



Executive

Date: Wednesday, 20 January 2021

Time: 2.00 pm

Venue: Virtual Meeting - <https://vimeo.com/event/608387>

This is a **Supplementary Agenda** containing additional information about the business of the meeting that was not available when the agenda was published.

The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020

Under the provisions of these regulations the location where a meeting is held can include reference to more than one place including electronic, digital or virtual locations such as Internet locations, web addresses or conference call telephone numbers.

To attend this meeting it can be watched live as a webcast. The recording of the webcast will also be available for viewing after the meeting has ended.

Membership of the Executive

Councillors

Leese (Chair), Akbar, Bridges, Craig, N Murphy, Ollerhead, Rahman, Stogia and Richards

Membership of the Consultative Panel

Councillors

Karney, Leech, M Sharif Mahamed, Sheikh, Midgley, Ilyas, Taylor and S Judge

The Consultative Panel has a standing invitation to attend meetings of the Executive. The Members of the Panel may speak at these meetings but cannot vote on the decisions taken at the meetings.

Supplementary Agenda

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| 8. Capital Programme Update | All Wards |
| The report of the Deputy Chief Executive and City Treasurer was to follow and is now enclosed. | 5 - 18 |
| 11. Manchester Aquatic Centre Investment | Hulme |
| The report of the Strategic Director of Neighbourhoods was to follow and is now enclosed. | 19 - 30 |

Information about the Executive

The Executive is made up of nine Councillors: the Leader and Deputy Leader of the Council and seven Executive Members with responsibility for: Children Services & Schools; Finance & Human Resources; Adult Services; Skills, Culture & Leisure; Neighbourhoods; Housing & Regeneration; and Environment, Planning & Transport. The Leader of the Council chairs the meetings of the Executive.

The Executive has full authority for implementing the Council's Budgetary and Policy Framework, and this means that most of its decisions do not need approval by Council, although they may still be subject to detailed review through the Council's overview and scrutiny procedures.

The Council wants to consult people as fully as possible before making decisions that affect them. Members of the public do not have a right to speak at meetings but may do so if invited by the Chair. If you have a special interest in an item on the agenda and want to speak, tell the Committee Officer, who will pass on your request to the Chair. Groups of people will usually be asked to nominate a spokesperson. Speaking at a meeting will require a telephone or a video link to the virtual meeting.

The Council is concerned to ensure that its meetings are as open as possible and confidential business is kept to a strict minimum. When confidential items are involved these are considered at the end of the meeting and the means of external access to the virtual meeting are suspended.

Joanne Roney OBE
Chief Executive
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Further Information

For help, advice and information about this meeting please contact the Committee Officer:
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This supplementary agenda was issued on 13 January 2021 by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Lloyd Street Elevation), Manchester M60 2LA

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**Manchester City Council
Report for Resolution**

Report to: Executive – 20 January 2021

Subject: Capital Programme Update

Report of: Deputy 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 the Executive to recommend to the City Council proposals that require specific Council approval.

Recommendations

1. To recommend that the Council approve the following changes to Manchester City Council's capital programme:
 - (a) ICT – End User Devices. A capital budget virement of £3.615m is requested, funded by Unallocated ICT Investment Budget.
 - (b) Children's Services – Our Lady's RC High School – Permanent. A capital budget virement of £2.4m is requested, funded by Unallocated Education Basic Needs Grant Budget.
 - (c) ICT – Network Refresh Programme. A capital budget virement of £3m is requested, funded by Unallocated ICT Investment Budget.
2. Under powers delegated to the Executive, to approve the following changes to the City Council's capital programme:
 - (d) Children's Services - Special Capital Fund – Grange School Expansion. A capital budget virement of £0.195m is requested, funded by Unallocated Special Education Needs Grant.
 - (e) Highways Services – Northern Eastern Gateway Walking and Cycling Scheme Accelerated Works. A capital budget increase of £1.746m is requested, funded by External Contribution.
 - (f) Highways Services – Manchester Cycleway Early Works. A capital budget increase of £0.450m is requested, funded by External Contribution.
 - (g) ICT - Resident and Business Digital Experience Platform Additional Funding. A capital budget decrease of £0.054m is requested and approval of a corresponding transfer of £0.054m to the revenue budget, funded by capital fund.

3. To approve Highways funding strategy to progress accelerated works
4. To note increases to the programme of £2.060m as a result of delegated approvals.
5. To note update on Public Sector Decarbonisation Scheme Bid
6. To note update on Medieval Quarter and Glade of Light Memorial project
7. To note update on The Factory Cultural Recovery Fund Grant

Wards Affected - Various

Environmental Impact Assessment - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city
All capital projects are reviewed throughout the approval process with regard to the contribution they can make to Manchester being a Zero-Carbon City. Projects will not receive approval to incur costs unless the contribution to this target is appropriate.

Our Manchester Strategy outcomes	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, Housing, and leisure facilities.
A highly skilled city: world class and home-grown talent sustaining the city's economic success	Investment 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	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 cultural and leisure services and housing.
A connected city: world class infrastructure and connectivity to drive growth	Through investment in ICT and the City's infrastructure of road networks and other travel routes.

