

Manchester City Council Report for Resolution

Report to: Executive – 17 February 2021
Resources and Governance Scrutiny Committee – 1 March 2021
Council – 5 March 2021

Subject: Capital Programme Monitoring 2020/21 – December 2020

Report of: The Deputy Chief Executive and City Treasurer

Summary

This report informs members of:

- (a) Progress against the delivery of the 2020/21 capital programme to the end of December 2020.
- (b) The revised capital budget 2020/21 taking account of changes between the approved capital budget and any further changes occurring in year.
- (c) The latest forecast of capital expenditure and the major variances since the Capital Budget Review and Programme monitoring 2020/21 report submitted in October 2020.
- (d) The impact any variations may have on the Capital Programme for the period 2020/21 to 2024/25.

Recommendations

The Resources and Governance Scrutiny Committee is asked to note the contents of the report.

The Executive is requested to:

1. To recommend that the Council approve the virements over £0.5m within the capital programme as outlined in Appendix A.
 2. Approve virements under £0.5m within the capital programme as outlined in Appendix A.
 3. Note that approvals of movements and transfers to the capital programme, will result in a revised budget total of £372.0m to and a latest full year forecast of £372.1m. Expenditure to the end of December 2020 is £249.1m.
 4. Note the prudential indicators at Appendix B.
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Wards Affected: All

Environmental Impact Assessment - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city

Under the governance process for capital expenditure decision making, zero and low carbon measures are a key component. 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.

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	The capital programme contributes to various areas of the economy including investment in public and private sector housing, education and children's social care, transport infrastructure, major regeneration activities, environmental, cultural and leisure services.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The capital programme includes substantial investment in education and also 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	The capital programme includes investment in adult and children's social care, education, housing and the environment, cultural and leisure services, all of which contribute towards the strategy.
A liveable and low carbon city: a destination of choice to live, visit, work	Investment in all areas of the capital programme contributes towards this community strategy, notably the investment in sustainable and affordable housing, building schools for the future, transport, environmental and major regeneration programmes.
A connected city: world class infrastructure and connectivity to drive growth	The capital programme includes investment in highways infrastructure, and broadband expansion.

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

All revenue consequences are included in the current Revenue Budget.

Financial Consequences – Capital

The latest forecast of expenditure for 2020/21 for Manchester City Council is £372.1m compared to the proposed revised budget of £372.0m after the changes proposed in

this report, which is shown in the table at paragraph 17.1. Spend as at 31st December 2020 was £249.1m. The programme is subject to continual review to establish whether the forecast remains achievable. Whilst the intention is for the City Council to progress the programme as stated, some projects and their sources of funding may require re-profiling into future years.

Contact Officers:

Name: Carol Culley
Position: Deputy Chief Executive and City Treasurer
Telephone: 0161 234 3406
E-mail: carol.culley@manchester.gov.uk

Name: Helen Seechurn
Position: Interim Deputy City Treasurer
Telephone: 07814 087850
E-mail: helen.seechurn@manchester.gov.uk

Name: Tim Seagrave
Position: Group Finance Lead – Capital & Treasury Management
Telephone: 0161 234 3445
E-mail: tim.seagrave@manchester.gov.uk

Name: Kate Stonehouse
Position: Principal Finance Manager – Capital
Telephone: 0161 245 7853
E-mail: kate.stonehouse@manchester.gov.uk

Background documents (available for public inspection):

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

- Report to the Executive 12th February 2020 – Capital Strategy and Budget 2019/20 to 2024/25
- Report to the Executive 11th March 2020 – Capital Programme – Capital Programme Update
- Report to Council 25th March 2020 - Constitutional Amendments and Other Matters for Council Business Continuity
- Report to the Executive 3rd June 2020 - Capital Programme Outturn 2020/21
- Report to the Executive 3rd June 2020 - Capital Programme - Capital Programme Update
- Report to the Executive 3rd July 2020 - Capital Programme - Capital Programme Update
- Report to the Executive 29th July 2020 - Capital Budget Review and Programme Monitoring 2020/21

- Report to the Executive 29th July 2020 - Capital Programme - Capital Programme Update
- Report to the Executive 9th September 2020 - Capital Programme - Capital Programme Update
- Report to the Executive 14th October 2020- Capital Programme – Capital Programme Monitoring 2020/21 - Period 5
- Report to the Executive 14th October 2020 – Capital Programme – Capital Programme Update
- Report to the Executive 11th November 2020 – Capital Programme – Capital Programme Update
- Report to the Executive 20th January 2021 – Capital Programme – Capital Programme Update
- Report to the Executive 17th February 2021 – Capital Strategy and Budget 2020/21 to 2024/25

1. Introduction

1.1 The purpose of the report is to:

- Provide an update to members on the progress of the capital programme in the five months to the end of December 2020.
- Inform members of the latest estimates of capital expenditure for 2020/21 and to show forward commitments into the 2021/22 to 2024/25 capital programme.
- Confirm that there are adequate levels of resources available to finance the capital programme.

1.2 A summary of each part of the programme is included within the report, providing details on the major projects. This is presented alongside a summary of the financial position, and as a result any changes to the budget that are required.

1.3 Appendix A details the virements requested across the programme since the Executive approved the revised capital budget in October 2020. The full revised capital budget for each project, taking into account the virements requested, the new budgets introduced, and any re-profiling between years can be found in the Capital Strategy elsewhere on the agenda. Appendix B notes the prudential indicators.

2 Contributing to a Zero-Carbon City

2.1 To reflect the climate change emergency that the Council has declared, the capital expenditure business cases are now required to include a carbon measure for both during the project progression stage and the ongoing lifecycle post completion. The intention is that the carbon footprint of a scheme is considered as part of the decision-making process. This work is ongoing and will reflect the decisions taken by the Council on how it will meet the future carbon reduction targets in order to become carbon neutral by 2038.

3 Capital Budget

3.1 The Executive approved the revised Capital Budget for the period 2020/21 to 2024/25 in October 2020. Since then, subsequent capital budget increase reports were submitted to the Executive. The revised capital budget, before changes proposed in this report, is shown below:

Capital Programme 2020-2024	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Capital Budget (July 20)	485.2	373.7	259.5	110.2	0.0	1,229.2
Capital Programme Monitoring	-49.5	11.3	47.6	0.9	34.1	77.1
Capital Programme Update (Approved Oct 20)	2.9	6.2	6.6	0.0	0.0	15.6
Capital Programme Update (Approved Nov 20)	5.3	1.6	0.0	0.0	0.0	6.9

Capital Programme 2020-2024	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Capital Programme Update (Approved Jan 21)	2.8	9.4	12.6	8.6	0.0	33.3
Revised Capital Budget	446.7	402.2	326.3	119.7	34.1	1,329.0

3.2 The figures shown above also include those approved by the Executive Member for Finance and Human Resources and the Deputy Chief Executive and City Treasurer under delegated powers.

4 COVID-19 impact on the Capital Programme and response

4.1 The COVID-19 pandemic has, and will continue to have, a wide-reaching impact on the Council's capital programme. The early impact has been highlighted in previous reports to the Executive, with an initial pause across construction activity and work resuming on major sites relatively quickly.

4.2 The required social distancing measures reduces productivity and increases cost as the work programmes take longer to complete and is likely to continue for the foreseeable future. The inflationary impact of COVID-19 will be absorbed through existing project contingencies where possible and further approvals sought if this proves insufficient.

5 Capital Programme Forecast 2020/21

5.1 The latest forecast of expenditure for the Manchester City Council Capital Programme in 2020/21 is £372.1m compared to a current revised budget of £446.7m. The variations are shown in the table below.

5.2 The tables in this report show the budget approved by the Executive in February 2020, alongside the current revised budget and the latest forecast. The intention is that there is clear transparency in how budgets have changed.

Capital Programme 2020/21 budget, forecast and spend to date at 31st December 2020

Manchester City Council Programme	Budget set in Feb 20 £m	Revised Budget £m	Forecast £m	Variance £m	Spend to Date £m	Spend to Date as % of Forecast
Highways	58.8	59.2	53.3	-5.9	28.9	54.2%
Neighbourhoods	16.7	16.1	10.4	-5.7	2.7	26.0%
Growth and Development	119.0	93.9	87.5	-6.4	50.7	58.0%
Town Hall Refurbishment	49.1	39.2	34.6	-4.6	18.8	54.3%
Housing – General Fund	22.6	17.1	13.8	-3.3	8.6	62.3%
Housing – Housing Revenue Account	38.8	17.8	16.1	-1.7	11.5	71.4%

Manchester City Council Programme	Budget set in Feb 20 £m	Revised Budget £m	Forecast £m	Variance £m	Spend to Date £m	Spend to Date as % of Forecast
Children's Services	29.5	44.4	37.2	-7.2	12.8	34.4%
ICT	5.7	3.3	3.8	0.5	1.6	42.1%
Corporate Services	38.2	155.7	115.4	-40.3	113.5	98.4%
Total	378.4	446.7	372.1	-74.6	249.1	67.0%
Reprofiling				-71.4		
Cost Variations				-3.3		
Net over (under) spend				0.1		

5.3 The revised budget shown above reflects the re-profiling noted in the Budget Review and Programme monitoring 2020/21 report to the Executive in October and any new projects added to the programme. The profile of spend for projects from 2020/21 onward continues to be reviewed to reflect the known and expected impact of COVID-19 which informs the forecasts shown above.

