Communication Technology (ICT)

11.1 The ICT capital programme provides investment to the Council's ICT estate, and grant funding to third parties for improved connectivity. The programme is forecast to be £7.7m between 2016/17 and 2018/19, as shown in the table below, and the main schemes are also detailed below:

	2015/16 forecast outturn	2016/17 budget	2017/18 budget	2018/19 budget	Total
	£m	£m	£m	£m	£m
ICT	14.4	7.7			22.1

11.2 The Infrastructure and Mobile Working funding (£5.5m) will be used to improve the Council's IT infrastructure, and update the applications that the Council uses. This will allow the Council to adapt to more flexible and agile ways of working, and provide access to more secure systems.

11.3 This will include upgrades to the Council's applications, case management systems and business continuity. The funding will also be used to update the ICT programme estate to one version prior to the latest version ("n-1" programme), to minimise operational risk.

12.0 Adult Services

12.1 The Adult Services capital programme of £0.6m in 2015/16 included the capitalisation of community equipment. There are currently no forecast capital requirements for 2016/17 and 2018/19.

13.0 Treatment of Resources

13.1 The estimated funding profile for City Council projects for the financial year 2016/17 is as follows:

Fund	Housing Programmes		Other Programmes	Total
	HRA	Non-HRA		
	£m	£m	£m	£m
Borrowing		9.6	127.9	137.5
Capital Fund			11.6	11.6
Capital Receipts		14.4	9.6	24.0
Contributions	0.1	0.7	48.6	49.4
Grant	1.1	3.0	34.6	38.7
Revenue Contribution to Capital Outlay	28.1		2.5	30.6
Grand Total	29.3	27.7	234.8	291.8

13.2 Prudential borrowing of up to £208.2m will be needed to support existing schemes in line with previous planning and profile approval. The breakdown over years is: 2016/17 – £137.5m; 2017/18 – £51.8m; 2018/19 – £18.9m.

- a. The Housing HRA programme will not require prudential borrowing.
- b. The Corporate programme requires £208.2m which includes:
 - i. £32.4m for Street Lighting PFI;
 - ii. £12.0m for Heron House
 - iii. £1.4m for acquisitions in West Gorton;
 - iv. £10.9m for the regeneration of Ben St.;
 - v. £5.5m for ICT Infrastructure and Mobile Working;
 - vi. £71.3m to bring forward the 2017/18 Basic Need grant into 2016/17 (to be repaid in 2017/18);

- vii. £3.7m for Estates Transformation;
- viii. £15m for Hammerstone Rd depot;
- ix. £3.0m for the Town Hall feasibility works;
- x. £16.0m for Indoor Leisure Provision;
- xi. £3.0m for the FA Hubs scheme;
- xii. £14.0m for the Civic Quarter Heat Network;
- xiii. £3.5m for Waste Reduction Measures;
- xiv. £8.5m for the Waste and Street Cleaning contract; and
- xv. The remaining £8.0m is required for smaller schemes.

13.3 A number of these schemes will be on an invest to save basis, and will generate savings. The remainder are affordable within the existing capital financing budget.

13.4 In addition further “spend to save” investment opportunities may arise and in order to deliver these types of projects delegated authority is given to the City Treasurer, in consultation with the Executive Member for Finance and Human Resources to increase the capital budget accordingly. The extent of this delegation is currently restricted to an annual limit of £5,000,000. This is on the understanding that the costs of borrowing (interest and principal) of any such additions to the capital budget are financed in full by additional income, revenue budget savings, or cost avoidance.

13.5 Work will continue to confirm the position for the three years from 2016/17 to 2018/19 and the final capital budget will be reported to Council in March. This will include confirmation of Government funding and the effect of any changes in the delivery of the current three year programme in 2015/16. Any such changes should simply require a re-profiling of the programme between financial years, with no overall change to the estimated total City Council funding requirement.

14.0 Projects carried out on behalf of Greater Manchester

14.1 The capital programme for projects carried out on behalf of Greater Manchester consists of schemes where Manchester is acting as the lead body but the expenditure relates to projects across the conurbation. The programme is forecast to be £320.5m between 2016/17 and 2018/19, as shown in the table below, and the main schemes are also detailed below:

	2015/16 forecast outturn	2016/17 budget	2017/18 budget	2018/19 budget	Total
	£m	£m	£m	£m	£m
Projects carried out on behalf of Greater Manchester	10.9	137.1	103.4	80.0	331.4

14.2 The Housing Investment Fund (£293.2m) aims to invest in local housing schemes to stimulate the market, accelerate growth and increase housing supply by lending to the private sector to bring forward housing developments across Greater Manchester. It is funded through a grant from Government

which has to be classed as borrowing, and the risks of lending to the private sector are shared between the Greater Manchester authorities and Government.

