Manchester City Council
Report for Resolution

Report to: Executive – 28 June 2017

Subject: Capital Programme Monitoring 2016/17 – Outturn Report

Report of: City Treasurer

Summary

This report informs members of:

(a) The outturn of capital expenditure and financing for 2016/17.

(b) The major variations between the 2016/17 outturn and previous monitoring report in February 2017.

(c) The commitments to be carried over into the five year Capital Programme 2017/18 to 2021/22.

Recommendations

The Executive is requested to:

1. Note the outturn of capital expenditure for 2016/17 was £212.2m.

2. Note the changes to the outturn attributable to movement in the programme that occurred after the previous monitoring report to Executive in February 2017.

3. Approve the budget transfers between capital schemes to maximise use of funding resources available to the city council.

4. Note the decisions of the City Treasurer regarding the funding of capital expenditure in 2016/17.

5. Note the impact of final expenditure in 2016/17 on the revised Capital Programme 2017/18 to 2021/22.

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 Capital Outturn for 2016/17 is £212.2m which is a reduction of £61.7m from when the Capital Budget was set in February 2017. There has been no loss in the overall level of available resources.

There will be ongoing consequences for the five year Capital Programme 2017/18 to 2021/22. This is due to budget amendments caused by the re-profiling of schemes, and means that the revised capital programme for that period is £1,653.7m, of which

£1,403.9m relates to the City Council's capital programme, and £249.8m relates to projects carried out on behalf of Greater Manchester.

Contact Officers:

Name: Carol Culley
Position: City Treasurer
Telephone: 0161 234 3406
E-mail: c.culley@manchester.gov.uk

Name: Janice Gotts
Position: Deputy City Treasurer
Telephone: 0161 234 1017
E-mail: j.gotts@manchester.gov.uk

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

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

Background documents (available for public inspection):

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

Report to Executive 8 February 2017 (Budget 2017/18 – 2021/22)

1.0 Introduction

1.1 The purpose of the report is to:
- Inform the Executive of the outturn position for 2016/17.
- Confirm that funding streams were managed to best utilise resources available to fund the capital programme.
- Provide an update on the commitments to be carried over into the five year Capital Programme 2017/18 to 2021/22.

2.0 Capital Budget 2016/17 to 2021/22

2.1 The revised Capital Budget for the six years from 2016/17 to 2021/22 is £1,870.9m and includes; projects totalling £1.567.3m for the city council and £303.6m on behalf of the Greater Manchester Combined Authority (GMCA).

2.2 This is an increase of £22.8m compared to the budget reported to Executive in February 2017. This is due to a combination of both Stand Alone reports to the Executive and delegated authority approvals. The increases per year are shown in the table below and include additions to the following budgets:

3.0 Manchester City Council

- £4.4m - The Factory
- £1.7m - Asset Management Programme
- £0.4m - Belle Vue Stadium
- £0.4m - Princess Road Safety Review
- £1.9m - Strategic Land and Property Acquisitions

GMCA

- £14.0m - Housing Investment Fund

3.1 The Revised Capital Budget over years 2016/17 to 2021/22 is:

Table 1: Capital Programme 2016/17 to 2021/22 (£m)

	2016 / 17	2017 / 18	2018 / 19	2019 / 20	2020 / 21	2021 / 22	Total Programme
	£m	£m	£m	£m	£m	£m	£m
Capital Budget (Feb 17)	271.2	493.1	489.9	179.5	126.4	288.0	1,848.1
Budget Increases (Approved Feb 17)		4.4					4.4
Budget Increases (Approved Mar 17)	2.7	6.6	5.2	3.9			18.4
Revised Capital Budget (Mar 17)	**273.9**	**504.1**	**495.1**	**183.4**	**126.4**	**288.0**	**1,870.9**
Of which:							
Manchester City Council Programme	217.0	391.6	364.8	179.5	126.4	288.0	1,567.3
Programme on behalf of Greater Manchester	56.9	112.5	130.3	3.9	0.0	0.0	303.6

3.2 The figures shown above include those approved by the Executive Member for Finance and Human Resources and the Treasurer under delegated powers and budget increases approved by the Executive.

4.0 Capital Outturn 2016/17

4.1 The Outturn for 2016/17 was £212.2m, compared to the budget of £273.9m shown above.

4.2 Expenditure on capital schemes in 2016/17 was therefore £61.7m less than the previous estimate reported to Executive in February 2017.

