Manchester City Council
Report for Resolution

Report to: Executive – 8 February 2017

Subject: Capital Programme Monitoring 2016/17

Report of: The City Treasurer

Summary

This report informs members of:

(a) The revised capital budget 2016/17 taking account of changes between capital budget formulation and any further changes occurring in year.

(b) The latest estimates of expenditure and explains the major variations since the Capital Programme monitoring report submitted in October 2016.

(c) The impact any variations may have on the three year Capital Programme 2016/17 to 2018/19.

Recommendations

The Executive is requested to recommend that Council:

1. Approve the in year budget transfers over £0.5m between capital schemes to maximise use of funding resources available to the City Council as set out in Appendix A.

The Executive is requested to:

Manchester City Council Programme

2. Agree that the capital budget be amended to reflect movement in the programme, attributable to approved budget increases and updates to spending profiles.

3. Approve the in year budget transfers below £0.5m between capital schemes to maximise use of funding resources available to the City Council as set out in Appendix A.

4. Note that capital resources will be maximised and managed to ensure the capital programme 2016/17 remains fully funded and that no resources are lost.

5. Note that approval of movements and transfers to the full capital programme, including projects on behalf of Greater Manchester, will reflect a revised total capital programme budget of £271.2m and a latest full year forecast of £271.9m. Expenditure to date is £135.1m.

6. Note that approval of movements and transfers to the Manchester City Council capital programme will reflect a revised capital programme budget of £214.6m and a latest full year forecast of £215.3m. Expenditure to date is £93.8m.

Projects carried out on behalf of Greater Manchester

7. Agree that the capital budget be amended to reflect movement in the programme, attributable to approved budget increases and updates to spending profiles.

8. Note that approval of movements and transfers to the Greater Manchester capital programme will reflect a revised capital programme budget of £56.6m against a latest full year forecast of £56.6m. Expenditure to date is £41.3m.

Wards Affected: All

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	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.
A highly skilled city: world class and home grown talent sustaining the city's economic success	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.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	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 strategy.
A liveable and low carbon city: a destination of choice to live, visit, work	Investment in all areas of the capital programme contributes towards this community strategy, notably the investment in sustainable and affordable housing, building schools for the future, transport, environmental and major regeneration programmes.
A connected city: world class infrastructure and connectivity to drive growth	The capital programme includes investment in highways infrastructure, and broadband expansion.

Full details are in the body of the report, along with any implications for:
- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

All Revenue consequences have already been included in the Revenue Budget.

Financial Consequences – Capital

The latest forecast of expenditure for 2016/17 is £271.9m.

The City Council will endeavour to maximise spending on the programme in 2016/17 but some projects and their sources of funding may carry over and result in re-profiling budgeted spend into future years.

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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 17 February 2016 – Capital Programme Budget 2016/17 to 2018/19.
Report to the Executive 1 June 2016 – Capital Programme Outturn 2015/16
Report to the Executive 27 July 2016 – Capital Programme Monitoring 2016/17
Report to the Executive 16 November 2016 – Capital Programme Monitoring 2016/17

1.0 Introduction

1.1 The purpose of the report is to:

- Inform members of the latest estimates of capital expenditure for 2016/17 and to show forward commitments into the 2017/18 to 2018/19 capital programme.
- Confirm that there are adequate levels of resources available to finance the capital programme.
- Update members on the projects carried out on behalf of Greater Manchester.

1.2 This report provides an update on the capital budget before any additional schemes are agreed as part of the budget proposals. There is a paper elsewhere on the agenda for this meeting which introduces these proposals, and which uses the proposed revised budget contained within this report as a base position.

2.0 Capital Budget

2.1 The revised Capital Budget for the three years 2016/17 to 2018/19 is £934.2m. This is an increase of £1.8m compared to the budget reported to Executive in October 2016.

2.2 The current Capital Budget over years 2016/17 to 2018/19, before the changes proposed in this report, is:

Table 1: Capital Programme 2016/17 to 2018/19 (£m)

	2016/17	2017/18	2018/19	2019/20	Total Programme
Capital Budget (Oct 16)	319.1	355.5	230.8	27.0	932.4
Budget Increases (Approved Dec 16)	0.8	1.0			1.8
Revised Capital Budget (Jan 17)	**319.9**	**356.5**	**230.8**	**27.0**	**934.2**
Of which:					
Manchester City Council Programme	257.5	254.5	105.5	27.0	644.5
Programme on behalf of Greater Manchester	62.4	102.0	125.3		289.7

2.3 The figures shown above include those approved by the Executive Member for Finance and Human Resources and the City Treasurer under delegated powers since July, and takes account of any capital consequences raised by reports to Executive since July.