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 £0.054m as a one-time transfer, 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 £2.142m across the 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 12th February 2020 – Capital Strategy and Budget 2019/20 to 2023/24

Report to the Executive 11th March 2020 - Capital Programme Update

Report to the Executive 3rd June 2020 – Capital Programme Update

Report to the Executive 3rd July 2020 – Capital Programme Update

Report to the Executive 29th July 2020 - Capital Programme Update and Capital Budget Monitoring 2020/21

Report to the Executive 9th September 2020 – Capital Programme Update

Report to the Executive 14th October 2020 - Capital Programme Update and Capital Budget Monitoring 2020/21

Report to the Executive 11th November 2020 – Capital Programme Update Report

1.0 Introduction

- 1.1 This report outlines the requests for changes to the capital budget from 2020/21.

2.0 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 the City Council which then constitute the approval of the five-year capital programme. Proposals for the capital budget were presented to the Executive on 12th February 2020.
- 2.2 The capital programme evolves throughout the financial year, and as new projects are developed, they will be reviewed under the current governance framework and recommendations made regarding whether they should be pursued.
- 2.3 The following requests for a change to the programme have been received since the previous report to the Executive on 11th November 2020.
- 2.4 Note that where requests are made in the report to switch funding from capital to revenue and to fund the revenue spend from the Capital Fund, this is a funding switch from within the capital programme and will not have a negative impact on the Fund itself.
- 2.5 For the changes requested below, the profile of the increase, decrease or virement is shown in Appendix 1 for each of the projects.

3.0 City Council'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, where the use of borrowing is required or a virement exceeds £0.500m. The following proposals require Council approval for changes to the capital programme:
- 3.2 ICT – End User Devices. The project will deliver ICT equipment to ensure Manchester City Council employees and Members are allocated end-user devices to meet the needs of their roles, replacing equipment that currently does not support the functionality that everyone requires to work effectively. A substantial amount of equipment that is past end of life and longer meets our needs including WYSE Terminals (3000+) will be replaced, supporting flexible working, as well as delivering better asset management and moving to a centralised process for distribution and replacement of equipment. Where the equipment is of a suitable specification it will be reused within MCC however if not, it will be sent for recycling to an accredited recycling company.
- 3.3 The new devices will maximise the benefits of the Microsoft 365 migration, new telephony and will support future new technologies that rely on a web browser to deliver application functionality. A capital budget virement of

£2.888m in 2021/22 and £0.727m in 2022/23 is requested, funded by Unallocated ICT Investment Budget.

- 3.4 Children's Services – Our Lady's RC High School – Permanent. Works and investment have been identified to increase the school's capacity from a 5FE (Form Entry) to a 6FE school for September 2022. This project is in response to ongoing growth in demand for secondary places in north Manchester. A capital budget virement of £0.100m in 2020/21, £1.800m in 2021/22 and £0.500m in 2022/23 is requested, funded by Unallocated Education Basic Needs Grant Budget.
- 3.5 ICT – Network Refresh Programme. The Programme aims to upgrade the network services that underpin every ICT service and digital technology used by the Council. Upon completion, the programme will provide a suite of network solutions and services that can be scaled up/down with minimum costs to adapt to future changes in the way we use our buildings, supporting other key initiatives such as the End User Device (EUD) strategy, that are reliant on the replacement of legacy network technologies. This programme is a fundamental step in the Council's ability to support Our Ways of Working and the future rollout of technology to support a more flexible workforce post COVID19.
- 3.6 The two component projects that make up the Network Refresh Programme are the delivery of a new, scalable Wide Area Network (WAN) that delivers adequate and appropriate bandwidth to all sites, and the physical replacement of communications room hardware, and deployment of corporate and public Wi-Fi across the operational estate. Potential grant funding from the Department for Digital, Culture, Media and Sports (DCMS), has resulted in a change to the delivery of this programme and delivery of the new WAN will now precede other activities associated with the programme, in alignment with the deadlines for securing the DCMS grant funding.
- 3.7 Competitive procurement exercises have been undertaken for both component projects of the Network Refresh Programme, and a contract award report for the delivery of the new WAN approved. This additional funding will facilitate the contract award for the physical replacement of communications room hardware and deployment of Wi-Fi. A capital budget virement of £3m in 2021/22 is requested, funded by Unallocated ICT Investment Budget.