4.3 The variances, by service area, are shown in Table 2 and the major variances are explained in further detail below.

Table 2: 2016/17 Capital Outturn (£'000)

	Outturn (31-Mar-2017)	2016/17 Budget	Variation
	£m	£m	£m
Manchester City Council Programme			
Highways	24.0	27.0	-3.0
Growth and Neighbourhoods	8.5	14.1	-5.6
Strategic Development	26.6	49.4	-22.8
Housing – General Fund	15.0	14.5	0.5
Housing – HRA	20.0	23.5	-3.5
Children's Services	60.4	82.4	-22.0
ICT	3.5	5.4	-1.9
Corporate Services	0.4	0.7	-0.3
MCC TOTAL	**158.4**	**217.0**	**-58.6**
Projects carried out on behalf of Greater Manchester	53.8	56.9	-3.1
TOTAL	**212.2**	**273.9**	**-61.7**

5.0 Capital Programme 2016/17 – analysis of expenditure

Highways Services – (£3.0m)

5.1 The Highways capital programme has spent £24.0m compared to a budget of £27.0m, a variance of £3.0m.

5.2 There are a number of schemes within the Highways programme which require re-profiling, specifically:

- The Planned Highways Maintenance outturn position is slippage of £0.8m into 2017/18. The variance is due mainly to the Bridges portfolio where works have been suspended in order to undertake a comprehensive programme of inspections, and a revised profile for the delivery of large surface patching to link with other works across the city.

- The School Crossings programme has been delayed as work has continued to fully develop the programme of works, which means £0.7m will now be spent in 2017/18;
- The Highways Maintenance Challenge Fund has been rescheduled to complement the Planned Maintenance programme, with £0.6m now expected to be spend in 2017/18;
- The Bus Priority scheme has slipped by £0.4m to allow final works to be completed in 2017/18.
- Work on the Manchester/Salford Inner Relief Road (£0.2m) has been delayed to allow procurement to be completed.
- The Great Ancoats Improvement Scheme has been re-profiled after agreement was reached regarding changes to the scope of works, with £0.2m now shown in 2017/18.
- The works at the former BBC Site (£0.2m), funded through Section 278 funding, have been delayed to allow delivery of the scheme around the Oxford Rd Cross City highways works.
- The Hyde Rd Pinch Point Widening has slipped by £0.1m as there is a delay in acquiring some of the land required for the scheme.
- The Etihad Expansion Section 278 scheme requires £0.1m to be reprofiled into 2017/18 to cover any final costs associated with the project.
- The Piccadilly Undercroft Gating scheme has been reprofiled (£0.1m) to allow for further review following an initial procurement exercise.
- There is slippage on the Integrated Transport Block (ITB) Minor Works scheme (£0.1m) as the scope of some elements of the scheme are reviewed and agreed.

5.3 The Velocity scheme requires acceleration of £0.3m as costs to deliver the main works have been incurred sooner than originally forecast.

5.4 For the SEMMS A6 scheme work has been completed by Stockport MBC on a section of the Council's road network. As this work is on the City Council's asset, it has to be recognised in the Council's accounts. The final spend for 2015/16 is £0.2m higher than forecast at budget.

Growth and Neighbourhoods

5.5 The spend on Growth and Neighbourhoods can be broken down into the programmes below:

Table 3: 2016/17 Growth and Neighbourhoods Capital Outturn (£'000)

	Outturn (31-Mar-2017)	2016/17 Budget	Variation
	£m	£m	£m
Environment	4.4	7.7	-3.3
Leisure	3.6	5.8	-2.2
Libraries	0.5	0.6	-0.1
Total Growth and Neighbourhoods	**8.5**	**14.1**	**-5.6**

Environment – (£3.3m)

5.6 The Environment capital programme has spent £4.4m compared to a budget of £7.7m, a variance of £3.3m.

5.7 The Street Lighting PFI scheme (£0.8m) has been delayed as the legal agreements have taken longer to draft and agree than originally anticipated.

5.8 There is slippage of £1.8m required on the Waste Reduction Measures scheme. This contingency may not be required but it is proposed to slip into 2017/18 to allow the project to be fully reviewed.

5.9 Drawdowns on the Waste Contract by the service provider were £0.7m lower than expected in 2016/17, with this funding anticipated to be required in the new financial year.