3.0 Capital Programme Forecast 2016/17

3.1 The forecast expenditure for 2016/17 is £271.9m as at 31st December 2016, compared to the updated budget in Table 1 above of £319.9m. The variations, by service area, are shown in Table 2 below :

Table 2: Capital Programme 2016/17 budget, forecast and spend to date to 31 December 16 (£m)

Area	**Budget (£m)**	**Forecast (£m)**	**Variance (£m)**		**Spend to Date (£m)**	**Spend to Date as % of Forecast (%)**
Manchester City Council Programme						
Highways	28.6	27.1	-1.5		14.4	53.1%
Growth & Neighbourhoods	18.1	13.9	-4.2		4.6	33.1%
Strategic Development	65.5	46.9	-18.6		13.6	29.0%
Housing – General Fund	22.2	14.6	-7.6		5.0	34.2%
Housing – HRA	27.5	23.5	-4.0		10.7	45.5%
Children's Services	84.6	83.2	-1.4		42.9	51.6%
ICT	10.2	5.4	-4.8		2.6	48.1%
Corporate Services	0.8	0.7	-0.1		0.0	0.0%
	257.5	**215.3**	**-42.2**		**93.8**	
Projects carried out on behalf of Greater Manchester	62.4	56.6	-5.8		41.3	73.0%
TOTAL	**319.9**	**271.9**	**-48.0**		**135.1**	

3.2 There is a forecast capital programme variance of £48.0m between the budget and the latest expenditure forecast. Of this, £47.0m is due to schemes requiring budget re-profiling to reflect their likely delivery, £1.7m due to cost reductions and £0.7m is due to potential net over-spends against the budget. Section 4 of this report looks at the re-profiling required and the cost variations, and the recommended budget changes to take this into account.

3.3 The variation will be closely monitored and the final outturn position will be highly dependent on schemes both starting and continuing on schedule and delivering to plan.

3.4 As part of the budget planning process the profile of spend for all projects has been reviewed, to try and as accurate a profile as possible. This report details where such re-profiling has been required.

3.5 Spend to date in some parts of the capital budget is low, but the forecast represents officers best view at this time. Significant expenditure or commitments are expected before the end of the financial year.

Highway Services Programme

3.6 The Highways capital programme is forecasting to spend £27.1m compared to a budget of £28.6, a variance of £1.5m. Spend to date is £14.4m, or 53.1% of the current forecast.

3.7 The programme requires re-profiling of £2.5m from 2016/17 into subsequent years, which comprises of:

- The Local Roads scheme, part of the SEMMS project, requires slippage of £0.7m into 2017/18 based on the latest expenditure estimates received from Stockport MBC, which is leading on the project.
- The project at Hyde Rd is delayed due to the land purchases taking longer than originally anticipated, and slippage of £0.7m is forecast.
- Works on public realm due to the Etihad Expansion are now forecast to begin in the next financial year once the current consultation process is complete, and budget of £0.3m requires reprofiling.
- The Highways Maintenance Challenge Fund works have been further rescheduled to ensure that they complement the Highways Planned Maintenance programme, which requires £0.2m to be slipped into future years.
- The Bus Priority scheme requires re-profiling of £0.6m into next year as resurfacing works have been re-programmed.

3.8 The Highways programme is forecasting a total overspend of £1.0m, and this is predominantly due to two schemes. The Velocity scheme is forecasting to overspend by £0.8m due to changes in the scope of the project, and greater levels of road resurfacing being required than originally anticipated.

3.9 The Ringway Rd Highway Improvement Scheme is forecasting an over-spend of £0.2m; however this will be fully funded by the Greater Manchester Combined Authority.

Growth and Neighbourhoods Programme

3.10 The Growth and Neighbourhoods programme is shown in the table below:

Table3: 2016/17 Growth and Neighbourhoods Capital programme (December 16)

	Budget	Forecast	Variance		Spend to date
	£m	£m	£m		£m
Environment and Operations	11.6	7.7	-3.9		2.9
Leisure	5.9	5.7	-0.2		1.5
Libraries	0.6	0.5	-0.1		0.2
Total Growth and Neighbourhoods	**18.1**	**13.9**	**-4.2**		**4.6**

Environment and Operations Programme

3.11 The Environment and Operations programme is forecasting to spend £7.7m compared to a budget of £11.6m, a variance of £3.9m. Spend to date is £2.9m, or 37.7% of the current forecast.