4.0 Proposals Not Requiring Specific Council Approval

- 4.1 The proposals which do not require Council approval and only require Executive approval are those which are funded by the use of external resources, use of capital receipts, use of reserves below £2.0m, where the proposal can be funded from existing revenue budgets or where the use of borrowing on a spend to save basis is required. The following proposals require Executive approval for changes to the City Council's capital programme:

- 4.2 Children's Services - Special Capital Fund – Grange School Expansion. This project will increase the capacity of Grange School from 190 to 220 places for SEND pupils aged 4-19 with an Education, Health, and Care Plan (EHCP) and is part of the Council's ongoing response to rising demand for school places. A capital budget virement of £0.195m is requested, funded by Unallocated Special Education Needs grant.
- 4.3 Highways Services – Northern Eastern Gateway Walking and Cycling Scheme Accelerated Works. The overall scheme will create a continuous east-west walking and cycling route, linking neighbourhoods in the north and east city centre fringe. Connecting the neighbourhoods of Ancoats, New Islington, New Cross, New Town, Redbank, and the Green Quarter, linking the New Islington Metrolink with the proposed M62 Express Bus Corridor and improving walking and cycling access to the city centre and key public transport nodes. Works will include segregation of pedestrians and vehicles, including the extension of existing footways where appropriate and modal filtering in the form of physical barriers and signage.
- 4.4 This initial accelerated works phase will start at Pollard street and run through Ancoats/New Cross to Cheetham Hill Road and will include a full junction improvement of the Pollard street/Great Ancoats street junction. This links to the Great Ancoats Street works due to finish in early 2020. Cycle infrastructure was not included in the Great Ancoats Street Project as this scheme was seen as complimentary with less impact on traffic. By progressing early works, this will provide the cycling infrastructure needed along the route. The overall scheme has been given programme entry approval by Mayors Challenge Fund, full funding will be agreed based on the business case, see funding strategy in section 5.0. A capital budget increase of £0.437m in 2020/21 and £1.309m in 2021/22 is requested, funded by External Contribution.
- 4.5 Highways Services - Manchester Cycleway Early Works. The scheme will provide upgraded pedestrian and cycle facilities along the Fallowfield Loop route with improvements from a safety, access, lighting and ecological perspective. The early works provide an opportunity to demonstrate a joined up, programme approach by making improvements where the route crosses the Hyde Road widening project due to complete in January 2021. The overall scheme has been given programme entry approval by Mayors Challenge Fund, full funding will be agreed based on the business case, see funding strategy in section 5.0. A capital budget increase of £0.450m in 2020/21 is requested, funded by External Contribution.
- 4.6 ICT - Resident and Business Digital Experience Platform Additional Funding. As part of the future Council initiative, the Resident and Business Digital Experience programme will transform the digital experience and customer journey that is offered to residents and businesses of Manchester City Council. To establish that programme, Manchester City Council are currently working with a partner to undertake a series of discovery sessions and a technology review to help establish a blueprint, programme plan and a business case to progress.

4.7 The engagement sessions with the business, members and residents have started and there has been a positive uptake, exceeding initial expectations from every area. Therefore, the Senior Responsible owner in conjunction with the Project Board and Team are recommending that the project is extended by a further 4 weeks and therefore requesting this additional funding. This will accommodate further engagement sessions and to enable our partner to document their findings in a timely manner which will inform the blueprint, programme plan and the business case. A capital budget decrease of £0.054m is requested and approval of a corresponding transfer of £0.054m to the revenue budget, funded by capital fund.

5.0 Funding strategy to progress Mayor's Challenge Fund (MCF) accelerated works

5.1 In March 2018, the Greater Manchester Combined Authority (GMCA) approved an allocation of £160 million from the Transforming Cities Fund (TCF) to the Mayor's Cycling and Walking Challenge Fund (MCF), with the Fund receiving an allocation of £10 million in 2018/19 and £50 million per annum thereafter for three years (2019/20-2021/22). The Fund is to support the delivery of infrastructure in line with the proposals in the Cycling and Walking Commissioner's Made to Move report and the emerging 'Streets for All' Strategy. Manchester currently has approval from TfGM for programme entry for 9 schemes with an estimated value of circa £50m.

5.2 Although programme entry secures project funding while proposals are developed, the MCF process requires approvals at numerous scheme development milestones. This approval process extends project programmes, especially for larger and more complex schemes with budgets over £5m which require outline and full MCF business case approval. The Highways capital programme has a number of associated benefits whereby interdependencies exist between MCF and other Highways' schemes or deliverables are key to achieving priority outcomes for residents or businesses. Examples of this include supporting the economic recovery post lockdown through permanent infrastructure to enable tables and chairs to be located in the public realm in the Northern Quarter or ensuring works in the Northern Eastern Gateway and Manchester Cycleway tie in with the completion of the Great Ancoats Scheme and Hyde Road Scheme, respectively. To achieve these broader programme outcomes and benefits, approval is sought to cash flow early works for MCF schemes for spend in 2020/21 through use of Borrowing via the Highways Development Fund. The Development Fund will be reimbursed from the MCF as funding is claimed. There is little or no risk identified through this approach to either the Highways Development Fund or access to MCF funding allocated to Manchester.

6.0 Delegated budget Approvals

6.1 There have been increases to the programme totalling £2.060m as a result of delegated approvals since the previous report to the Executive on 11th November 2020. These are detailed at Appendix 2.

