

## **Manchester City Council Report for Resolution**

**Report to:** Executive – 17 March 2021

**Subject:** Capital Programme Update

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

---

### **Summary**

This report informs members of requests to increase the capital programme, seeks approval for those schemes that can be approved under authority delegated to the Executive and asks the Executive to recommend to the City Council proposals that require specific Council approval.

### **Recommendations**

To recommend that the Council approve the following changes to Manchester City Council's capital programme:

1. Neighbourhoods – Chorlton Library Refurbishment. A capital budget increase of £0.600m is requested, funded by borrowing, and a capital budget virement of £0.105m, funded by Open Libraries Project.
2. Growth and Development – Campfield Redevelopment Acquisition of Castlefield House. A capital budget virement of £3.735m is requested, funded by Sustaining Key Initiatives budget.
3. Growth and Development – Hammerstone Road Additional Funding. A capital budget increase of £4.969m is requested, funded by borrowing.
4. Highways Services - Accident Reduction and Local Community Safety Schemes. A capital budget virement of £2m is requested, funded by Other Improvement Works budget.

Under powers delegated to the Executive, to approve the following changes to the City Council's capital programme:

1. Neighbourhoods – Wythenshawe Cycling Hub. A capital budget increase of £0.500m is requested, funded by External Contribution, and a capital budget virement of £0.599m is requested, funded by Parks Development Programme.
2. Highways Services – Off Street Parking Priority Works. A capital budget increase of £0.606m is requested, funded by Capital Receipts.
3. Growth and Development – Carbon Reduction Programme. A capital budget increase of £1.323m is requested, funded by External Contribution.

4. Children's Services - Schools Capital Maintenance Programme. A capital budget increase of £1.287m is requested, funded by Government Grant.

To note increases to the programme of £1.690m as a result of delegated approvals

To note virements in the programme of £27.338m as a result of virements from approved budgets

**Wards Affected:** Various

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

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

Our Manchester Strategy outcomes	Contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Contributions to various areas of the economy including investment in ICT services, Housing, and leisure facilities.
A highly skilled city: world class and home-grown talent sustaining the city's economic success	Investment provides opportunities for the construction industry to bid for schemes that could provide employment opportunities at least for the duration of contracts
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Improvements to services delivered to communities and enhanced ICT services.
A liveable and low carbon city: a destination of choice to live, visit, work	Investment in cultural and leisure services and housing.
A connected city: world class infrastructure and connectivity to drive growth	Through investment in ICT and the City's infrastructure of road networks and other travel routes.

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

- Equal Opportunities Policy
  - Risk Management
  - Legal Considerations
- 

### **Financial Consequences – Revenue**

The recommendations in this report, if approved, will have no impact on the Council's revenue budget.

### **Financial Consequences – Capital**

The recommendations in this report, if approved, will increase Manchester City Council's capital budget by £9.285m across the financial years as detailed in Appendix 1.

### **Contact Officers:**

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

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

Name: Kirsty Cooper  
Position: Principal Finance Manager – Capital  
Telephone: 0161 234 3456  
E-mail: k.cooper@manchester.gov.uk

### **Background documents (available for public inspection):**

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

- Report to the Executive 12 February 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 Update
- Report to the Executive 3 July 2020 – Capital Programme Update
- Report to the Executive 29 July 2020 - Capital Programme Update and Capital Budget Monitoring 2020/21
- Report to the Executive 9 September 2020 – Capital Programme Update

- Report to the Executive 14 October 2020 - Capital Programme Update and Capital Budget Monitoring 2020/21
- Report to the Executive 11 November 2020 – Capital Programme Update Report
- Report to the Executive 20 January 2021 - Capital Programme Update Report
- Report to the Executive 17 February 2021 – Capital Budget Monitoring 2020/21

## **1.0 Introduction**

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

## **2.0 Background**

- 2.1 In February each year the Executive receives a report on the capital budget for the forthcoming five financial years and approves a series of recommendations to the City Council which then constitute the approval of the five-year capital programme. Proposals for the capital budget were presented to the Executive on 12 February 2020.
- 2.2 The capital programme evolves throughout the financial year, and as new projects are developed, they will be reviewed under the current governance framework and recommendations made regarding whether they should be pursued.
- 2.3 The following requests for a change to the programme have been received since the previous report to the Executive on 17 February 2021.
- 2.4 Note that where requests are made in the report to switch funding from capital to revenue and to fund the revenue spend from the Capital Fund, this is a funding switch from within the capital programme and will not have a negative impact on the Fund itself.
- 2.5 For the changes requested below, the profile of the increase, decrease or virement is shown in Appendix 1 for each of the projects.