Leisure – (£2.2m)

5.10 The Leisure capital programme has spent £3.6m compared to a budget of £5.8m, a variance of £2.2m.

5.11 Several schemes require re-profiling into 2017/18. The main projects are:

- The Hollyhedge Park Drainage scheme requires slippage of £0.1m as the equipment required has been delayed in delivery, and therefore installation works will take place in 2017/18;
- The Heaton Park Pay & Display scheme has been delayed (£0.5m) to allow for ground investigation works;
- The Parks Improvement Programme requires re-profiling of £0.7m into 2017/18 due to delays in agreeing cost plans and the impact of unfavourable weather and subsequent ground conditions.
- The Fletcher Moss Tennis scheme requires slippage of £0.1m as the works have progressed slightly slower than forecast.
- Slippage of £0.1m is required for the National Squash Centre as some elements of the final account for the scheme will not be agreed until 2017/18.
- The projects at the Abraham Moss and Moss Side leisure centres require re-profiling of £0.5m as the pre-contract costs have been lower than originally anticipated.
- There has been a review of the Boggart Hole Clough Visitor Centre project following a revised cost plan, and therefore the unspent budget in 2016/17 of £0.1m has been slipped into 2017/18.
- The Mount Rd S106 project requires re-profiling of £0.1m into 2017/18 as weather conditions have delayed the works.

5.12 Works to update play equipment in parks across the city has progressed far quicker than originally anticipated, requiring £0.1m of the budget to be accelerated into 2016/17.

5.13 There are net underspends of c. £0.1m across the Leisure programme, predominantly on the Arcadia Leisure Centre in Levenshulme.

Libraries – (£0.1m)

5.14 The Libraries capital programme has spent £0.5m compared to a budget of £0.6m, a variance of £0.1m.

5.15 The variance is due to a number of minor issues across a wide number of schemes, including procurement delays and the need to review designs for some schemes.

Strategic Development

5.16 The spend on Strategic Development can be broken down into the programmes below:

Table 4: 2016/17 Strategic Development Capital Outturn (£'000)

	Outturn (31-Mar-2017)	2016/17 Budget	Variation
	£m	£m	£m
Culture	4.3	7.0	-2.7
Corporate Property	13.8	29.9	-16.1
Development	8.5	12.5	-4.0
Total Strategic Development	**26.6**	**49.4**	**-22.8**

Culture – (£2.7m)

5.17 The Culture capital programme has spent £4.3m compared to a budget of £7.0m, a variance of £2.7m.

5.18 The variance is due to the profile of spend for the Factory project. The budget was originally set at a very early stage in the project's development and, as work progresses, the timings for design and delivery become clearer.

Corporate Property – (£16.1m)

5.19 The Corporate Property capital programme has spent £13.8m compared to a budget of £29.9m, a variance of £16.1m.

5.20 The Asset Management Programme requires re-profiling of £5.0m into 2017/18. The main reasons for this are:

- The Operational Estate which includes the Manchester City Art Gallery, where works have been re-profiled based on scheduled exhibitions and the practical need to plan works around on-site activity during the year;
- The Mechanical and Electrical programme where changes in design have impacted on deliverability in year due to the need to schedule completion of works with interdependent projects within the programme;
- Following the fire at Wythenshawe Hall works on site needed to be re-prioritised to focus on immediate health and safety concerns. As such, the planned project activities have been re-designed and profiled into phases which are now due to commence in 2017/18;

- The Heaton Hall Phase 4 programme of works has been delayed due to the grant bid and allocation process taking longer than expected, the profile of spend has therefore transferred into 2017/18;
- The nature of the Asset Management programme requires that surveys and investigatory works are undertaken during the early stages of project planning. In 2016/17 there have been a number of additional and more in depth surveys required to address issues including; asbestos removal, demolition risks and site remediation across the estate portfolio; and
- A Contingency allocation held to deal with unforeseen issues across the programme's estate portfolio has not been required in its entirety and £0.7m has therefore been carried forward into future years.

5.21 As anticipated in the budget report to the Council in March, the Strategic Acquisitions programme requires slippage of £10.4m into 2017/18. A significant number of acquisitions were due to be completed in March, but delays in reaching legal agreements for the sites meant that they are now expected to be purchased in early 2017/18. The nature of the programme means that it can be difficult to accurately predict when key acquisitions sites will become available.

5.22 The initial phase of the Town Hall project is nearing conclusion and it is proposed to remove the unspent contingency funds of £0.7m from the budget for this phase. The project will now move to the next stage which has separate funding approval.

