

The Executive

Minutes of the meeting held on 21 March 2018

Present: Councillor Leese in the Chair
Councillors Craig, Flanagan, N Murphy, S Murphy, B Priest, Rahman and Stogia

Also present as Members of the Standing Consultative Panel:
Councillors Bridges, Manco and Sheikh

Exe/18/037 Minutes

Decision

To approve the minutes of the meeting held on 7 March 2018 as a correct record.

Exe/18/038 Portugal Street East Strategic Regeneration Framework

In March 2017 we had endorsed the draft Strategic Regeneration Framework (SRF) for the Portugal Street East area of the city as the basis of public consultation (Minute Exe/17/057). The Chief Executive now submitted a report on the outcome of that consultation.

The formal consultation had closed on 2 June 2017 after being open for six weeks. The responses that had been received were: one from an individual resident; six from landowners within the SRF area; and four from statutory/public organisations.

The report explained the wide range of issues that had been raised in the responses to the consultation, and how some of those had been responded to. It also explained that after the public consultation had concluded all the parties with landownership interests in the area had engaged in the further development and revision of the draft framework to resolve the outstanding matters that had arisen. Collaboration between all the landowners had resulted in amendments to the SRF which were described in the report. In this revised form the SRF had been agreed by all landowners and was supported by a Memorandum of Understanding that secured the mechanisms to ensure comprehensive delivery of the Portugal Street East SRF.

Noting the responses to the consultation, and the further amendments that had arisen from the subsequent work with the parties with landowning interests, we agreed to adopt the principles of the proposed SRF so that it could become a material consideration in the consideration of planning applications submitted in the future. The adoption of the final text of the proposed SRF was delegated to the Strategic Director (Development).

Decisions

1. To note the comments received on the Portugal Street East Strategic Regeneration Framework.

2. To note the Memorandum of Understanding between all the landowners within the framework area to ensure that comprehensive development can be delivered on a phased basis.
3. To agree the principles in the Portugal Street East Strategic Regeneration Framework.
4. To delegate authority to the Strategic Director (Development), in consultation with the Leader, to adopt the SRF on behalf of the Council following the signing of the Collaboration Agreement between the landowners, with the intention that, once agreed, the SRF will become a material consideration in the Council's decision making as the Local Planning Authority.

Exe/18/039 Capital Programme – Proposed Increases

A report concerning requests to increase the capital programme was submitted. We agreed to recommend two changes to the Council and approved three other changes under delegated powers. Taken together, these changes would increase the Council's capital budget by £17.105m.

Decisions

1. 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. To approve the following changes to the 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.

Exe/18/040 Health and Social Care Joint Budget Agreement

Manchester Health and Care Commissioning (MHCC) is responsible for commissioning health, adult social care and public health services for Manchester. The organisation had been established in April 2017 and was to operate a single planning, delivery and assurance process for health and social care provision in the city from April 2018.

A joint report submitted by the City Treasurer and the City Solicitor provided a progress report on the work undertaken since April 2017. The report also set out the issues involved in the creation of a pooled-budget between the NHS and the Council that would further integrate and strengthen existing arrangements for strategic commissioning.

The report explained that a Partnership Agreement had been drafted by the City Council under Section 75(2)(a) of the NHS Act 2006 which gives powers to NHS bodies and local authorities to establish and maintain a fund (pooled budget). The Partnership Agreement was to be accompanied by a Financial Framework to set out the detailed financial management arrangements agreed between the partners in relation to the Integrated Care Budget. The Financial Framework was to include the operational arrangements for the pooled budget within each organisation's constitutional requirements, and the reporting arrangements. The budget papers that had been considered by the Executive in February (Minute Exe/18/015) had set out the financial plan for the pooled budget. The indicative figures for the Integrated Care Budget for the 2018/19 was £1.117 billion of which the agreed Council contribution was £186.475m, broken-down as below:

Council Pooled Budget Contribution 2018/19	£000
Assessment Care & Support	8,991
Back Office	2,173
Business Units	16,553
Care	64,407
Commissioning	10,819
Early Years & Health Visitors	14,089
LCO Investment	4,996
Learning Disability Services	44,830
Mental Health Services	23,782
Public Health	24,534
Administration Support	3,150
Unallocated Demography	16,323
Adult Social Care Income	-48,172
Total	186,475

The report also explained the agreed approach toward the sharing of risks and gains for 2018/19. That was to be based on each partner retaining a balanced position for its element of the pooled budget. As part of the pooled budget arrangements for 2018/19, an uncommitted contingency of £4m had been agreed. In 2018/19, the level of risk partners were being asked to take was to be limited to this value. This would not limit the sharing of benefits, but would cap any residual financial risk in the event that recovery plans were not successful. If both parties had a requirement to utilise

the contingency reserve to meet financial targets, the priority was to be support for adult social care position. The contingency was part of the approved pooled budget planning presented in February (Minute Exe/18/015).