6 Summary of Main Changes to the Revised Budget

6.1 The main changes to the programme since the report to Executive in October 2020 are as follows:

- Highways - There is a requirement to reprofile £3.3m into next financial year across all schemes funded through the Mayor's Challenge Fund, due to delays associated with COVID-19, and consultations and engagement taking longer than originally anticipated.
- Neighbourhoods - The vehicle delivery plan for the Purchase of electric refuse collection vehicles project has been extended due to COVID-19, meaning several the Electric refuse collection vehicles will now be delivered in April 2021, and so a total of £4.1m will be reprofiled into next financial year.
- The Factory - A total of £1.7m will be reprofiled into next financial year for The Factory due to reprofiling of contingency in year and various work package costs now being paid later than previously forecast.
- Growth and Development - The target date for the Northern Gateway Housing Infrastructure Fund (HIF) scheme entering into the Grant Determination Agreement (GDA) with Homes England has been affected by COVID-19, and as a result £2.0m will be reprofiled into 2021/22.
- Our Town Hall - There is a requirement to move £4.5m into future years due to the reprofiling of the contingency budget in line with construction values and risk management procedures.
- Private Sector Housing - COVID-19 has caused some delay with the progress of the Next Steps Accommodation Property acquisitions project and assigning a contractor to develop the properties to a liveable standard, and as a result a total of £2.7m will be reprofiled into next year.
- Public Sector Housing - The Silk Street programme has been slowed down to ensure member views around design and social value are reflected, and so a total of £0.9m will be moved into next financial year.

- Children's –The acquisition of the Hyde Road site has completed at £3.1m less than was originally budgeted for. This will be removed from the Capital programme.
- Corporate Services - The Gorton Health hub project forecast has been further updated in light of COVID-19 and the review of the scope with partners. As a result, a total of £4.0m will be reprofiled into future years.
- Manchester Airport Group – No further payments are expected to be made this financial year as part of the shareholder support approved for Manchester Airport Group, and so a total of £36.2m will be reprofiled into next financial year.

6.2 The position will be closely monitored with the final outturn position being highly dependent on schemes commencing and continuing on schedule and delivering to plan. Major variances, by service area are explained below.

General Programme Risks

- 6.3 As can be seen in the remainder of the report, COVID-19 continues to have a significant impact on the delivery of the 2020/21 Capital Programme and a number of schemes have had to be deferred or have been delayed. The report summarises the position based on the best understanding at this point in time and the forecasts are therefore subject to change.
- 6.4 The Capital Budget is prepared on the best estimate of the spend profile for each scheme across its life and as the scheme develops this may change. This report is intended to highlight the total life and cost of schemes, and the risks associated with their development. All projects carry risk such as delivery risk, third party risk and market risk, including build cost and inflation. Some of the current risks are outlined below.
- 6.5 General inflation in the North West (NW) construction market did flatten for the remaining calendar year 2020, with the Q4 outturn figure suggesting inflation saw a negative result of –0.3%. Whilst it was predicted 2021 inflation would be expected to recover it was predicated on the wider economic recovery, with the impacts of the pandemic and further lockdowns affecting this recovery to a larger degree than first thought. Forecasting inflation indices for the general North West region remains difficult given the ongoing COVID-19 situation and the effects of this on the construction industry both nationally and in the NW.
- 6.6 Current analysis by the Office for Budget Responsibility (OBR) reported that GDP declined by 21.8% as a result of the COVID-19 recession. With the transition from the European Union (EU) from the 1st January 2021 having no direct charges on construction or construction products there are however administrative burdens that may add costs to the UK construction industry with changes to the way British businesses import materials, hire people, and procure from the EU. In addition, with the Covid-19 vaccination programme in its infancy, the lasting impact on GDP, construction output and tender inflation is uncertain. In general, the NW regional activity is expected to cool off as companies try to protect their long-term order books, although over the next few years the level of activity in Manchester is expected to perform better than other regions. Future

prices will be very much dependent on how deep the effects off the recession are and how long the economic recovery takes.

- 6.7 Current inflation estimates for 2021 are between 0.5% to 3.5% for the NW. This will vary for each project. The Council's capital strategy includes provision for inflation to be allocated when appropriate.
- 6.8 The programme contains some budgets yet to be allocated to specific projects but reserved for a particular purpose, such as Education Basic Need funding, the Highways Investment Fund and the ICT Fund. Once the projects underpinning the planned programmes in these areas are developed, they are approved through the Council's capital approval process and the budgets allocated and the Capital Budget updated accordingly.
- 6.9 Where specific risks have been identified they are detailed in the relevant section below.

7 Highway Services Programme

- 7.1 The schemes within the current Highways portfolio include the highways improvement investment fund, projects to improve and increase the use of cycle routes which relieve congestion and reduce air pollution from vehicle emissions, improvements to pedestrian access in areas in the City, improvements to safety measures and schemes to reduce energy consumption for street lighting.
- 7.2 The main variances from the original budget set in February 2020 and before the proposals noted in this report are as follows:
- Throughout the year, a number of Highways projects have been approved by the Executive or the Deputy Chief Executive and City Treasurer under delegated powers, to be funded through the Mayor's Challenge Fund (MCF). The total budget for MCF schemes in 2020/21 is £10.2m.
- 7.3 The Highways capital programme is forecasting to spend £53.3m compared to a revised budget of £59.2m, a variance of £5.9m. The programme is shown in the table below:

Highways	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Highways Planned Maintenance Programme	27.9	25.1	24.7	-0.4	123.2	123.2	0.0
Great Ancoats Improvement Scheme	6.0	5.9	4.7	-1.2	9.3	8.3	-1.0
Mayor's Challenge Fund Schemes	1.2	10.2	6.9	-3.3	31.0	31.0	0.0
Mancunian Way and Princess Parkway National Productivity	4.1	4.9	5.2	0.3	8.8	9.1	0.3

Highways	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Investment Fund (NPIF)							
Other Projects	19.6	13.1	11.8	-1.3	126.8	128.7	-1.1
Total Highways	58.8	59.2	53.3	-5.9	299.1	297.3	-1.8
Reprofiling				-6.2			
Cost Variations				0.0			
Net over (under) spend				0.3			

Activities

- 7.4 The Highways Service continues to prioritise permanent walking and cycling infrastructure to support increased sustainable travel within the City. As part of the Mayor's Challenge Fund programme of works, Area 1A of the Chorlton Cycleway is now fully operational including the UK's first CYCLOPS junction, which won a national safety award, prioritising pedestrians and cyclists over other forms of transport. Chorlton Area 1B is now onsite and Area 2 has been procured along with early works in other areas including Beswick Filtered Neighbourhood, Fallowfield Loop, Rochdale canal, Levenshulme Walking and Cycling scheme, Manchester Cycleway, Northern Gateway and Northern Quarter Walking and Cycling scheme.
- 7.5 The Council has been awarded £5.5m Active Travel Funding with longer term designs progressing for both the City Centre Triangle and Wythenshawe Cycleway projects which will create further permanent walking and cycling infrastructure in the City.
- 7.6 Medlock Street was commissioned and fully opened to traffic in November 2020. The Manchester Salford Inner Relief Road, Mancunian Way and Princess Parkway NPIF, Stockport Road (A6), Hyde Road Pinch Point Widening and Great Ancoats Street major projects have all been substantially completed. These schemes have all supported a reduction in journey times and congestion on key route networks at key junctions across Manchester.
- 7.7 The Street Lighting PFI project is practically complete, with 53,981 traditional streetlights replaced with LED units which has saved 10,480 tonnes of Carbon.
- 7.8 The School Crossing Programme has now delivered safety improvements across 73 sites in the City with the remaining 5 sites expected to be complete by the end of 2021/22.