3.12 The Street Lighting scheme has been delayed as the legal agreements have taken longer to draft than originally anticipated. Installation is due to start this financial year, with £2.6m needing to be re-profiled into future years.

3.13 The Civic Quarter Heat Network requires re-profiling of £1.8m into future years as the legal framework for the scheme has taken longer than expected to finalise. The project is expected to enter the design phase shortly.

3.14 The Waste Contract requires acceleration of £0.5m as the contractor has been able to begin procuring vehicles sooner than originally anticipated.

Leisure Programme

3.15 The Leisure programme is forecasting to spend £5.7m compared to a budget of £5.7m, a variance of £0.2m. Spend to date is £1.5m, or 26.3% of the current forecast.

3.16 The design and scoping works for the Boggart Hole Clough Visitor's Centre remain ongoing, and therefore slippage of £0.4m is required into 2017/18.

3.17 The Football Hubs scheme has been delayed, as there is uncertainty regarding the external funding sources following the FA's review of its football strategy which may impact on the scope of the project. Slippage of £0.2m is required.

3.18 Across this part of the programme there is also a forecast net overspend of £0.3m. The Belle Vue Sports Village project is forecasting to overspend by £0.5m as there have been significant additional works required on site. It is proposed to fund the over-spend from under-spends elsewhere in the wider programme, with £0.2m available due to lower than anticipated final costs on the Hough End and Arcadia leisure centres.

Libraries Programme

3.19 The Libraries programme is forecasting to spend £0.5m compared to a budget of £0.6m, a variance of £0.1m. Spend to date is £0.2m, or 40.0% if the current forecast.

3.20 The Central Library Wolfson Award scheme is forecasting slippage of £0.1m, mainly due to savings being achieved against some of the original programme. The saved grant funding can therefore be utilised in future.

Strategic Development Programme

3.21 The Strategic Development programme is shown in the table below:

Table4: 2016/17 Strategic Development Capital programme (December 16)

	Budget	Forecast	Variance		Spend to date
	£m	£m	£m		£m
Culture	12.3	6.9	-5.4		1.9
Corporate Property	30.3	27.6	-2.7		9.7
Development	22.9	12.4	-10.5		2.0
Total Strategic Development	**65.5**	**46.9**	**-18.6**		**13.6**

Culture Programme

3.22 The Culture programme is forecasting to spend £6.9m compared to a budget of £12.3m, a variance of £5.4m. Spend to date is £1.9m, or 27.5% of the current forecast.

3.23 The original budget for the Factory assumed an earlier start date on site than was realistic, and therefore slippage of £3.8m is required into future years.

3.24 It has also been identified that some of the costs relating to the Factory project are revenue in nature, such as programme development costs and business case development costs. These were included as part of the original budget, but require £1.6m to be transferred to revenue to fund them. It is proposed to reduce the capital budget by £1.6m, and for this to be included as part of the revenue budget for the project.

Corporate Property Programme

3.25 The Corporate Property programme is forecasting to spend £27.6m compared to a budget of £30.3m, a variance of £2.7m. Spend to date is £9.7m, or 35.1% of the current forecast.

3.26 The Asset Management Programme is forecasting slippage of £0.7m into 2017/18, and a potential under-spend of £0.3m. The slippage is due to the fact that the contingency budget for the overall programme will not be fully utilised in this financial year and will carry this funding forward. The potential under-spend relates to estates transformation works which may be delivered more cost effectively than originally forecast.

3.27 The Hammerstone Road depot scheme has been delayed as design works continue, with £2.0m requiring re-profiling into future years.

3.28 The project at Heron House requires acceleration of £0.3m as funding for the increasing of the electrical capacity into the building is required sooner than originally forecast.

3.29 It should be noted that there are risks to this forecast, due to the schemes included within the programme. For example, the Strategic Acquisitions programme forms a significant part of the 2016/17 Corporate Property schedule. The nature of the programme is that acquisitions can only be made when and if the Council has the opportunity to progress them, so whilst key acquisitions have been identified for 2016/17, there is a risk that they may not occur until next year.

