

**Manchester City Council  
Report for Information**

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

**Subject:** Capital Strategy and Budget 2020/21 to 2024/25

**Report of:** Chief Executive and Deputy Chief Executive and City Treasurer

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## **Summary**

The purpose of the report is to present the 2020/21 capital programme and forward commitments, alongside the Capital Strategy for the City Council.

## **Recommendations**

The Resources and Governance Scrutiny Committee is requested to note and comment on the report.

The Executive is requested to:

1. Approve and recommend the report to Council, including the projects for Executive approval in section 7.1, and note that the overall budget figures may change subject to decisions made on other agenda items.
2. Note the capital strategy.
3. Note that the profile of spend is provisional, and a further update will be provided in the outturn report for 2020/21.
4. Delegate authority to the Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to make alterations to the schedules for the capital programme 2020/21 to 2024/25 prior to their submission to Council for approval, subject to no changes being made to the overall estimated total cost of each individual project.

The Council is requested to:

1. Note the budget changes for the 2020/21 capital programme noted in section 7.1.
2. Approve the capital programme as presented in Appendix 3 (for £372.2m in 2020/21, £479.6m in 2021/22, £331.8m in 2022/23, £135.1 in 2023/24 and £36.3m in 2024/25) which will require prudential borrowing of £832.9m to fund non-HRA schemes over the five year period for which provision has been made in the revenue budget for the associated financing costs (within limits previously agreed).

3. Note that the profile of spend is provisional, and a further update will be provided in the outturn report for 2020/21.
4. Delegate authority to:
  - a) The Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to approve capital expenditure on schemes which have budget approval.
  - b) The Chief Executive and Director of Highways in consultation with the Executive Member for Environment for the approval of the list of schemes to be undertaken under the Highways capital programme.
  - c) The Chief Executive and Director of Highways to implement the Highways schemes in accordance with the Capital Approval process and after consultation with the Executive Member for Environment on the final details and estimated costs.
  - d) The Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to add qualifying spend to save projects to the capital budget accordingly up to a maximum of £5m in 2021/22 and then £5m per year thereafter.
  - e) The Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Finance and Human Resources to accelerate spend from later years when necessary within the programme subject to resource availability.
  - f) The Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to agree and approve where appropriate the programme of schemes for the delivery of the corporate asset management programme.
5. Adopt the application of the Manchester Low Carbon Build Standard for the Council's capital projects approved from 2021 onward.

**Wards Affected:** Various

**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. Each project must set achievable carbon reducing targets before being approved.

For some projects, the aim of the investment will be to reduce the City's carbon impact, for example the Civic Quarter Heat Network and the Carbon Reduction Programme.

<b>Manchester Strategy outcomes</b>	<b>Summary of the contribution to the strategy</b>
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 the strategy, notably 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	Through investment in areas such as 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 capital programme report as presented will require £832.9m (all non-HRA) of prudential borrowing over the period 2020/21 to 2024/25, all for Manchester City Council projects. Provision has been made in the proposed revenue budget for the associated financing costs, and for the revenue contributions to capital outlay (RCCO) which are forecast to be received from the General Fund and HRA.

### **Financial Consequences – Capital**

For the City Council programme the latest budget for 2020/21 is £372.2m, of which £231.9m is forecast to be funded from borrowing. Across the forecast period 2021/22 to 2024/25, the budget is £982.8m, of which £601.0m is forecast to be funded from borrowing.

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## **Attachments**

Appendix 1: Capital Approval Process flowchart  
Appendix 2: Proposed Amendments to the Capital Budget  
Appendix 3: Detailed Capital Programme 2020/21 – 2024/25  
Appendix 4: Comparison of Capital Financing Requirement to External Debt and Internal Borrowing

## **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 12 February 2020 (Capital Strategy and Budget 2019/20 to 2023/24)

Report to Council 6 March 2020 (Capital Strategy and Budget 2019/20 to 2023/24)

Report to the Executive 11 March 2020 (Capital Programme Update)

Report to the Executive 3 June 2020 (Capital Programme Outturn Position 2019/20)

Report to the Executive 3 June 2020 (Capital Programme Update)

Report to the Executive 3 July 2020 (Capital Programme Update)

Report to the Executive 29 July 2020 (Capital Programme Monitoring 2020/21)

Report to the Executive 9 September 2020 (Capital Programme Update)

Report to the Executive 14 October 2020 (Capital Programme Monitoring 2020/21)

Report to the Executive 14 October 2020 (Capital Programme Update)

Report to the Executive 11 November 2020 (Capital Programme Update)

Report to the Executive 20 January 2021 (Capital Programme Update)

Report to the Executive 17 February 2021 (Capital Programme Monitoring 2020/21)

## **1 Introduction**

- 1.1 As part of the suite of budget reports submitted on this agenda, Executive and Council are recommended to approve the updated Capital Strategy for 2020-25. This report details the latest position on the Strategy, the governance process and progress on delivery.
- 1.2 The capital strategy provides the medium to long term context in which capital investment decisions are made, governance arrangements and the approach to investments and Treasury Management Strategy, which is elsewhere on the agenda.
- 1.3 Section 3 of the report sets out the priority areas for future investment, including carbon reduction and housing. Schemes and projects are added to the budget at the point they have been developed and agreed as part of the checkpoint process.

## **2 The Impact of COVID-19**

- 2.1 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.
- 2.2 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.

## **3 Strategic Context**

- 3.1 COVID-19 has had a major impact on the global and national economy. The UK's economy is forecast to contract by 11.3% during 2020, the largest fall in output in 300 years. Increased public spending to tackle COVID-19's health and economic impacts and the reduction in receipts have resulted in the Office for Budget Responsibility (OBR) projecting the public sector deficit to peak at £394bn (19% of GDP) in 2020, its highest level since 1944/45.
- 3.2 As well as the short term increase in public spending on health and the economy, the UK Government has announced a number of new funding programmes to support economic recovery which have been announced during summer 2020 and in the November 2020 Spending Review. Although some funding such as the Levelling Up Fund will be shared across all local authority areas, others will be competitive and it will be important for Manchester to have a well-developed pipeline of projects which can demonstrate existing financial support from the public or private sector.

*The Greater Manchester Context*

- 3.3 The ambition is for Greater Manchester (GM) to become a financially self sustaining region at the heart of the Northern Powerhouse. GM have been working hard with Government to turn that vision into a reality. The priorities around growth and reform are distinctive and evidence based, and the City Region is one of the few economic geographies that can be a national engine for growth for the North and the UK as a whole.
- 3.4 GM have published a one year “Living with Covid Resilience Plan” to act as a bridge with the GM Strategy which is due to be formally refreshed in 2021. The plan sets out the ambition to ‘Build Back Better’ with actions across a range of areas including the economy and economic stimulus, cycling and walking, integrated public transport, housing and public buildings and digital and health. The GM Infrastructure Programme seeks to influence priorities delivered by others as well as directly funding schemes. These, along with the GM Industrial Strategy, Housing Strategy and the developing Spatial Framework will provide frameworks for future investment decisions.

*Our Manchester Strategy for the City*

- 3.5 Manchester continues to be an ambitious city with a strong track record of delivery through partnerships and effective strategic leadership, improving the quality of life for residents and delivering the vision of making Manchester a world class city. In response to the COVID-19 pandemic, the Our Manchester Forum have overseen a reset of the Our Manchester Strategy which will be reported to Executive in February and Full Council in March 2021. The reset is based on the findings of extensive engagement programme which highlighted priorities including: young people; economy; health; housing; environment; and infrastructure; with equality and inclusion as a cross-cutting theme.
- 3.6 The reset will also restate the existing vision for Manchester to be in the top flight of world class cities by 2025, when the city will:
- have a competitive, dynamic, sustainable and fair economy that draws on our distinctive strengths in science, advance manufacturing, and culture, creative and digital businesses – cultivating and encouraging new ideas
  - possess highly skilled, enterprising and industrious people
  - be connected, internationally and within the UK
  - play its full part in limiting the impacts of climate change
  - be a place where residents from all backgrounds feel safe, can aspire, succeed and live well
  - be clean, attractive, culturally rich, outward-looking and welcoming
- 3.7 And to be internationally competitive the Council will need to:
- deliver on meeting the need to reduce dependency and improve the productivity outcomes for residents – creating a more inclusive economy for the city’s residents;
  - embrace the need to be a zero-carbon exemplar - as part of the city’s aims to be zero carbon by 2038 at the latest;

- invest in, and strengthen, the Council's existing economic and infrastructure asset base;
- ensure that there is a diverse housing offer for the city including homes that are affordable to those households on low and average incomes; and
- support the city's cultural and sporting offer.

#### *The Manchester Economic Recovery and Investment Plan*

3.8 In direct response to the economic challenges of the COVID-19 pandemic, the Council has worked with key partners in the private and public sectors to develop an ambitious plan for a more inclusive and sustainable recovery. The Manchester Economic Recovery and Investment Plan was officially launched on 25 November 2020 with the full support of local businesses. It includes 50 projects with a total investment value of £800m. The projects include a number thematic areas including skills, zero carbon, digital, culture and transport, but with four key strategic areas of investment which will drive economic growth:

- **Innovation:** Building, in part, on the city's work across its universities, Manchester has the potential to leverage Greater Manchester's science, research, innovation and teaching asset base to create new largescale clusters of high-value economic activities.
- **Manchester City Centre and Urban Realm:** investment in public space and mobility will capitalise on the City's success in this area and make the area yet more attractive to investors.
- **Zero Carbon Housing Retrofit:** The UK Government has already committed to a net zero carbon emissions target by 2050 and through hosting the 26th UN Climate Change Conference of the Parties (COP26), there is a clear focus on zero carbon and climate resilience. This project provides an opportunity to link new investment to local employment and deliver skills initiatives alongside delivering long-term investment in zero carbon.
- **North Manchester:** Two major developments provide the basis for the social and economic transformation of an area. A new North Manchester General Hospital with a health and wellbeing campus and Northern Gateway; a major housing and regeneration initiative.

#### *Other City Council Priorities*

3.9 A number of other significant developments will inform the approach to capital investment within the city. These include:

- The Our Manchester Industrial Strategy,
- the Manchester Residential Growth Strategy and Affordable Housing Strategies with the commitment to supporting overall and affordable housing growth
- Maximising new commercial development opportunities,
- Delivering on the outcomes of the reviews of the Highways Estate, the Operational Built Estate and the ICT Estate.

- The Council's declaration of a Climate Emergency in July 2019 and our Climate Change Action Plan with the objective of halving the Council's direct emissions by 2025 and to play our full part in supporting the city to do the same.

#### 4 Development of the Capital Strategy

4.1 The Capital Strategy has been developed to ensure that the Council can take capital expenditure and investment decisions in line with Council priorities and properly take account of stewardship, value for money, prudence, risk, sustainability and affordability.

4.2 Capital investments will be made in line with the Capital Strategy priorities. These decisions are within the economic powers of the Council and have strong governance arrangements that underpin decision making. The Council will not invest in capital schemes purely for yield, although some schemes will be financed all or in part from returns on investment. Usually investment will be within the local authority area although there may be exceptions if it is within the relevant economic area and meeting a key regeneration or zero carbon objective.

4.3 There will also be:

- externally funded programmes such as those for schools or The Factory;
- schemes funded from ring-fenced resources such as those within the Housing Revenue Account (HRA); or
- required investment from Council resources, including capital receipts, to support strategic priorities such as investment in the highways infrastructure, delivery of the ICT Strategy, asset management and the refurbishment of the Town Hall.

4.4 The capital priorities from 2020/21 have been updated in the light of the priorities set out in Section One of the report and are set out below.

- ***Investment that is catalytic*** in supporting economic growth, housing growth, job creation, reducing carbon emissions, transforming health, economic and social outcomes, and creating further investment in the city and supporting economic recovery of the city following the COVID-19 pandemic.
- Supporting the declaration of the Climate Emergency. The Council has a clear target to at least ***halve its carbon output by 2025***. Investment plans must consider the carbon impact alongside financial impact. The costs of new build programmes to higher environmental standards, following the introduction of the Manchester Low Carbon Build Standard endorsed by the Manchester Climate Change Agency, and meeting the needs of the Local Plan and planning requirements (including investment in green spaces and place such as trees and green walls) need to be considered alongside any revenue implications. Procurement practices will ensure carbon is a focal point. The majority of the Council's carbon emissions are



from the existing corporate estate and housing stock and significant investment will be required to bring this up to carbon efficient standards. This represents a major opportunity to both establish Manchester as a centre for green technology and services, and to work with local skills providers.