Variances – All Years

- 7.9 As previously reported, the unspent £1.0m contingency on the Great Ancoats Improvement Scheme will be used to cover the overspend in previous years and the £0.4m overspend in this year on the Manchester/Salford Inner Relief Road (MSIRR) scheme as per the agreement between the Council and Transport for

Greater Manchester (TfGM).

- 7.10 There is an expected £0.3m of additional cost against the Mancunian Way and Princess Parkway NPIF scheme as a result of the inclusion of the Stretford Road link into the scheme following a change request from Transport for Greater Manchester (TfGM). The overspend is to be funded from the Mayor's Cycling Fund and a delivery agreement is being progressed.
- 7.11 As per the latest spend profile for the SEMMMS A6 scheme, there is currently additional expected spend of £1.6m over 2020/21 to 2022/23 that will be covered by grant funding from the Department for Transport (DfT).
- 7.12 Due to the overall efficiency and good performance of the contractor on the Street Lighting PFI project, there is a total underspend of £3.0m which will be removed from the Capital Programme.

Variances – In Year

- 7.13 The main variances to the revised budget are:

Highways Planned Maintenance Programme

- The resurfacing works within the Highways Planned Maintenance programme for 2020/21 continue to progress ahead of programme. The service has taken advantage of reduced traffic volumes due to COVID-19 to significantly accelerate surfacing works with over 600k sqm of highway resurfaced since April 2020. As a result, £0.4m will be accelerated into 2020/21.
- A total of £1.2m will be reprofiled into next financial year for the Carriageway Preventative programme due to contract procurement taking longer than originally anticipated and the programme being revised as a result. The contract for works is now in place.
- For the Footways project, £0.4m will be accelerated into 2020/21 as additional expenditure is required this year due to the condition of a number of sites and the footways needing re-surfacing.

Mayors Challenge Fund schemes

- There is a requirement to reprofile schemes funded through the Mayor's Challenge Fund, as forecasts have been realigned with the latest programme of works. A number of the projects have been split into phases and planned construction activity timelines updated, including phase 1A of the Northern Quarter Cycling scheme to take place this financial year, and phase 1B in 2021/22.
- In addition, all major projects are susceptible to unforeseen circumstances and all schemes being worked up during 2020/21 have been impacted by the COVID-19 pandemic, and particularly undertaking the necessary public consultations and engagement required for all Highways' projects. Consequently, despite many

mitigating actions by the service some projects haven't taken place as originally expected with some being delayed, which has had a significant impact on changes to the final designs and delivery of schemes. Although this has had an effect on the original programme of works, these schemes are grant funded and so there is no financial impact to the Council. A total of £3.3m will be reprofiled into next financial year.

Other Projects

- The cost of the Schools Crossing Improvement Programme was originally estimated using the rates within the Highways Improvement Framework contract as the original proposal was to use this vehicle for delivery. However, due to a range of issues including contractor availability and performance, this delivery vehicle was not used with the exception of three sites. The remainder were delivered in-house by Highways Maintenance and their supply chain. As a result, the actual costs were 25% less than originally estimated, resulting in an underspend of £1.5m that will be reprofiled into next financial year whilst a review and prioritisation of potential future schemes will be undertaken including confirmation of how many additional schools related schemes can be delivered.
- Further to the points in paragraph 7.12, there is a requirement to move £0.8m into next financial year for the Street lighting PFI project as a result of unspent contingency from this year. The remaining budget may be used in 2021/22 to fund some other lighting improvements which could not be accessed during the delivery of the programme, and further approval will be sought to do so.

Risks

- 7.14 The Highways programme contains a high number of large and strategically important projects for the highway network and the service is working to ensure that the works can be delivered to the timescales indicated. Works are assessed and scheduled based on the potential network impact in an effort to minimise disruption to commuters wherever possible.
- 7.15 There are inherent risks around external factors such as weather conditions which can hinder the schedule of work. The volatility of the marketplace will require increased due diligence checks when appointing future contractors.
- 7.16 Extensive consultation with stakeholders is undertaken to ensure proper engagement and input into the schemes being delivered, as well as to manage expectations within available budgets and realistic timescales. Current risks around undertaking public consultation during social distancing are being managed through online solutions. The intention of the consultations is to minimise the risk of scope creep and raise awareness of the impact of schemes on journey times. Where need is identified, additional funding opportunities through partners are also routinely explored in order to increase project scope.

8 Neighbourhoods Programme

8.1 The Neighbourhoods programme is shown in the table below, and is split across three main themes, the details of which are provided separately below:

Neighbourhoods	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Forecast £m	20/21 Variance £m	Spend to Date £m	Spend to Date as % of Forecast
Environment and Operations	6.0	11.2	6.7	-4.4	0.9	13.2%
Leisure	10.1	4.4	3.4	-1.0	1.5	44.1%
Libraries and Culture	0.6	0.5	0.3	-0.2	0.3	98.9%
Total Neighbourhoods	16.7	16.1	10.4	-5.7	2.7	26.0%
Reprofiling				-5.5		
Cost Variations				0.0		
Net over (under) spend				-0.2		

Environment and Operations Programme

8.2 The schemes within the Environment and Operations Programme are centred on improving the environment with the main focus on the control of waste disposal and promoting recycling.

8.3 The main variances from the original budget set in February 2020 and before the proposals noted in this report are as follows:

- In March 2020, Executive approved a budget increase of £9.9m for the purchase of Electric Refuse Collection Vehicles (RCV's).
- Due to the impact of COVID-19 on delivery of bins for the Waste Reduction Measures project, £0.4m was reprofiled into 2021/22.

8.4 The Environment and Operations programme is forecasting to spend £6.7m compared to a budget of £11.2m, a variance of £4.4m. The programme is shown in the table below:

Environment and Operations	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Waste Reduction Measures	1.2	0.8	0.8	0.0	4.7	4.7	0.0
Waste Contract	3.8	0.2	0.1	-0.1	8.6	8.6	0.0
Purchase of electric RCVs	0.0	9.9	5.8	-4.1	9.9	9.9	0.0
Cremator and Mercury Abatement	1.0	0.3	0.1	-0.2	1.6	1.6	0.0
Total Environment	6.0	11.2	6.7	-4.4	24.8	24.8	0.0

Environment and Operations	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Reprofiling				-4.4			
Cost Variations				0.0			
Net over (under) spend				0.0			

Activities

- 8.5 The vehicle delivery plan for the purchase of electric refuse collection vehicles (RCV's) project has been extended due to COVID-19 and the impact on the supply chain. The current plan shows the first two vehicles to be delivered in mid-January with the rest to follow on a fortnightly basis between February and April.
- 8.6 The works to install Electric Charging Vehicle points at Longley Lane is practically complete, with similar works at the Hammerstone Road site expected to complete in January 2021, including the Electricity North West (ENW) connection to the onsite substation.

Variances – In Year

- 8.7 Further to the points in paragraph 8.5, several of the electric refuse collection vehicles will now be delivered in April 2021, and so a total of £4.1m will be reprofiled into next financial year.
- 8.8 Bereavement services have advised that due to the effect of COVID-19 on top of the winter season, works are now expected to start on site for the Cremator and Mercury Abatement programme in April 2021, and as such £0.2m will be moved into next financial year.
- 8.9 Other in year variances total £0.1m.

Leisure Programme

- 8.10 The Leisure Programme provides leisure, sports and park facilities and services to communities across the City to promote health and wellbeing. The programme includes improvements to facilities which are used for events with the intention of also providing an economic benefit.
- 8.11 The main variances since the budget was set in February 2020, and before the changes noted in this report are:
- In March, the Abraham Moss project was paused due to COVID-19. The budget was reprofiled due to a full review of project cost and scope being undertaken before the scheme progressed to the construction phase. The 2020/21 budget is now £0.2m.
 - Various smaller schemes have been approved throughout the year by the Deputy Chief Executive and City Treasurer under delegated powers, including Angel

Meadow, Gateley Brook, Non-Turf Wickets and Manchester Aquatics Centre – Car park improvements. More information can be found in previous budget increases reports.

8.12 The Leisure programme is forecasting to spend £3.4m compared to a budget of £4.4m, a variance of £1.0m. The programme is shown in the table below:

Leisure	20/21 Budget set in Feb 20 £m	20/21 Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Parks Programme	3.1	0.7	0.6	-0.1	13.9	13.9	0.0
Indoor Leisure – Abraham Moss	6.0	0.2	0.3	0.1	24.7	24.7	0.0
Other Projects	1.0	3.5	2.5	-1.0	44.4	43.8	-0.6
Total Leisure	10.1	4.4	3.4	-1.0	83.0	82.4	-0.6
Reprofiling				-0.8			
Cost Variations				-0.2			
Net over (under) spend				0.0			

Activities

8.13 Following the unpausing of the Abraham Moss Leisure Centre scheme, the project team and contractor have been re-engaged. The site has now ceased as a COVID-19 test centre, to allow for pre-demolition surveys to commence in 2021. Demolition works are expected to commence in March 2021, subject to surveys and service disconnections.