7.0 Update on Public Sector Decarbonisation Scheme Bid

- 7.1 In July 2020 the Chancellor announced £1bn of grant funding would be made available as part of a range of measures to support economic recovery in response to COVID-19 for investment in decarbonisation of public estates.
- 7.2 The Public Sector Decarbonisation Scheme is focused on energy efficiency in public buildings and in particular measures which decarbonise heat. The programme had short timescales for bidding (opened mid-October 2020 and closes early January 2021) and requires bidders to fully complete their programmes (all purchases and installations complete and fully spent) by end of September 2021. These are extremely challenging timescales, but this funding offers the chance for significant investment in the Council's estate of a kind that would not be able to be funded without this type of grant funding support.
- 7.3 With the support of the City Council's Economic Recovery Group (chaired by the Leader) and Zero Carbon Co-ordination Group, MCC agreed to join a Greater Manchester Combined Authority (GMCA) bid to the scheme, on the basis that a larger single bid would be more attractive to Government and Salix (the body delegated to allocate and manage the funding on behalf of BEIS). The total combined Greater Manchester (GM) bid collated by GMCA was submitted on 23rd November including 15 GM partners for a total value £80.7m. The MCC bid totalled £22.9m, with a projected carbon saving of 2,303 tCO₂e per annum. The MCC bid was developed with our energy services partner Ameresco and covers 13 buildings.

8.0 Medieval Quarter and Glade of Light Memorial

- 8.1 In 2018 £2m was approved to deliver the initial phase of public realm investment within the Medieval Quarter supporting the masterplan by Simpson Haugh that was submitted in 2016, a landscaping scheme was approved in 2019. This scheme was put on hold as the location was considered appropriate for the May 2017 Arena bomb attack memorial and, after consultation, the Medieval Quarter was selected as the location of the memorial. The Glade of Light memorial has become a new addition to the landscaping scheme and has now been integrated into the masterplan. The Glade of Light is located at the centre of a new river park public space and will add to the series of green spaces in the city centre and a place of remembrance.
- 8.2 External funding has been secured for the scheme and £1.137m has been approved for work to be completed by November 2021.

9.0 Update on The Factory Cultural Recovery Fund Grant

- 9.1 The City Council has been successful in its application to the Cultural Capital Kickstart Fund for the Factory Project, the application was for £21m, as detailed in the Report to Executive on the 14 October and to Council on the 28 October 2020. The fund is to support existing Arts Council capital projects to

assist with the impact of COVID-19 on projects due to increased capital costs. The grant must relate to expenditure between January and April 2020.

10.0 Prudential Performance Indicators

- 10.1 If the recommendations in this report are approved the General Fund capital budget will increase by £2.142m, across financial years as detailed in Appendix 1.
- 10.2 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 Capital Monitoring Report during the year.
- 10.3 There is an increase in the requirement for prudential borrowing, however, this has already been assumed within the City Council's revenue budget and therefore there is no impact on the City's Council Tax.

11.0 Contributing to a Zero-Carbon City

- 11.1 All capital projects are reviewed throughout the approval process with regard to the contribution they can make to Manchester being a Zero-Carbon City. Projects will not receive approval to incur costs unless the contribution to this target is appropriate.

12.0 Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

- 12.1 Contributions to various areas of the economy including investment in ICT services, housing, and leisure facilities.

(b) A highly skilled city

- 12.2 Investment provides opportunities for the construction industry to bid for schemes that could provide employment opportunities at least for the duration of contracts.

(c) A progressive and equitable city

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

(d) A liveable and low carbon city

- 12.4 Investment in cultural and leisure services and housing.

(e) A connected city

- 12.5 Through investment in ICT and the City's infrastructure of road networks and other travel routes.

13.0 Key Policies and Considerations

(a) Equal Opportunities

13.1 None.

(b) Risk Management

13.2 Risk management forms a key part of the governance process for all capital schemes. Risks will be managed on an ongoing and project-by-project basis, with wider programme risks also considered.

(c) Legal Considerations

13.3 None.

14.0 Conclusions

14.1 The Capital budget of the City Council will increase by £2.142m, if the recommendations in this report are approved.

14.2 The revenue budget of the City Council will increase by £0.054m, funded from a corresponding decrease in the capital budget via Capital fund, if the recommendations in this report are approved.

15.0 Recommendations

15.1 The recommendations appear at the front of this report

Appendix 1 - Requests for Adjustments to the Capital Budget Provision

Dept	Scheme	Funding	2020/21 £'000	2021/22 £'000	2022/23 £'000	Future £'000	Total £'000
Council Approval Requests							
ICT	End User Devices	Borrowing		2,888	727		3,615
ICT	ICT Investment Budget	Borrowing		- 2,888	- 727		- 3,615
Children's Services	Our Lady's RC High School – Permanent	Government Grant	100	1,800	500		2,400
Children's Services	Education Basic Need Grant Unallocated	Government Grant	- 100	- 1,800	- 500		- 2,400
ICT	Network Refresh Project	Borrowing		3,000			3,000
ICT	ICT Investment Budget	Borrowing		- 3,000			- 3,000
Total Council Approval Requests			0	0	0	0	0
Executive Approval Requests							
Children's Services	Special Capital Fund – Grange School	Government Grant	195				195
Children's Services	Special Educational Needs grant	Government Grant	- 195				- 195
Highways Services	Northern Eastern Gateway Walking and Cycling	External Contribution	437	1,309			1,746
Highways Services	Manchester Cycleway Early Works	External Contribution	450				450
ICT	Resident and Business Digital Experience Platform Additional Funding	Borrowing reduction, funding switch via Capital Fund	- 54				- 54
Total Executive Approval Requests			833	1,309	0	0	2,142
Total Budget Adjustment Approvals			833	1,309	0	0	2,142