## **3.0 City Council's Proposals Requiring Specific Council Approval**

- 3.1 The proposals which require Council approval are those which are funded by the use of reserves above a cumulative total of £2.0m, where the use of borrowing is required or a virement exceeds £0.500m. The following proposals require Council approval for changes to the capital programme:
- 3.2 Neighbourhoods - Chorlton Library Refurbishment. Chorlton Library is Manchester's oldest operational branch library having opened in 1914 and is now badly in need of significant repair and maintenance as identified by a recent condition survey. Libraries also want to introduce the Open Plus access system to increase opening hours for the local community. The scheme will remodel the 1970s extension of the building at the rear to introduce another community meeting room, whilst refurbishing the existing meeting room which is very heavily used in an area that has a lack of such space, and thus helping to sustain community activity. A capital budget increase of £0.600m in 2021/22 is requested, funded by borrowing, and a capital budget virement in 2021/22 of £0.105m, funded by Open Libraries Project

- 3.3 Growth and Development – Campfield Redevelopment Acquisition of Castlefield House. It is proposed that the Council acquires Castlefield House from Allied London in order to facilitate the redevelopment of Campfield Yard. The larger project will restore and safeguard two Grade II listed historical market building assets for future public use together with the environmentally sustainable refurbishment of a poor quality 1970's commercial building. Highly adaptable workspace for the media, tech, digital and creative sectors will be provided. A capital budget virement of £3.735m in 2021/22 is requested, funded by Sustaining Key Initiatives budget.
- 3.4 Growth and Development – Hammerstone Road Additional Funding. Following the approval for capital expenditure to refurbish the Hammerstone Road depot and the progression thorough RIBA Stage 3, it was requested that a full review of the requirements of what the Council needs from the depot take place. This review, along with more intrusive surveys, has been carried out with extensive stakeholder engagement. The key changes required from stakeholders include a new security lodge with barrier system and CCTV to protect the valuable vehicles and stores on site; changes to the gritter store to accommodate a new vehicle and to improve security; a larger elections store with an area to prepare ballot boxes and provide a safe, long term store; retention and relocation of the fuel pumps which are still required by service users and additional EV charging points.
- 3.5 In addition to requirements from stakeholders, design development resulting from detailed design and intrusive surveys identified additional works required across the site reflecting the poor condition of the depot. These include new underground drainage and attenuation works to meet the latest UU discharge rates, repair of a collapsed internal surface water drain; the external wall requires extensive repair following Structural Condition report; addition of two fire escapes required to comply with fire regulations, and additional structural works to the roof with additional asbestos removal.
- 3.6 The complex logistics plan to support Biffa remaining operational on the site has now been developed, requiring additional temporary accommodation, and the need to move Biffa teams earlier due to the poor condition of the roof resulting in flooding. Extensive planning has been undertaken with Biffa to ensure the design is fit for purpose for their operation, particularly the inclusion of the enhanced electric vehicle charging required to support the new electric fleet vehicles. There has also been a refresh of the market costs and confirmed contractor pricing has resulted in price increases due to the increased scope and design development, as well as inflation and market conditions. A capital budget increase of £4.969m in 2022/23 is requested, funded by borrowing.
- 3.7 Highways Services - Accident Reduction and Local Community Safety Schemes. The scheme will deliver improved road safety at multiple locations across the city, providing additional protection for all users of the public highway. Funding will be spent delivering accident reduction schemes that have been prioritised using a criteria matrix of accident data and existing safety features as well as those which are the highest priority for local

communities. A capital budget virement of £2m in 2021/22 is requested, funded by Other Improvement Works budget.