- **Deliver new affordable housing** to meet the increased delivery target from 5,000 Affordable Homes to a minimum of 6,400 Affordable Homes between April 2015 and March 2025.
- Developing a more **inclusive economy** as set out within the Our Manchester Industrial Strategy and reiterated in the Economic Recovery and Investment Plan. This will require investment on an invest to save basis in existing Council assets and strategic investment to unlock wider commercial and residential developments. There is an opportunity for new developments in the city such as the Northern and Eastern Gateways to become inclusive and zero carbon exemplars, but they need to be adequately resourced to realise the full social, economic and environmental benefits. The use of progressive procurement policies and social value will ensure the maximum benefit to residents from these new developments.
- Regeneration in **North Manchester**. This includes the North Manchester General Hospital redevelopment, anchoring a health and wellbeing campus as proposed in the Economic Recovery and Investment Plan. This, alongside the Northern Gateway should create the potential to support a growing city, create new housing and regenerate the area.
- Investment in the **city centre** as a key driver of growth and jobs for the city and one of the four strategic areas of interventions within the Economic Recovery Plan. Whilst a significant amount of investment will be from the private sector, public sector investment is needed in core areas such as public realm, in order to stimulate further private investment and growth in those areas.
- Investment in **cultural and creative industries** which make a major contribution to Manchester's international reputation and role as a destination for cultural tourism and are a growing element of the city economy. Given the importance of these industries and the particular challenge that people working in them have faced due to the pandemic, both short- and longer-term support is needed.
- **Market intervention** where the existing market outputs do not support the Council's wider aims. This is likely to be focussed on areas such as health and social care such as residential and intermediate care and will require significant partnership support. This may be short term in nature, to support the development of sustainable business plans, or of a longer nature to support market change.

- Ensuring the Council’s **corporate estate is fit for purpose**. This includes investment to reduce the Council’s carbon output and in relation to the current condition of the estate. This is particularly important for the leisure estate where the assets developed for the Commonwealth Games are now nearly 20 years old, and also in the social care estate where the budget challenges faced by providers has led to a lower level of investment on maintenance than expected.
- **Investment in digital infrastructure, data management, and the application of new approaches**. These are now key elements of the Manchester economy and reflected in the new draft Manchester Digital Strategy – “Creating an Inclusive, Sustainable & Resilient Smart City”. The provision of digital infrastructure and the application of digital technology is needed to capitalize on private sector investment and compete economically on the national and international stage. It can also drive greater inclusion for residents and workers and projects have the potential to find technological solutions to health, mobility and environmental challenges by utilising the power of connected devices.
- Continued Investment in ICT infrastructure as part of being a **well-managed Council**. Increased digitisation, and the need to move from legacy ICT platforms will mean investment is required, alongside work on ICT resilience, network capability, and key operating systems.

4.5 Taking the above into account the Council will need to maximise its investment capacity and will focus on the following areas:

- to support employment growth through a strengthening and diversification of the economic base and efficient use of land;
- investment in new and upgraded transport infrastructure including delivering the Highways Investment Programme;
- to provide an expanded, diverse and affordable housing offer, creating the conditions to increase the supply of affordable and social housing, and that all new homes in the city are supported by good local public services and an accessible public transport infrastructure;
- to support new and expanded high quality primary and secondary school facilities for a growing population;
- to ensure that there is a sufficiency of facilities in the city to support the demands within our adults and social care system;
- securing investment for an internationally competitive cultural and sporting offer and sustaining core assets such as parks, leisure facilities and libraries for Manchester residents;
- to support businesses and residents to create thriving district centres with appropriate retail, amenities and public service offer; and
- to promote the role and continuing growth of the City Centre as a major regional, national and international economic driver.

4.6 Underscoring all of the above will be the need to pursue interventions that both encourage and deliver the city’s zero carbon goals.

- 4.7 The above priorities will be considered against the criteria for the Government's Levelling Up Fund and the UK Shared Prosperity Fund, once available. The Levelling Up Fund of £4bn for England will invest in local infrastructure that has a visible impact on people and their communities and is aimed at supporting economic recovery, and further details on the Fund are expected in early 2021. The UK Shared Prosperity Fund is expected to be on average £1.5bn a year across the UK, to match the receipts from EU structural funds which have previously been received. A pilot programme ahead of its introduction is expected to be announced in 2021/22.
- 4.8 The Council will seek to maximise the use of all other available funding sources, including Green Homes grant, the Getting Building Fund and the Public Sector Decarbonisation scheme. Similarly, access to EU programmes which can continue to be used following the ending of the transition period, such as Horizon Europe which is the EU's research and innovation programme, could play a significant role in supporting the Recovery Plan.
- 4.9 This report includes identified pipeline projects which have been identified to support the delivery of the Council's objectives and may require capital investment. These projects do not form part of the approved capital programme but will be added as they are developed and approved. Likewise a number of programmes, such as highways and schools maintenance, are funded via government grant and these will be brought into the programme when the funding is confirmed.

## **5 Carbon Reduction**

- 5.1 The City Council has declared a climate emergency and set an aim to become carbon neutral by 2038, requiring the Council to reduce its direct carbon dioxide emissions by at least 50% by 2025. This will require reducing carbon to be embedded across all planning and investment. Changes in how buildings are operated alongside behavioural changes such as recycling will be important, but will need to be supported by capital investment aimed at reducing carbon.
- 5.2 The existing approved capital programme contains significant investment in carbon reducing measures, for example:
- the Street Lighting replacement programme is replacing the lights with LED lights with lower emissions;
  - the Civic Quarter Heat Network is currently being built, which will allow Council buildings to be powered through cleaner energy;
  - the purchase of electric refuse collection vehicles; and
  - the Carbon Reduction Programme with building-specific projects across the Council's estate to reduce the carbon output.
- 5.3 There will also be specific investment required with the forecast additional projects identified in this report including:

- moving to a sustainable transport system across the City, including investment in cycle lanes and electric charging points;
- investment in the Corporate Estate to improve energy efficiency given the estate accounts for roughly 70% of the Council's carbon emissions;
- retrofit works to the Council's housing stock to move towards it being carbon neutral; and
- further investment in green energy solutions.

5.4 In recognising the importance of capital investment to achieving the carbon neutral date of 2038, it is also important to recognise the financial challenge that this creates. This means that capital investment aimed at reducing carbon must focus on projects which will make the biggest difference.

#### *The Manchester Build Standard*

5.5 To mitigate the impact of capital projects on the environment, it is proposed that all Manchester City Council projects should use as a basis for their specification a Low Carbon Build Standard to mitigate the impact on the environment. The Manchester Low Carbon Build Standard, created by the Council's Capital Programmes team, provides a stepping-stone which will enable the Council to move towards the 2023 target date for all new developments being zero carbon and climate resilient. The Standard sets minimum expectations which should be followed by all MCC schemes, with zero carbon exemplar schemes actively encouraged.

5.6 The Standard achieved the endorsement of the Manchester Climate Change Agency in December 2020 and is being applied across the Council's capital programme. It has been supported by several external partners including the North West Construction Hub Board and the National Association of Construction Frameworks (NACF). The Standard will be reviewed and updated accordingly by June 2021 and six-monthly thereafter.

5.7 It is requested that the Council approves the adoption of the Manchester Low Carbon Build Standard for the Council's capital projects.

## **6 Governance and Asset Management Planning**

6.1 Capital expenditure is spent on the purchase or improvement of assets that have a long-term value to the Council, such as land and buildings. The Council and its residents receive a benefit from the capital expenditure invested in the assets for a long period of time (i.e. more than a year). It is the Council's policy to capitalise any expenditure, over a total value of £10,000 which fulfils these criteria.

6.2 The potential capitalisation flexibilities, such as the use of capital receipts to support revenue expenditure for service transformation have not been utilised. This will be reviewed during 2021/22, in the light of the significant change the Council will have to deliver and the continued revenue budget challenges.

- 6.3 The capital expenditure and investment decision making process has five distinct stages to cover project initiation, project design and costs, democratic process, capital expenditure approval and monitoring/review. The process is shown at Appendix 1. For any project seeking capital expenditure approval a business case must be drafted, covering:
- **Strategic Fit:** how the project links to the City Council's strategic priorities, social value, and any statutory requirements.
  - **Economic Value:** what economic value the project will provide to the City, including social value.
  - **Financial Implications:** funding model, with evidence of cost and capital and revenue implications
  - **Risk and Deliverability:** timescale for delivery and identification of risks to the project, including legal issues.
  - **Outcomes to be delivered:** what the project will achieve, and the benefits that will be realised. This includes social value, and impact on the low carbon strategy.
- 6.4 The business cases must be agreed by the relevant directorate board and supported by the relevant Executive member prior to submission to the Strategic Capital Board chaired by the Deputy Chief Executive and City Treasurer. The Board will then make recommendations to members.
- 6.5 The governance process for approving capital investments is the same. Any investment proposal is peer reviewed and within the Council there are commercial and public sector professionals who will assess any proposals including for internal and external risks and to establish investment structures to mitigate any identified risks. Where required external advice is commissioned to perform due diligence or to support the creation of the business case. External advisors are also used for material projects that have a level of risk associated with them.
- 6.6 The capital programme is managed on a rolling basis and updated as new schemes are developed or there are material changes to existing schemes. The Strategic Capital Board receives monthly updates from each directorate board detailing financial forecasts, risks, and expected outcomes. The Executive receives monthly reports to approve any changes and a quarterly monitoring report.
- 6.7 The approved capital programme includes several asset management programmes for the operational estate, housing, highways and schools. The Executive Member Estates Board is responsible for the strategic direction and decision making for the operational estate, including estate asset management and estates transformation. These decisions support the activity contained within the Asset Management Programme which forms part of the capital budget. The Council also holds assets for expected future regeneration projects. Work is undertaken to ensure that these assets are maintained. The asset such as land, could also gain or lose value in the intervening period, but the overarching aim is to release the value in the asset,

which will be wider than purely financial considerations, once the regeneration has been completed.

- 6.8 There remains a strong focus on achieving value for money. The Capital Programmes function was peer reviewed in 2018 by the Local Government Association. A further assurance review is planned for 2021/22 to ensure that practices remain robust and deliver best value.
- 6.9 The format of the monitoring was updated in 2019/20 to enable the Executive to monitor spend against the life of the project. It will be further reviewed in advance of the 2021/22 to ensure it is easy to use and is less cumbersome to produce.

## **7 Changes to the Capital Programme**

- 7.1 There are a number of schemes which have been developed and are ready for inclusion in the capital programme which are summarised below. A summary of the schemes, funding and profile of spend can be found at appendix 2.

*For Executive approval:*

- Highways: City Centre (Triangle) and Wythenshawe Active Travel Fund Schemes. Transport for Greater Manchester (TfGM) has confirmed Manchester Highways has been successful in its bid for Active Travel Fund (ATF) Tranche 2 funding. The City Centre (Triangle) and Wythenshawe Cycleway schemes were first and second ranked as part of TfGM's project prioritisation exercise and awarded £4m and £1.5m of ATF funding respectively. Both will seek to introduce permanent infrastructure to increase sustainable travel by encouraging more residents to walk and cycle. The City Centre (Triangle) scheme includes routes and infrastructure to support active travel between travel hubs within the city centre including Deansgate station, Piccadilly station and Victoria station. This will link the Triangle project to the Northern Quarter Mayors Challenge Fund (MCF) projects, Deansgate and Whitworth Streets for All projects and provide a continuous route through the city linked to other key walking and cycling schemes to maximise investment. The Wythenshawe Cycle Scheme will improve cycling links between Wythenshawe town centre and within Manchester City Centre. The deadline for scheme delivery set by the Department for Transport is currently March 2022. A capital budget increase of £5.5m in 2021//22 is requested, funded by External Contribution.
- Growth: Public Sector Decarbonisation Scheme. 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. The Public Sector Decarbonisation Scheme (PSDS) is focused on energy efficiency in public buildings and in particular measures which decarbonise heat. The Council bid totalled £23m, with a projected carbon saving of 2,303 tCO<sub>2</sub>e

per annum. The bid was developed with energy services partner Ameresco and covers 13 buildings with a range of proposed carbon reduction technologies, including Solar PV, Heat Pumps and Battery Storage. A capital budget increase of £0.041m in 2020/21 and £22.943m in 2021/22 is requested, funded by Government Grant, alongside a capital budget increase of £0.070m in 2020/21 is requested, funded by RCCO.