Development Programme

3.30 The Development programme is forecasting to spend £12.4m compared to a budget of £22.9m, a variance of £10.5m. Spend to date is £2.0m, or 16.1% of the current forecast.

3.31 The cost plan for the Space Project has been agreed, although the date for agreement is later than originally expected and therefore £1.1m is required to be re-profiled into 2017/18.

3.32 The tenant fit out due to be completed as part of the Digital Asset Base at Space has slipped by £1.4m as the number of tenants requiring fit out in 2016/17 is lower than originally budgeted for.

3.33 The St Peter's Square project is forecasting slippage of £1.0m, which relates to the art work for the Peterloo memorial which is due to be spent next year.

3.34 The consultation exercise on public realm within the Medieval Quarter has been completed and the project has been endorsed by the Executive, however no work will start until 2017/18 and therefore the budget of £2.0m needs to be re-profiled into 2017/18.

3.35 There have been delays in the approval for and implementation of proposals for the Airport City Power Infrastructure project which means that £2.6m needs to be re-profiled.

3.36 Following the report to Executive in December on the use of the grant funding, £2.0m of funding for the Digital Business Incubators project will be re-profiled into 2017/18.

3.37 The Edison St CPO is forecasting a £0.1m under-spend , as interests in the Street were acquired for less than originally forecast.

3.38 The project at the Manchester Institute, part of the Beswick Community Hub scheme, is forecasting to under-spend by £0.3m, but final works remain ongoing and the final variance could be lower.

Housing - General Fund

3.39 The Private Sector Housing programme is forecasting to spend £14.6m compared to a budget of £22.2m, a variance of £7.6m. Spend to date is £5.0m, or 34.2% of the current forecast.

3.40 The Brunswick PFI Land Assembly scheme is forecasting slippage of £1.0m, as the acquisition of some commercial properties has been delayed to allow existing shopkeepers to continue trading in their existing properties until the new retail provision is complete.

3.41 Further to this, successful negotiations for the land assembly means that some of the assets have been acquired at lower cost than originally anticipated, and savings of £1.3m can be realised from scheme budget in future years.

3.42 Several other land assembly programmes are forecasting slippage, namely:

- The land assembly at Collyhurst has been delayed as negotiations continue on some of the properties, and therefore re-profiling of £0.1m is required into 2017/18.
- The Miles Platting PFI Land Assembly is forecasting slippage of £0.1m due to the acquisitions taking longer than originally anticipated.
- The acquisition and demolition scheme in West Gorton is forecast to slip by £1.5m as negotiations on several elements of the scheme have not progressed as well as originally forecast.

3.43 The Housing Investment Fund 2 (HIF2) scheme has been delayed as the legal agreements have taken longer to establish than originally anticipated, as the financial structure is materially different to the original HIF model. Re-profiling of £0.5m is therefore required.

3.44 The Miles Platting PFI Land Assembly is forecasting slippage of £0.1m due to the acquisitions taking longer than originally anticipated.

3.45 The environmentals project in Collyhurst is delayed to allow the work to date to be quality checked, and this also means £0.1m of the budget should be re-profiled into next year.

3.46 Use of the Disabled Facilities Grant requires re-profiling of £1.4m into 2017/18. The Council received a significant increase in grant in 2016/17, and whilst the new delivery mechanism for delivering disabled adaptations is working well, it is now apparent that some of the spend will be incurred next year.

3.47 The residential acquisitions at Eccleshall St are forecast to slip by £0.2m. This funding may represent a saving against the programme, but there may be further compensation payments for some owners who have yet to be traced, and therefore the budget will be re-profiled into next year.

3.48 The Ben Street Regeneration project has been delayed, following market testing which has led to an element of the site being put forward for sale. Completing the testing has delayed the contractor starting on site, and there is therefore slippage of £2.7m into 2017/18.

3.49 The Canada Street Walking with the Wounded scheme requires slippage of £0.1m, as the works to the car park and street works have been delayed to allow the removal of the site cabins.

3.50 The Toxteth Street CPO requires acceleration of £0.1m as the acquisition of three properties in the area has been completed sooner than anticipated.

Housing - Revenue Account (HRA)

3.51 The Public Sector Housing programme is forecasting to spend £23.5m compared to a budget of £27.5m, a variance of £4.0m. Spend to date is £10.7m, or 45.5% of the current forecast.

