

Manchester City Council Report for Resolution

Report to: Executive – 15 November 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

1. Members are requested to recommend that the City Council approve:
 - a) Growth and Neighbourhoods Programme – Wythenshawe Hall. An increase to the capital budget by £2,295k in 2017/18, funded by Revenue Contributions to Capital (RCCO) from anticipated future Insurance Claims.
 - b) ICT Capital Programme – Data Centre Facility. A decrease to the capital budget of £881k and approve the transfer of £881k to the revenue budget in 2017/18, funded by Capital Fund.
 - c) ICT Capital Programme – Enterprise Identity. A decrease to the capital budget of £160k and approve the transfer of £160k to the revenue budget in 2017/18, funded by Capital Fund.
 - d) Corporate Property Programme - Heron House Scheme. To increase the capital budget by £2,300k, £1,000k in 2017/18 and £1,300k in 2018/19, funded by a virement from the city's Sustaining Key Initiatives Programme budget, funded by borrowing.
 - e) Corporate Property Programme – Registrar's Office Scheme. To increase the capital budget by £1,000k in 2017/18, funded by a virement from the city's Sustaining Key Initiatives Programme budget, funded by borrowing.
2. Members are requested under powers delegated to the Executive to approve:
 - a) Highways Programme – Minor Works Growth Deal. An increase to the capital budget by £868k in 2019/20, funded by external contributions from Transport for Greater Manchester (TfGM).

- b) Housing Capital Programme – Longford Homelessness Centre. An increase to the capital budget by £252k in 2017/18, funded by the City Centre Review Revenue Reserve.
- c) Growth and Neighbourhoods Programme – Our Town Hall (OTH). A decrease to the capital budget of £250k and approve the transfer of £250k to the revenue budget in 2017/18, funded by Capital Fund.
3. To note increases to the programme of £373k 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, ICT services and Housing provision.
A highly skilled city: world class and home grown talent sustaining the city's economic success	Investment in public buildings, transport infrastructure and Housing provision, 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 ICT 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 ICT 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 increase the revenue budget by £1,291k, funded from a corresponding decrease in the capital budget.

Financial Consequences – Capital

The recommendations in this report, if approved, will increase Manchester City Council's capital budget by £2,124k, across financial years as detailed in Appendix 1.

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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 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 8^h February 2017.
- 2.2 The following requests for a change to the programme has been received since the previous report to the Executive on 13th September 2017.
- 2.3 Please note that where requests are made in the report to switch funding from capital to revenue, and to fund the revenue spend from Capital Fund, this is a funding switch from within the capital programme and will not have a negative impact on the Fund itself.

3 Proposals Requiring Specific Council Approval

The proposals which require Council approval are those which are funded by the use of reserves above a cumulative total of £2m or where the use of borrowing is required.

- 3.1 Growth and Neighbourhoods Programme – Wythenshawe Hall. The work comprises Fire restoration works (funded by the insurance company, following the fire of 15th March 2016. A capital budget increase of £2,295k is requested in 2017/18. It is expected that this will be funded from the insurance claim for the Hall, but may need to be underwritten from City Council resources until the claim is complete.
- 3.2 ICT Capital Programme – Data Centre Facility. Work is progressing to finalise proposals for disaster recovery and the provision of the industry standard data centre facilities. As the project will predominantly involve migrating data, it is expected that it will be revenue in nature, and therefore a switch in funding is required. It is proposed to reduce the capital budget by £881k and approve the transfer of £881k to revenue, funded by Capital Fund.
- 3.3 ICT Capital Programme – Enterprise Identity. This project will be an investment in ICT software to provide MCC ICT users access to the Council's system from any location through a secure access regime. The software will provide additional security layers to the system in line with industry security standards. However, as the solution is being acquired on 'software as a service' basis leading to no asset being created, a switch in funding relating to the capital budget is required. Therefore, the capital budget for those elements identified as revenue needs to be reduced by £160k and the funding transferred to the revenue budget. It is proposed to reduce the capital budget

by £160k and approve the transfer of £160k to revenue, funded by Capital Fund.

- 3.4 Corporate Property Programme - Heron House Refurbishment Scheme. Since the original design brief and budget allocation, further building surveys have identified the need for asbestos removal, structural enhancements and a revised approach to meet health and safety requirements. Market testing has also identified increased costs in relation to materials and labour. In order for the scheme to progress, it is proposed that funding within the council's Sustaining Key Initiatives Programme be reallocated. A virement from the Sustaining Key Initiatives Programme of £2,200k, £1,000k in 2017/18 and £1,300k in 2018/19 is requested, funded by borrowing.
- 3.5 Corporate Property Programme – Registrar's Office Scheme. This scheme will cover the refurbishment of the Registrar's office located in Heron House. The works will enhance the investment value of Heron House and will also ensure that the building is fully compliant with data protection and fire safety standards. A virement from the Sustaining Key Initiatives Programme of £1,000k in 2017/18 is requested, funded by borrowing.

4 Proposals Not Requiring Specific Council Approval

The proposals which do not require Council approval and only require Executive approval are those which are funded by the use of external resources, the use of capital receipts, the use of reserves below £2m or where the proposal can be funded from existing revenue budgets and where the use of borrowing on a spend to save basis is required.