- Private Sector Housing: Social Housing Decarbonisation Fund. The Council has successfully bid for funding from the Department of Business, Energy and Industrial Strategy (BEIS) for low carbon retrofit works to social housing, which One Manchester will match-fund and decarbonise 150 housing on the Grey Mare Lane estate in Beswick. A capital budget increase of £0.075m in 2020/21 and £3.045m in 2021/22 is requested, funded by Government Grant.
- Additional Disabled Facilities Grant (DFG). The Council has been awarded additional DFG by MHCLG. There are no timescales for spending the grant, other than MHCLG requests it be spent at the earliest opportunity, recognising the challenge that COVID-19 has created for adaptation programmes. A capital budget increase of £1.007m in 2021/22 is requested, funded by Government Grant.

## **8 Proposed Capital Programme from 2021/22**

- 8.1 The capital programme 2021/22 to 2024/25 includes the continuation of the existing programme and approved schemes. The pipeline priorities and externally funded programmes and schemes will be added as they are developed and approved. The programme is based on that forecast as at the end of December 2020, which is reported elsewhere on the agenda. Details of the potential pipeline schemes are also contained below
- 8.2 The budget for 2020/21 is £372.2m. The profile of capital expenditure will be updated as projects develop through the design stage or if the resource position changes. This is reported through to Executive in the regular Capital Update and Monitoring reports.
- 8.3 Current inflation forecasts remain varied, reflecting the complex market situation that exists due to COVID-19 and other factors. Some forecasts suggest nationally inflation could be negative in the near term before increasing significantly, others see a more gradual rise. Estimates for 2021 the North West are between 0.5% and 3.5%, and it is important to note that the inflationary pressures faced by any project may vary due to size, value or procurement route. Given these pressures, there remains £17.3m of the inflation budget established last year to be used to support projects where inflation cannot be contained within the existing budget.
- 8.4 The proposed programme is summarised in the table below:

	<b>2020/21 budget £m</b>	<b>2021/22 budget £m</b>	<b>2022/23 budget £m</b>	<b>2023/24 budget £m</b>	<b>2024/25 budget £m</b>	<b>Total £m</b>	<b>Total 21/22- 24/25 £m</b>
<b>Manchester City Council Programme</b>							
Highways	53.0	63.6	2.7	2.2	0.0	<b>121.5</b>	<b>68.5</b>
Neighbourhoods	10.4	30.0	29.9	13.4	0.0	<b>83.7</b>	<b>73.3</b>
Growth	87.6	152.1	80.9	33.1	0.0	<b>353.7</b>	<b>266.1</b>
Town Hall Refurbishment	34.6	63.6	88.2	57.5	36.2	<b>280.1</b>	<b>245.5</b>
Housing – General Fund	13.9	18.8	11.2	12.7	0.1	<b>56.7</b>	<b>42.8</b>
Housing – HRA	16.1	40.2	45.5	3.2	0.0	<b>105.0</b>	<b>88.9</b>
Children’s Services (Schools)	37.2	39.0	44.9	0.0	0.0	<b>121.1</b>	<b>83.9</b>
ICT	3.8	8.8	12.9	7.7	0.0	<b>33.2</b>	<b>29.4</b>
Adults, Children’s and Corporate Services	115.6	63.5	15.6	5.3	0.0	<b>200.0</b>	<b>84.4</b>
<b>Total Programme</b>	<b>372.2</b>	<b>479.6</b>	<b>331.8</b>	<b>135.1</b>	<b>36.3</b>	<b>1,355.0</b>	<b>982.8</b>

8.5 Please note that these figures shown here do not include the proposed additional investment for Collyhurst, which is subject to a separate report to Executive. Should this be approved, the budgets and associated funding will be higher.

8.6 The programme budget for 2021/22 should be considered provisional, and it is fully expected that it is likely to be developed over a longer period of time as work develops, designs are finalised and work programmes agreed.

8.7 Further details of the major schemes included are set out in this report and a full list of the projects and the budget split by financial year is shown at appendix 3. The programme will be updated at the May meeting of the Executive to reflect the final outturn position for 2020/21 and will change as new projects are approved.

## **9 Highways**

9.1 The Highways capital programme consists of the investment in the City’s highways network, including work on bridges, cycle paths and bus priority lanes. The programme is forecast to be £68.5m between 2021/22 and 2024/25 and the primary schemes within the programme are detailed below.

9.2 The Highways Maintenance Investment Programme (£28.7m) will continue. The programme will seek to implement longer term preventative maintenance measures, which would result in the Council’s highways assets being



improved and reducing maintenance costs. This includes works to drainage systems, large patching works, carriageway works and repairs to footpaths.

- 9.3 The Bridge Maintenance project (£6.7m) will continue to ensure that the Council's bridge assets across the highways network are maintained according to statutory guidelines.
- 9.4 The Chorlton Walking and Cycling Scheme (£9.5m) is well underway and will create a 5 km route from Chorlton Park to Manchester, linking with existing routes and continuing into the city centre. The Northern Quarter Scheme (£9.6m) has also started and will create an east/west walking and cycle route between Piccadilly Station and Victoria Station via the Northern Quarter, and seeks to make the streets safer, greener and better for everyone, and especially for those on foot or bicycle. Other externally funded walking and cycling schemes include Beswick Active Neighbourhood, Fallowfield Loop, Rochdale canal, Northern Gateway route and the Levenshulme Active Neighbourhood improvements and all those schemes have either started already or will start in 2021.
- 9.5 The Public Realm programme (£0.9m) will support the maintenance and development of the Council's public realm assets.
- 9.6 The Street Lighting Private Finance Initiative (PFI) project (£0.8m) will deliver the procurement and installation of modern, state of the art, low energy light emitting diode (LED) street lighting technology. The scheme will provide revenue savings due to reduced energy charges, and lower maintenance costs for the Council's street lighting.
- 9.7 The significant capital investment programme will improve road safety as wherever possible the changes to the highway are made to support it, for example the Great Ancoats Street where accident prevention is a key aim of the project. Similarly, the programme of cycling and walking improvements funded through the GM Mayor's Challenge Fund will see significant road safety benefits from better road crossings, segregated cycle lanes and additional pedestrian facilities.

#### *Potential Future Investment*

- A significant proportion of the Highways Capital programme is funded from government grant and will be confirmed once the funding has been allocated.
- Alongside the recent public consultation of the draft City Centre transport strategy, investment is proposed on key transport corridors across the City Centre using the existing budget for other highways improvements.
- A review of the current Highways Investment Plan, due to be substantially spent by the end of 2021/22, is underway. The outcomes will be used to support the business case for further investment to continue to improve the

highways network and footways which may be required to compliment government grant funding.

- The closure of Deansgate will be progressed, beginning with consultation and the implementation of an experimental traffic order so the proposals can be fine-tuned.
- Investment which prioritises improvements to the network to support active travel and reallocate road space to walking and cycling will continue to be pursued, with the development of a number of schemes approved through the GM Mayor’s Challenge Fund. These works supplement other proposals which promote sustainable forms of transport across the city.
- Further investment is planned in road safety and security measures.
- Investment to support the establishment and delivery of several major projects where highways infrastructure will play a key role. Currently proposals include consideration of HS2, Etihad Campus, Northern Gateway and the Airport and the Bee Network along with localised pinch points and corridors.

## 10 Neighbourhoods

10.1 The Neighbourhoods capital programme includes the investment required to support the City’s neighbourhoods and well-being, such as libraries and leisure centres. The programme is forecast to be £73.3m between 2021/22 and 2024/25, as shown in the table below, and the primary schemes within the programme are also detailed below:

	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m	Total £m
Environment and Operations	6.7	6.4	0.4	0.0	0.0	13.5
Leisure	3.4	22.5	29.5	13.4	0.0	68.8
Libraries	0.3	1.1	0.0	0.0	0.0	1.4
<b>Total Neighbourhoods</b>	<b>10.4</b>	<b>30.0</b>	<b>29.9</b>	<b>13.4</b>	<b>0.0</b>	<b>83.7</b>

### *Environment and Operations*

10.2 As part of the waste and street cleaning contract, a loan will continue to be available to the contractor to upgrade vehicles (£0.9m), including to make them clean air compliant, on a spend to save basis. The loan will be repaid through reduced service costs. The purchase of electric refuse collection vehicles (£4.1m) will continue, replacing the standard diesel vehicles and making significant reductions in carbon emissions.

### *Leisure*

- 10.3 The Parks Investment Programme (£11.4m) will focus on improvements to the quality of the community and local parks, green spaces and allotments across Manchester.
- 10.4 Investment will continue at Abraham Moss leisure centre (£22.6m). These works will reduce revenue costs associated with the upkeep of the building and provide long-term savings to the Council.
- 10.5 The refurbishment of the Manchester Aquatic Centre (£29.7m) will return the building to a compliant venue for all current uses, to modern standards, and will incorporate carbon reducing technologies.

#### *Potential Future Investment*

- The Economic Recovery and Investment Plan highlights the importance of culture to Manchester. Potential investment to ensure that there is space available for cultural and creative industries, alongside supporting existing cultural infrastructure is being reviewed, with an intention to leverage external funding where available.
- The development of New Smithfield Market with work continuing to understand the scope of such works and the implications for the Council.
- The continued development of the leisure estate, with the introduction of new leisure assets as well as large scale improvements to existing facilities which will also contribute to the low carbon aims of the Council. The funding will be mixed with the joint management of Waterfall funding with Sport England, the ability to access other national funds and some use of City Council resources. This is expected to include the National Cycling Centre refurbishment, Manchester Aquatics Centre refurbishment, and the Hub at Hough End.
- Further investment in the library estate, including the refresh of neighbourhood libraries and the self-service system, to ensure that communities can continue to have wide access to library services
- Parks investment linked to the approval of the Parks Development Plan. Funding is already held against this programme and details of individual schemes will be brought forward.
- Redevelopment of the North Manchester General site will form part of the regeneration of North Manchester, linking with the planned Northern Gateway investment as well as the provision of the new hospital and associated health facilities. Initially this may be focussed around Crumpsall Park. Such investment will be a priority for the Council against any source of regeneration finance that the Government may bring forward.

## **11 Growth**

11.1 Growth includes the programme for the Council's property assets, and investment in neighbourhood development and cultural facilities. The programme is forecast to be £266.1m between 2021/22 and 2024/25, as shown in the table below, and the primary schemes within the programme are also detailed below:

	<b>2020/21 budget £m</b>	<b>2021/22 budget £m</b>	<b>2022/23 budget £m</b>	<b>2023/24 budget £m</b>	<b>2024/25 budget £m</b>	<b>Total £m</b>
Culture	36.5	56.0	31.9	0.0	0.0	<b>124.4</b>
Corporate Property	19.1	52.3	13.8	10.0	0.0	<b>95.2</b>
Development	32.0	43.8	35.2	23.1	0.0	<b>134.1</b>
<b>Total Growth</b>	<b>87.6</b>	<b>152.1</b>	<b>80.9</b>	<b>33.1</b>	<b>0.0</b>	<b>353.7</b>

### *Culture*

11.2 The continuing Factory project (£84.1m) will create a cultural facility within the St John's area of the City Centre.

### *Corporate Property*

11.3 The Asset Management Programme (£12.6m) will ensure that the Council's assets, including its elite sporting assets, are well-maintained.

11.4 In addition to this programme the Hammerstone Road Depot project (£18.1m) will continue. This investment will allow other sites to be released and reduce the maintenance costs associated with these sites.

11.5 The continuing Carbon Reduction Programme (£20.2m) will be used to develop schemes to reduce carbon emissions including the use of combined heat and power plant, solar photovoltaic panels, and the use of LED lighting within the Council's estate.

### *Development*

11.6 The Strategic Acquisitions budget (£1.3m) will provide funding for the Council to acquire key sites throughout the city, provided they become available, which can further the aims and objectives of the corporate plan particularly with regard to housing and regeneration.

11.7 The Sustaining Key Initiatives (£11.5m) investment provides the Council with the capacity to intervene to ensure key commercial, operational and mixed use development priorities are secured in the city. It is expected that any intervention would be done primarily on an investment basis.