As the final version of the Section 75 Agreement was not yet ready the report sought the delegation of the authority for Council Officers to finalise the agreement so that it could be entered into before the Executive was next to meet again in late May. That was agreed.

Decisions

1. To note the progress made to date in establishing Manchester Health and Care Commissioning (MHCC) as the single commissioning organisation and to endorse the next phase of implementation of the Locality Plan.
2. To approve in principle that the Council and the Manchester Clinical Commissioning Group enters into a pooled budget arrangement under section 75 of the NHS Act 2006 hosted by MHCC with the CCG Chief Finance Officer as the Pooled Budget Manager.
3. To approve the scope and value of the pool and City Council contribution.
4. To approve the risk and gain share agreement for 2018/19.
5. To delegate authority to finalise the Section 75 agreement and Financial Framework to City Treasurer and City Solicitor in consultation with Executive Member for Finance and Human Resources.
6. To note the proposed reporting arrangements.
7. To note the proposal to explore the development of integrated commissioning arrangements over the course of 2018/19.

Exe/18/041 Settled Accommodation for Homeless Families

A report from the Director of Housing and Residential Growth set out proposals for the Council to support the acquisition of houses to provide move-on accommodation for larger families that were homeless and so housed in temporary accommodation.

The report explained that the council was working with Registered Providers to reduce the number of homeless people living in temporary accommodation and to move them into settled social-rented homes. However, a shortage of larger 4 or 5 bedroom houses becoming available for let had resulted in over 50 families having no immediate options for settled accommodation.

The proposal in the report was for the Council and Registered Providers (RP) to combine resources to acquire a number of larger family homes. The city was to be zoned with each RP identifying the areas in which they would manage the larger homes. The Council would provide support to make this financially viable. A

Collaboration Agreement would then formalise this relationship and provide the overall governance for the scheme.

It was agreed that this proposal would provide the Council with additional properties to place families who are currently living in temporary accommodation into settled accommodation. The properties would be managed so that they were let at Local Housing Allowance rates to allow the management costs to be covered through the rent. These were to provide good, well-managed homes in locations across the city.

Decisions

1. To approve the proposal to establish a joint investment approach as set out in the report.
2. To delegate final approval of the legal and financial agreement to the City Treasurer and the Strategic Director (Development) in consultation with the Deputy Leader of the Council with responsibility for Housing and the Executive Member for Finance and Human Resources.
3. To authorise the City Solicitor to enter into any agreements to give effect to these decisions.

Exe/18/042 Civic Quarter Heat Network

In July 2015 the Council had approved a capital release of £500,000 from the Climate Innovation Fund Reserve to fund the revenue costs of the Civic Quarter Heat Network project (Minute CC/15/53). The Council made that decision on a recommendation put to it from a meeting of the Executive in July 2015 that had considered four Heat Networks and District Energy Schemes that were being developed in the city, of which the Civic Quarter Heat Network was the most advanced (Minute Exe/15/075). Each of those scheme could contribute to the city's carbon reduction targets. The Civic Quarter Heat Network scheme was then predicted to save the creation of 3,500 tonnes of CO₂ each year. In March 2017 we had approved proposals to recommend the 'Preferred Bidder' - Vital Energi - for the Civic Quarter Heat Network scheme to create and operate the network (Minute Exe/17/064).

In January 2018 (Minute Exe/18/003) we had endorsed a proposal to establish a Heat Network Holdco comprising three wholly owned companies: The Heat Network Holdco Company (Holdco) to take overall responsibility for the two subsidiary companies:

- (a) Subsidiary Company 1 (CouncilCo) to provide supplies and services to the Council; and
- (b) Subsidiary Company 2 (TradeCo) to undertake all the commercial activity and provide services and supplies to all third parties.

In January we had also noted that a business plan and any associated financial matters associated with the establishment of the Heat Network Holdco structure was to be submitted to a future meeting.

A joint report now submitted by the Strategic Director (Development) and the City Treasurer explained the progress that had been made since January and described the intentions for the agreements for the project and the key elements of the business plan for the project. It also reported that the final business plan was not yet finalised and so could not be presented to this meeting. However, in order for the project to progress over the period until the Executive was next to meet in late May, delegated authorities were sought and agreed to allow Council Officers to approve the business plan, once it had been finalised.