8.14 In January 2021, Executive approved a budget increase of £29.2m for the full refurbishment of the Manchester Aquatics Centre. The current programme identifies an 8-month period to complete RIBA Stage 3 and 5 design phases, with the construction programme expected to last a total of 27 months, from July 2021 until October 2023, allowing for the building to remain operational with access to a minimum of 1 pool at a time.

8.15 Elsewhere in the Leisure portfolio, works continue to progress for the Non-Turf cricket wickets project, with 12 sites of the 17 now complete. The refurbishment of the National Cycling Centre continues with the RIBA Stage 4 design phase expected to conclude in early 2021, which will inform cost and scope for the main works.

Variances - All Years

8.16 The Manchester Regional Arena Outdoor Athletics Track Replacement Project has an underspend of £0.5m as result of the final costs coming in lower than the approved budget. This will be removed from the Capital Programme.

8.17 Following the final account for the Indoor Lesure – Moss Side project, there is a total underspend of £0.1m which will be removed from the Capital Programme.

Variances - In Year

8.18 Due to COVID-19, several schemes due to start this financial year within the Parks Development Programme are now scheduled to begin in 2021/22 meaning that there is a requirement to move £0.1m into next financial year.

8.19 There is requirement to reprofile £0.2m into next financial year for the Hough End Master Plan Football hub development due to partners pausing to get clarity on support from investors towards the main scheme. This has now been clarified and the main contractor appointed with a revised programme of works provided.

8.20 A total of £0.4m will be moved into next financial year across the Mellands Projects to allow local members to review the Gorton and Abbey Hey plans. A contractor is now on board for the Levenshulme works which are expected to take place in 2021/22.

8.21 The recently approved works to Wythenshawe track changing rooms are estimated to begin in 2021/22 and as such a total of £0.2m will be moved into next financial year.

8.22 Other in year variances are as noted in paragraphs 8.16-8.17.

Libraries Programme

8.23 The library programme seeks to bring up to date accessible technology to communities, provide high quality exhibition areas attracting visitors and residents and create new community meeting spaces.

8.24 The Libraries programme is forecasting to spend £0.3m against a budget of £0.5m, a variance of £0.2m. The programme is shown in the table below:

Libraries	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Foreca st £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Open Libraries	0.3	0.1	0.1	0.0	0.5	0.5	0.0
Other Projects	0.3	0.4	0.2	-0.2	1.7	1.7	0.0
Total Libraries	0.6	0.5	0.3	-0.2	2.2	2.2	0.0
Reprofiling				-0.2			
Cost Variations				0.0			
Net over (under) spend				0.0			

Activities

- 8.25 The Open libraries project to enable wider customer self-service access to libraries, specifically at the Avenue Library in Blackley, is underway and expected to complete in early 2021.

Variances – In Year

- 8.26 Due to COVID-19 and site restrictions, finalising the scope of works for the Central Library refresh project has taken longer than originally anticipated and as a result, a total of £0.2m will be reprofiled into next financial year.

Risks

- 8.27 External funding could provide a significant part of budgets to support parks improvements but is subject to lengthy negotiation and is not always successful. The risk profile has been updated to include the ability to secure match funding from external partners including Historic England and the Heritage Lottery Fund. This will be monitored by the programme board.

9 Growth and Development Programme

- 9.1 The Growth and Development programme is shown in the table below, and is split across three main themes, the details of which are provided separately below:

	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Forecast £m	20/21 Variance £m	Spend to Date £m	Spend to Date as % of Forecast
Growth and Development						
Culture	55.7	38.2	36.5	-1.7	23.7	64.9%
Corporate Estates	33.4	20.4	18.9	-1.5	13.3	70.9%
Development	29.9	35.3	32.1	-3.2	13.7	42.7%
Total Growth and Development	119.0	93.9	87.5	-6.4	50.7	58.1%
Reprofiling				-6.3		
Cost Variations				0.0		
Net over (under) spend				-0.1		

Culture Programme

- 9.2 The Factory will act as a driver of the next stage of Manchester's and the North's regeneration – with clear cultural, economic, educational and social benefits for the city and the wider region. It will be a new type of venue – one that can commission, produce and present the widest range of opera, dance, theatre, visual arts and popular culture, with an emphasis on new cross-art form collaborations, for a much wider audience than any traditional venue.
- 9.3 Following notice to proceed (NTP) being received, the Factory and St Johns Public Realm budgets have continually been reviewed and updated for the

revised cash flow from the contractor in line with the latest construction programme and revised fees.

- 9.4 The Culture programme is forecasting to spend £36.5m compared to a budget of £38.2m, a variance of £1.7m. The programme is shown in the table below:

Cultural	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
The Factory	54.0	37.9	36.2	-1.7	190.2	190.2	0.0
St Johns Public Realm	1.7	0.3	0.3	0.0	6.7	6.7	0.0
Total Cultural	55.7	38.2	36.5	-1.7	196.9	196.9	0.0
Reprofiling				-1.7			
Cost Variations				0.0			
Net over (under) spend				0.0			

Activities

- 9.5 Work continues on The Factory project with the pouring of concrete for slabs for the Level 2 warehouse and the west warehouse internal precast installation ongoing. It is expected that the West Warehouse roof infills will be completed in early 2021 along with the Theatre south steelwork, with the first phase of work to the warehouse roof being completed as far as possible. Preliminary costs for the public realm scheme have now been received.
- 9.6 The current programme shows expected completion in December 2022. A fortnightly review of the programme is undertaken, which allows the team to manage any issues arising and identify any warnings of delay to the programme. Work is ongoing to mitigate programme slippage, including enhanced resources within the design team, along with restructuring the phasing of the construction of the building.
- 9.7 The Council has been successful in its bid for kickstart funding of £21m. The updated 5 case business case for the scheme, requested by DCMS will be submitted in January and reviewed at the DCMS finance committee in February. Manchester International Festival (MIF) is in the process of appointing a commercial sponsorship agency to secure a naming rights sponsor, and work is ongoing to structure the agreements needed to ensure the most VAT efficient structure is adopted.

Variances – In Year

- 9.8 A total of £1.7m will be reprofiled into next financial year for The Factory due to reprofiling of contingency in year and various work package costs now being paid later than previously forecast. Pre-Construction Services Agreement (PCSA) fees are also expected to be paid later than previously forecast.

Risks

9.9 The risk profile for the Factory focuses on ensuring the project is delivered within the revised project timescales and revised budget forecast.

Corporate Estates Programme

9.10 The programme supports the provision of fit for purpose accommodation for corporate and community use and proactively maintaining and managing the corporate estate which includes reducing carbon emissions.

9.11 The main changes since the budget set in February 2020 and prior to the proposals highlighted in this report are as follows:

- In July 2020, a number of schemes across the Asset Management Programme (AMP) were reprofiled into future years due to being on hold or progressing slower than expected as a result of COVID-19. The 2020 budget is now £8.0m.
- The Hammerstone Road scheme was paused for COVID-19 and as a result, the 2020/21 budget was re-profiled from £9.3m to £2.1m. Executive approved the unpausing of the scheme in July 2020.
- Similarly, due to COVID-19 all works on site were paused for the Carbon Reduction programme, and a review of the budget completed. Works have now recommenced, and the 2020/21 budget was revised to £3.9m.

9.12 The Corporate Estates programme is forecasting to spend £18.9m compared to a budget of £20.4m, a variance of £1.5m. The programme is shown in the table below:

Corporate Estates	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Asset Management Programme	11.7	8.0	7.1	-0.9	20.0	20.0	0.0
Hammerstone Road Depot	9.3	2.1	1.2	-0.9	20.1	20.1	0.0
Carbon Reduction Programme	6.4	3.9	3.9	0.0	24.5	24.5	0.0
Estates Transformation	6.0	5.5	6.2	0.7	18.3	18.2	-0.1
Other Projects	0.0	0.8	0.6	-0.2	1.4	1.4	0.0
Total Corporate Estates	33.4	20.4	18.9	-1.5	85.7	85.6	-0.1
Reprofiling				-1.4			
Cost Variations				-0.1			
Net over (under) spend				0.0			

Activities

- 9.13 Following the decision to progress the Hammerstone Road project at Executive in July 2020, the design team are now preparing costs, programme and plans for approval. Start on site, subject to approval, is expected in May 2021.
- 9.14 The Carbon Reduction Programme continues to progress well, with carbon saving measures now complete in the majority of buildings within phase 1 of the programme, including the Town Hall Extension, Wythenshawe Forum, Belle Vue sports Centre and Arcadia Sports Centre. The remaining works within phase 1 of the programme are expected to be complete by March 2021, saving a total of 1,400 metric tonnes of carbon annually.
- 9.15 The Council has submitted a bid for £23m grant funding under the Public Sector Decarbonisation Scheme, supporting our ambition to remove gas and oil from all Council buildings, placing them on a pathway to decarbonisation, primarily through electrification. A decision on the funding is expected imminently, and budget approval is requested in a report elsewhere on the agenda, with works planned for 2021.
- 9.16 Construction at Alexandra House is now complete, and the building has been handed over by the contractor. Fit out works have commenced including COVID-19 safety measures. Council staff were due to move into the building on the 1st February, however with the latest national lockdown this is now being reviewed.