11.8 The Northern Gateway investment plan (£16.6m) will lead to significant residential growth in the neighbourhoods of New Cross, Lower Irk Valley and Collyhurst through land assembly and the provision of core infrastructure, with the regeneration completed with Far Eastern Consortium who are the Council's joint venture partner. Alongside this, works will progress on the

grant-funded Housing Infrastructure Fund (£50.8m) which will support land remediation, investment in utility networks, flood risk issues, and create new roads, footpaths and cycleways to prepare the Norther Gateway area for development.

- 11.9 Works will continue on the refurbishment of the existing National Squash Centre to create the House of Sport (£7.3m).
- 11.10 Public realm investment will continue throughout the city centre, with schemes at the Medieval Quarter (£1.9m), providing public realm improvements in the north of the city centre around the River Irwell, Manchester Cathedral, Cheetham's and Victoria Station, including the Glade of Light memorial; Lincoln Square (£1.2m) supporting the wider redevelopment of the area and providing a more distinctive identity for the square; and Piccadilly Gardens (£1.6m).
- 11.11 The Civic Quarter Heat Network (£4.7m) project aims to provide a heat network throughout the Council owned property estate in and around the Town Hall complex and to developments owned by the private sector in the vicinity of the Town Hall. This will reduce energy costs, and also help achieve the City's aim of reducing carbon emissions.

#### *Potential Future Investment*

- 11.12 The programme includes the Asset Management Programme (AMP) which is kept under review to ensure it is a comprehensive programme for all Council assets. This may include bringing in assets such as City Council owned schools and the maintenance of previous Sure Start centres and care homes, with the existing leasing arrangements with reviewed to ensure the ongoing operation of the sites.
- 11.13 Investment to reduce the Council's carbon footprint and bring the estate up to a minimum energy performance certificate (EPC) rating of C, based on a strategy of Reduce, Produce and Connect. This will reduce demand for energy, through design measures e.g. LED lighting, produce low carbon energy through solar panels and ground source heat pumps, and connect schemes together by gathering and sharing data to examine how energy demand can be further reduced. Works will be aligned to the AMP repairs schedule where possible, alongside existing programmes such as the Carbon Reduction Programme and Civic Quarter Heat Network. Investment opportunities into sustainable energy supplies for the City are being actively explored in line with the Council's Climate Change Action Plan.
- 11.14 The Growth pipeline is wide and varied and consideration of appropriate investment strategies will be key. This may include using Council-owned land to leverage investment from partners, rather than solely seeking a capital receipt. There may also be investments where the capital financing costs are covered by an income stream from a third party. These should not have a negative impact on the Council's capital financing capacity but will increase the Council's level of debt until they are fully repaid. Proposals include:

- Investment opportunities in key strategic areas including the Etihad Campus, the Northern Gateway, Eastern Gateway, and other areas for development such as Wythenshawe Town Centre and Moston Lane.
- Investment in public realm, particularly in the city centre, to drive economic growth and attracting new investment, will focus on the pipeline highlighted in the Economic Recovery Plan, including Mayfield, Piccadilly Gardens and active travel hubs.
- Following completion of the public consultation on the draft development framework for the former Central Retail Park, proposals for this site are expected to be progressed.
- Following the report to Executive in November, proposals to develop a mobility hub in Ancoats will be brought forward to support promoting modal shift towards cycling, public transport and electric vehicles.
- The Economic Recovery Plan sets out projects which create new enterprise, craft and production space which can accommodate small enterprises and safeguard jobs in the cultural and creative industries.
- In line with the emerging Manchester Digital Strategy, the Digital Cooperative Project will enhance and future-proof digital networks across the city, and provide support for existing and new businesses, as well as advanced digital skills training for local people. Alongside this, the proposed Civic Innovation Programme will provide a route to identify solutions to key social challenges.
- Opportunities to support the development of strategic assets through direct purchases or loans to partner organisations and third parties are being explored. This will be particularly important for specific sites where the Council's involvement could help progress and accelerate wider investment progress.

## **12 Town Hall Refurbishment**

- 12.1 The Town Hall and Albert Square Refurbishment programme is for the full refurbishment and upgrade to modern standards of the Town Hall and the associated costs for Albert Square. The programme is currently forecast to be £245.5m between 2021/22 and 2024/25 with planned spend currently £34.6m in 2020/21.

## **13 Housing – General Fund**

- 13.1 The Housing – General Fund capital programme includes housing regeneration schemes, such as the Council's housing Private Finance Initiative (PFI) schemes. It also includes funding for disabled facilities and energy efficiency schemes. The programme is forecast to be £42.8m between

2021/22 and 2024/25 and the primary schemes within the programme are detailed below.

- 13.2 Funding remains set aside within the programme for commercial and residential acquisitions (£6.7m) which will support the existing Brunswick and Collyhurst schemes.
- 13.3 Major adaptations funding is expected to be available (£10.2m) for major disability adaptations to private owner-occupiers, non-City Council owned social housing, and the tenants of privately rented properties, where eligible. Funding is through government grant and agreed voluntary contribution from social landlords.
- 13.4 Further investment plans include support for the development of Extra Care accommodation within Manchester (£2.4m).
- 13.5 Funding remains available, through the government's Marginal Viability Fund, to support the delivery of new homes on the New Victoria (£4.5m) site by addressing infrastructure works.

#### *Potential Future Investment*

- The priority is to deliver safe, secure and affordable housing to achieve the minimum of 6,400 Affordable Homes by March 2025. There is limited capacity from within the Housing Revenue Account and Housing Affordability Fund. The development of the Local Housing Delivery Vehicle with a view to creating multiple phases of delivery and relationships with Registered Housing Providers will be key, along with the commitment to leveraging the Council's land and property assets.
- The Council will play a key role in bringing forward investment across the City, but particularly in the Eastern and Northern Gateways. The roles of developers and the Council will need to be considered on a case by case basis for each development.
- Work will continue with colleagues in Greater Manchester to identify and access funding for energy conservation measures in private households.
- Work is continuing to develop proposals for the development of supported and semi-supported housing options to address the needs of residents who require independent living with support, including homeless people and young people at risk of homelessness. The establishment of a Council-owned temporary accommodation unit for homeless families continues to be worked on. This would also reduce revenue spend on bed-and-breakfast and hotel accommodation.

## **14 Housing – Housing Revenue Account (HRA)**

- 14.1 The Housing – HRA capital programme consists of the investment in the Council's public sector housing estate, including acquisitions and capital works

on existing Council housing assets. The programme is forecast to be £88.9m between 2021/22 and 2024/25 and the primary schemes within the programme are detailed below. The long term HRA business plan contains assumptions around future capital spend, and such projects will form part of the Council's capital programme once approved.

- 14.2 Provision is also made in the budget to reflect the delivery of new works in future years that will support the ongoing 30-year HRA asset management plan (£47.5m). The funds will be used to maintain the Decent Homes Standard within Manchester's housing stock and, in addition, will support innovative climate change investment; essential health and safety works including the installation of sprinklers in multi storey blocks; public realm environmental works; and, where appropriate, it will support estate regeneration and re-modelling.
- 14.3 The Silk Street project (£12.1m) will continue, building high quality affordable homes on a site in Newton Heath.
- 14.4 The programme includes funding for the ongoing regeneration works in Collyhurst (£18.2m), including proposals for new social housing new builds and land assembly linked to the Northern Gateway. There are capital investment proposals for Collyhurst elsewhere on the agenda.

#### *Potential Future Investment*

- With the decision to bring the ALMO back under Council control in July 2021, the Northwards capital programme will be reviewed to ensure there is the right prioritisation and pace for works to deliver fire safety and decent homes standards.
- The Council will consider options for retrofit works to make its existing housing zero-carbon. The potential initial investment sought, noted in the Economic Recovery and Investment Plan, is for the Manchester Housing Provider Partnership to establish a collaborative approach to procurement and delivery, with a view to retrofitting 3,500 properties a year including the Council's housing. This would also contribute to addressing fuel poverty.
- There will be a continued focus on increasing the level of affordable housing, either through models of direct delivery or through working with registered providers and other partners. The role of the HRA in providing new affordable housing will continue to be reviewed. This will include the development of housing at Silk Street, Newton Heath.

## **15 Children's Services (Schools)**

- 15.1 The Children's Services capital programme is predominantly focused on the building of new schools, to meet school place demand, and investment in the existing school estate. The programme is forecast to be £83.9m between 2021/22 and 2024/25 and the primary schemes within the programme are detailed below.



- 15.2 The programme to increase the Special Educational Needs capacity (£8.1m) across the city will continue, with works to be undertaken at Roundwood, North Hulme, and Moston.
- 15.3 Work will continue on the design of the Co-op Academy in Belle Vue alongside the provision of places at Connell College (£4.3m) to accommodate the early opening of the Belle Vue school. As noted below, once design work is complete approval for the full scheme will be sought.
- 15.4 The Council will receive no Basic Need grant in 2021/22. The existing unallocated grant is c. £62.3m, which is expected to be required for the creation of secondary school places.
- 15.5 A Government grant-funded schools maintenance programme (£5.0m), to help maintain the Council's school assets, is included within the budget. Officers expect this funding stream to continue, however the annual budgets will be revised once confirmation of the level of funding is received.

#### *Potential Future Investment*

- The statutory requirement to provide sufficient school places across primary, secondary and specialist education continues to be monitored along with approvals as part of the Government's Free School programme to ensure there are sufficient places to meet demand. Once the design has been completed, proposals will be brought forward for a new secondary school at Hyde Rd.
- School maintenance projects will continue and be scaled in accordance with the level of government grant received, taking into account the condition of school buildings and prioritising accordingly.

## **16 Information and Communication Technology (ICT)**

- 16.1 The ICT capital programme provides investment to the Council's ICT estate. The programme is forecast to be £29.4m between 2021/22 and 2024/25 and the primary schemes within the programme are detailed below.
- 16.2 The Network Refresh Programme (£9.0m) will progress, updating the Council's wider area network, local area network and wi-fi. This will also require works to the hardware used by the Council for communications.
- 16.3 With the changes to the way in which a significant element of the Council's workforce has been operating throughout the pandemic, the End User Experience project (£4.2m) will be important in updating the technology available to staff to allow them to undertake their roles more effectively.
- 16.4 The remaining ICT Investment Plan funding (£15.8m) is currently unallocated, to allow projects such as those noted as potential future investment priorities

below to continue to be developed. Once projects are approved, they will be funded from this budget allocation.

- 16.5 It is expected that some of this budget may need to be transferred to revenue, depending on the type of work required, and this decision can only be made when the appropriate ICT solution has been identified. Such transfers will be proposed on a case by case basis and reported to members through the regular capital update reports.

#### *Potential Future Investment*

- Future investment will focus on improvements to the Council's core systems and infrastructure, and in supporting services across the Council in developing ICT solutions to their needs. Proposals will be brought forward to continue the network refresh, to review and improve the way in which residents and businesses can access Council services with the replacement of the CRM system, and to replace the Council's ERP SAP system which includes payroll, HR, the finance ledger and procurement. The replacement of these legacy systems is critical to modernising and automating business processes and maximising the use of data and reporting.

## **17 Adults, Children's and Corporate Services**

- 17.1 The Adults, Children's and Corporate Services capital programme provides investment for the health and social care work of the City Council, and strategic investments. The programme is forecast to be £84.4m between 2021/22 and 2024/25 and the primary schemes within the programme are detailed below.
- 17.2 To provide integrated health and community services it is proposed to invest in a new facility at the Gorton District Centre (£19.8m). This is on an invest to save basis with the income from the leases to partners providing the funding to repay the build costs.
- 17.3 Financial support for the development of the project with Health Innovation Manchester (£10.1m), to conduct research on life science sub-sectors of health and medical technologies, will continue.
- 17.4 The approved loan support to Manchester Airport (£36.2m) will continue to be available.
- 17.5 As noted above at paragraph 8.3, there continues to be a budget allocation for inflation (£17.3m) to support projects where inflationary pressures cannot be contained within existing budgets.

#### *Potential Future Investment*

- There is a potential need for Adult Social Care to intervene in the social care market to shape the market to meet health and social care needs including new build facilities, or the acquisition of existing buildings which can be

tailored to care models. There are no specific schemes in the pipeline, and these would be developed with health service partners. There may also be a need to address areas of market failure to ensure continuity of service. The intervention may be short-term but could be vital in limiting the impact on residents. By its nature this may need to be actioned quickly and appropriate budgets and approval routes are being considered.