Appendix 2 - Approvals under authority delegated to the City Treasurer

Dept	Scheme	Funding	2020/21 £'000	2021/22 £'000	2022/23 £'000	Future £'000	Total £'000
Private Sector Housing	Green Homes Grant	Government Grant	500				500
Highways Services	Emergency Active Travel Fund T2 Development Costs	External Contribution	160	40			200
Highways Services	Auto Bollards Additional Funding	RCCO	132				132
Highways Services	Bee Network Junctions & Crossings Development Costs	External Contribution	53				53
Highways Services	TFGM Bus Stop Enhancements - Development	External Contribution	38				38
Growth & Development	Medieval Quarter and Glade of Light Memorial	External Contribution		500			500
Growth & Development	Medieval Quarter and Glade of Light Memorial	External Contribution - S106		437			437
Growth & Development	Medieval Quarter and Glade of Light Memorial	Capital Receipts		200			200
Total Delegated Approval Requests			883	1,177	0	0	2,060

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**Manchester City Council
Report for Resolution**

Report to: Executive – 20 January 2021

Subject: Manchester Aquatics Centre Investment

Report of: Strategic Director of Neighbourhoods

Summary

The Manchester Aquatic Centre (MAC) is now over 20 years old and as such has been experiencing a number of building, mechanical and electrical end of life failures over recent years. In 2016 Manchester City Council commissioned a stock condition survey to review the maintenance liabilities over the next 20 years. The findings identified works to replace elements of the services installations and FF&E fit out within the building which were approaching 'end of life' or 'life expired' and therefore would require investment to maintain this asset for the remaining term of the lease (20 years). In 2019, investment was approved to progress works to RIBA Stage 2 only, to provide more certainty on the build condition and the essential and priority works required for the MAC to have a sustainable future. This report sets out the request to proceed with the full refurbishment to return the MAC to a compliant venue for all current uses and to modern standards.

Progressing this scheme will ensure that modern disability access standards are met, water treatment is future proofed as well as delivering digital improvements and reducing carbon emissions. The opportunity to address replacement of end of life items with carbon reduction technologies has been embraced, with recommendations to provide more carbon efficient solutions such as, ground source and air source heat pumps, LED lights and solar PVs on the roof.

Recommendations

The Executive is recommended to:

1. To consider and note the options presented in the report and approve proceeding with Option 1 (Full Refurbishment).
 2. To recommend that the Council approve an increase the capital budget by £0.7m in 2020/21, £8.5m in 2021/22 and £21.2m in 2022/23, funded by £29.2m borrowing, and a capital budget virement of £1.3m funded by capital receipts via the Asset Management Programme Budget.
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Wards Affected All Wards

Our Manchester Strategy Spine	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Sport and Leisure is a key economic driver within the city not only as an employer, but also in attracting inward investment to underpin a wide range of key sectors in the city.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The MAC provides significant opportunities for training, development, apprenticeship programmes and volunteering. This contributes meaningfully to employment within the Manchester economy.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The MAC provides significant opportunities for all communities within the city to engage actively and energetically.
A liveable and low carbon city: a destination of choice to live, visit, work	The refurbishment is seeking to make a strong commitment to environmental sustainability through investment to modernise the asset and implement carbon reductions measures.
A connected city: world class infrastructure and connectivity to drive growth	The refurbishment seeks to deliver an improved high-quality asset that will continue to support our growth ambitions over the next 20 years.

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 revenue implications during the construction phase have been estimated at £1.177m.

Financial Consequences – Capital

A capital budget increase of £0.7m in 2020/21, £8.5m in 2021/22 and £21.2m in 2022/23 is requested, funded by £29.2m borrowing, and a capital budget virement of £1.3m funded by capital receipts via the Asset Management Programme Budget.

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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.

- Capital Strategy and Budget 2018/19 to 2023/24, Executive – 13 February 2019 and Council – 8 March 2019.

1.0 Introduction

- 1.1 Following detailed feasibility works and site investigations and surveys over the last 12 months, this report provides an update on the capital works required at the Manchester Aquatics Centre (MAC).
- 1.2 The report sets out the possible options for the MAC following the completion of a RIBA Stage 2 report, this report highlighted the budget estimates required to a) maintain the facility; b) ensure that it remains functional and able to house major sporting events; and, c) deliver carbon reduction measures.