Variances – All Years

- 9.17 Following the completion of the Estates Transformation - Hulme District Office project, there is an underspend of £0.1m which will be removed from the Capital Programme.

Variances – In Year

- 9.18 The Asset Management Programme forecast has been updated in light of the latest COVID-19 restrictions and the need for longer timescales for mobilisation and supply factors for the larger projects including works at Bridgewater Hall, Z Arts and the National Football Museum which were originally expected to be on site before April 2021. A total of £0.9m has been moved into next financial year.
- 9.19 As noted in paragraph 9.13, start on site for the Hammerstone Road project is now expected in May 2021. As a result, a total of £0.9m will be reprofiled into next financial year.
- 9.20 There is a budget acceleration of £0.7m on the Alexandra House scheme, as the early completion date has enabled greater certainty over the forecasts, thereby reducing any potential impact of COVID-19. In addition, there has been greater progress on the collateral warranties on the project.
- 9.21 Due to COVID-19 restrictions and the latest national lockdown, the Greening of the City budget has been reprofiled and a total of £0.2m moved in to 2021/22.

Risks

- 9.22 There is a carefully planned rolling programme of activity to assess and address end of life replacements through the Asset Management Programme with close collaboration with Capital Programmes colleagues to ensure momentum is maintained. This may lead to a change in priorities during the year.
- 9.23 The Carbon Reduction programme is retrofitting efficiency measures to existing buildings of varying ages and conditions meaning there is a possibility that unknown items such as sub-standard electrical infrastructure or asbestos could be uncovered. To mitigate this, the programme has allowed for a 15% works contingency. A detailed building by building risk log is being maintained and managed throughout the delivery phase with key risks being escalated to the Carbon Reduction Programme Board, reporting into the Estates Board. A similar process will be adopted for the Public Sector Decarbonisation phase of works.

Development Programme

- 9.24 The Development Programme seeks to provide sustainable growth and transformation of the City, not only to support internal growth but also to retain international competitiveness by promoting opportunities to develop the City's fabric, infrastructure, business and skills base and connecting local communities to employment opportunities.
- 9.25 Since the budget agreed in February 2020, the Executive have agreed the addition of a number of schemes to the Development Programme, including House of Sport, Piccadilly Gardens Phase 1, the Housing Infrastructure Fund and Mayfield Park. These additional schemes are the main reason for the difference between the original budget and the revised budget.
- 9.26 The Development programme is forecasting to spend £32.1m compared to a budget of £35.3m, a variance of £3.2m. The programme is shown in the table below:

Development	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Digital Asset Board (MCDA)	1.5	0.4	0.2	-0.2	26.8	26.8	0.0
Strategic Acquisitions Board	3.0	3.3	3.3	0.0	17.2	17.2	0.0
Northern Gateway	6.7	11.2	9.2	-2.0	76.6	76.6	0.0
Eastern Gateway	0.8	1.9	1.9	0.0	51.7	51.7	0.0
City Centre	6.6	6.6	6.3	-0.3	63.3	63.3	0.0
Other Growth & Development	11.4	11.9	11.2	-0.7	52.6	52.6	0.0
Total Development	29.9	35.3	32.1	-3.2	288.2	288.2	0.0

Reprofiling				-3.2			
Cost Variations				0.0			
Net over (under) spend				0.0			

Activities

- 9.27 The demolition of the concrete wall within Piccadilly Gardens is complete. The public consultation for the wider scheme within the area is expected to begin at the end of January 2021. Following the outcome of this, a contractor and design team will be procured to take the scheme to RIBA Stage 3.
- 9.28 The House of Sport project is progressing, with the Pre-Construction Services Agreement (PCSA) with the contractor commencing before Christmas. An introductory meeting with the intended leaseholders was held and the Agreement for Lease was issued to them in December.
- 9.29 RIBA Stage 4 designs are ongoing and a planning decision is expected in January 2021 for the Glade of Light memorial within the Medieval Quarter Public Realm project, following final comments and input from the Accessibility Working Group. A contract for the works is expected to be signed in January 2021. A charitable trust is to be established, chaired by the Chief Executive, in order to deliver and maintain the memorial.

Variances – In Year

Digital Assets Board

- 9.30 There is a requirement to reprofile £0.1m in to 2021/22 for the Digital Asset Base – One Central Park scheme, as due to COVID-19 there have not been the expected amount of lettings and no further costs are expected in the current financial year.
- 9.31 As the procurement of the design and professional team for Space Studios Phase 3 has not yet completed, a total of £0.1m will be reprofiled into next financial year.

Eastern Gateway

- 9.32 Site investigations for Central Retail Park are taking longer than originally anticipated due to ongoing discussions with Government. Also, site security costs anticipated in 2020/21 are less than forecast due to the site being used for COVID-19 testing, meaning a requirement to move £0.5m into next year.
- 9.33 Acceleration of £0.7m for the House of Sport project is required due to the initial cashflow being based upon a high-level estimate provided as an indicative illustration only, which is now being firmed up as the scheme progresses through RIBA work stages and main contractor involvement is obtained.
- 9.34 Other in year variances total £0.2m.

Northern Gateway

- 9.35 Despite best efforts on both sides throughout the contract negotiation period, the target date for the Northern Gateway Housing Infrastructure Fund (HIF) scheme entering into the Grant Determination Agreement (GDA) with Homes England has been affected by COVID-19. This has delayed implementation of the procurement strategy, and the appointment of consultants and contractors. A total of £2.0m will be reprofiled into 2021/22 and appropriate mitigation measures are being identified in order to accelerate the programme and achieve projected spend in subsequent years.

City Centre

- 9.36 A total of £0.2m will be reprofiled into next financial year for the HOME Arches project whilst a design and build contractor is selected.
- 9.37 Other in year variances total £0.1m.

Other Growth and Development

- 9.38 The milestone payments to the contractor for the Civic Quarter Heat Network project have been updated to reflect the work completed on site. As a result, a total of £0.7m will be reprofiled into 2021/22.

Risks

- 9.39 It should be noted that there are a number of significant elements of the Growth and Development programme, such as the Strategic Acquisitions programme, which are dependent on negotiations with third parties in order to achieve a successful outcome for example land acquisitions. As a result, the budget profile is a best estimate and is likely to change. The programme is continually subject to a detailed review and prioritisation exercise.

10 Our Town Hall Refurbishment

- 10.1 The Our Town Hall programme is a major scheme to update the architectural masterpiece that is the Manchester City Centre Town Hall, to protect and improve it for both Manchester and the nation, restoring and re-opening in 2024.
- 10.2 The Our Town Hall Refurbishment programme is forecasting to spend £34.6m compared to a revised budget of £39.2m, a variance of £4.6m. The programme is shown in the table below:

Our Town Hall	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Our Town Hall Refurbishment	49.1	39.2	34.6	-4.6	305.2	305.2	0.0

Total Our Town Hall Refurbishment	49.1	39.2	34.6	-4.6	305.2	305.2	0.0
Reprofiling				-4.6			
Cost Variations				0.0			
Net over (under) spend				0.0			

Activities

- 10.3 Construction activity on the Our Town Hall Project continues, as work has begun on the sash windows samples on site, and the earthing has started for the Electricity North West (ENW) substation. Within the Great Hall the chandeliers and the organ have been removed and taken off site for storage. Work continues on the scaffolding on the clock tower, with scaffolding also being erected in the courtyard and chimneys on the Albert Square side of the building.
- 10.4 Construction remains on programme with the practical completion date remaining as May 2024 for the Town Hall. This includes a time risk allowance of 35 days which the team are working to increase to 50 days by mitigating actions prior to April 2021. The completion of Albert Square is expected in October 2023.