- The Corporate Core needs to retain the ability to provide market intervention or provide loans to third parties as part of a wider investment strategy to deliver the strategic aims for the city. These would be bought forward with a clear business case and due diligence process. Investment options for carbon efficient energy sources are also being actively explored and are likely to be brought forward in the last quarter of 2020/21.

## **18 Capital Financing**

- 18.1 The Council has several funding streams available to fund capital expenditure. Alongside external grants and contributions revenue funding, capital receipts and prudential borrowing can also be used. Capital receipts are generated through the sale of assets. These receipts are ring-fenced, under legislation, to fund capital expenditure and cannot be used to fund the revenue budget.
- 18.2 There are restrictions around the use of certain capital funds, some statutory and some at the Council's discretion.
- 18.3 The Housing Revenue Account (HRA) is a restricted fund and can only be used to fund capital expenditure on HRA assets.
- 18.4 The Council also operates the following fund restrictions:
- Housing capital receipts (both Housing General Fund and Housing Revenue Account) are reserved for use on new Housing projects;
  - General Fund capital receipts will be used in the first instance to support the Asset Management Programme.
  - Grants received will be used for the specific purpose intended even if the terms of such grants are not restrictive, unless alternative use promotes the same aims.

### ***Prudential Borrowing***

- 18.5 The use of prudential borrowing allows the Council to spread the cost of funding the asset over its useful economic life. Using prudential borrowing as a funding source increases the Council's capital financing requirement (CFR), and will create revenue costs through interest costs and minimum revenue provision (MRP).
- 18.6 Where expenditure is funded through borrowing there is a requirement to make a minimum revenue provision towards the repayment of the debt. This ensures that the revenue cost of repaying the debt is spread over the life of the asset, similar to depreciation. The Council's MRP policy is contained within the Treasury Management Strategy Statement.

- 18.7 The estimated financing costs for the capital programme and existing debt have been calculated as part of the budget process. The proposed programme and the existing debt liabilities are affordable within the existing revenue budget. There is a finite level of borrowing that the Council can undertake to remain affordable and meet the Prudential Indicators (which are included in the Treasury Management Strategy). In line with the Prudential Code the Local Authority must have explicit regard to option appraisal and risk, asset management planning, strategic planning, and achievability of the forward plan.
- 18.8 The Council continues to work to develop schemes which attract external funding or deliver a substantial return on investment. All schemes are reviewed so that the revenue consequences and capital financing costs are understood and budgeted for.
- 18.9 Borrowing decisions are taken separately for the General Fund and HRA. Each must determine whether proposals requiring borrowing meet the requirements outlined above, although for the HRA it is depreciation rather than MRP which is incurred.
- 18.10 Following the increase in the margin on Public Works Loan Board (PWLB) debt last year, Government has consulted on the future of the PWLB. Further details are contained in the Treasury Management Strategy Statement. The Prudential Code will be revised to incorporate the additional requirements for local authorities.
- 18.11 It is proposed that the City Council capital programme for 2021/22 is funded as follows:

Fund	Housing Programmes		Other Programmes	Total
	HRA	Non-HRA		
	£m	£m	£m	£m
Borrowing	0.0	0.7	257.8	<b>258.5</b>
Capital Receipts	1.6	3.3	25.1	<b>30.0</b>
Contributions	0.0	0.4	36.4	<b>36.8</b>
Grant	1.8	10.4	97.4	<b>109.6</b>
Revenue Contribution to Capital Outlay	36.8	0.0	7.9	<b>44.7</b>
<b>Grand Total</b>	<b>40.2</b>	<b>14.8</b>	<b>424.6</b>	<b>479.6</b>

- 18.12 Prudential borrowing of up to £601.0m over the period will be needed to support the City Council programme in line with the new schemes and previous planning and profile approval. The breakdown over 2021-2025 is:

- 2021/22 - £258.5m
- 2022/23 - £205.9m
- 2023/24 - £100.4m

- 2024/25 - £36.2m

- The Housing HRA programme will not require prudential borrowing at this stage but it is likely that projects will be brought forward that will require HRA borrowing which will be reported to members. Schemes are currently financed through the use of the cash backed reserves within the HRA. At the point these reserves are fully utilised additional borrowing will be required with additional financing costs incurred.
- The General Fund programme requires £601.0m of prudential borrowing which includes:

<b>Scheme</b>	<b>£m</b>
Highways Investment Plan	23.2
Bridge maintenance	6.7
Mancunian Way and Princess Parkway NPIF	0.1
Princess Rd Safety Review	0.0
School Crossing Patrols	1.5
A6 Stockport Road Pinch Point Scheme	0.0
Street Lighting PFI	0.8
Waste Reduction Measures	0.3
Waste Contract	0.8
Purchase of Electric RCVs	4.1
Blackley Cremator and Mercury Abatement	1.4
Parks Investment Programme	11.4
Gately Brook Pre-Development Fees	0.1
Wythenshawe Track Changing Rooms	0.3
Indoor Leisure Provision at Abraham Moss	22.6
Boggart Hole Clough - Visitors Centre	0.0
Manchester Aquatics Centre	28.4
Libraries investment	1.1
The Factory	51.1
Hammerstone Road	18.1
Carbon Reduction	20.2
Estates Transformation	1.3
The Sharp Project	0.6
Digital Asset Base - One Central Park	0.7
Sustaining Key Initiatives	11.4
Mayfield Park	0.0
Eastern Gateway	0.6
Northern Gateway	16.6
House of Sport	7.3
Lincoln Square	1.2
Piccadilly Gardens - Phase 1	1.6
Manchester Digital Security Innovation hub (Cyberhub)	2.0
HOME Arches Phase 1	0.2
New Smithfield Market	0.0
Civic Quarter Heat Network	4.7
Refurbishment of the Town Hall and Albert Square	245.6

<b>Scheme</b>	<b>£m</b>
West Gorton Regeneration	1.2
Ben Street Regeneration	1.0
Acquisition of land at Hyde Road	0.0
ICT Investment Plan	29.4
Gorton integrated health development; BioMedical Investment	19.8
Airport Loan	10.1
Inflation Fund	36.2
	17.3

18.13 A number of these schemes will be on an invest to save basis, and will generate revenue savings. The remainder are affordable within the existing capital financing budget.

18.14 Further “spend to save” investment opportunities may arise and delegated authority is given to the Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to increase the capital budget accordingly. The delegation is restricted to an annual limit of £5,000,000. This is on the understanding that the costs of borrowing (interest and principal) of any additions are financed in full by additional income, revenue budget savings, or cost avoidance.

18.15 The proposed funding for the programme across the forecast period is shown below:

	<b>2020/21 budget £m</b>	<b>2021/22 budget £m</b>	<b>2022/23 budget £m</b>	<b>2023/24 budget £m</b>	<b>2024/25 budget £m</b>	<b>Total £m</b>
Grant	71.6	109.6	70.7	18.3	0.0	<b>270.2</b>
External Contribution	33.0	36.8	4.2	0.0	0.0	<b>74.0</b>
Capital Receipts	12.4	30.0	8.9	4.8	0.1	<b>56.2</b>
Revenue Contribution to Capital Outlay	23.2	44.7	42.1	11.6	0.0	<b>121.6</b>
Borrowing	231.9	258.5	205.9	100.4	36.2	<b>832.9</b>
<b>Total</b>	<b>372.2</b>	<b>479.6</b>	<b>331.8</b>	<b>135.1</b>	<b>36.3</b>	<b>1,354.9</b>

18.16 The funding forecast includes use of capital receipts already received and a forecast of future receipts based on officer’s views on when surplus assets may be sold and the likely market valuations. These forecasts are subject to change which may affect the future funding position.

18.17 The final capital budget will be reported to Council in March and will include any changes to the financing position alongside the impact of any changes in the delivery of the 2020/21 programme.

## **19 Investments and Liabilities**

- 19.1 Capital investments are regularly reviewed to ensure they continue to perform as expected. With the increased national focus on council investment activities the Capital Strategy has been expanded to include relevant investments and liabilities.

***Approach, Due Diligence and Risk Appetite***

- 19.2 Council investments are managed in line with the Ministry of Homes, Communities and Local Government (MHCLG) investment guidance principles of security, liquidity and yield. The application of these principles will differ when considering capital investment rather than treasury management investment. The risk appetite for these two distinct types of investment may differ as capital investments also consider the broader strategic and regeneration objectives and benefits.

- 19.3 Capital investments are considered in line with the Checkpoint process. Schemes could include lending to organisations with low credit ratings if the appropriate security over the organisations assets or guarantees from parent companies or organisations can be given. A key consideration is that income received from the investment covers the capital financing costs incurred.

***Summary of material investments, guarantees and liabilities***

- 19.4 The Council has the current historic investments on the balance sheet as at 31<sup>st</sup> March 2020:

	Value as at 31/3/20 £m
Long-term Debtors	310.2
Long-term Investments	137.0
Investment Property	475.2
<b>Total</b>	<b>922.4</b>

- 19.5 Long-term debtors - loan finance including the loans to Manchester Airport (£218.7m), Public Finance Initiative prepayments (£23.25m), and Manchester College (£17.6m). These loans are regularly reviewed and would be impaired if there was a risk of default.
- 19.6 Long-term investments - equity investments held including Manchester Airport (£112.4m), Destination Manchester (£10.2m) which is the Council's investment in Manchester Central, Manchester Science Park (£5.9m) and Matrix Homes (£6.5m). Investments are valued on an annual basis.
- 19.7 Investment property - held on the basis that it will generate a revenue return, for example land at Manchester Airport and at Eastlands. Some of the properties are held for regeneration purposes but provide a return and have to be shown as investment property. Investment properties are independently valued on an annual basis.
- 19.8 The capital programme contains the following which will create either long-term debtors, investments or investment properties:

- Waste Contract - providing a loan to the contractor to upgrade vehicles;
- Civic Quarter Heat Network - creation of a heat network through a Council-owned company;
- Private Sector Housing Equity Loans - loans to residents to provide housing support;
- Manchester Airport Car Parks - financial support to the Airport to develop the business;
- Manchester Airport loan – loan funding for the Airport;
- Manchester College Loan - loan to support the College's expansion;
- Manchester Jewish Museum Loan – loan to support the development of the museum;
- Irish World Heritage Centre loan – financial support to the Centre; and
- Biomedical Investment - loan to support the development of health innovation.

There may be other projects which become capital investments, such as to support the Eastern and Northern Gateways.

- 19.9 All investments are scrutinised via the capital approval process with independent financial, legal and other relevant advice sought. New investments are reported to Executive for approval where appropriate.
- 19.10 Where investments provide a return through interest or dividends this can be used to support the revenue budget. In 2020/21 it is forecast that c. £9.3m of dividends will be used within the revenue budget. Where investments are funded by borrowing the income received is used to fund the capital financing costs, for example the Airport Strategic Loan.
- 19.11 All investments are monitored regularly with the frequency based on risk, and at a minimum once a year. Any material changes will be reported to the Deputy Chief Executive and City Treasurer at the earliest opportunity.

### ***Commercial Investments***

- 19.12 Capital investments are made for strategic or regeneration purposes. The Council will not invest in capital schemes purely for yield, although some schemes will be financed all or in part from returns on investment. Usually investment will be within the local authority area, although there may be exceptions if it is within the relevant economic area and meets a key regeneration or zero carbon objective.
- 19.13 Following the consultation on the future of the PWLB and the introduction of new terms for accessing PWLB loans, local authorities are actively discouraged from investing in assets primarily for yield. All proposed capital investments will have to be reviewed against PWLB guidance to assess whether they are:
- Service spending;
  - Investment in housing;



- Regeneration;
- Investment as preventative action; or
- Investment in assets primarily for yield.

19.14 The decision over whether a project complies with the terms of the PWLB is for the Council's Section 151 officer but may be reviewed by Treasury and external auditors. Where local authorities do invest in assets primarily for yield, irrespective of how such assets are financed, access to the PWLB for new debt will be removed apart from for refinancing existing debt.

19.15 The outcome of the consultation also requires local authorities to only invest within their economic area. This may mean that some investment types, such as green energy, become more challenging for the Council to access.

## **20 Treasury Management**

20.1 There is a clear link between capital investment activities and treasury management activities, particularly with regard to how the Council will repay debt and the impact on the revenue budget. The treasury management strategy for the Council is the subject of a separate report on the agenda and the principles are outlined below.

### ***Long Term Planning (inc. MRP)***

20.2 The Treasury Management Strategy provides the framework for treasury management decisions which have to be made with the longer-term impact in mind.

