
**Manchester City Council
Report for Resolution**

Report to: Executive – 21 March 2018

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. The Executive is requested to recommend that the City Council approve the following changes to Manchester City Council's (MCC) capital programme:
 - (a) Growth and Neighbourhoods – Moss Side Leisure Centre. An increase to the capital budget of £0.4m in 2018/19, funded by borrowing.
 - (b) Strategic Development – Heron House. A virement from the Sustaining Key Initiatives programme of £2.6m in 2018/19, funded by borrowing.
 2. The Executive is requested under powers delegated to the Executive to approve the following changes to MCC's capital programme:
 - (c) Highways – Manchester/Salford Inner Relief Road Water Street and Regent Road. An increase to the capital budget of £11.360m (£7.028m in 2018/19, £4.232m in 2019/20 and £0.100m in 2020/21) funded by government grant.
 - (d) Highways – Mancunian Way junction with Princess Road. An increase to the capital budget of £4.999m (£0.211m in 2018/19 and £4.788m in 2019/20), funded by government grant.
 - (e) Strategic Development – demolition of Hall and Rogers Warehouse and 336/368 Ashton New Road. An increase to the capital budget of £0.346m in 2018/19 funded from the English Partnerships (HCA) reserve.
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Wards Affected:

Various

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Contributions to various areas of the economy including investment in ICT services, Highways, and leisure facilities.
A highly skilled city: world class and home grown talent sustaining the city's economic success	Investment in ICT services.
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 in the highways network.
A connected city: world class infrastructure and connectivity to drive growth	Investment in the 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 capital financing consequences of additions to the capital programme can be financed from existing revenue budgets.

Financial Consequences – Capital

The recommendations, if approved, will increase Manchester City Council's capital budget by £17.105m, 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 7th February 2018 – Capital Strategy and Budget 2018/19 - 2022/23)

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 2018/19 to 2022/23 capital budget were presented to the Executive on 7^h February 2018, including a revised 2017/18 budget.
- 2.2 The following requests for a change to the programme has been received since the previous report to the Executive on 7th February 2018.
- 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 MCC's Proposals Requiring Specific Council Approval

- 3.1 The proposals which require Council approval are those which are funded by the use of reserves above a cumulative total of £2.0m or where the use of borrowing is required. The following proposals require Council approval for changes to MCC's capital programme:
- 3.2 Growth and Neighbourhood – Moss Side Leisure Centre. Additional requirements to the scheme have been identified for works to the roof and external cladding following intrusive surveys during design and development. A capital budget increase of £0.4m in 2018/19 is requested, funded by borrowing.
- 3.3 Strategic Development – Heron House. The existing budget for Heron House includes provision to undertake standard Category A fit out works needed to transform the building into high quality offices and the refurbishment of the Registrars space to deliver data compliance, fire safety and decorative works. A requirement for enhanced Category A works has now been identified in relation to the power supply and window, lift and air conditioning specifications. These works are likely to increase the probability of the building being successfully let. A capital budget increase of £2.6m in 2018/19 is requested, funded by a virement of borrowing from the Sustaining Key Initiatives programme budget.

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 £2.0m 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. The following proposals require Executive approval for changes to MCC's capital programme:

- 4.1 Highways – Manchester/Salford Inner Relief Road: Water Street and Regent Road. The scheme has already begun and is designed to address traffic congestion on the area, specifically at the Dawson St/Regent Rd/Trinity Way/Water St junction and at five adjacent junctions, with a further focus on improving capacity and enhancing the performance of the wider relief road. The scheme had an initial budget approved for the early works, and this additional funding will allow the scheme to be completed. A capital budget increase of £11.360m (£7.028m in 2018/19, £4.232m in 2019/20 and £0.100m in 2020/21) is requested, funded by government grant through the Combined Authority.
- 4.2 Highways – Mancunian Way junction with Princess Road. The scheme is to improve and increase capacity by creating signalled junctions at the Princess Rd/Medlock St and Cambridge St/Higher Cambridge St junctions with the Mancunian Way. The scheme will increase capacity, improve management of traffic flows and create a safe environment for pedestrians and cyclists. Government funding has been secured, but will be match-funded from resources included within the Highways Investment Plan. A capital budget increase of £4.999m (£0.211m in 2018/19 and £4.788m in 2019/20) is requested, funded by government grant through the Department for Transport's National Productivity Investment Fund.
- 4.3 Strategic Development – demolition of Hall and Rogers Warehouse and 336/368 Ashton New Road. The scheme will demolish buildings on two sites, in accordance with the Eastlands Regeneration Framework. It is anticipated that both sites will be used for regeneration schemes, including potential residential use, and as proposals are developed they may be temporarily used for a different purpose – for example it is proposed that the Hall and Rogers site is used as a temporary car park. A capital budget increase of £0.346m in 2018/19 is requested, funded from the English Partnership (HCA) Reserve.

5 Prudential Performance Indicators

- 5.1 If the recommendations in this report are approved the General Fund capital budget will increase by £17.105m, across financial years as detailed in Appendix 1.
- 5.2 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 include a recommendation to increase the Capital Expenditure indicator as detailed above.
- 5.3 There is an increase in the 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 Conclusions

- 6.1 The capital budget of MCC will increase by £17.105m, if the recommendations in this report are approved.

7 Contributing to the Manchester Strategy

- 7.1 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

- 7.2 Contributions to various areas of the economy including investment in ICT services, Highways and Leisure and Sports services.

(b) A highly skilled city

- 7.3 Investment in public buildings and ICT services, which will create employment opportunities.

(c) A progressive and equitable city

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

(d) A liveable and low carbon city

- 7.5 Investment in public buildings and Leisure and Sports services.

(e) A connected city

- 7.6 Investment in enhanced provision of ICT services.

8 Key Polices and Considerations

(a) Equal Opportunities

- 8.1 The proposals have been drawn up in awareness of Council policy on equality.

(b) Risk Management

- 8.2 All capital projects go through the Capital Checkpoint 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

- 8.3 None in this report.

Appendix 1

Requests for Adjustments to the Capital Budget Provision							
21st March 2018 EXECUTIVE							
Dept	Scheme	Funding	2017/18	2018/19	2019/20	Future	Total
			£'000	£'000	£'000	£'000	£'000
<u>Council Approval Requests</u>							
Growth & Neighbourhoods	Moss Side Leisure Centre	Borrowing		400			400
Strategic Development	Heron House	Borrowing		2,600			2,600
Strategic Development	Sustaining Key Initiatives	Borrowing		-2,600			-2,600
<u>Total Council Approval Requests</u>			<u>0</u>	<u>400</u>	<u>0</u>	<u>0</u>	<u>400</u>
<u>Executive Approval Requests</u>							
Highways	Manchester/Salford Inner Relief Road Water Street and Regent Road	Government Grant		7,028	4,232	100	11,360
Highways	Mancunian Way junction with Princess Road	Government Grant		211	4,788		4,999
Strategic Development	Demolition of Hall and Rogers Warehouse and 336/368 Ashton New Road	English Partnerships (HCA) reserve		346			346
<u>Total Executive Approval Requests</u>			<u>0</u>	<u>7,585</u>	<u>9,020</u>	<u>100</u>	<u>16,705</u>
<u>Total Budget Increase Requests</u>			<u>0</u>	<u>7,985</u>	<u>9,020</u>	<u>100</u>	<u>17,105</u>