Variances – In Year

- 10.5 There is a requirement to move £4.6m into future years due to the reprofiling of the contingency budget in line with construction values and risk management procedures. Work packages costs have also been reprofiled in line with the latest programme of works and due to several starting later than expected such as Stonework, Screed and Limecrete and Plaster Removal.

Risks

- 10.6 Due to the size, duration and nature of the programme, risk will be carefully managed through and across the various work packages. Site investigations and early works are vital to inform the design and cost aspects.
- 10.7 External factors such as supply chain uncertainty, the reoccurrence of further COVID-19 related restrictions and the availability of sufficient and appropriate specialists to ensure the quality of the finished work, will require monitoring to ensure early action can be taken to reduce any negative impact on cost and programme.

11 Housing - General Fund

- 11.1 The Private Sector Housing programme focuses on providing affordable housing including the facilities, adaptations and community focus required.
- 11.2 The main changes since the Budget set in February 2020, and prior to those noted in this report are as follows:

- Due to backlog issues relating to COVID-19, reprofiling of schemes funded through the Disabled Facilities grant was required. The 2020/21 budget is now £4.0m.
- At Outturn, the Ben Street Regeneration budget was reprofiled in relation to potential defects that may have arose following completion of the scheme.

11.3 The Private Sector Housing programme is forecasting to spend £13.8m compared to a budget of £17.1m, variance of £3.3m. The programme is shown in the table below:

Private Sector Housing (General Fund)	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Brunswick PFI Land Assembly	0.6	0.1	0.1	0.0	9.7	9.7	0.0
Disabled Facilities Grant	7.5	4.0	3.0	-1.0	53.9	53.9	0.0
Ben Street Regeneration	0.9	0.4	0.1	-0.3	8.7	8.7	0.0
Marginal Viability Fund – New Victoria	6.7	6.2	6.2	0.0	11.4	11.4	0.0
Other Projects	6.9	6.4	3.7	-2.0	85.9	85.9	0.0
Total Private Sector Housing (General Fund)	22.6	17.1	13.8	-3.3	169.6	169.6	0.0
Reprofiling				-3.3			
Cost Variations				0.0			
Net over (under) spend				0.0			

Activities

- 11.4 Funded through the Disabled Facilities Grant, the backlog of Assessments of Need due to COVID-19 is now reducing. Contractors and partners have continued to deliver adaptations, subject to agreements with tenants and homeowners.
- 11.5 Properties continue to be identified for the Next Steps Accommodation Programme, with 77 one-bedroom apartments now identified. A building services contractor will be appointed by the most appropriate framework to undertake refurbishment works once completion is achieved.
- 11.6 Leaflets are being posted to homes to raise awareness of the Green Homes Grant delivery scheme available to Manchester residents. The contract for the project is expected to be signed in early 2021.

Variances – In Year

- 11.7 Due to the latest COVID-19 national lockdown, a further £1.0m will be moved into

next financial year for schemes funded through the Disabled Facilities Grant, as the client group are those more likely to need to be shielded, which will in turn effect the amount of works that can be done.

- 11.8 Due to COVID-19, restrictions have prolonged the estimated timeframe for completion of the Ben Street project, although work is progressing. A total of £0.3m will be moved into 2021/22.
- 11.9 Further to the point in paragraph 11.5, although work is progressing, COVID-19 has caused some delay with the progress of the Next Steps Accommodation Property acquisitions project and assigning a contractor to develop the properties to a liveable standard, and as a result a total of £2.7m will be reprofiled into next year.
- 11.10 A total of £0.7m will be accelerated into 2020/21 for the Marginal Viability Fund – New Victoria project as work packages have been finessed and the programme detail updated accordingly.

Risks

- 11.11 Delays with acquisitions, refurbishment works or sales could potentially result in the Empty Homes Programme being delayed with action needed to minimise the amount of time the Council is responsible for the properties. Given the early stage of this project this risk is not quantifiable but will be closely monitored.

12 Housing Revenue Account (HRA)

- 12.1 The Public Sector Housing programme seeks to bring the estate up to and maintain the Decent Homes standard including statutory health and safety regulations and the reduction of CO2 emissions.
- 12.2 Due to COVID-19, all but two projects that were on site in March 2020 were suspended, with plans to restart when restrictions were lifted, unless there was good reason to continue, and it was able to be delivered. The budget was reprofiled, and the revised Public Sector Housing budget is now £17.8m.
- 12.3 The Public Sector Housing (HRA) programme is forecasting to spend £16.1m compared to a budget of £17.8m, a variance of £1.7m. The programme is shown in the table below:

Public Sector Housing (HRA)	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Northwards	30.6	16.1	15.3	-0.7	79.5	79.5	0.0
North Manchester New Builds	3.5	1.2	0.2	-1.0	22.2	22.2	0.0
Other Projects	4.6	0.5	0.5	0.0	40.6	40.6	0.0
Total Public Sector Housing (HRA)	38.8	17.8	16.1	-1.7	142.3	142.3	0.0

Reprofiling				-1.7			
Cost Variations				0.0			
Net over (under) spend				0.0			

Activities

- 12.4 Within the Northwards programme, all live projects apart from two were suspended in March due to COVID-19. Projects began to restart in July, with the final projects restarted in October 2020. As at December 2020, a total of 42 major adaptations had reached handover.
- 12.5 Due diligence work to enter into contract for the North Manchester New Builds – Silk Street continues. A formal bid for Homes England Affordable Housing Programme funding will be completed now that bidding is open. Construction of new homes is expected to begin in September 2021 with practical completion expected November 2022.

Variances – In Year

- 12.6 Across the Northwards Programme, there is a requirement to reprofile £0.7m into future years. The most significant is the Rushcroft and Pevensey Courts Ground Source Heat Pumps project, which is based on the current assessment of works and that only external work will be completed this financial year.
- 12.7 The Silk Street programme has been slowed down to ensure member views around design and social value are reflected, and so a total of £0.9m will be moved into next financial year.
- 12.8 Other in year variances total £0.1m.

Risks

- 12.9 The Northwards programme relies on the performance of a number of contractors to deliver projects which creates a risk of delays. Ongoing monitoring of performance and regular communication with partners are used to manage risks in these areas.
- 12.10 There are risks around obtaining listed building consent and planning approvals required for some of the projects, to be managed through timely collaboration with colleagues in planning and design teams.
- 12.11 Northwards have updated their risk profile to include an expected increase in fire risk assessment costs on the high rise blocks due to an increase in the scope of work following detailed surveys, an increase in contractor costs due to demands on capacity and an increase in insurance costs in relation to accountability and risk.

13 Children's Services

- 13.1 The main focus of the children's services programme is to provide additional school places for children across the City and maintain the school buildings, ensuring that there is investment in modern, energy efficient and high-quality education infrastructure which drives reductions in carbon across the estate of schools, 85% of materials are locally sourced and contractors recycle more than 75% of waste products.
- 13.2 The main changes to the budget set in February 2020 and prior to those noted in this report include:
- As reported at outturn, the acquisition of land at Hyde Road was expected to take place before the end of the calendar year and so the total £13.1m budget was reprofiled into 2020/21.
 - The 2020/21 school maintenance allocation was published at the end of 2019/20, and a scheme of works was subsequently approved by the Executive. The 2020/21 budget is now £4.5m.
- 13.3 The Children's Services programme is forecasting to spend £37.2m compared to a budget of £44.4m, a variance of £7.2m. The programme is shown in the table below:

Children's Services	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Basic Need and SEND Programme	20.8	20.6	18.1	-2.5	139.3	139.3	0.0
School Maintenance programme	3.6	4.5	3.3	-1.2	11.3	12.6	1.3
Other Projects	5.0	19.3	15.8	-3.5	24.1	20.9	-3.1
Total Children's Services	29.5	44.4	37.2	-7.2	174.7	172.3	-1.8
Reprofiling				-4.1			
Cost Variations				0.0			
Net over (under) spend				-3.1			

Activities

- 13.4 The acquisition of the former cinema site at Hyde Road has completed, which will enable the development of a new secondary school, Co-op Academy Belle Vue, plus housing on the site. RIBA Stage 2 costings and designs for the school are currently under review by the Council. A Pre-Construction Services agreement (PCSA) and planning application for demolition of the cinema is expected in early 2021.
- 13.5 The Special Educational Needs (SEN) Basic Need programme continues to progress well with the superstructure at Roundwood Road now complete, foundations complete at Brookside Road and foundations commenced at North

Hulme Adventure Playground. The entire programme was on schedule up to the Christmas break, and an update is awaited from the contractors following the latest national lockdown and any impact that may have on the supply chain.