20.3 Under the Prudential Code, the Council must make an annual revenue provision for the repayment of debt, called the minimum revenue provision (MRP). This provision spreads the cost of repaying the debt for an asset over the useful economic life of the asset. It is a real cost and will impact the revenue position. The MHCLG MRP guidance is followed and principles applied. The following asset lives are used when calculating MRP, unless there are asset-specific reasons for deviating from them – such deviation will be guided by qualified valuers recommendations on maximum useful lives:

- Land: 50 years
- Property: 50 years
- Highways: 25 years
- ICT: 5 years

20.4 When making debt decisions the forecast MRP in each future financial year is taken into account. The policy is to seek to match debt repayments to MRP in each year as this is the most prudent approach.

20.5 The Capital Financing Requirement measures an Authority's underlying need to borrow or finance by other long-term liabilities for a capital purpose. It represents the amount of capital expenditure that has not yet been resourced absolutely, whether at the point of spend (by capital receipts, capital

grants/contributions or from revenue income), or over the longer term by prudent Minimum Revenue Provision (MRP) or voluntary application of capital receipts for debt repayment etc. Alternatively it provides a figure for the capital expenditure incurred by the Council but not yet provided for.

- 20.6 The long term forecast for external debt is compared to the Capital Financing Requirement and shown at Appendix Four. This highlights the level of internal borrowing, where the council is using its own cashflow and cash backed reserves in lieu of external debt. Levels of internal borrowing are currently high at £1.1bn, which is reasonable with the very low returns experienced on cash held. However, with the planned use of reserves to support the revenue and capital budgets means this position will change and further external borrowing will be required. External debt peaks as the forecast capital programme for approved schemes ends and will change as further projects are approved and the level of internal borrowing reduced.
- 20.7 The forecast profile for the Capital Financing Requirement is shown in the table below:

£'m	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Opening CFR	1,496.5	1,700.6	1,925.4	2,092.2	2,150.5	2,143.1
Borrowing	231.9	258.5	205.9	100.4	36.2	0.0
Additional long term liabilities <sup>1</sup>	1.1	0.8	0.9	0.8	0.7	1.3
MRP	(28.9)	(34.5)	(40.0)	(42.9)	(44.3)	(46.5)
<b>Closing CFR</b>	<b>1,700.6</b>	<b>1,925.4</b>	<b>2,092.2</b>	<b>2,150.5</b>	<b>2,143.1</b>	<b>2,097.9</b>

- 20.8 The principles the Council will follow when taking new debt, and how the debt portfolio will be managed, is set out in the Treasury Management Strategy Statement. This also includes the authorised limit and operational boundary for external debt, based on the forecast debt requirement.

***Risk appetite, key risks and sensitivities***

- 20.9 For treasury management investments and debt the Council's risk appetite is extremely low with security of funds the primary concern. The Council seeks to invest surplus cash in instruments with high credit quality and for relatively short periods, and to have debt options available at all times.
- 20.10 The role of the treasury management teams is to balance the risks associated with the management of cash, acknowledging that they cannot all be

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<sup>1</sup> The additional long term liabilities are likely to increase following the introduction of International Financial Reporting Standard 16, due in April 2021. Work is underway to identify the impact of this, and it will be reported to members in due course, the estimate included in these figures is a c. £20m increase.

mitigated, and to seek optimum performance in terms of liquidity and return. The key sensitivities are changes in market conditions and the availability of debt. The team are in regular contact with brokers in the market and the Council's treasury management advisors to review market conditions and debt opportunities.

- 20.11 The Council's treasury management position and activities will be reported to Audit Committee throughout the financial year with any changes in market conditions or the Strategy highlighted to members.

## **21 Skills and Knowledge**

- 21.1 Information, advice and training on the capital checkpoint processes is available for officers and Members. The Capital Programme team use their experience to evaluate new proposals. All proposals are reviewed by the Senior Management Team, including the Deputy Chief Executive and City Treasurer. Capital investments are reviewed under the same approval process with input from appropriately qualified and skilled Finance professionals and external advisors where required.
- 21.2 Since January 2018 the Markets in Financial Instruments Directive II (MiFID II) regulations are in force. For the Council to continue to invest as before it is required to opt up to become a "Professional Status" counterparty. Those with responsibility for the delivery of the treasury management function must be able to demonstrate that they have significant skills and experience of working in a market environment. The existing team fulfils this requirement and the Council currently holds "Professional Status".

## **22 Conclusions**

- 22.1 This capital strategy provides an overview of how capital expenditure, capital financing and treasury management activity support service delivery, and should be taken in context with the capital budget and the treasury management strategy statement.
- 22.2 The proposed capital programme described within the report is affordable within the existing revenue budget based on the estimated capital financing costs associated with delivering the programme.
- 22.3 There are risks associated with the delivery of the capital strategy, specifically regarding delays to the programme or treasury management risks. Measures are in place to mitigate these risks through both the Strategic Capital Board and the treasury management strategy. Reports will be provided throughout the year to Council, Executive and other relevant committees providing updates on the progress of the capital programme and the risks associated with its delivery and funding.

## **23 Contributing to a Zero-Carbon City**

23.1 Under the governance process for capital expenditure decision making, zero and low carbon measures are a key component. Each project must set achievable carbon reducing targets before being approved.

23.2 For some projects, the aim of the investment will be to reduce the City's carbon impact, for example the Civic Quarter Heat Network.

## **24 Contributing to the Our Manchester Strategy**

### **(a) A thriving and sustainable city**

24.1 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**

24.2 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**

24.3 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**

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

### **( e) A connected city**

24.5 Through investment in areas such as ICT and the City's infrastructure of road networks and other travel routes

## **25 Key Policies and Considerations**

### **(a) Equal Opportunities**

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

### **(b) Risk Management**

25.2 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 changes. 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.

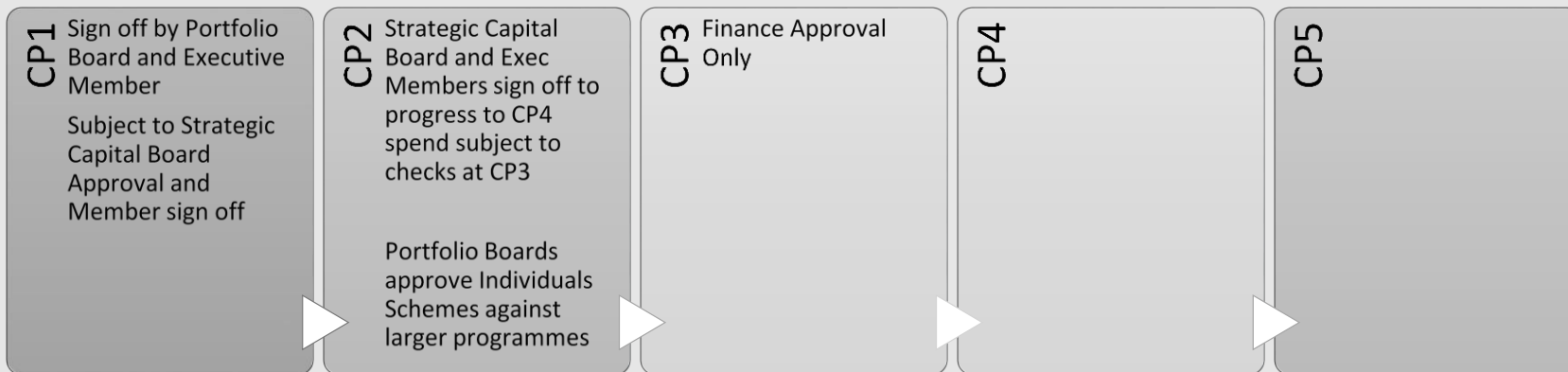
**(c) Legal Considerations**

25.3 None in this report.

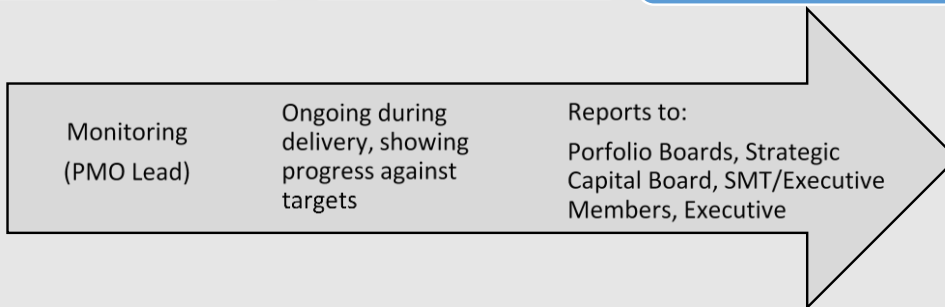
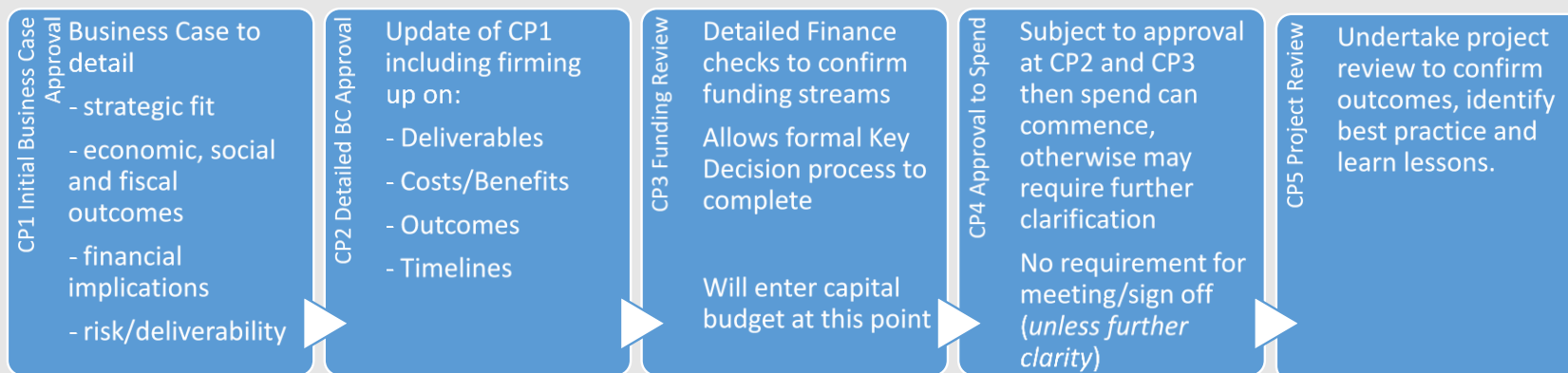
## Capital Approval Process and Governance

Appendix 1

APPROVALS



ACTIVITY



## Appendix 2 – amendments to the capital budget introduced as part of this report

### Adjustments to the Capital Budget

Dept	Scheme	Funding	2020/21 £'000	2021/22 £'000	2022/23 £'000	Future £'000	Total £'000
<b><u>Executive Approval Requests</u></b>							
Highways	City Centre (Triangle) Active Travel Scheme	External Contribution		4,000			4,000
Highways	Wythenshawe Active Travel Scheme	External Contribution		1,500			1,500
Growth	Public Sector Decarbonisation Scheme	Government Grant	41	22,943			22,984
Growth	Public Sector Decarbonisation Scheme	Government Grant	70				70
Private Sector Housing	Disabled Facilities Grant	Government Grant		1,007			1,007
Public Sector Housing	Social Housing Decarbonisation Fund	Government Grant	75	3,045			3,120
<b><u>Total Executive Approval Requests</u></b>			<b>186</b>	<b>32,495</b>	<b>0</b>	<b>0</b>	<b>32,681</b>
<b><u>Total Budget Adjustment Approvals</u></b>			<b>186</b>	<b>32,495</b>	<b>0</b>	<b>0</b>	<b>32,681</b>

*Please note that the additional budgets for 2020/21 are not included in the Capital Monitoring report for quarter 3, as they are new approvals.*