2.0 Background

- 2.1 The MAC is located on Oxford Road, built in 1999 in partnership with Manchester University, Manchester Metropolitan University and Sport England as part of hosting the Manchester 2002 Commonwealth Games. Both parties continue to be strategic stakeholders in the site and operate student programmes under a joint venture agreement. The venue is operated on behalf of the Council by Greenwich Leisure Limited (GLL), who are responsible for delivering the business plan.
- 2.2 The MAC has a national and international reputation for hosting major swimming and water polo events for the City of Manchester such as: Commonwealth Games, Duel in the Pool 2009 and a variety of British Championships annually. The MAC is also the home of GB Water Polo High Performance Centre, GB Para Swimming High Performance Centre who won a total of 47 medals at the Rio Olympics with 16 golds. The centre is heavily used by Manchester residents, and is one of the busiest swimming facilities in the country, used by circa 528,000 visitors per annum.
- 2.3 The pool provision supply at the MAC is critical to meet the city-wide demand for swimming services, including free swimming and school swimming. The water provision at the MAC in metres² makes up over 30% of all swimming provision in the City. In practical terms, the facility meets the demands of the equivalent of six community swimming pools. The MAC is known to be one of the busiest 50m pools in the country due to its flexible programme and one of very few facilities of this nature which has buoyant ongoing business plan.
- 2.4 In 1999, and as part of the funding obligations with the Sport England Lottery Fund, the Council agreed to underwrite the full operating costs of the facility and the maintenance costs for the term of the lease (40 years).
- 2.5 As part of the initial funding to build the MAC, the Universities contributed £3.2m of capital funding and committed to pay an annual revenue fee (which is subject to inflation) for ongoing prioritised programmed use of the site. This results in an ongoing revenue payment from the Universities to the Council for a license to occupy key time slots.
- 2.6 The Business Plan for the MAC has been a success and has outperformed the original expectations in 1999 and also most other public swimming pools

across the UK. The site generates an operating surplus, with both Universities and British Swimming contributing positively to the costs of operating the site. The success of the operating model ensures other venues are cross subsidised across the Council's leisure estate, this in turn ensures that leisure provision remains affordable for all residents.

- 2.7 With regards to the maintenance of the venue, there is a division of responsibilities agreed within the contract for Repairs and Maintenance (R&M) between the Council and GLL, where GLL are responsible for the day-to-day R&M and the Council is responsible for end-of-life replacement, or repairs to the structure and fabric of the building.
- 2.8 The facility has been experiencing a number of building, mechanical and electrical (M&E) failures over the past few years, however a report on these issues was placed on hold whilst officers explored all available options. Some essential works were undertaken to ensure the continuity of the facility and delivery of services, but these have been limited.
- 2.9 In March 2019, the Council approved £933k from the AMP budget to appoint a main contractor to progress works to RIBA Stage 2 only. This was to enable the Council to understand the costs of progressing high priority and upgrade works to maintain existing services, and to obtain more certainty on the condition of the building, and the scope of work required to upgrade it. The RIBA Stage 2 work is now complete, and the findings are summarised in Section 4.

3.0 Strategic Fit and Economic, Social & Environmental Impact

- 3.1 The MAC is recognised to be one of the most extensively used pools in the country. The core programmes that run from the centre are:

1. Education/ School Swimming
2. Swimming Lessons
3. Tom Daley Diving Academy
4. Community Active Aqua Programmes
5. GB Para Swimming Training Programmes
6. GB Water Polo training programmes and competitions
7. Swim England National and Regional Performance Centre

In addition, there are a number of partners and clubs that the centre accommodates, including:

- City of Manchester Aquatics Swim Team
- City of Manchester Water Polo Club
- MAC Dive Club
- MMU & UoM Staff and Student programme
- England Water Polo Club

- 3.2 The MAC core facilities are: Aquatics (Leisure Pool, Swimming, Water Polo and Diving); and the Fitness and Health Suite. There are over 100 hours activity per week from the 3 gyms the centre has to offer engaging 4,146 pre-

paid members and 10,399 pay and play members. The centre also offers 48 hours of classes, with an average of 2,350 users a month (2019/20 membership).

- 3.3 The centre offers a comprehensive events programme, with the 50-metre pool playing a fundamental role in securing national and international events (with only two others across the North West). In 2019 calendar year, the MAC events programme attracted 18,600 competitors and spectators. Events included:
- British Water Polo Championship
 - British Youth Water Polo Nationals
 - Swim England Synchronised Swimming Championships
 - Manchester International Swimming Competition
 - National Para-Swimming Championships
 - International Training camps
- 3.4 The venue contributes to swimming development agenda at all levels from beginners to elite athletes with a wide-ranging programme of activity for all ages which are affordable for residents through the Manchester Active membership scheme. The targeted programmes include, over 50's activities, Dementia friendly services, Women's only and GP referral activity. The MAC is the flagship swimming facility in the North West region and provides for a wide variety of community needs. The MAC is also the only public swimming pool in the city centre providing community leisure services for the growing number of City Centre residents and families, and has citywide reach engaging residents from all 32 wards.
- 3.5 The MAC's comprehensive programme of activity generates significant social value benefits to the City. Combining the value of the health and wellbeing, reduction in anti-social behaviour and volunteering benefits, social value impact is estimated to total £636k value per annum as a result of the operation of the MAC.
- 3.6 The MAC makes a significant contribution to the local economy. The venue has an annual turnover of circa £2.67m and has an annual footfall of circa 528,000 users. Events hosted have a significant profile with a national/international reach and have an economic value to Manchester in excess of £1m per annum. In addition, the annual profile of spectators and participants at events, estimates expenditure of a further £1.2m in the local visitor economy (2019 data).
- 3.7 Manchester is looked upon as an international city of sport with the aspiration for further growth and international events in this area. The replacement of the items set out in this report would help sustain this approach especially against an ever improving national/international sporting assets base within competitor cities.
- 3.8 The Council has recently secured the World Paralympic Swimming Championships in 2023 which presents a great opportunity to showcase the