Development – (£4.0m)

5.23 The Development capital programme has spent £8.5m compared to a budget of £12.5m, a variance of £4.0m.

5.24 The New Islington Marina project has required more in depth surveys and a revised phasing of the £0.1m remaining works into 2017/18. This will enable site access to be co-ordinated with other Marina works.

5.25 The investment at One Central Park (£0.1m) will now occur in 2017/18 to allow a review of the business plan to be conducted.

5.26 The investment programme at New Smithfield Market is being reviewed, to inform the next phase of works. This requires £0.6m of the budget to be re-profiled into next year.

5.27 There is slippage required of £0.2m for the Beswick Community Hub Manchester Institute scheme, to allow for some defects work which is likely to be carried out in 2017/18, and the need to draft a legal agreement regarding some funding which was due to be passed directly to the Institute.

5.28 The remaining budget for the highways work completed on the NOMA Group Estate (£0.3m) will be required in future years to cover the potential liability of compensation claims.

5.29 The St Peter's Square scheme is nearing completion with the remaining expenditure of £0.2m being re-profiled into 2017/18 for final works relating to paving and water fountain feature. There have also been savings achieved of £0.1m due to revisions to the scope of works and a reduced liability following negotiations with the utility companies.

5.30 The power infrastructure works within the Airport City Enterprise Zone require slippage of £0.4m, as the work being completed by the contractor is taking longer than originally forecast.

5.31 Delays in procuring the developers of the Digital Business Incubators scheme requires re-profiling of £2.0m into 2017/18.

5.32 A budget acceleration of £0.4m is required for the Space project, as the contractor has been able to progress the scheme ahead of the anticipated schedule.

5.33 Across the Development programme there are underspends of c. £0.4m, due to a mix of cost savings and minor scope changes.

Housing General Fund – £0.5m

5.34 The Housing General Fund capital programme has spent £15.0m compared to a budget of £14.5m, a variance of £0.5m.

5.35 Several schemes have slipped into 2017/18. The Brunswick PFI land assembly includes provision for the acquisition of privately owned property which was not required, as all parties agreed the estate transformation proposals. This could create savings of £0.2m but until the process is complete this cannot be confirmed, and therefore this has been slipped into 2017/18.

5.36 Land assembly for the Miles Platting PFI scheme has taken longer than anticipated, requiring re-profiling of £0.2m into 2017/18, and similarly acquisitions for the West Gorton scheme worth £0.1m have also been delayed as negotiations continue.

5.37 Forecast expenditure of £0.3m for contract procurement and associated technical fees for the regeneration of Ben Street has been delayed due to the complex nature of the scheme, and it is expected these costs will be incurred in 2017/18.

5.38 Two schemes have progressed more quickly than originally forecast and therefore require acceleration of their budget into 2016/17. Sales of homes under the Redrow Development were better than anticipated, and therefore payments of their share of the capital receipts to Redrow were higher than expected by £1.2m. Applications to the Disabled Facilities Grant programme were also progressed sooner than originally forecast, with £0.1m being re-profiled into 2016/17.

Housing Revenue Account (HRA) – (£3.5m)

5.39 The Housing Revenue Account (HRA) capital programme has spent £20.0m compared to a budget of £23.5m, a variance of £3.5m.

5.40 Within the HRA Northwards programme there has been net slippage of £0.9m mainly due to:
- External Works - where upon commencement of works it was discovered that roofs were in worse condition than originally anticipated and further surveys were needed to inform a revised renewal schedule;
- Internal Works - due to delays in achieving cost agreements with contractors for heating replacement schemes and marginally lower than forecast spend for one off works such as rewiring and insulation, which fluctuate due to being demand led; and
- Homeless Accommodation – where rewiring of buildings has been delayed based on the phasing and actual decant of residents prior to commencement of works.

5.41 The programme has also achieved savings of £0.3m due to material cost reductions following detailed surveys and contingency allocations not being fully required.

5.42 Within the Retained Housing programme there has been net slippage of £2.3m due to the projects detailed below:
- The Highways and Churnet Street work elements of the Collyhurst programme have been phased into future years, which will enable £0.2m of HCA grant and Council match funding in the same financial year;
- The Collyhurst Phase 2 regeneration scheme has also slipped by £1.9m, following more detailed design work which has altered the expected profile of spend; and
- The Willert Street Park project has been re-profiled resulting in £0.2m slippage into 2017/18 due to the impact of delays to the completion of boundary works which required more substantial construction based on ground conditions.

5.43 The Universal Housing system (£0.4m) has been delayed due to unforeseen technical infrastructure issues and the need for subsequent re-phasing of configuration and implementation elements of the system.