### Appendix 3 – the proposed Capital Programme Budget

<b>Project Name</b>	<b>2020/21 Proposed Budget £'000</b>	<b>2021/22 Proposed Budget £'000</b>	<b>2022/23 Proposed Budget £'000</b>	<b>2023/24 Proposed Budget £'000</b>	<b>2024/25 Proposed Budget £'000</b>
<b>Highway Programme</b>					
<b>Highways Planned Maintenance Programme</b>					
Drainage	2,120	1,871	0	0	0
Large Patching repairs	0	164	0	0	0
Patching Defect repairs	3,236	2,166	0	0	0
Carriageway Resurfacing	9,031	8,083	0	0	0
Footway schemes	1,720	1,706	0	0	0
Carriageway Preventative	2,355	3,534	0	0	0
Bridge Maintenance	500	2,234	2,233	2,233	0
Other Improvement works	791	11,151	0	0	0
Highways Maintenance Challenge Fund	4,960	910	0	0	0
<b>Highways Major Projects</b>					
Hyde Road (A57) Pinch Point Widening	3,147	0	0	0	0
Manchester/Salford Inner Relief Road (MSIRR)	100	0	0	0	0
Great Ancoats Improvement Scheme	5,669	699	0	0	0
Mancunian Way and Princess Parkway NPIF	4,910	87	0	0	0
Christie Extension RPZ	52	257	0	0	0
Hathersage RPZ	60	0	0	0	0
North Mcr General Hospital RPZ	63	0	0	0	0
St George's RPZ	112	49	0	0	0
Rusholme RPZ	32	227	0	0	0
School Crossings	2,305	1,479	0	0	0
Chorlton Cycling Scheme	2,858	9,456	66	0	0
Northern Quarter Cycling Scheme	636	9,640	0	0	0
Manchester Cycleway	772	271	0	0	0
Beswick Filtered Neighbourhood Development Costs	731	701	0	0	0



<b>Project Name</b>	<b>2020/21 Proposed Budget £'000</b>	<b>2021/22 Proposed Budget £'000</b>	<b>2022/23 Proposed Budget £'000</b>	<b>2023/24 Proposed Budget £'000</b>	<b>2024/25 Proposed Budget £'000</b>
Green Bridge at Airport City	852	71	0	0	0
A6 Stockport Road Pinch Point Scheme	438	8	0	0	0
Levenshulme Mini Holland Cycling and Walking scheme	519	459	0	0	0
Northern/Eastern GW Walking and Cycling scheme	897	1,463	0	0	0
Rochdale Canal	177	0	0	0	0
<b>Highways Stand Alone Projects Programme</b>					
20mph Zones (Phase 3)	124	0	0	0	0
Princess Rd Safety Review	73	15	0	0	0
Public Realm	1,608	567	381	0	0
Street Lighting PFI	750	750	0	0	0
A56 Liverpool Road	62	0	0	0	0
A56 Chester Road	40	0	0	0	0
Sunbank Lane S278	7	0	0	0	0
Sharston Roundabout SCOOT	6	0	0	0	0
Derwent Avenue S106	8	0	0	0	0
Woodhouse Park	16	0	0	0	0
Arena Security Measures	28	0	0	0	0
Ladybarn District Centre	26	0	0	0	0
CCTV Operating System Upgrade	243	0	0	0	0
Manchester Trash Screens	143	0	0	0	0
Oldham Rd Feasibility study	300	0	0	0	0
Enterprise Car Club Bays	28	0	0	0	0
Off Street Car Parks post JV project	247	0	0	0	0
Electric Vehicle Charging Points Ph 1	30	0	0	0	0
TfGM Bus Enhancements	38	0	0	0	0
Bee Network Crossings	53	0	0	0	0
Active Travel Development Costs	160	5,540	0	0	0

<b>Project Name</b>	<b>2020/21 Proposed Budget £'000</b>	<b>2021/22 Proposed Budget £'000</b>	<b>2022/23 Proposed Budget £'000</b>	<b>2023/24 Proposed Budget £'000</b>	<b>2024/25 Proposed Budget £'000</b>
<b>Total Highways Programme</b>	<b>53,033</b>	<b>63,558</b>	<b>2,680</b>	<b>2,233</b>	<b>0</b>
<b>Environment and Operations Programme</b>					
Waste Reduction Measures	750	330	0	0	0
Waste Contract	50	500	350	0	0
Purchase of Electric RCVs	5,786	4,110	0	0	0
Cremator & Mercury Abatement Plant Replacement Strategy	136	1,415	0	0	0
<b>Leisure Services Programme</b>					
<b>Parks Programme</b>					
PIP - Park Events Infrastructure	12	0	0	0	0
Parks Development Programme	275	3,097	3,574	4,685	0
Somme 100 Year Memorial	3	0	0	0	0
Painswick Park Improvement	2	0	0	0	0
Heaton Park Southern Play Area	28	0	0	0	0
Wythenshawe Park Sport Facilities S106	5	0	0	0	0
King George V Park	15	0	0	0	0
Angel Meadow S.106	192	0	0	0	0
Gately Brook Pre-Development Fees	36	80	0	0	0
<b>Leisure &amp; Sports Facilities</b>					
Wythenshawe Track Changing Rooms	40	340	0	0	0
Indoor Leisure - Abraham Moss	280	9,800	12,794	45	0
Boggart Hole Clough - Visitors Centre	0	0	535	0	0
Mount Road S106	0	32	0	0	0
Culture Website	4	0	0	0	0
Manchester Regional Arena Track Replacement	324	0	0	0	0
Mellands Playing Fields - Levenshulme	11	153	0	0	0

<b>Project Name</b>	<b>2020/21 Proposed Budget £'000</b>	<b>2021/22 Proposed Budget £'000</b>	<b>2022/23 Proposed Budget £'000</b>	<b>2023/24 Proposed Budget £'000</b>	<b>2024/25 Proposed Budget £'000</b>
Mellands Project - Longsight Ward	330	0	0	0	0
Gorton & Abbey hey Project	96	196	0	0	0
Hough End Master Plan - Strat Football Hub Development Costs	277	231	0	0	0
Range Stadium Capital Project	168	0	0	0	0
MAC - Car Park Improvements	402	0	0	0	0
Non-Turf Wickets - Parks & Playing Fields	141	91	0	0	0
Manchester Aquatics Centre	716	8,498	12,621	8,620	0
<b>Libraries and Culture Programme</b>					
Central Library Wolfson Award	0	2	0	0	0
Central Library Refresh	35	922	0	0	0
Open Libraries	107	198	0	0	0
Contact Theatre loan	200	0	0	0	0
<b>Total Neighbourhoods Programme</b>	<b>10,421</b>	<b>29,995</b>	<b>29,874</b>	<b>13,350</b>	<b>0</b>
<b>Cultural Programme</b>					
First Street Cultural Facility	14	0	0	0	0
The Factory (Build)	36,163	52,237	31,835	0	0
St Johns (Public Realm)	312	3,811	75	0	0
<b>Corporate Estates Programme</b>					
Asset Management Programme	6,885	11,456	1,191	0	0
MAC feasibility works	215	249	0	0	0
Town Hall Complex Transformation Programme	54	0	0	0	0
Hammerstone Road Depot	1,208	11,249	6,815	0	0
Carbon Reduction Programme	3,910	5,200	5,000	10,000	0
Public Sector Decarbonisation Scheme	111	22,943	0	0	0
Greening of the City	250	750	0	0	0

<b>Project Name</b>	<b>2020/21 Proposed Budget £'000</b>	<b>2021/22 Proposed Budget £'000</b>	<b>2022/23 Proposed Budget £'000</b>	<b>2023/24 Proposed Budget £'000</b>	<b>2024/25 Proposed Budget £'000</b>
Estates Transformation	0	0	800	0	0
Estates Transformation - Hulme District Office	3	0	0	0	0
Estates Transformation - Alexandra House	6,156	450	0	0	0
Proud Trust - Sidney Street	250	0	0	0	0
<b>Development Programme</b>					
<b>Digital Assets Board (MCDA)</b>					
Space - Phase 3	100	550	0	0	0
The Sharp Project	0	600	0	0	0
Digital Asset Base - One Central Park	101	667	0	0	0
<b>Strategic Acquisitions Board</b>					
Strategic Acquisitions Programme	3,038	1,323	0	0	0
Sustaining Key Initiatives	0	0	11,458	0	0
Mayfield Park	296	35	0	0	0
<b>Northern Gateway</b>					
Housing Infrastructure Fund	250	15,980	16,500	18,270	0
Acquisition of land at Red Bank	2,305	0	0	0	0
Northern Gateway	6,700	4,445	7,275	4,875	0
<b>Eastern Gateway</b>					
Eastern Gateway - Central Retail Park	200	509	0	0	0
Eastern Gateway - New Islington Marina	15	50	0	0	0
House of Sport	1,130	7,290	0	0	0
Demolition of Grey Mare Police Station	500	261	0	0	0
<b>City Centre</b>					
St. Peters Square - Peterloo	0	106	0	0	0
Medieval Quarter Public Realm	851	1,938	0	0	0
Manchester College	5,000	0	0	0	0
Digital Business Incubators	200	0	0	0	0

<b>Project Name</b>	<b>2020/21 Proposed Budget £'000</b>	<b>2021/22 Proposed Budget £'000</b>	<b>2022/23 Proposed Budget £'000</b>	<b>2023/24 Proposed Budget £'000</b>	<b>2024/25 Proposed Budget £'000</b>
Lincoln Square	0	1,200	0	0	0
Piccadilly Gardens - Phase 1	250	1,561	0	0	0
Manchester Digital Security Innovation hub (Cyberhub)	0	2,000	0	0	0
HOME Arches Phase 1	20	195	0	0	0
<b>Other Strategic Development Initiatives</b>					
New Smithfield Market	100	369	0	0	0
Heron House & Registrars	1,966	0	0	0	0
Civic Quarter Heat Network	9,000	4,679	0	0	0
<b>Total Growth &amp; Development Programme</b>	<b>87,553</b>	<b>152,103</b>	<b>80,949</b>	<b>33,145</b>	<b>0</b>
<b>Town Hall Refurbishment Programme</b>					
Our Town Hall refurbishment	34,618	63,626	88,231	57,482	36,217
<b>Total Town Hall Refurbishment Programme</b>	<b>34,618</b>	<b>63,626</b>	<b>88,231</b>	<b>57,482</b>	<b>36,217</b>
<b>Private Sector Housing Programme</b>					
<b>Brunswick PFI (PSH)</b>					
Brunswick PFI Land Assembly	100	593	677	0	0
<b>Collyhurst (PSH)</b>					
Collyhurst Regeneration	0	178	1,000	2,700	0
Collyhurst Environmentals	0	0	0	0	55
Collyhurst Land Assembly Ph1	0	29	0	0	0
Collyhurst Land Acquisitions Ph2	0	0	210	799	0
Eccleshall Street - 3 Sites	0	0	500	0	0
<b>Housing Investment Model</b>	0				
Site Investigation and Early Works HIF Pilot Sites	0	0	65	0	0

<b>Project Name</b>	<b>2020/21 Proposed Budget £'000</b>	<b>2021/22 Proposed Budget £'000</b>	<b>2022/23 Proposed Budget £'000</b>	<b>2023/24 Proposed Budget £'000</b>	<b>2024/25 Proposed Budget £'000</b>
<b>Miles Platting PFI (PSH)</b>					
Miles Platting PFI Land Assembly	7	143	266	0	0
<b>Private Housing Asist Citywide Programme</b>					
Disabled Facilities Grant	3,004	8,357	1,850	0	0
Toxteth St CPO & environmental works	1	10	19	0	0
Bell Crescent CPO	0	0	0	482	0
<b>Private Sect Housing Standalone Projects</b>					
HCA Empty Homes Cluster Phase 2	257	265	891	0	0
Princess Rd	100	0	0	0	0
Empty Homes Scheme (s22 properties)	2,000	0	0	0	0
Ancoats Dispensary: Survey Work to Confirm Major Project Viability	352	0	0	0	0
<b>Redrow Development Programme</b>					
Redrow Development Phase 2 onward	21	0	0	0	0
<b>West Gorton (PSH)</b>					
West Gorton Compensation	4	0	0	0	0
West Gorton Ph 2A Demolition & Commercial Acquisitions	115	322	904	0	0
<b>Private Sector Housing - Stand Alone Projects</b>					
HMRF	10	30	89	0	0
Collyhurst Acquisition & Demolition (Overbrook & Needwood Close)	0	664	0	0	0
Extra Care	0	0	1,245	1,200	0
Moston Lane Acquisitions	0	0	0	7,500	0
Equity Loans	0	0	397	0	0
West Gorton Community Park	350	25	25	0	0
Ben St. Regeneration	53	375	623	0	0
Marginal Viability Fund - New Victoria	6,900	2,054	2,446	0	0
Chimebank S.106	34	0	0	0	0
Next Steps Accommodation Programme Property Acquisitions	5	2,735	0	0	0