- 14.3 The Regional Growth Fund (£19.5m) extends the existing Greater Manchester Investment Fund, directed towards supporting economic growth across Greater Manchester.
- 14.4 The Greater Manchester Loans Fund (£7.8m) is a public/private partnership to address the short fall in the capital finance sector which is adversely affecting businesses in the city region, especially small and medium enterprises. By supporting these businesses the aim is to improve jobs and growth in the city region. The loans issued by the Council are guaranteed by all Greater Manchester authorities, including Manchester.
- 14.5 Each of the schemes above is funded by borrowing at relatively low risk, with funds borrowed from either Government, or with guarantees from the Combined Authority or other Greater Manchester authorities.

15.0 Key Polices and Considerations

(a) Equal Opportunities

By investing in building adaptations, access for people with mobility difficulties is made easier.

(b) Risk Management

As a result of the national economic downturn the amount of usable capital receipts included in the resources calculation for the original capital budget is no longer achievable. In response to these circumstances the City Treasurer instigated a review of the whole capital programme in order to establish the most efficient and effective way to fund the programme. The review will be ongoing.

Appendix 1

Project Name	2016/17 Proposed Budget £'000	2017/18 Proposed Budget £'000	2018/19 Proposed Budget £'000
Highway Programme			
Highways Planned Maintenance Programme			
Planned Highways Maintenance Programme	5,147	3,786	0
Highways Stand Alone Projects Programme			
Wythenshawe Bus Station	25	0	0
Ardwick Grove Village Parking	23	0	0
Didsbury Village Tram Stop Traffic Mitigation	18	0	0
Old Market Street traffic calming	29	0	0
Section 106 Highways work around Metrolink	47	0	0
Hyde Road (A57) Pinch Point Widening	2,894	1,369	0
New Islington Free School Road	85	0	0
Barlow Moor Road	27	0	0
Etihad Expansion - Public Realm	403	0	0
Velocity	274	0	0
Cycle City Phase 2	3,827	843	0
Congestion Target Performance	229	0	0
Burton Road Traffic Management	11	0	0
Road Safety for Older People	1	0	0
20mph Zones (Phase 2)	18	0	0
20mph Zones (Phase 3)	455	0	0
Blocked Gullies	240	0	0
Levenshulme Parking Signage	3	0	0
Integrated Transport Block Minor Works	160	0	0
Flood Risk Management - Calve Croft Flood Risk	25	0	0
Flood Risk Management - Higher Blackley Flood Risk	106	0	0
Manchester/Salford Inner Relief Road (MSIRR)	751	0	0
Great Ancoats Improvement Scheme	100	525	0
Highways Maintenance Challenge Fund	4,570	2,556	0
Cycle Parking	116	0	0
Shadowmoss Rd / Mossnook Rd	20	0	0
Birley Fields Campus improvements	85	0	0
Cringlebrook Primary School Crossing	48	0	0

Project Name	2016/17 Proposed Budget £'000	2017/18 Proposed Budget £'000	2018/19 Proposed Budget £'000
SEMMMS PROGRAMME			
Ringway Road Highway Improvement Scheme	400	0	0
A6 Relief Road	6,300	4,200	0
Bus Priority Package Programme			
Bus Priority Package - Oxford Road	9,711	334	0
Bus Priority Package - Regional Centre	576	0	0
Bus Priority - Unallocated	5,926	0	0
Total Highways Programme	42,650	13,613	0
Environment Programme			
City Wide Litter Bins	112	0	0
Street Lighting PFI	6,955	12,568	12,917
Civic Quarter Heat Network	7,000	7,000	0
Waste Reduction Measures	3,500	0	0
Waste Contract	1,200	6,300	1,000
Leisure Services Programme			
Parks Improvement Programme			
Hollyhedge Park Drainage	119	0	0
Heaton Park Pay & Display	250	0	0
PIP - Park Events Infrastructure	675	0	0
PIP - Wythenshawe Park Play Area Improvement	87	0	0
PIP - Unallocated	63	0	0
City Centre Planting Containers	130	0	0
Citywide Play Equipment	200	200	0
Leisure & Sports Facilities			
Indoor Leisure - Abraham Moss	4,000	4,000	0
Indoor Leisure - Moss Side	4,000	4,000	0
Hockey Pitch Re-provision	561	0	0
FA Hubs	3,000	10,000	0
Boggart Hole Clough - Visitors Centre	770	0	0
Mount Road S106	108	0	0
Cultural Programme			
The Factory	14,697	46,700	46,100
Libraries and Info Services Programme			
Central Library Wolfson Award	117	0	0
Wolfson Children's Digital Libraries	250	0	0
Corporate Property Programme			
Asset Management Programme	13,005	150	0
Strategic Acquisitions Programme	10,350	5,000	0
Town Hall Complex Transformation Programme	78	0	0

