

**Manchester City Council
Report for Resolution**

Report To: Executive - 29 June 2016
Subject: Capital Programmes Proposed Increases
Report of: Chief Executive and the City Treasurer

Summary

This report informs members of requests to increase the capital programme, proposals to make virements between elements of the capital programme, seeks approval for those schemes that can be approved under authority delegated to the Executive, and asks Executive to recommend to the City Council proposals that require specific Council approval.

Recommendations

Members are requested to recommend that the City Council approve:

1. Environment and Operations Programme - Replacement Purchase of New Android devices. To increase the capital budget by £88k in 2016/17, funded by the use of the Parking Reserve.
2. Northwards Capital Programme - Retained Housing Reallocation. A budget virement of £4,918k from the Retained Stock programme budget to the Northwards Capital Programme budget across the financial years 2016/17 to 2018/19.

Members are requested under powers delegated to the Executive to approve:

3. Private Sector Housing Programme - Housing Investment Fund (HIF) Phase 2. To increase the capital budget by £914k in 2016/17, funded by the use of external contributions of £798k and capital receipts of £116k.
 4. Asset Management Programme 2017/18. To increase the capital budget by £8,200k in 2017/18, funded by the use of capital receipts.
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Wards Affected: Various

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Contributions to various areas of the economy including investment in private sector housing, transport infrastructure, regeneration activities, environmental works and library services.

A highly skilled city: world class and home grown talent sustaining the city's economic success	Investment to provide opportunities for the construction industry to bid for schemes that could provide employment opportunities at least for the duration of contracts.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Investment in housing, environmental improvements and enhanced library services.
A liveable and low carbon city: a destination of choice to live, visit, work	Investment in sustainable and affordable housing, environmental and regeneration programmes.
A connected city: world class infrastructure and connectivity to drive growth	Investment in infrastructure improvements and enhanced provision of library services.

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 £9,202k (£1,002k in 2016/17 and £8,200k in 2017/18).

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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 17th February 2016 (Budget 2016/17 - 2018/19)
- Report to the Executive 1st June 2016 (Budget 2016/17 - 2018/19)

1. Introduction

- 1.1 Through the Capital Gateway system, requests for increases to the three year capital budget and virements between elements of the capital programme have been made. This report outlines these requests.

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 2016/17 to 2018/19 Capital Budget were presented to the Executive on 17th February 2016.
- 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 Requiring Specific Council Approval

- 3.1 Environment and Operations Programme - Replacement Purchase of New Android devices. This investment will replace Android devices that have reached the end of their life. The new devices will provide additional functionality which will deliver further efficiencies and will be used by Parking attendants when undertaking parking enforcement. A capital budget increase is requested of £88k in 2016/17, funded by the use of the Parking Reserve.
- 3.2 Northwards Capital Programme - Retained Housing reallocation. Following changes to the social housing rent formula announced by the Chancellor in July 2015, the impact on the Housing Revenue Account (HRA) business plan was assessed. This resulted in a reduction to the HRA capital programme budget of £5.0m over 3 years, which was reported to the Executive in February 2016 and to Council in March 2016. At the time of reporting, the full budget reduction was allocated against the Northwards element of the Housing programme, however it has now been recognised that this represents a significant risk to being able to maintain the 'decent homes' standard across the Council's housing stock. To address this risk and maintain a robust cyclical programme of improvement works, it is proposed that the Northwards Housing budget is increased by £4,918k and the Retained Stock budget is reduced by the same value, this being against the unallocated element of this programmes budget. A budget virement is requested to transfer £4,918k from the Retained Stock programme budget to the Northwards Programme budget profiled across the 3 year period 2016/17 to 2018/19.

4. Proposals Not Requiring Specific Council Approval

- 4.1 Private Sector Housing Programme - Housing Investment Fund (HIF) Phase 2. Following the success of the first HIF scheme, officers are now developing the

second phase and have identified a number of potential Council owned sites for residential development using the HIF Model. Delivery of the project will contribute to meeting the aims of the Residential Growth Strategy. The Greater Manchester Pension Fund will fund the project fees upfront and the City Council will be responsible for the site investigation costs and remediation costs. A capital budget increase is requested of £914k in 2016/17, funded by the use of external contributions of £798k and capital receipts of £116k.

- 4.2 Asset Management Programme 2017/18. The Asset Management Programme comprises works and end of life replacement for the operational property estate. The schemes included have been prioritised following a review and inspection process informed by condition surveys, service requirements and complimentary strategic programmes. A capital budget increase is requested of £8,200k in 2017/18, funded by the use of capital receipts.

