

**Manchester City Council
Report for Resolution**

Report to: Executive – 13 September 2017

Subject: Capital Programme – Proposed Increases

Report of: Chief Executive and City Treasurer

Summary

This report informs members of requests to increase 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. Growth and Neighbourhoods Programme – City Labs 2. An increase to the capital budget by £3,675k in 2017/18 funded by borrowing which is to be repaid from an increase in Business Rates income generated from the Enterprise Zone as a result of the investment.

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

2. Highways Programme – MSIRR Growth Deal Great Ancoats Street. An increase to the capital budget by £8,025k; £184k in 2018/19, £6,736k in 2019/20 and £1,105k in 2020/21 funded by external contributions from Transport for Greater Manchester (TfGM).
3. Highways Programme – Gully Cleansing. A decrease to the capital budget of £1,100k and approve the transfer of £1,100k to the revenue budget; £100k in 2017/18, £600k in 2018/19 and £400k in 2019/20, funded by Capital Fund.

To note increases to the programme of £257k as a result of delegated approvals.

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 transport infrastructure, library services and the Enterprise Zone.

Manchester Strategy outcomes	Summary of the contribution to the strategy
A highly skilled city: world class and home grown talent sustaining the city's economic success	Investment in the Enterprise Zone which will create employment opportunities.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Improvements to services delivered to communities and enhanced library services.
A liveable and low carbon city: a destination of choice to live, visit, work	Investment in public buildings and transport infrastructure.
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

The recommendations in this report, if approved, will result in a decrease to the capital budget of £1,100k and a corresponding increase to the revenue budget in 2017/18.

Financial Consequences – Capital

The recommendation in this report, if approved, will increase Manchester City Council's capital budget by £10,600k, across financial years as shown in Appendix 1.

Contact Officers:

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

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

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

Background documents (available for public inspection):

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

Report to the Executive 8th February 2017 (Budget 2017/18 - 2021/22)

1 Introduction

- 1.1 This report outlines the requests for increases and decreases to the five year capital budget 2017/18 to 2021/22.

2 Background

- 2.1 In February each year, the Executive receives a report on the capital budget for the forthcoming five 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 five year capital programme for Manchester City Council. Proposals for the 2017/18 to 2021/22 capital budget were presented to the Executive on 8th February 2017.
- 2.2 The following requests for a change to the programme has been received since the previous report to the Executive on 26th July 2016.

3 Proposals Requiring Specific Council Approval

- 3.1 Growth and Neighbourhoods Programme – City Labs 2. This investment will provide gap grant funding to Manchester Science Park for the new office development on the Oxford Road Enterprise Zone. This funding will enable the scheme to be delivered and create new jobs. The scheme is anticipated to increase Business Rates income from the Enterprise Zone, which is expected to cover the borrowing costs for this investment. A capital budget increase of £3,675k is requested in 2017/18, funded by borrowing with the grant to be repaid from an increase in Business Rates income generated from the Enterprise Zone as a result of the investment.

4 Proposals Not Requiring Specific Council Approval

- 4.1 Highways Programme – MSIRR Growth Deal Great Ancoats Street. This scheme will reduce barriers and restrictions for pedestrians on Great Ancoats Street and certain adjacent sections of the Inner Relief Route, supporting development on either side of the road. There will be more safe crossing places for pedestrians and improved signage within the area to aid road users to best identify and use alternative routes away from the Inner Relief Route. A capital budget increase of £8,025k is requested; £184k in 2018/19, £6,736k in 2019/20 and £1,105k in 2020/21, funded by external contributions from Transport for Greater Manchester (TfGM).
- 4.2 Highways Programme – Gully Cleansing. This project is to bring the gully network back up to standard by reintroducing and maintaining a cyclical cleansing programme. A significant element of the work was identified as revenue in nature. Therefore the capital budget for those elements identified as revenue needs to be reduced by £1,100k and the funding transferred to the revenue budget. It is proposed to reduce the capital budget by £1,100k and approve the transfer of £1,100k to revenue, funded by Capital Fund. A capital budget decrease of £1,100k is requested; £100k in 2017/18, £600k in 2018/19 and £400k, funded by Capital Fund.