5.44 There has also been acceleration of £0.4m. Of this, £0.3m is for the Brunswick PFI scheme following a review of assembled land use and attributable social housing re-provision, and £0.1m for the acquisition and demolition of properties in Collyhurst, due to the relocation of residents being achieved earlier than anticipated.

Children's Services – (£22.0m)

5.45 The Children's Services capital programme has spent £60.4m compared to a budget of £82.4m, a variance of £22.0m.

5.46 The Basic Need programme, to establish additional primary and secondary provision in the City, underspent by £15.9m across several school schemes. In all cases this is due to design and construction issues causing delays in projects, or funding for schemes being completed by third parties being drawn down less quickly than originally forecast. It is not anticipated that this will cause significant problems with completion dates for any of the schools.

5.47 The School Maintenance programme has slipped by £1.6m. A prudent approach to the Maintenance programme was taken during 2016/17 to ensure that funding would be available later in the year should the winter weather cause significant problems. This budget will be carried forward to fund works next year.

5.48 The Universal Infant Free School Meals programme has been delayed, with £0.6m now required in 2017/18 as design works have taken longer than anticipated, and works can only be undertaken when the school kitchens are not in use.

5.49 The Building Schools for the Future programme has finished, with £3.9m budget provision no longer required. It is proposed that this is removed from the budget.

ICT – (£1.9m)

5.50 The ICT capital programme has spent £3.5m compared to a budget of £5.4m, a variance of £1.9m.

5.51 The PSN Compliance project is now complete, resulting in a budget saving of £0.1m which has been transferred back into the business transformation programme unallocated budget and re-profiled into 2017/18.

5.52 The SAP Budget Planning and Consolidation (BPC) project had been delayed due to its dependency on migration to Citrix 7.6 and the Microsoft Office Upgrade. It is now progressing but there is slippage of £0.2m into 2017/18.

5.53 There is a £0.5m variance against the Data Centre UPS (Uninterrupted Power Supply) Relocation project, where the sequence of generator relocation and UPS installation activities has changed resulting in a revised spend profile, and slippage into 2017/18.

5.54 The Citrix 7.6 migration project is underway, but £0.1m of expenditure will now be incurred in 2017/18 as the migration of some applications has proved more technically challenging than originally anticipated.

5.55 A new approach has been agreed for a Disaster Recovery function and as such the existing capital budget allocation of £0.8m has been transferred back into the Infrastructure and Mobile Working unallocated budget and re-profiled into 2017/18.

5.56 The PSN Windows project and the applications to be supported have been subject to a full architecture review which has been more complex than envisaged. Therefore £0.1m of expenditure has been profiled into 2017/18.

5.57 The outturn against the Broadband Connection scheme is £0.1m less than previously anticipated. A minor provision has been re-profiled into 2017/18 for end of scheme payment adjustments with the balance of £0.1m falling out of the capital programme in 2016/17.

Corporate Services – (£0.3m)

5.58 The Corporate Services capital programme has spent £0.4m compared to a budget of £0.7m, a variance of £0.3m.

5.59 The budget of £0.1m for the Children's and Families ICT programme has been re-profiled into 2017/18, to enable a review of the proposed projects and assess technological links with both Council ICT systems and those used by Health partners to ensure robust and effective solutions are delivered.

5.60 The project to provide new ICT systems across the Children's and Families directorate (£0.2m), aimed at improving information sharing and use of resources as part of locality planning, has been re-profiled into 2017/18, to enable work to be undertaken to ensure the implementation provides value for money.

6.0 Capital Financing 2016/17

6.1 The funding of the 2016/17 Capital Programme is summarised in Table 5.

Table 5: 2016/17 Capital Programme Funding (£'000)

	£m	%
Capital Expenditure	212.2	
Financed by:		
Government Grants	46.7	22%
Other External Contributions	14.4	7%
Revenue Funding	7.0	3%
Major Repairs Reserve	19.2	9%
Capital Receipts	52.3	25%
Borrowing	72.6	34%

6.2 The Executive is asked to note the following decisions made by the City Treasurer regarding the funding of the capital expenditure incurred in 2016/17.

- Expenditure of £61.1m for capital purposes which is to be reimbursed by other organisations has been capitalised, of which £46.7m is grant funding and £14.4m is external contributions.
- The main Government grants applied include Department for Education funding of £24.4m for works on schools including new builds, provision for additional places and maintenance schemes; £4.2m for the Factory; £4.5m for work to adapt homes for disabled occupants; and £4.2m for Highways maintenance.