5. Approvals under authority delegated to the City Treasurer and Executive Member for Finance and Human Resources

- 5.1 Under powers delegated to the City Treasurer and Executive Member for Finance and Human Resources the following schemes have been approved. A summary of the approvals is outlined in Appendix 2.
- 5.2 Libraries Programme - Roll out of Central Library ICT model to all libraries. The transformation of Central Library has enabled the development of a new model for ICT service delivery which both improves the customer experience and also streamlines the ICT support process. It is now proposed that this model is rolled out across the remaining libraries in the city over a three year period. An increase to the capital budget of £592k in 2016/17 has been approved, funded by borrowing on a Spend to Save basis.
- 5.3 Private Sector Housing Programme - Canada Street and New Street Veterans Project. This investment is for the creation of community gardens in the alleyways of Canada Street and New Street, integrating veterans and non-veterans as part of the larger Veterans Village project. An increase to the capital budget of £20k in 2016/17 has been approved, funded by the use of grant funding from the Ministry of Defence.
- 5.4 Highways Capital Programme - Highways Planned Maintenance 2016/17. This project comprises capital maintenance works to improve the condition of the highway network, as well as planned maintenance of roads, footways, bridges and structures. An increase to the capital budget of £211k in 2016/17 has been approved, funded by the use of external contributions provided by the Department of Transport through the Highways Incentive Fund (£2k) and the Pothole Action Fund (£209k).

6. Prudential Performance Indicators

- 6.1 If the recommendations in this report are approved the General Fund capital budget will increase by £9,202k across financial years as detailed in Appendix 1.
- 6.2 There is no requirement for prudential borrowing; therefore there is no impact on the City's Council Tax.

7. Conclusions

- 7.1 The capital budget will increase by £9,202k if the recommendations in this report are approved. The adjustments to the programme, as summarised in Appendix 1 are financed by: £8,316k capital receipts, £798k external contributions, and £88k Parking Reserve.

8. Contributing to the Manchester Strategy

- 8.1 The decisions provide resources for important projects to go forward, each project making its own contribution to the Manchester Strategy.

(a) A thriving and sustainable city

- 8.2 Contributions to various areas of the economy including investment in private sector housing, transport infrastructure, regeneration activities, environmental works and library services.

(b) A highly skilled city

- 8.3 Investment to provide opportunities for the construction industry to bid for schemes that could provide employment opportunities at least for the duration of contracts.

(c) A progressive and equitable city

- 8.4 Investment in housing, environmental improvements and enhanced library services.

(d) A liveable and low carbon city

- 8.5 Investment in sustainable and affordable housing, environmental and regeneration programmes.

(e) A connected city

- 8.6 Investment in infrastructure improvements and enhanced provision of library services.

9. Key Policies and Considerations

(a) Equal Opportunities

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

(b) Risk Management

9.2 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.

(c) Legal Considerations

9.3 None in this report.

Appendix 1							
Requests for Adjustments to the Capital Budget Provision							
29th June 2016 EXECUTIVE							
Dept	Scheme	Funding	2016/17	2017/18	2018/19	Future	Total
			£'000	£'000	£'000	£'000	£'000
<u>Council Approval Requests</u>							
Environment and Operations Programme	Replacement Purchase of New Android devices	Reserve	88				88
Northwards Capital Programme	Housing Programme - Reallocation	Virement	1,292	1,801	1,825		4,918
Retained Stock Capital Programme	Housing Programme - Reallocation	Virement	-1,292	-1,801	-1,825		-4,918
<u>Total Council Approval Requests</u>			88	0	0	0	88
<u>Executive Approval Requests</u>							
Private Sector Housing Programme	Housing Investment Fund Phase 2	External Contributions	798				798
Private Sector Housing Programme	Housing Investment Fund Phase 2	Capital Receipts	116				116
Asset Management Programme	Asset Management Programme 2017/18	Capital Receipts		8,200			8,200
<u>Total Executive Approval Requests</u>			914	8,200	0	0	9,114
<u>Total Budget Increase Requests</u>			1,002	8,200	0	0	9,202

Appendix 2							
Approvals under authority delegated to the City Treasurer							
29th June 2016 EXECUTIVE							
Dept	Scheme	Funding	2016/17	2017/18	2018/19	Future	Total
			£'000	£'000	£'000	£'000	£'000
Delegated Approval Requests							
Private Sector Housing Programme	Canada Street and New Street Veterans Project	Capital Grant	20				20
Libraries Programme	Roll out of Central Library IT model to all libraries	Spend to Save	79	291	222		592
Highways Capital Programme	Highways Planned Maintenance	External Contributions	211				211
Total Delegated Approval Requests			310	291	222	0	823