- 13.6 The modular units for the North Ridge expansion were delivered before Christmas and internal works are nearing completion, with groundwork and utility connections to be done imminently. Completion of the entire project is expected in early 2021.

Variances – All Years

- 13.7 In August 2020, a further allocation of Schools Maintenance funding was announced by the Government, with Manchester's allocation at an additional £1.3m. This will be added to the Capital Programme when the scheme of works for 2021/22 is brought forward.
- 13.8 Further to the point in paragraph 13.4, the purchase of the Hyde Road site has completed at £3.1m less than was originally budgeted for. This will be removed from the Capital programme.

Variances – In Year

Education Basic Need

- 13.9 As previously reported, a more detailed and accurate construction cash flow has now been received from the contractor of the SEN EBN programme and as a result, a total of £1.2m will be reprofiled into next financial year.
- 13.10 As per the latest schedule of works, the scheme to deliver a modular build extension and temporary units at Connell Co-op College for additional secondary school places in September 2021 ahead of the Co-op Academy Belle Vue opening in September 2023, is expected to start on site in April 2021, and therefore requires reprofiling of £1.1m into next financial year.

- 13.11 Other in year variances total £0.2m.

Schools Maintenance Programme

- 13.12 A total of £1.2m will be moved into next financial year for the Schools Maintenance Programme, including £0.8m for the Broad Oak Kitchen scheme as designs are ongoing and work is expected to be undertaken in 2021/22. The remaining £0.4m relates to unspent contingency across all 2020/21 projects.

Other Projects

- 13.13 As a result of Greenwich Leisure Ltd (GLL) retendering works for the Ghyll Head project, a total of £0.4m will be reprofiled into next financial year. Tenders are currently being evaluated with final project costs to be updated following this.
- 13.14 Other in year variances relate to paragraph 13.8.

Risks

13.15 There is a risk around the Council's ability to meet the continued growth of pupil numbers – particularly in-year school admissions which is more difficult to accurately project and manage. There is also a risk around the pace of residential development and the demand for school places outweighing the available supply in particular areas of the City. To offset these risks, the Director of Education has developed a School Places plan for 2020 to 2025 using forecasted demand to ensure that there are sufficient high quality school places available in the right areas across the City. The Council's relationship with the DfE is also key to ensuring that free school places are delivered on time.

14 ICT Capital Programme

14.1 The aim of the ICT programme is to reduce key risks, decommission legacy platforms and to create a simpler, more robust, resilient and easier to support environment. The programme will move towards a modern infrastructure whilst adding business value.

14.2 The main variances from the original budget set in February 2020 and before those outlined in this report are:

- In 2019/20, Executive approved a £1.8m scheme to implement Microsoft 365 across the Council Estate.
- As a result, the End User devices budget was reprofiled to account for the expected interdependencies between the projects.

14.3 The ICT programme is forecasting to spend £3.8m against a budget of £3.3m, a variance of £0.5m. The programme is shown in the table below:

ICT	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Microsoft 365	0.0	1.8	1.8	0.0	1.8	1.8	0.0
End User Experience	3.4	0.6	1.0	0.4	5.2	5.2	0.0
Other Projects	2.3	0.9	1.0	0.1	37.4	37.4	0.0
Total ICT	5.7	3.3	3.8	0.5	44.4	44.4	0.0
Reprofiling				0.5			
Cost Variations				0.0			
Net over (under) spend				0.0			

Activities

14.4 All Council staff with an email account have now migrated to Microsoft Office 365, with only a small number of shared mailboxes and c.1000 mobile telephone

devices left to migrate. Change leads and Digital Champions remain in place across the Authority to support staff and to share knowledge and information.

- 14.5 The main activities for the Data Centre Network Design are now complete and the migrations have been successful. Service transition activities are underway which will continue to utilise internal resources. All telephony has now moved from the Sharp Data Centre to UK Fast and the decommissioning of the Sharp Data Centre will be undertaken in 2021.
- 14.6 The contract award report was signed by the City Treasurer for the WAN Refresh project in December 2020. This supported the Council's application for £0.9m of grant funding for the project from the Department for Digital, Culture, Media and Sport, which has now been confirmed.
- 14.7 In January 2021, Executive approved a budget increase of £3.6m for the End User Device project, which will see all Council staff allocated end-user devices to meet the needs of their roles and the replacement of a substantial amount of equipment that is past end of life. A framework agreement has now been signed and data analysis continues to determine who has got what device and what device individuals will need in the future. It is estimated that new devices will start to be rolled out in March.

Variances - In Year

- 14.8 Due to COVID-19, a number of laptops and mobile phones have been procured to support homeworking. All devices that have been ordered are in line with the End User Device strategy and the associated specification to ensure that staff receive the best device possible to support their current and future working practices. As a result, a total of £0.4m will be accelerated into 2020/21.
- 14.9 As a result of the contract award report being signed for the WAN project, reprofiling of the Network Refresh budget is required in order to support both the WAN and the LAN and WIFI projects beginning in 2020/21. A total of £0.2m will be accelerated into this financial year.
- 14.10 Due to the interdependencies between the Telephony and the End User Device projects, as well as the continuation of homeworking, the decision on the telephony handset requirements for Council buildings is subject to a further review being led by Estates, ICT and HR. As a result, a total of £0.1m will be moved into 2021/22.

Risks

- 14.11 An emerging risk the ICT portfolio is the global industry wide shortage in Laptop supplies. The project manager for the End User Device scheme is liaising with our current supplier to ensure we have the latest information on shortages and estimated lead times. The project team will work proactively to ensure orders are placed in advance to prevent delays in device roll outs.

14.12 ICT projects are often interdependent which can lead to adjustments to the schedule of activity should changes occur in a particular project. Some projects may need external support and advice to be delivered and this may create delays as such work is completed.

14.13 ICT projects are subject to external factors such as cyber security risks as an incident could result in data unavailability or loss, impacting the Council's critical applications and services. The Council has Public Services Network (PSN) compliant infrastructure and up to date anti-virus software to mitigate this. The use of end of life software and hardware form part of the ICT risk profile to ensure ongoing operation of systems and hardware.

14.14 Ongoing risks around expiration of licenses and support contracts are managed through monitoring and review at operational and strategic level, taking into account costs associated with maintaining or changing existing arrangements into future years.

15 Corporate Services Programme

15.1 Included in the Corporate Services programme is Gorton Health Hub which will bring together key organisations responsible for tackling worklessness and low skills. This will have a positive impact providing new opportunities for local residents and will contribute to sustainable economic growth by replacing a number of old, poorly maintained and high carbon producing buildings into a more modern, energy efficient purpose built building.

15.2 The main variances from the budget set in February 2020, and prior to those reported in this report are as follows:

- In March, the Integrated Working – Gorton Health Hub project was paused due to COVID-19. The 2020/21 budget is now £4.4m.
- The package of shareholder support approved for Manchester Airport Group was included in the budget following an urgent key decision approved in April 2020.

15.3 The Corporate Services programme is forecasting to spend £115.4m compared to a budget of £155.7m, a variance of £40.3m. The programme is shown in the table below:

Corporate Services	20/21 Budget set in Feb 20 £m	20/21 Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Integrated Working – Gorton Health Hub	17.2	4.4	0.4	-4.0	22.8	22.8	0.0
BioMedical Investment	6.1	3.8	3.8	0.0	21.3	21.3	0.0
Manchester Airport Group Support	0.0	142.7	106.5	-36.2	142.7	142.7	0.0
Other Projects	14.9	4.8	4.7	-0.1	153.7	153.5	-0.2

Total Corporate Services	38.2	155.7	115.4	-40.3	340.5	340.3	-0.2
Reprofiling				-40.1			
Cost Variations				0.0			
Net over (under) spend				-0.2			

Activities.

- 15.4 Following the unpausing of the scheme by the Executive in July, the Integrated Working - Gorton Health Hub Project Team reconvened. All stakeholder review meetings are now complete and the updated cost plan and scope for the project will be reviewed and agreed by internal colleagues and presented to Executive members in the upcoming months.

Variances - All Years

- 15.5 There is a total expected underspend of £0.2m for the Pay and Display Machines project as a result of the total contingency budget not being utilised. Once quantified, this will be removed from the Capital Programme.

Variances – In Year

- 15.6 As reported in paragraph 15.4, the Gorton Health hub project forecast has been further updated in light of COVID-19 and the review of the scope with partners. As a result, a total of £4.0m will be reprofiled into next financial year, when it is expected that the project will begin.
- 15.7 No further payments are expected to be made this financial year as part of the shareholder support approved for Manchester Airport Group, and so a total of £36.2m will be reprofiled into next financial year.
- 15.8 Other variances total £0.1m.