- Any unused grant, subject to conditions, has been carried forward into 2017/18 and will be matched against future spend. The programme was managed to ensure that any grant with a risk of claw back due to time constraints or other factors was fully utilised in 2016/17.
- External contributions from non-government departments have been used to fund expenditure across the programme totalling £14.4m. This includes funding from the Greater Manchester Combined Authority of £9.4m for the Bus Priority Programme; and a contribution of £1.5m from Transport for Greater Manchester for work on St. Peters Square.
- Revenue contributions were used to finance expenditure of £7.0m, including works on Highways, Strategic Acquisitions and to fund ICT expenditure.
- The Major Repairs Reserve funds expenditure on the HRA capital programme. The use of this reserve includes self-financing revenue from the HRA revenue budget.
- The balance of available capital receipts carried forward from 2015/16 was £37.9m. A further £53.5m receipts were received in 2016/17. Therefore, total receipts available to fund expenditure were £91.4m, £36.0m within the HRA and £55.4m non-HRA. Drawdown of capital receipts to fund the non-HRA programme was £52.0m leaving a balance for use in future years of £3.4m plus any new receipts generated in 2017/18. Similarly, the HRA programme used £0.3m of capital receipts, leaving a balance for use in future years of £35.7m plus any new receipts generated in 2017/18.
- Historic prudential borrowing approvals of £72.6m have been used.
- An amount not less than the minimum revenue provision (c. £18.5m) has been set aside from the revenue account as a provision for credit liabilities.

7.0 Projects for Greater Manchester

7.1 The Projects for Greater Manchester capital programme has spent £53.8m compared to a budget of £56.9m, a variance of £3.1m.

7.2 The Housing Investment Fund has spent £2.5m less than forecast, representing the contingency included within the budget for new applications which has not been required. This funding has been re-profiled into 2017/18.

7.3 The Greater Manchester Loans Fund has slipped by £0.6m, as the number of loan requests during the year was lower than originally anticipated.

8.0 Proposed Capital Budget 2017/18

8.1 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 2017/18 to 2021/22. The cumulative impact of these adjustments are shown in the table below:

Table 6: Proposed Capital Programme variations 2016/17 to 2021/22 (£m)

	2016 / 17	2017 / 18	2018 / 19	2019 / 20	2020 / 21	2021 / 22	Total Programme
	£m	£m	£m	£m	£m	£m	£m
Revised Capital Budget (Mar 16)	273.9	504.1	495.1	183.4	126.4	288.0	1,870.9
Forecast Re-profile	-56.7	34.8	-10.4	30.9	1.4		0.0
Cost Variations	-5.0						-5.0
Proposed Capital Budget (May 16)	**212.2**	**538.9**	**484.7**	**214.3**	**127.8**	**288.0**	**1,865.9**
Of which:							
Manchester City Council Programme	158.4	423.3	354.4	210.4	127.8	288.0	1,562.3
Programme on behalf of Greater Manchester	53.8	115.6	130.3	3.9	0.0	0.0	303.6

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

Budget re-profiling:

8.3 As highlighted in section 4 of this report, various schemes throughout the capital programme have been accelerated into 2016/17, or delayed until 2017/18 or future years. The budgets for these projects will be re-profiled to reflect the changes.

Forecast variations – (£5.0m):

8.4 It is proposed that forecast variations of £5.0m 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 changes to the programme are summarised below, and explanations for the main variances are given in previous paragraphs:

Table 7: Proposed Capital Programme cost variations (£m)

	2016/17 (£m)
Various minor variations throughout the programme	0.2
Growth and Neighbourhoods	
Arcadia Leisure Centre (Levenshulme)	-0.1
Strategic Development	
Town Hall	-0.7
Various	-0.4
Children's Services	
BSF	-3.9
ICT	
Broadband Connection	-0.1
TOTAL	**-5.0**

8.5 The capital programme is undergoing continuous review to analyse and challenge the current approved spending profiles, and updates will be reported to the Executive throughout the year.

9.0 Capital Resources

9.1 As set out in the 2017/18 Capital Budget Report to Executive in February, funding is in place to meet the capital programme commitments for 2017/18 to 2021/22 and the increases since then are fully funded. 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.

10.0 Key Polices and Considerations

(a) Equal Opportunities

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

(b) Risk Management

10.2 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 will be ongoing.

(c) Legal Considerations

10.3 None.