- 4.1 Highways Programme – Minor Works Growth Deal. As part of investment into the City's transport system, a number of minor works projects have been identified within various wards of Manchester, focusing on improving road safety measures near schools linked to the expansion in the City's Schools provision. These projects will improve access to the city centre and along arterial routes by reducing congestion in residential areas, this will support the economy of the city as well as providing social and environmental benefits. A capital budget increase of £868k is requested in 2019/20, funded by external contributions from Transport for Greater Manchester (TfGM).
- 4.2 Housing Capital Programme – Longford Homelessness Centre. The proposal is to convert Longford Centre, which is currently an empty Council building into a 38 bed unit for people who have recently experienced rough sleeping. A consortium funding bid on behalf of the 10 GM Local authorities was submitted to Department for Communities and Local Government (DCLG) for 'Homelessness Prevention Trailblazer' grant funding, £3.8 million was received as part of this bid. However approval is required from the DCLG to utilise this grant funding for the Longford Homelessness Centre. Pending confirmation of this, it is proposed that the City Centre Review Reserve is used to underwrite the proposal and that any grant funding awarded is used to reimburse the reserve. A capital budget increase of £252k is requested in 2017/18, funded by the City Centre Review Reserve.

- 4.3 Growth and Neighbourhoods Programme – Our Town Hall (OTH). Following the appointment of the design team a number of fee items have been identified as being revenue in nature. The budget for the design team fees is currently included in the client side budget for the project, which is part of the total capital budget allocation. To enable these fees to be paid, a switch in funding relating to the capital budget is required. Therefore, the capital budget for those elements identified as revenue needs to be reduced by £250k and the funding transferred to the revenue budget. It is proposed to reduce the capital budget by £250k and approve the transfer of £250k to revenue, 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;

- Asset Management Programme – Wythenshawe Forum. This project involves the refurbishment of the Wythenshawe Forum following the agreement of a lease with the Department of Work and Pensions. An increase to the capital budget of £293k in 2017/18 has been approved, funded by external contributions of £53k from Department of Work and Pensions and £240k borrowing on a spend-to-save basis.
- Highways Programme – North Manchester Hospital Residents Parking Zone. The development of the new 24 bed care unit within the existing North Manchester General Hospital site is expected to generate additional traffic and parking, which will further impact on residents on streets adjacent to the Hospital not already covered by the existing residents parking scheme. The proposed Residents Parking Zone will mitigate those anticipated problems by managing the current on street parking in favour of residents in the vicinity of the development who might otherwise be displaced by users of the new care unit. An increase to the capital budget of £80k in 2017/18 has been approved, funded by the use of Section 106 contributions.

6 Prudential Performance Indicators

- 6.1 If the recommendations are approved the General Fund capital budget will increase by £2,124k, 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 13th December 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 £373k 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 £2,124k, if the recommendations in this report are approved.
- 7.2 The capital budget has increased by £373k 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, ICT services and Housing provision.

(b) A highly skilled city

- 8.3 Investment in public buildings, transport infrastructure and Housing provision, which will create employment opportunities.

(c) A progressive and equitable city

- 8.4 Improvements to services delivered to communities and enhanced ICT 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 ICT services.

9 Key Policies 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							
15th November 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	Wythenshawe Hall	Revenue Contributions to Capital (RCCO) from anticipated future Insurance Claims.	2,295	0	0	0	2,295
ICT Capital Programme	Data Centre Facility	Borrowing	(881)	0	0	0	(881)
ICT Capital Programme	Enterprise Identity	Borrowing	(160)	0	0	0	(160)
Corporate Property Programme	Heron House	Borrowing	1,000	1,300	0	0	2,300
Corporate Property Programme	Registrar's Office	Borrowing	1,000	0	0	0	1,000
Corporate Property Programme	Sustaining Key Initiatives	Borrowing	(2,000)	(1,300)	0	0	(3,300)
<u>Total Council Approval Requests</u>			<u>1,254</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,254</u>
<u>Executive Approval Requests</u>							
Highways Programme	Minor works Growth Deal	External Contributions from Transport for Greater Manchester	0	0	868	0	868
Housing Capital Programme	Longford Homelessness Centre	City Centre Review Revenue Reserve	252	0	0	0	252
Growth and Neighbourhoods	Our Town Hall	Borrowing	(250)	0	0	0	(250)
<u>Total Executive Approval Requests</u>			<u>2</u>	<u>0</u>	<u>868</u>	<u>0</u>	<u>870</u>
<u>Total Budget Increase Requests</u>			<u>1,256</u>	<u>0</u>	<u>868</u>	<u>0</u>	<u>2,124</u>

Appendix 2

Approvals under authority delegated to the City Treasurer							
15th November 2017 EXECUTIVE							
Dept	Scheme	Funding	2017/18	2018/19	2019/20	Future	Total
			£'000	£'000	£'000	£'000	£'000
<u>Delegated Approval Requests</u>							
Asset Management Programme	AMP Wythenshawe Forum	External Contributions of £53k from Department of Work & Pensions and £240k borrowing on a spend-to-save basis.	293	0	0	0	293
Highways Programme	North Manchester Hospital Residents Parking Zone	Section 106 Contributions	80	0	0	0	80
Total Delegated Approval Requests			<u>373</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>373</u>