Decisions

1. To note progress that has been made to date.
2. To note that the Full Business Plan including financial modelling associated with the project is to be finalised in April 2018.
3. To approve the establishment of special purpose vehicles, wholly owned by the Council to promote the delivery of the project.
4. To delegate authority to the Strategic Director (Development), the City Treasurer and the City Solicitor, in consultation with the Leader and the Executive Member for the Environment and the Executive Member for Finance and Human Resources, to approve the Full Business Plan and corporate documentation to establish the special purpose vehicles and to negotiate and finalise the terms of the contractual and property arrangements, including (i) the contract with Vital Energi; (ii) utilities and fuel supply contracts; (iii) customer supply agreements; (iv) land transfer agreements; (v) licensed supplier agreements; and (vi) guarantees, warranties, and other ancillary documentation to give effect to the delivery of the project.
5. To delegate authority to the City Solicitor to enter into and complete all documents or agreements necessary to give effect to these decisions.

Exe/18/043 St. John's Development Proposals including Factory Manchester

A report from the Strategic Director (Development) provided an update on the progress made in relation to the regeneration of St. John's, Trinity Islands and the new arts venue: Factory Manchester. The report explained that a number of commercial and legal arrangements were now required to underpin the delivery of Factory and St. John's. This report referenced the second confidential report that was also being considered (Minute Exe/18/046 below) which described the terms of the contractual and commercial arrangements between the City Council, Allied London Properties, Museum of Science and Industry, Network Rail and Laing O'Rourke which were necessary to complete the land assembly and to deliver Factory Manchester.

Decisions

1. To note and welcome the continued progress on bringing forward plans for the regeneration of St. John's and the delivery of Factory Manchester.
2. To approve the entering into of the property, contractual and commercial arrangements as may be necessary to give effect to the detailed transactions set out in the second confidential report (Minute Exe/18/046 below).
3. To delegate authority to the Chief Executive, City Treasurer and the City Solicitor in consultation with the Leader, the Executive Member for Finance and Human Resources, and the Executive Member for Culture and Leisure to negotiate and finalise the terms of the commercial arrangements including the building contract.
4. To delegate authority to the Chief Executive, City Treasurer and the City Solicitor in consultation with the Leader and the Executive Member for Finance and Human Resources to finalise the terms for the land transactions required to facilitate the delivery of Factory, provided they are Best Value in the reasonable opinion of the Director of Development and Corporate Estate.
5. To delegate authority to the City Solicitor to enter into and complete all documents or agreements necessary to give effect to these decisions.

Exe/18/044 Exclusion of the Public

A recommendation was made that the public be excluded during consideration of the next items of business.

Decision

To exclude the public during consideration of the following items which involved consideration of exempt information relating to the financial or business affairs of particular persons and public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Exe/18/045 Settled Accommodation for Homeless Families

A report submitted by the Director of Housing and Residential Growth described the legal, financial and contractual arrangements that would form the Collaboration Agreements with Registered Providers. It also explained how the purchase of the desired properties would be taken forward.

Decisions

1. To approve capital expenditure of £5m that will attract match funding from seven Registered Housing Providers to deliver approximately 70 units of settled accommodation across the city for larger families currently in temporary accommodation.

2. To note the proposed joint investment approach with registered provider partners to purchase approximately 70 larger houses in Manchester for use as settled accommodation for homeless families currently living in temporary accommodation.
3. To delegate authority to the City Treasurer in consultation with the Executive Member for Finance and Human Resources to agree and sign off the equity investment model on behalf of the City Council.
4. To delegate authority to the Strategic Director (Development), in consultation with the Executive Member for Finance and Human Resources and the City Treasurer, to negotiate and finalise the terms on which the capital expenditure is to be allocated and invested by the Council, and approve individual acquisitions once satisfied with:
 - a) the proposal, and
 - b) the legal details and governance approach.
5. To authorise the City Solicitor to conclude and complete all documents and agreements necessary to give effect to:
 - a) The terms agreed, and
 - b) The recommendations in this Report.

Exe/18/046 St. John's Development Proposals including Factory Manchester

The report of the Strategic Director (Development) set out the detailed terms of the contractual and commercial arrangements between the City Council, Allied London Properties, Museum of Science and Industry, Network Rail and Laing O'Rourke.

Decisions

1. To note the continued progress on bringing forward plans for regeneration of St. John's, Trinity Islands and Factory Manchester.
2. To note the outcome of the Integrated Project Office Gateway Review of the legal agreements relating to land assembly and JCT management and works contracts and the progress made in complying with the relevant recommendations.
3. To note the proposed terms of the contractual and commercial arrangements between the City Council, Allied London Properties, Museum of Science and Industry, Network Rail and Laing O'Rourke.
4. To approve the disposal of the Council's reversionary freehold interest in land at Quay Street and Trinity Way/Water Street, in accordance with the terms set out in the report.