3.52 The element of the programme delivered by Northwards requires overall budget slippage of £2.8m into future years. This can be broken down amongst the constituent programme work streams, as follows:

- The internal works programme requires net slippage of £1.6m. Reviews of work and delivery methodology have delayed window replacement works (£0.1m) and external works (£0.1m). Cost reviews have also delayed the start of external wall insulation works (£0.1m). The environmental works in Collyhurst, as discussed above, are being reviewed, creating slippage of £1.5m in the Northwards programme. Conversely, the programme for external works in Moston has been reviewed and acceleration of £0.2m is required.
- The internal works programme requires acceleration of £0.1m as the multi-storey lift replacement scheme can begin sooner than originally anticipated.
- Savings across the Northwards programme amounting to £1.1m are to be slipped to help fund the future programme. The savings have been achieved through cost reductions and, in some cases, following initial works on schemes which have indicated that the works required were not as extensive as originally budgeted for.

3.53 Across the rest of the Public Sector Housing programme the variance to budget is £1.2m. The reasons for this are outlined below.

3.54 The Collyhurst Regeneration schemes are forecasting to slip by £0.2m, caused by a delay in relocations and demolitions, and a delay to highways works to a time which will be less inconvenient to residents.

3.55 The project to build affordable housing in North Manchester has been further delayed with the procurement exercise due to conclude before the end of the financial year. This means £0.9m needs to be re-profiled into 2017/18.

3.56 The Right To Buy scheme, relating to costs incurred in relation to right to buy properties, has been reviewed, and it has been determined that in the future the costs incurred should be classed as revenue. It is therefore proposed to reduce the capital budget by £0.1m.

Children's Services

3.57 The Children's Services programme is forecasting spend of £83.2m compared to a budget of £84.6m, a variance of £1.4m. Spend to date is £42.9m, or 51.6% of the current forecast.

3.58 The Basic Needs grant element of the programme, which funds new school builds or expansions to meet place demand, is forecasting slippage of £0.5m. At budget it was forecast that several of the school extensions where the City Council is granting the funds to the school, rather than building itself, would require the funding at the start of the build process. As the design process has continued, this forecast has altered, and therefore less funding is required in 2016/17.

3.59 It was agreed at Budget that to meet the place demand in September 2017, the 2017/18 Basic Need grant allocation would need to be brought forward into 2016/17. This meant that the Council would have to borrow to fund this. The slippage discussed above reduces the borrowing need in 2016/17.

3.60 The school maintenance scheme at Moston Lane is forecasting slippage of £0.6m following completion of the design work.

3.61 The value of schemes seeking to utilise the early education for two year olds funding is forecast to be lower than originally expected, and therefore slippage of £0.3m is required into 2017/18.

ICT Capital Programme

3.62 The ICT programme is forecasting spend of £5.4m compared to a budget of £10.2m, a variance of £4.8m. Spend to date is £2.6m, or 48.1% of the current forecast.

3.63 A number of schemes within the business transformation fund have achieved savings, which will be re-profiled along with the remaining unallocated budget into 2017/18, totalling £0.7m.

3.64 Within the Infrastructure and Mobile Working fund, re-profiling of £2.5m is required. Of this, £1m is for the unallocated element of the fund and the remainder is due to savings against the Windows 7 Migration project of £1.0m as risks budgeted for have not materialised, and £0.5m from the cessation of the Mosaic scheme as an alternative solution is sought.

3.65 The Citrix 7.6 migration project is underway, but £0.2m of the spend will now be incurred in 2017/18 as the migration of some of the applications is technically more challenging than originally though. Similarly £0.1m of the PSN Compliance budget is now expected to be required in 2017/18.

3.66 Two applications schemes have been reviewed, and it is believed that the aims of the schemes will be achieved through wider schemes being delivered elsewhere within the ICT capital budget. It is therefore proposed to slip the funding associated with the CRM and Information Strategy projects of £0.2m into 2017/18 as an unallocated funding source, which could be used to support their delivery as part of a wider scheme.

3.67 The Corporate Digital Telephony and Date Centre Provisioning schemes have been delayed as associated works are completed. It is now expected that these will be undertaken in 2017/18, and the budget of £0.8m has been slipped.

Corporate Services Programme

3.68 The Corporate Services programme is forecasting spend of £0.7m compared to a budget of £0.8m, a variance of £0.1m. Spend to date is minimal.

3.69 The Child Protection Information System ICT project has taken longer to implement than originally forecast, and there is slippage of £0.1m into 2017/18.