5 Approvals under authority delegated to the City Treasurer

5.1 Under powers delegated to the City Treasurer in consultation with the Executive Member for Finance and Human Resources, the following schemes have been approved;

- Highways Programme – Kingsway Speed Cameras. This scheme will implement two speed camera housings and their associated electrical and telecommunications connections to accommodate the new speed cameras. One camera will be situated on A34 Kingsway southbound and the second camera will be situated northbound. An increase to the capital budget of £70k in 2017/18 has been approved, funded by contributions from Greater Manchester Combined Authority (Greater Manchester Casualty Reduction Partnership).
- Growth and Neighbourhoods Programme – Newton Heath Library. This project will deliver improvements to the external elevations and outside public realm including; a resurfaced pebbled area, improved seating area and replanting of bedding areas with perennial plants. It will also deliver new lighting and signage will be implemented at the entrance of the building. An increase to the capital budget of £187k in 2017/18 has been approved, funded by Clean City funding.

6 Prudential Performance Indicators

6.1 If the recommendations in this report are approved the General Fund capital budget will increase by £10,600k, across financial years as detailed in Appendix 1.

6.2 This will also result in an increase in the prudential indicator for Capital Expenditure in corresponding years. Monitoring of all prudential indicators is included within the Global Revenue Monitoring report. The next report to the Executive will be 18th October 2017, which will include a recommendation to increase the Capital Expenditure indicator as detailed above.

6.3 There is a requirement for prudential borrowing, however this has already been assumed within the Council's revenue budget and therefore there is no impact on the City's Council Tax.

6.4 The increases to the programme totalling £257k as a result of delegated approvals have been included within the prudential indicators.

7 Conclusions

7.1 The capital budget of Manchester City Council will increase by £10,600k, if the recommendations in this report are approved.

7.2 The capital budget has increased by £257k as a result of the delegated approval detailed in Appendix 2.

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 transport infrastructure, library services and the Enterprise Zone.

(b) A highly skilled city

8.3 Investment in the Enterprise Zone which will create employment opportunities.

(c) A progressive and equitable city

8.4 Improvements to services delivered to communities and enhanced library services.

(d) A liveable and low carbon city

8.5 Investment in public buildings and transport infrastructure.

(e) A connected city

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

9 Key Polices and Considerations

(a) Equal Opportunities

9.1 The 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 13th September 2017 EXECUTIVE							
Dept	Scheme	Funding	2017/18	2018/19	2019/20	Future	Total
			£'000	£'000	£'000	£'000	£'000
<u>Council Approval Requests</u>							
Growth and Neighbourhoods	City Labs 2	Borrowing which is to be repaid from an increase in Business Rates income generated from the EZ.	3,675	0	0	0	3,675
<u>Total Council Approval Requests</u>			<u>3,675</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,675</u>
<u>Executive Approval Requests</u>							
Highways Programme	Manchester and Salford Inner Relief Road (MSIRR) Growth Deal Great Ancoats Street	External Contributions from Transport for Greater Manchester	0	184	6,736	1,105	8,025
Highways Programme	Gully Cleansing	Capital Fund	(100)	(600)	(400)	0	(1,100)
<u>Total Executive Approval Requests</u>			<u>(100)</u>	<u>(416)</u>	<u>6,336</u>	<u>1,105</u>	<u>6,925</u>
<u>Total Budget Increase Requests</u>			<u>3,575</u>	<u>(416)</u>	<u>6,336</u>	<u>1,105</u>	<u>10,600</u>

Appendix 2

Approvals under authority delegated to the City Treasurer 13th September 2017 EXECUTIVE							
Dept	Scheme	Funding	2017/18 £'000	2018/19 £'000	2019/20 £'000	Future £'000	Total £'000
<u>Delegated Approval Requests</u>							
Highways Programme	Kingsway Speed Cameras	External Contributions from Greater Manchester Combined Authority (Greater Manchester Casualty Reduction Partnership)	70	0	0	0	70
Growth and Neighbourhoods Programme	Newton Heath Library	Clean City funding	187	0	0	0	187
Total Delegated Approval Requests			257	0	0	0	257