#### **4.0 Proposals Not Requiring Specific Council Approval**

- 4.1 The proposals which do not require Council approval and only require Executive approval are those which are funded by the use of external resources, use of capital receipts, use of reserves below £2.0m, where the proposal can be funded from existing revenue budgets or where the use of borrowing on a spend to save basis is required. The following proposals require Executive approval for changes to the City Council's capital programme:
- 4.2 Neighbourhoods – Wythenshawe Cycling Hub. This proposal will develop the City's first Cycling Hub Facility at Wythenshawe Park, and will address the inactivity levels in South Manchester and support people within the catchment area to access cycling in a traffic free environment within 15 minutes from where people live. Extensive stakeholder input and community consultation has been undertaken to inform the plans for the site and the Council has sought specialist support to test the feasibility and buildability of the scheme to ensure proposed cycling facilities. A capital budget increase of £0.500m in 2021/22 is requested, funded by External Contribution, and a capital budget virement of £0.599m in 2021/22 is requested, funded by Parks Development Programme.
- 4.3 Highways Services – Off Street Parking Priority Works. Following the termination of the joint venture agreement with NCP for the Council's off street car parks the affected car parks are now run on an 'in house' basis. Professional surveyors have identified priority works that should be undertaken in the first 12 months of the car parks being run in house. It is imperative from a public safety perspective that these works are completed to ensure that the car parks remain safe for use by the public. A capital budget increase of £0.606m in 2021/22 is requested, funded by Capital Receipts.
- 4.4 Growth and Development – Carbon Reduction Programme. The Zero Carbon Estate Programme successfully bid for European Regional Development Funding (ERDF) funding as part of the Unlocking Clean Energy in Greater Manchester (UCEGM) Consortium. UCEGM is a pioneering project that will deliver a number of renewable schemes across the city region and create a blueprint that can be replicated in other regions across the UK aiming for Net Zero carbon emissions. Manchester's has secured funding to support the delivery of a large Solar Car Port installation at the National Cycling Centre and a large rooftop Solar PV plus battery storage installation at our Hammerstone Rd Depot. These will deliver 1.6MWp of renewable capacity and save 415 tCO<sub>2</sub> per annum from our direct carbon emissions. The funding is to be match funded from the current Carbon Reduction Programme budget. A capital budget increase of £1.323m in 2021/22 is requested, funded by External Contribution.

4.5 Children's Services - Schools Capital Maintenance Programme. The Council receives grant funding each year from the Department for Education for maintenance to the school estate. In June 2020, the Prime Minister announced additional funding for repairs and upgrades to school buildings, on top of funding already allocated this year. Funding will be used to address condition needs identified in the Council's estate of maintained schools which includes community, voluntary controlled and foundation schools. A capital budget increase of £1.287m in 2021/22 is requested, funded by Government Grant.

## **5.0 Delegated budget Approvals**

5.1 There have been increases to the programme totalling £1.690m as a result of delegated approvals since the previous report to the Executive on 17 February 2021. These are detailed at Appendix 2.

## **6.0 Virements from Approved Budgets**

6.1 Approval has been given for a capital budget virement for Coop Academy Belle Vue - Full Project. This project will deliver a new 1200 place (8 Form Entry) secondary school with associated grounds and infrastructure works on the site of the Showcase Cinema on Hyde Road in readiness for September 2023 opening. The project is funded by £23.474m Unallocated Education Basic Need budget and £3.864m Unallocated Presumption Free School Grant.

## **7.0 Prudential Performance Indicators**

7.1 If the recommendations in this report are approved the General Fund capital budget will increase by £9.285m, across financial years as detailed in Appendix 1.

7.2 This will also result in an increase in the prudential indicator for Capital Expenditure in corresponding years. Monitoring of all prudential indicators is included within the Capital Monitoring Report during the year.

7.3 There is an increase in the requirement for prudential borrowing, however, this has already been assumed within the City Council's revenue budget and therefore there is no impact on the City's Council Tax.

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

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



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

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

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

### **(b) A highly skilled city**

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

### **(c) A progressive and equitable city**

9.3 Improvements to services delivered to communities and enhanced ICT services.

### **(d) A liveable and low carbon city**

9.4 Investment in cultural and leisure services and housing.

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

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

## **10.0 Key Policies and Considerations**

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

10.1 None.

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

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

### **(c) Legal Considerations**

10.3 None.

## **11.0 Conclusions**

11.1 The Capital budget of the City Council will increase by £9.285m if the recommendations in this report are approved.

11.2 The revenue budget of the City Council will not be impacted, if the recommendations in this report are approved.

## **12.0 Recommendations**

12.1 The recommendations appear at the front of this report.