Project Name	2016/17 Proposed Budget £'000	2017/18 Proposed Budget £'000	2018/19 Proposed Budget £'000
Hammerstone Road Depot	2,000	8,000	5,000
Heron House	6,000	6,000	0
Development Programme			
Development Programme - East Manchester			
Edison St CPO	46	0	0
New Smithfield Market	640	0	0
Beswick Community Hub	1,262	0	0
Development Programme - North Manchester			
Harpurhey Reservoirs Regeneration	1	0	0
Development Programme - City Centre			
ST Peters Square	3,235	0	0
Development Programme - Enterprise Zone			
Airport City Power Infrastructure (EZ)	4,625	1,275	0
Total Growth & Neighbourhoods Programme	89,036	111,193	65,017
Private Sector Housing Programme (PSH)			
Brunswick PFI (PSH)			
Brunswick PFI Land Assembly	3,248	5,731	0
Collyhurst			
Collyhurst PFI Land assembly	142	240	0
Collyhurst Environmentals	34	0	0
Housing Investment Model			
Site Investigation and Early Works Housing Investment Fund Pilot Sites	200	99	0
Miles Platting PFI			
Miles Platting PFI Land Assembly	2,978	0	0
Assistance Citywide Programme			
Disabled Facilities Grant	3,697	3,697	0
Eccleshall Street	182	0	0
Kingley Ave	0	457	0
Toxteth St compulsory purchase & environmental works	75	75	236
Bell Crescent compulsory purchase	0	482	0
Redrow Development Programme			
Redrow Development Phase 2 onward	2,054	0	0
West Gorton			
West Gorton Ph 2A Demolition & Acquisitions	1,721	921	0

Project Name	2016/17 Proposed Budget £'000	2017/18 Proposed Budget £'000	2018/19 Proposed Budget £'000
Housing Market Renewal Fund	94	68	0
Private Sector Housing Loans	22	23	0
Collyhurst Acquisition & Demolition (Overbrook & Needwood Close)	1,169	275	0
West Gorton Community Park	250	0	0
Ben St. Regeneration	11,608	3,902	0
Canada St - Walking With Wounded	180	0	0
Total Private Sector Housing Programme	27,654	15,970	236
Public Sector Housing Programme			
Northwards - External Work			
Concrete Repairs - Walkup Flat Balconies	25	0	0
Charlestown - Victoria Ave multi window replacement - Phase 1	740	0	0
Door replacements - Phase 5	30	0	0
Ext Cyclical Maintenance & Imp Works Ph1	0	14	0
Riverdale ext & cyclical works phase 2/4	30	0	0
Higher Blackley Rosewood Estate	0	7	0
Moston Mill Estate Ph1&2	32	0	0
External cyclical works phase 2	56	0	0
New Lightbowne Estate Halliford Road reroofing	1,707	0	0
Harpurhey, Baths Estate roofline works	14	0	0
External cyclical works phase 3a	3,021	0	0
Riverdale estate - External works (Phase 3 & 4)	1,728	0	0
Charlestown, Clifford Lamb Court - External wall insulation and window replacement	63	0	0
Collyhurst Environmental programme	615	0	0
Delivery Costs	766	17	0
Northwards - Internal Work			
Lift Replacement/Refurbishment Programme	0	5	0
Digital Upgrade to CCTV Systems	3	0	0
Various Multi Communal fire door and other upgrading works	496	0	0
Lift replacement / refurbishment programme	376	0	0