Projects carried out on behalf of Greater Manchester

3.70 The Greater Manchester programme is forecasting spend of £56.6m compared to a budget of £62.4m, a variance of £5.8m. Spend to date is £41.3m, or 73.0% of the current forecast.

3.71 The Housing Investment Fund is forecasting slippage of £5.0m, as the nature of the schemes taking up loans from the Fund is different than anticipated. For example a number of the schemes are based on equity drawdown first, which means the loan requirement is later on in the scheme, delaying any drawdown of funding from the Fund.

3.72 The Greater Manchester Loans Fund is forecasting slippage of £0.8m as the level of funding requests received is lower than originally budgeted for, and some projects have exited the fund early.

4.0 Capital Programme Re-phasing and Variations

4.1 Based on the monitoring information above, it is proposed that the capital programme budget is re-phased to reflect the planned delivery of projects in 2016/17 to 2018/19. The cumulative impact of these adjustments are shown in the table below.

Table 5: Proposed Capital Programme variations 2015/16 to 2018/19 (£m)

	2016/17	2017/18	2018/19	2019/20	Total
	£m	£m	£m	£m	£m
Revised Capital Budget (Dec 16)	319.9	356.5	230.8	27.0	934.2
Forecast Re-profile (MCC programme)	-41.2	5.3	26.7	9.2	0.0
Cost Variations (MCC programme)	-1.7		-1.3		-3.0
Forecast Re-profile (GM programme)	-5.8	5.8			0.0
Cost Variations (GM programme)					0.0
Proposed Capital Budget (Feb 17)	**271.2**	**367.6**	**256.2**	**36.2**	**931.2**
Of which:					
Manchester City Council Programme	214.6	259.8	130.9	36.2	641.5
Programme on behalf of Greater Manchester	56.6	107.8	125.3	0.0	289.7

4.2 The programme shown above only reflects capital schemes which have already received member approval, and therefore does not contain any proposed schemes such as those included in the capital budget proposals, which are reported elsewhere on the agenda for today's meeting.

4.3 Further details regarding the proposed adjustments to the programme are given below.

Budget re-profiling:

4.4 As highlighted in section 3 of this report, various schemes throughout the capital programme are now forecast to be accelerated into 2016/17, delayed until 2017/18 or future years. The budgets for these projects will be re-profiled to reflect the changes.

Virements

4.5 Various schemes across the programme require virements in 2016/17, as shown in Appendix A. Virements may be required as cost variations from the original design work occur, or because the method of delivery has changed and projects are combined or split. The reasons for the required virements are:

- Highways – a programme review has highlighted some movements between schemes, and changes in the 2016/17 costs of the Bus Priority scheme;
- Leisure Services – a virement between Hough End and Arcadia Leisure centres and Belle Vue Sports village as described above ;
- Housing Revenue Account – cost variations;
- Children's Services – virements are required for cost variations on Basic Need, Maintenance, and Early Years Education schemes; and
- ICT – virements are required where projects have been subsumed into other schemes, or to include savings in unallocated funding pots.

4.6 The Council is recommended to approve virements over £0.5m within the capital programme as outlined in Appendix A.

4.7 The Executive is recommended to approve virements under £0.5m within the capital programme as outlined in Appendix A.

Forecast variations – (£3.0m):

4.8 It is proposed that forecast variations of £3.0m are reflected in the budget. These variations have occurred where schemes have either been completed under budget, have received reduced external funding, or have seen significant changes in scope. These schemes are summarised below, and explanations are given in previous paragraphs:

Table 6: Proposed Capital Programme cost variations 2016/17 (£m)

	2016/17 (£m)	2017/18 (£m)	2018/19 (£m)
Culture			
The Factory	-1.6		
Private Sector Housing			
Brunswick PFI Land Assembly			-1.3
Public Sector Housing			
Capital Receipts – Right to Buy	-0.1		
TOTAL	**-1.7**	**0.0**	**-1.3**

4.9 The capital programme is undergoing continuous review to analyse and challenge the current approved spending profiles and updates will be reported to the Executive in the next capital monitoring report.

4.10 The proposed revised capital budget is shown in a separate report on today's agenda, including the new budget proposals.

5.0 Capital Resources

5.1 The capital programme is reviewed on an ongoing basis to confirm the capital resources required to finance 2016/17 capital spend are in place and the future years programme is fully funded. Work will continue to ensure that resources required to finance the capital programme are secured and the level of prudential borrowing remains affordable.