Risks

- 15.9 The nature and scope of the schemes within the Corporate Programme mean that project progression is highly reliant on third parties and there is therefore a risk of external factors causing delays.

16 Capital Resources

- 16.1 The capital programme is reviewed on an ongoing basis to confirm the resources required to finance capital spend are in place, the future years programme is fully funded and that the required resources are secured within an affordable level of prudential borrowing.
- 16.2 The table below summarises the current funding assumptions for the full programme. This will be reviewed in line with the overall review of capital programme priorities. The Deputy Chief Executive and City Treasurer will

continue to manage the financing of the programme to ensure the final capital funding arrangements secure the maximum financial benefit to the City Council.

Draft funding position for 2020/21 Capital Programme based on current forecast:

	£m
Grants	72.0
External Contributions	32.0
Capital Receipts	12.3
Revenue Contributions to Capital	18.1
Capital Fund	5.0
Borrowing	232.7
Total	372.1

16.3 To note, the draft funding position above includes the financing of the net £0.1m overspends across the Capital Programme. As highlighted in the relevant sections of this report, every effort is being made by officers of the Council to address and reduce this overspend prior to the end of the financial year.

17 Capital Programme Re-phasing and Variations

17.1 Based on the monitoring information above, it is proposed that the capital programme budget is re-phased to reflect the planned delivery of projects in 2020/21 to 2024/25. The cumulative impact of these adjustments is shown in the table below.

Proposed Capital Programme variations 2020/21 to 2023/24

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total Programme £m
Capital Budget (October 20)	446.7	402.2	326.4	119.7	34.1	1,329.0
Forecast Reprofile	-71.4	48.4	5.4	15.4	2.2	0.0
Cost Variations	-3.3	-3.5	0.0	0.0	0.0	-6.8
Proposed Capital Budget	372.0	447.1	331.8	135.1	36.3	1,322.3

Virements

17.2 Various schemes across the programme require virements in 2020/21 - 2022/23, as shown in the Appendix A.

17.3 The Council is requested to approve virements over £0.5m within the capital programme as outlined in Appendix A.

17.4 The Executive is recommended to approve virements under £0.5m within the capital programme as outlined in Appendix A.

18 Social Value

- 18.1 All capital business cases are required to provide information on social value impact likely to be generated as part of the scheme. These include details of employment of local residents, training of local residents, improvements in key health outcomes, support of community cohesion, improvement in key education outcomes, help to other excluded groups and promoting environmental sustainability. These are considered as part of the scheme approval process via the Checkpoint system. Work is on-going as part of improving overall contract monitoring to review the monitoring of these activities.

19 Changes to PWLB borrowing rates

- 19.1 As part of the Government's March 2020 budget, a consultation on the future of the PWLB was launched, and the Council responded in July. As a result of the consultation outcome, PWLB rates have reduced again and further details can be found in the Capital Strategy and Treasury Management Strategy Statement elsewhere on the agenda.

20 Prudential Indicators

- 20.1 The prudential indicators as at the end of December 2020 are shown at appendix B.

21 Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

The capital programme contributes to various areas of the economy, including investment in public and private sector housing, education and children's social care, transport infrastructure, major regeneration activities, environmental, cultural and leisure services.

(b) A highly skilled city

The capital programme includes substantial investment in education and also 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

The capital programme includes investment in adult and children's social care, education, housing and the environment, cultural and leisure services, all of which contribute towards the strategy.

(d) A liveable and low carbon city

Investment in all areas of the capital programme contributes towards this community strategy, notably the investment in sustainable and affordable housing, building schools for the future, transport, environmental and major regeneration programmes.

(e) A connected city

The capital programme includes investment in highways infrastructure, and broadband expansion.

22 Key Policies and Considerations

(a) Equal Opportunities

By investing in building adaptations, access for people with mobility difficulties is made easier.

(b) Risk Management

The capital programme is based on forecast costs and funding, and as such there are risks to achieving the programme from external factors such as shortage of labour or materials, alongside market risks such as price fluctuations and interest rate charges. The Strategic Capital Board, and associated Portfolio Boards for each part of the programme, are tasked with regular monitoring of costs, delivery, quality and affordability, to help manage and mitigate these risks.

(c) Legal Considerations

None.

Appendix A – Proposed Programme Virements

Project Name	2020/21 In year virement proposed	2021/22 In year virement proposed	2022/23 In year virement proposed	2023/24 In year virement proposed
Large Patching repairs	164			
Patching Defect repairs	36			
Carriageway Resurfacing	23			
Highways Maintenance Challenge Fund	-200			
Didsbury West	-23			
Total Highways Programme	0	0	0	0
Moston Miners Low Rise externals		-13		
Newton Heath Limerston Drive externals		-6		
External cyclical works Ancoats Smithfields estate		15		
External cyclical works New Moston		-8		
Electricity North West distribution network		8		
Charlestown Pevensey and Rushcroft Courts door entry systems renewal	-49			
Delivery Costs	-122			5
One offs such as rewires, boilers, doors, insulation		-31		
Boiler replacement programme	6			
Harpurhey - Monsall Multis Internal Works		-8		
Higher Blackley - Liverton Court Internal Works		-62		
Bradford/Clifford Lamb/Kingsbridge/Sandyhill Court Internal Works	33	52		
Charlestown - Rushcroft/Pevensey Court Internal Works			31	
Collyhurst - Mossbrook/Roach/Vauxhall/Humphries Court Internal Works		111		
Charlestown - Rushcroft/Pevensey Courts Lift Refurb				12
Fire Risk Assessments				1
Harpurhey Baths Estate (excl Edward Grant Court) and Cheetham Appleford Estate			1	
Newton Heath Troydale and Croyden Drive Low Rise Estates	-52	-32		
Retirement blocks various works				115

Project Name	2020/21 In year virement proposed	2021/22 In year virement proposed	2022/23 In year virement proposed	2023/24 In year virement proposed
Retirement blocks lift replacement apprentice and edward grant courts		-114		
Delivery Costs	-325	-7		
Improvements to Homeless accommodation city wide		-12		
Improvements to Homeless Accommodation Phase 2			12	
Delivery Costs	-17			
Adaptations		-52		
Various Locations - Adaptations			52	
Delivery Costs	-2	-4		
Northwards Housing Programme - Unallocated	528	163	-96	-133
Total Public Sector Housing (HRA) Programme	0	0	0	0
Plymouth Grove Refurbishment	-85			
Piper Hill Special School	15			
SEND Expansions - Melland and Ashgate	3			
Basic need - unallocated funds	67			
Lily Lane Prim Windows		50		
St. Augustine's	-2			
Mauldeth Road Rewire	-94			
Button Lane Primary Fire Alarm	-25			
Charlestown Comm Fire Alarm/Lighting	-38			
Northenden Primary Pipework and Radiators	-23			
Crowcroft Park roof repairs	-79			
Abbott Kitchen ventilation	-60			
Manley Park Primary roof repairs	-50			
Schools Capital Maintenance - unallocated	371	-50		
Total Children's Services Programme	0	0	0	0
Internet Resilience	-3			
ICT Investment Plan	3			
Total ICT Programme	0	0	0	0
Total Capital Programme	0	0	0	0

Appendix B – Prudential Indicators as at end of December 2020

No	Prudential Indicator	Target		As at end Dec 20	Target Breached Y/N	
		£m		£m		
1	Estimated Financing Costs to Net Revenue Stream		6.7%	6.7%	N	
2	Forecast Capital Expenditure	Non – HRA	453.7	356.0	N	
		HRA	38.8	16.1	N	
		Total	492.5	372.1	N	
3	Forecast Capital Financing Requirements	Non – HRA	1,637.1	1,401.4	N	
		HRA	299.2	299.2	N	
		Total	1,936.3	1,700.6	N	
4	Authorised Limits for External Debt	Borrowing	1,384.5	774.1	N	
		Other Long Term Liabilities	190.0	190.0	N	
		Total	1,574.5	964.1	N	
5	Operational Boundaries for External Debt	Borrowing	1,006.2	774.1	N	
		Other Long Term Liabilities	190.0	190.0	N	
		Total	1,196.2	964.1	N	
6	Upper Limits for Principle Sums Invested for over 364 days		0	0		
			<i>Upper Limit</i>	<i>Lower Limit</i>		
7	Maturity Structure of Borrowing	under 12 months	80	0	43.6%	N
		12 months and within 24 months	70	0	17.5%	N
		24 months and within 5 years	60	0	8.9%	N
		5 years and within 10 years	50	0	0.1%	N
		10 years and above	80	20	29.9%	N