MAC and City on a Global Stage. Whilst a refurbished venue is not a requirement for the event, the Council will need to be confident that the event can take place without disruption as a result of building and system failures.

- 3.9 The strategic partnership with Manchester universities promotes a joined-up approach for the 73,000-student population. The site provides employment of 55.8 full time equivalent posts, including operational staff and partners and organisations. In addition, there is a total of some 66 volunteer positions across these organisations contributing to delivery of community programmes on site. The direct employment and onsite tenants are estimated to total £3.9m gross value added to Manchester's economy per annum.
- 3.10 The MAC's annual social and economic impact combining the value of direct employment, events, supply chain, the health and wellbeing of residents, reduction in anti-social behaviour and volunteering, suggests the MAC's total **Economic impact is £4.35 million and Social Value impact is almost £0.64 million** additional value per annum.
- 3.11 At present, there are no low or zero carbon technologies operating in the MAC. The refurbishment proposals will likely achieve a forecast carbon savings of **749,937kg per annum**, which represents a 40% reduction in energy use and CO2 emissions over the existing building. These savings will benefit the MAC and support city wide objectives for the Council to achieve carbon neutrality by 2026.

4.0 RIBA Stage 2 Findings

- 4.1 The key findings from the RIBA Stage 2 works are summarised below, the items which need to be addressed immediately include:
- Replacement of moveable floors.
 - Replacement of submersible booms to divide the pools.
 - Replacement spa facility.
 - Refurbished lifts.
 - Replacement pool treatment plant.
 - Replacement pool lighting.
 - Upgrade of heating and electrical.
- 4.2 There are three primary reasons for the life expiry of these items:
- volume of use over the last 20 years (c. 10m+ visits);
 - climate within the pool hall causing corrosion; and
 - some items were new innovative technologies at the time and therefore the life expectancy was not known.

It should be noted that there is no evidence that items have become life expired as a result of poor maintenance by the operators of the centre or the Council.

- 4.3 To address the issues officers have examined two options in respect of costs and scope of works. The detail on these options are summarised in the

Options Appraisal in section 5.

5.0 Options Appraisal

- 5.1 A number of options have been considered to inform the most financial advantageous option to the Council. The financial and operational consequences of each option is set out below:
- Option 1 - to proceed with the full refurbishment scheme, plus carbon programme.
 - Option 2 – delay the refurbishment and undertake essential works only to address immediate and anticipated future failings over the next period.
 - Option 3 - to do nothing and continue to operate with no capital investment.

5.2 Option 1: Full Refurbishment

- 5.2.1 The cost of progressing with the full refurbishment is estimated at £31.39m to deliver all identified essential works, refurbishment works, and carbon technology upgrades recommended in the RIBA Stage 2 Report. Some of these items are required in order to meet funding obligations, and service the high performance/ elite athlete programmes delivered at the centre. The full refurbishment will also ensure the MAC can continue to be able to attract and host major events.
- 5.2.2 There are also more practical reasons for the refurbishment works, including abiding to modern disability access standards, delivering digital improvements, and implementation of sustainable carbon technologies that will enable the Council to set the building on a clear path to decarbonisation. The proposed works will reduce the carbon footprint by minimum 40% and create a more carbon efficient building.
- 5.2.3 If this option was progressed in 2021, there is an opportunity to further enhance the decarbonisation of the MAC by securing Government Funding via the National Public Sector Decarbonisations Scheme. A bid has been put forward for this, which if successful, will generate c.£3.3m of investment to assist in decarbonising the building further than the 40% carbon reduction measure set out in the RIBA Stage 2 Report. If this funding is secured, it will result in enhanced carbon measures as well as contributing to offsetting the costs of the full refurbishment by an estimated £1m.
- 5.2.4 The programme for the full refurbishment has been modelled on the desire to maintain services for as much as is practical during the refurbishment period. If this option is progressed construction is expected to last a total of 27 months, allowing for the building to remain operational with access to some services in order protect the Council's contractual obligations and associated income, and to maintain key services. The additional revenue implications during the construction phase have been estimated at £1.177m.