5.2 The City Treasurer will continue to manage the financing of the programme to ensure the final capital funding arrangements secure the maximum financial benefit to the City Council.

5.3 The pressures on the capital programme over the next five years will be significant, particularly with the level of uncertainty for future funding allocations.

6.0 Contributing to the Manchester Strategy

(a) A thriving and sustainable city

6.1 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

(b) A highly skilled city

6.2 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.

(c) A progressive and equitable city

6.3 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 strategy.

(d) A liveable and low carbon city

6.4 Investment in all areas of the capital programme contributes towards this community strategy, notably the investment in sustainable and affordable housing, building schools for the future, transport, environmental and major regeneration programmes.

(e) A connected city

6.5 The capital programme includes investment in highways infrastructure, and broadband expansion.

7.0 Key Polices and Considerations

(a) Equal Opportunities

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

(b) Risk Management

7.2 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 is ongoing.

(c) Legal Considerations

7.3 None.

Appendix A – Proposed Capital Virements

Project Name	In yr virement (£'000)
Highway Programme	
Bus Priority Package Programme	
Bus Priority Package - Rochdale Road	-2
Bus Priority Package - Oxford Road	-5
Bus Priority Package - Princess Street/Brook Street	42
Bus Priority - Complementary Measures	82
Bus Priority - Unallocated	-117
Leisure & Sports Facilities	
Hough End Leisure Centre	-120
Levenshulme Leisure Centre	-15
Belle Vue Sports Village	135
Public Sector Housing	
Northwards - External Work	
New Lightbowne Estate Halliford Road reroofing and ECW	-37
External cyclical works phase 3a	215
Multi storey blocks replacement of roof top fans and air valves	-4
Harpurhey Lathbury & 200 Estates external cyclical works ph 3b	-269
Moston Mill estate (excl timber framed) external cyclical works ph 3b	-49
Harpurhey Shiredale Estate externals	-34
Moston Miners Low Rise externals	21
Cheetham Smedley Rd externals	-5
Newton Heath Limeston Drive externals	-143
Moston Bannatyne/Lightbowne Rd/St Georges Drive externals	-25
Harpurhey - Monsall various externals	-400
Delivery Costs	175
Northwards - Internal Work	
Lift replacement / refurbishment programme	-40
NEDO 13/14 Air source heat pump/solar thermal Ph1&2	55
Various - Boiler replacements (excluding 2/4 blocks)	-1
2 and 4 blocks heating replacement with Ground source heat pumps - Phase 1	-309
Boiler replacements	-156
Air Source Heat Pump Trial phase 3 (NEDO project)	-62
Multi-storey lift replacement	9
Retirement blocks lift programme	-4
Boiler Replacement at Cheetham Hill Local Services Office	51
Delivery Costs	-102
Homeless Accommodation	
Delivery Costs	25
Northwards - Unallocated	
Northwards Housing Programme	1,089
Childrens Services Programme	
Basic Need Programme	
Moston Fields - Increase capacity	-7

Project Name	In yr virement (£'000)
Cheetham Academy	-53
Northridge	2
Cavendish Community - Increase capacity	-117
Stanley Grove - contribution to PFI	157
Rodney House conversion	4
Plymouth Grove SEN	-4
St Margarets C of E	441
Basic need - Estimated 2016/17 allocation	-423
Universal Infant Free School Meals (UIFSM) - Allocated	32
Universal Infant Free School Meals (UIFSM) - Unallocated	-32
Schools Maintenance	
Birchfields Boiler Replacement	15
Moston Lane - re-roof	-153
Moston Fields (NMHSG) - Drainage	-6
Lily Lane - new boiler	1
Schools Capital Maintenance -unallocated	143
ICT Capital Programme	
ICT	
ICT Business Transformation - Unallocated	122
PSN Compliance	-10
Hybrid Mail	-50
Desktop Refresh	-52
One System Upgrade	-10
ICT Infrastructure & Mobile Working Programme	
Infrastructure & Mobile Working	1,502
Mosaic	-519
Windows 7 Migration	-983
Applications	
CRM - Phase 2	-63
Information Strategy Project	-185
Applications Funding Unallocated	248
Infrastructure	
Corporate Digital Telephony	-529
Data Centre Provisioning	-306
Infrastructure Funding Unallocated	835
Total Capital Programme	**0**