<b>Project Name</b>	<b>2020/21 Proposed Budget £'000</b>	<b>2021/22 Proposed Budget £'000</b>	<b>2022/23 Proposed Budget £'000</b>	<b>2023/24 Proposed Budget £'000</b>	<b>2024/25 Proposed Budget £'000</b>
Green Homes Grant Delivery scheme	500	0	0	0	0
Social Housing Decarbonisation Fund	75	3,045	0	0	0
<b>Total Private Sector Housing Programme</b>	<b>13,888</b>	<b>18,825</b>	<b>11,207</b>	<b>12,681</b>	<b>55</b>
<b>Public Sector Housing</b>					
<b>Northwards - External Work</b>					
Charlestown - Victoria Ave multistorey window replacement and ECW - Phase 1	2,264	6,535	3,484	0	0
Environmental works	0	0	5	0	0
Moston Miners Low Rise externals	0	0	5	0	0
External cyclical works ph 3b Ancoats Smithfields estate	50	40	0	0	0
Environmental improvements Moston corrolites	50	0	31	0	0
ENW distribution network phase 4 (various)	12	70	120	0	0
Various Estate based environmental works	77	100	86	0	0
Moston Corrolites external work	0	1,004	216	0	0
Retaining Walls	0	168	90	42	0
Delivery Costs	352	1,029	525	5	0
<b>Northwards - Internal Work</b>					
Decent Homes mop ups ph 9 and decent homes work required to voids	0	0	20	0	0
Ancoats - Victoria Square lift replacement	4	0	0	0	0
Harpurhey - Monsall Multis Internal Works	876	0	64	0	0
Newton Heath - Multies Internal Works	2,922	204	11	0	0
Higher Blackley - Liverton Court Internal Works	4	0	0	0	0
Various - Bradford/Clifford Lamb/Kingsbridge/Sandyhill Court Internal Works	185	52	0	0	0
Charlestown - Rushcroft/Pevensey Court Internal Works	879	0	95	0	0

<b>Project Name</b>	<b>2020/21 Proposed Budget £'000</b>	<b>2021/22 Proposed Budget £'000</b>	<b>2022/23 Proposed Budget £'000</b>	<b>2023/24 Proposed Budget £'000</b>	<b>2024/25 Proposed Budget £'000</b>
Collyhurst - Mossbrook/Roach/Vauxhall/Humphries Court Internal Works	405	238	0	0	0
Decent Homes mop ups phase 10 and voids	40	0	377	0	0
One off work - rewires, boilers, doors	44	8	0	0	0
Fire precautions multi storey blocks	0	0	150	0	0
ERDF Heat Pumps	2,737	1,234	443	0	0
Charlestown - Rushcroft/Pevensey Courts Lift Refurb	0	240	198	99	0
One off type work (rewires/boilers/doors)	195	16	0	0	0
Fire Risk Assessments	353	2,968	1,103	1,387	0
Northwards - Harpurhey 200 Estate Internal Works	632	0	219	0	0
Rushcroft and Pevensey Courts Ground Source Heat Pumps	556	1,867	0	0	0
Harpurhey Baths Estate (excl Edward Grant Court) and Cheetham Appleford Estate	60	532	234	0	0
Newton Heath Troydale and Croyden Drive Low Rise Estates	300	1,093	512	111	0
Responsive Investment Works	64	387	299	0	0
Retirement blocks various M&E/H&S works	0	813	323	213	0
One off type work such as rewires boilers doors	50	300	0	0	0
Delivery Costs	1,479	1,293	526	235	0
<b>Northwards - Off Debits/Conversions</b>					
Bringing Studio Apartments back in use	0	0	12	0	0
Various Locations - bringing bedsits back into use	0	0	104	0	0
Delivery Costs	0	0	15	0	0
<b>Homeless Accommodation</b>					
Improvements to Homeless accommodation city wide	0	0	24	0	0
Plymouth Grove Women's Direct Access Centre	0	0	28	0	0
Improvements to Homeless Accommodation Phase 2	350	289	103	0	0
Woodward Court reroofing	0	227	20	0	0
Woodward Court lift replacement	0	0	434	0	0



<b>Project Name</b>	<b>2020/21 Proposed Budget £'000</b>	<b>2021/22 Proposed Budget £'000</b>	<b>2022/23 Proposed Budget £'000</b>	<b>2023/24 Proposed Budget £'000</b>	<b>2024/25 Proposed Budget £'000</b>
Delivery Costs	50	67	79	0	0
<b>Northwards - Acquisitions</b>					
Stock Acquisitions	2	0	0	0	0
<b>Northwards - Adaptations</b>					
Adaptations	75	150	75	0	0
Various Locations - Adaptations	180	350	215		0
Delivery Costs	26	46	28		0
<b>Northwards - Unallocated</b>					
Northwards Housing Programme - Unallocated	0	467	13,361	0	0
<b>Retained Housing Programme</b>					
Collyhurst Maisonette Compensation & Dem	0	89	935	0	0
<b>West Gorton Regeneration Programme</b>					
West Gorton PH2A Low & High Rise Demolition	26	0	0	0	0
<b>Future Years Housing Programme</b>					
Collyhurst Estate Regeneration	0	0	1,541	0	0
Buy Back Properties - Right to Buy	141	365	500	500	0
Collyhurst Regen - Highways Phase 1	0	287	1,394	0	0
Collyhurst Regen - Churnett Street	0	0	790	0	0
Collyhurst Regen - Needwood & Overbrook acquisition / demolition	0	134	0	0	0
Willert Street Park Improvements	0	10	0	0	0
North Manchester New Builds	38	339	0	0	0
North Manchester New Builds 3 – Silk Street	210	3,322	8,114	647	0
Parkhill Land Assembly	0	0	4,270	0	0
Collyhurst	400	13,890	4,310	0	0
<b>Total Public Sector Housing (HRA) Programme</b>	<b>16,088</b>	<b>40,223</b>	<b>45,488</b>	<b>3,239</b>	<b>0</b>

<b>Project Name</b>	<b>2020/21 Proposed Budget £'000</b>	<b>2021/22 Proposed Budget £'000</b>	<b>2022/23 Proposed Budget £'000</b>	<b>2023/24 Proposed Budget £'000</b>	<b>2024/25 Proposed Budget £'000</b>
<b>Children's Services Programme</b>					
<b>Basic Need Programme</b>					
Lytham Rd	14	0	0	0	0
Plymouth Grove Refurbishment	4	0	0	0	0
Crossacres Primary School	24	0	0	0	0
Dean Trust Expansion	2,859	0	0	0	0
Brookside Rd Moston	3,714	3,707	0	0	0
North Hulme Adv Playground	1,798	2,861	0	0	0
Roundwood Road	6,436	1,368	200	0	0
Piper Hill Special School	15	0	0	0	0
SEND Expansions - Melland & Ashgate	3	0	0	0	0
Coop North Expansion	488	0	0	0	0
Our Lady's Expansion	160	0	0	0	0
Manchester Communications Academy	111	0	0	0	0
Co-op Academy Belle Vue - Permanent	1,000	3,146	0	0	0
Co-op Academy Belle Vue - Early Opening	1,000	1,140	0	0	0
St Peters RC High school expansion	383	0	0	0	0
Lancasterian Rebuild & Expansion - Pre Devel Costs	0	140	0	0	0
Our Lady's RC Permanent Expansion	100	1,800	500	0	0
Basic need - unallocated funds	0	18,386	43,944	0	0
Universal Infant Free School Meals (UIFSM) - Allocated	7	0	0	0	0
Universal Infant Free School Meals (UIFSM) - Unallocated	75	0	0	0	0
<b>Schools Maintenance Programme</b>					
Broad Oak Primary School Kitchen	12	745	0	0	0
Lily Lane Prim Windows	0	96	0	0	0
Moston Lane Reroof	6	0	0	0	0
St. Augustine's	66	0	0	0	0

<b>Project Name</b>	<b>2020/21 Proposed Budget £'000</b>	<b>2021/22 Proposed Budget £'000</b>	<b>2022/23 Proposed Budget £'000</b>	<b>2023/24 Proposed Budget £'000</b>	<b>2024/25 Proposed Budget £'000</b>
Medlock Primary - Boundary Wall rebuild	0	80	0	0	0
Crumpsall Lane - Electrical rewire	899	0	0	0	0
Mauldeth Rd Rewire	599	0	0	0	0
Button Lane Primary Fire Alarm	136	0	0	0	0
Charlestown Comm Fire Alarm/Lighting	164	0	0	0	0
Northenden Primary Pipework and Radiators	235	0	0	0	0
Crowcroft Park roof repairs	245	0	0	0	0
St Wilfreds CE Ph 1 roof repairs	6	444	0	0	0
Northenden Comm external works	81	0	0	0	0
Abbott Kitchen ventilation	54	0	0	0	0
Manley Park Primary Ph1 roof repairs	300	0	0	0	0
Broad Oak Reception class and roof repair	346	0	0	0	0
Schools Capital Maintenance -unallocated	150	3,435	247	0	0
<b>Education Standalone Projects</b>					
Brighter Beginnings Burnage -EY maintenance works	2	0	0	0	0
Moss Side CC - EY maintenance works	6	0	0	0	0
Early Education for Two Year Olds - Unallocated	44	0	0	0	0
Healthy Pupil Capital Funding	0	257	0	0	0
North Ridge SEN	3,127	9	0	0	0
Grange School	195	0	0	0	0
Special Educational Needs grant	0	488	0	0	0
Seymour Road	653	0	0	0	0
Commercial Wharf/ISS Refurbishment of YJS Building	104	36	0	0	0
Ghyll Head	756	335	0	0	0
Acquisition of land at Hyde Road	10,100	12	0	0	0
Nurseries Capital Fund - Unity Community	230	139	0	0	0
Lyndene Children's Home Refurbishment	502	373	0	0	0

<b>Project Name</b>	<b>2020/21 Proposed Budget £'000</b>	<b>2021/22 Proposed Budget £'000</b>	<b>2022/23 Proposed Budget £'000</b>	<b>2023/24 Proposed Budget £'000</b>	<b>2024/25 Proposed Budget £'000</b>
<b>Total Children's Services Programme</b>	<b>37,209</b>	<b>38,997</b>	<b>44,891</b>	<b>0</b>	<b>0</b>
<b>ICT Capital Programme</b>					
<b>ICT Infrastructure &amp; Mobile Working Programme</b>					
Internet Resilience	27	0	0	0	0
Network Refresh Programme	346	4,912	4,042	0	0
Data Centre Network Design and Implementation	510	0	0	0	0
End User Experience	970	3,488	727	0	0
Microsoft 365	1,760	0	0	0	0
Telephony	95	305	0	0	0
TEC Digital Platform	79	78	0	0	0
ICT Investment Plan	0	0	8,112	7,693	0
<b>Total ICT Programme</b>	<b>3,787</b>	<b>8,783</b>	<b>12,881</b>	<b>7,693</b>	<b>0</b>
<b>Corporate Capital Programme</b>					
Pay and Display Machines	220	0	0	0	0
Phase 1 Implementation - Locality Plan Programme Office	487	0	0	0	0
Integrated Working - Gorton Health Hub	413	14,674	5,092	0	0
BioMedical Investment	3,792	3,792	3,993	2,308	0
Manchester Jewish Museum Loan	290	0	0	0	0
Manchester Airport Car Park Investment	3,730	0	0	0	0
FC United	170	0	0	0	0
VCSE Small premises works	0	0	500	500	0
IWHC Loan	10	0	0	0	0
Airport Loan	106,452	36,248	0	0	0

<b>Project Name</b>	<b>2020/21 Proposed Budget £'000</b>	<b>2021/22 Proposed Budget £'000</b>	<b>2022/23 Proposed Budget £'000</b>	<b>2023/24 Proposed Budget £'000</b>	<b>2024/25 Proposed Budget £'000</b>
Inflation	0	8,800	6,000	2,475	0
<b>Total Corporate Capital Programme</b>	<b>115,564</b>	<b>63,514</b>	<b>15,585</b>	<b>5,283</b>	<b>0</b>
<b>Total Capital Programme</b>	<b>372,161</b>	<b>479,624</b>	<b>331,786</b>	<b>135,106</b>	<b>36,272</b>

## Appendix 4 – Capital Financing Requirement and Forecast External Debt