Project Name	2016/17 Proposed Budget £'000	2017/18 Proposed Budget £'000	2018/19 Proposed Budget £'000
Multi storeys - rooftop extractor fans/water pump/water tank renewal	69	4	0
Cartmel & Somerton Replace Vents	3	0	0
Air source heat pump/solar thermal Ph1&2	40	0	0
Various - Boiler replacements (excluding 2/4 blocks)	195	1	0
2 and 4 blocks heating replacement with Ground source heat pumps - Phase 1	1,759	93	0
Decent Homes Mop-Ups Phase 6	0	1	0
Decent Homes mop ups - Phase 7, and voids	205	0	0
One offs (Rewires, Boilers, Doors, Structural, Insulation)	100	0	0
One offs (Rewires, Boilers, Structural)	0	12	0
Delivery Costs	308	13	0
Northwards - Off Debts/Conversions			
Dam Head flats - bringing basement flats back into use / reroofing / environmental works	46	0	0
Delivery Costs	4	0	0
Homeless Accommodation			
Improvements to Homeless accommodation city wide	954	431	0
Delivery Costs	91	36	0
Northwards - Acquisitions			
Acquisitions	162	0	0
Delivery Costs	15	0	0
Northwards - Adaptations			
Disabled Adaptations	1,000	0	0
Northwards - Unallocated			
Northwards Housing Programme Unallocated	4,281	21,066	17,515
Retained Housing Programme			
Collyhurst Maisonette Compensation & Demolition	75	75	935
Housing Investment Proposals	4,034	10,605	0
Capital Receipts - Right to Buy	40	40	0
Collyhurst Regeneration - Highways Phase 1	1,500	200	1,677
Collyhurst Regeneration - Churnett Street	200	592	0
Collyhurst Regeneration - Needwood &	441	110	0

Project Name	2016/17 Proposed Budget £'000	2017/18 Proposed Budget £'000	2018/19 Proposed Budget £'000
Overbrook Acquisition / demolition			
Affordable Housing Programme Grant	532	532	0
Parkhill Land Assembly	2,145	2,125	0
Brunswick PFI HRA	1,422	1,050	0
Total Public Sector Housing (HRA) Programme	29,323	37,029	20,127
Childrens Services Programme			
Basic Need Programme			
Cheetham Academy	1,386	0	0
Crab Lane - Increase capacity	11	0	0
Benchill	12	0	0
Cavendish Community - Increase capacity	1,366	0	0
Ashbury Meadow - Increase capacity	45	0	0
E-Act Academy - increase capacity	16	0	0
Crosslee - Increase capacity	19	0	0
Claremont - Increase capacity	62	0	0
Wilbraham Primary School	50	0	0
Mauldeth Road - Increase capacity	169	0	0
Charlestown - Increase accommodation	135	0	0
Briscoe Land Academy	51	0	0
Holy Trinity Primary	2,894	46	0
Manchester Communication Primary Academy	329	0	0
Dean Trust Ardwick	13,355	522	0
Ardwick Pupil Referral Unit	52	0	0
ULT William Hulme	5,800	0	0
Rodney House conversion	684	34	0
Basic Need - Estimated 2016/17 allocation	65,021	11,200	0
Universal Infant Free School Meals (UIFSM)	885	0	0
School Crossings	800	0	0
Building Schools for the Future (BSF) Phase 2 Wave 4			
BSF Phase 2 (W4)	2,279	0	0
Total Children's Services Programme	95,421	11,802	0

Project Name	2016/17 Proposed Budget £'000	2017/18 Proposed Budget £'000	2018/19 Proposed Budget £'000
ICT Capital Programme			
ICT			
Hybrid Mail	56	0	0
One System Upgrade	27	0	0
Town Hall Extension & Central Library Service Transition	458	0	0
SAP Enhancements - Finance/HR	281	0	0
SAP Contract Management	369	0	0
ICT Infrastructure & Mobile Working Programme			
Infrastructure & Mobile Working	4,543	0	0
ICT Services	555	0	0
Mosaic	428	0	0
ICT Stand Alone Projects			
Broadband Connection Vouchers (Phase 3)	760	0	0
Applications			
Information Strategy Project	193	0	0
Infrastructure			
Wider Area Network Redesign	55	0	0
Total ICT Programme	7,725	0	0
Corporate Capital Programme			
Evergreen Loans	25	25	0
Total Corporate Capital Programme	25	25	0
Total Manchester City Council Capital Programme	291,834	189,632	85,380
Projects carried out on behalf of Greater Manchester			
Housing Investment Fund	113,210	100,000	80,000
Regional Growth Fund Leverage	19,500	0	0
Greater Manchester Loan Fund	4,350	3,430	0
Total GM projects	137,060	103,430	80,000
Total CAPITAL PROGRAMME	428,894	293,062	165,380