5.3 Option 2: Delay Refurbishment and Undertake Essential Works Only

- 5.3.1 If the refurbishment scheme was delayed by a number of years, it is

anticipated that there will still be a significant capital costs to be met by the AMP programme to address the priority works required to maintain existing services and ensure the building remains operational during this period. The cost of this has been estimated at £22.7m. These works have been costed to include all items that are approaching or have reached the end of life. This assumes all of the work is carried out as a single project, rather than reacting to failures as and when they happen (which will be more expensive and have a greater impact on service delivery due to potential unplanned closures). The revenue implications associated with a forced unplanned closure due to maintenance failures is estimated at £1.482m per annum, therefore it would be more prudent to progress this option as an early preventative approach, rather than reacting to failings on a piecemeal basis. It should be noted that this option excludes investment into any carbon reduction technologies.

- 5.3.2 Under this option the following non-essential items would not be replaced in the short term: the replacement of corroded seats; replacement and provision of specialist event lighting and equipment; control systems to abide to modern disability access standards, and replacement of floor and wall tiling to pool side areas and pools. It should therefore be noted that the priority works will not provide a facility of a standard that is appropriate for hosting major national / international events.
- 5.3.3 If the essential works were not progressed immediately, the MAC will continue to fail and there will be a significant strain on AMP budget by reacting to maintenance and health and safety issues. This will result in ongoing unplanned long-term closures, restricted access to services and or some services being withdrawn. In addition, the building will continue to operate inefficiently with high CO2 consumption. Any significant delays will impact negatively on the Council's commitment to be a carbon neutral city by 2038. This option will expose the Council to possible claims from partners for reduced services.
- 5.3.4 If the wider refurbishment works set out in section 5.2 were delayed for a further 10 years the cost of the associated works is anticipated to increase by up to £2.5M (Net Present Value). There would also be an additional 9-15 months of facility closures. The additional revenue costs associated with this are estimated up to a further £1.328m. Given this, the combined comparative cost of Option 2 on a like for like basis with option 1 is estimated up to **£36.4m**. It should be noted that there would also be other revenue, which would be at risk relating to a loss of activity and events over the next 10 years. This is estimated at further **£4m** over the 10-year period.

5.4 **Option 3: Do Nothing**

- 5.4.1 If the decision is to do nothing, i.e. no substantial investment to maintain and upgrade the building, and no scheme is delivered, the services and the building will continue to fail and it is likely to lead to closure. In addition to the potential consequences identified in option 2, the Council would face long-term financial and operational impact, such as:
- Potential relocation of GB Para Swim Team and loss of revenue.

- University of Manchester Licence obligations not being met and loss of revenue.
- Manchester Metropolitan University Licence obligations not being met and loss of revenue.
- Revenue impact in the Leisure Contracting arrangements.
- Some or all services being withdrawn.
- Risks around delivery of sustainable technologies and continued high CO2 and energy consumption.
- There would be a significant reputational risk and financial impact should the venue not be to a standard to host major national / international events and continue to deliver the GB Para Swim Team national training programme.
- Increased cost within any future contract due to the inability to sustain services and drive growth.

6.0 Conclusion and Next Steps

- 6.1 It is recognised the MAC has played an important role in the development of Sport and Leisure in Manchester over the last 20 years. Not only does the MAC support the Council's community objectives for improving health outcomes, it also supports Manchester's ambitions as a global city. The MAC has a viable business plan; and the Council has chosen to utilise the net proceeds from the operation of the site over the last 20 years to underpin the costs of the whole leisure estate.
- 6.2 Both Options 2 and 3 presents significant financial and operational consequences and risk to the Council, partners and communities if the scheme is delayed or placed on hold for the foreseeable future. Progressing Option 1 will ensure the MAC is a sustainable community asset for the next 20 years, continuing to contribute to health, economic and social outcomes, as well as reducing the overall carbon footprint. As outlined, this option requires an upfront capital investment in order to secure a sustainable future for the facility under which existing activities and the varied benefits they generate can be protected. Not only is this an operational preference, it is believed to offer the best funding scenario for the Council. It would therefore be prudent to proceed with the full refurbishment scheme and allocate the full budget to proceed to RIBA Stage 4 and 5, in order to streamline the programme and avoid further added costs associated with seeking further approvals.
- 6.3 If Option 1 is progressed, it should be noted that there are some additional further development opportunities which could be considered on a spend to save basis, these include:
- Repurposing underutilised parts of the building to create an improved health and fitness facility within the current demise.
 - To create an entrance direct from Oxford Road to improve the customer journey for Health and Fitness members
 - To relocate the cafeteria.
 - To modify internal spaces to improve income generation.

A detailed business case for these additional works has not yet been considered, however if the full refurbishment is progressed, it would be prudent to examine the viability of these enhancement opportunities on a spend to save basis as part of the detailed design stages in order to inform the final scheme.

7.0 Key Policies and Considerations

(a) Equal Opportunities

- 7.1 An Equality Impact Assessment will be carried out in relation to the refurbishment programme. There are no adverse impact anticipated for any protected characteristic group.

(b) Risk Management

- 7.2 A risk workshop for the project has been undertaken and a detailed risk log has been captured. The risk associated with this project will continue to be reviewed by the Project Board.

(c) Legal Considerations

- 7.3 These proposals will require consent from organisations such as Sport England and the Universities and will have contractual implications with partners such as GLL and British Swimming. Agreement will be sought with these parties prior to any works being progressed.

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