

**Manchester City Council
Report for Resolution**

Report to: Executive – 2 June 2021

Subject: Capital Programme Update

Report of: Deputy Chief Executive and City Treasurer

Summary

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

Recommendations

- (1) To recommend that the Council approve the following changes to Manchester City Council's capital programme:
 - ICT - Resident and Business Digital Experience (RBDxP). A capital budget decrease of £5.228m is requested funded from borrowing along with a corresponding revenue budget increase of £5.228m funded from Capital Fund.
 - Public Sector Housing – Riverdale Maisonettes. A capital budget increase of £2.856m is requested, funded by an RCCO from the HRA.

- (2) Under powers delegated to the Executive, to approve the following changes to the City Council's capital programme:
 - Adults – Stepping Stone Capital Works. A capital budget increase of £0.187m is requested, funded by Capital Fund.
 - Neighbourhoods - Galleries' Collection Housing. A capital budget increase of £1.870m is requested, funded by Capital Receipts.
 - ICT - Strategy improvements to infrastructure and resilience. A capital budget decrease of £0.879m is requested and approval of a corresponding transfer of £0.879m to the revenue budget, funded by Capital Fund.
 - Children's Services – Externally Funded Works to Schools. A capital budget increase of £7.597m is requested, funded by Government Grant.
 - Highways Services – HS2 Specialist Support. A capital budget decrease of £0.047m is requested and approval of a corresponding transfer of £0.047m to the revenue budget, funded by Capital Fund.

- (3) To note increases to the programme of £2.981m as a result of delegated approvals.
- (4) To note virements in the programme of £1m 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 increase Manchester City Council's revenue budget by £6.154m.

Financial Consequences – Capital

The recommendations in this report, if approved, will increase Manchester City Council's capital budget by £6.356m across the financial years as detailed in Appendix 1.

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Background documents (available for public inspection):

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

- Report to the Executive 17th February 2021 – Capital Strategy and Budget 2020/21 to 2024/25
- Report to the Executive 17th March 2020 - Capital Programme Update

1.0 Introduction

- 1.1 This report outlines the requests for changes to the capital budget from 2021/22.
- 1.2 Please note that the capital outturn report for 2020/21 will be reported to the meeting of the Executive on 30 June 2021. This will include the full revised budget for 2021/22.

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 17th February 2021.
- 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 17th March 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 ICT - Resident and Business Digital Experience (RBDxP). The programme will transform the way the Council interacts with residents, businesses, and partners, realising opportunities to improve and enhance the customer experience, directly aligned to key strategies and objectives whilst improving efficiency. Works will include a more strategic approach to the replacement of line of business legacy applications that underpin critical statutory, resident facing services and have reached end of life and need replacing including the replacement of our Customer Relationship Management System (CRM); delivery of a website improvement project that will initially set out the Council's strategic approach to its website offering, deliver enhanced web content and

search functionality and, out of the box integrations with the Council's current payment platform and the Office 365 Calendar to enable appointment booking functionality for digital services. The project is likely to be classed as revenue spend in accounting terms, and therefore it is proposed to reduce the capital budget by £5.228m, with a corresponding decrease in borrowing, and increase the revenue budget by £2.189m in 2021/22, £1.742m in 2022/23 and £1.297m in 2023/24 funded from Capital Fund.

- 3.3 Public Sector Housing – Riverdale Maisonettes. Improvement work to the three retained maisonettes in the Riverdale estate (28 properties in total). The work includes health and safety repairs, external wall insulation, triple glazed windows, ventilation, reroofing, communal area upgrading, work to balconies, new bathrooms or kitchens, rewiring, new doors and environmental work. A capital budget increase of £0.486m in 2021/22, £2.227m in 2022/23 and £0.143m in 2023/24 is requested, funded from a revenue contribution from the HRA.

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 Adults – Stepping Stone Capital Works. Manchester City Council (MCC) are contributing to improvement works to enable a grant from Ministry of Housing, Communities & Local Government (MHCLG) as part of a wider Rough Sleeper Accommodation Programme (RSAP). The funding will allow Stepping Stone to provide a tenancy for 30 people who are currently sleeping rough in the City over a period of 5 years with wrap around support as part of a pathway to settled accommodation, providing a genuine home with support that will help prepare former rough sleepers for fully independent housing. A capital budget increase of £0.187m in 2021/22 is requested, funded by Capital Fund.
- 4.3 Neighbourhoods - Galleries' Collection Housing. This programme will secure the long-term preservation and usefulness of the city's nationally designated art collections through much-needed improvements to collections housing across the Gallery's three sites of Manchester Art Gallery, Queens Park Conservation studios and Platt Hall. These improvements are instrumental to our vision and future direction, and are critical to realising the vision for the transformation of Platt Hall; securing its future as a new model of museum at the heart of its community, created by, with and for local residents. The improvements will also safeguard our nationally designated collections, not least the most important collection of everyday dress in the UK that is currently at high risk of deterioration and loss, creating a new home for the costume collection, on the first floor of Queens Park Conservation Studio –

refurbishing and insulating the three large rooms and installing conservation heating to provide stable environmental conditions for this highly vulnerable collection. The programme will increase paintings storage in the Art Store at Manchester Art Gallery by moving the works on paper and decorative arts to a new storage space on the lower ground floor. The scheme will also deliver a financial benefit; saving the lease cost of off-site storage at Lowry Mill, as well as preventing future budget pressures once the Lowry Mill lease terminates in 2024.

- 4.4 Overall, the project will deliver increased public benefit and social impact through greater understanding of the breadth and depth of the city's collection and increased public use. Programming and volunteering opportunities alongside this work will enable city residents to be actively involved in the project as part of the process of post-Covid recovery through the making-fit-for-purpose of the city's cultural heritage. A capital budget increase of £0.04m in 2021/22, £0.404m in 2022/23 and £1.426m in 2023/24 is requested, funded by Capital Receipts.
- 4.5 ICT – Strategy improvements to infrastructure and resilience. Following the move from Sharp to two new Data Centres, ICT will now look to exploit the benefits of the migration, to provide a resilient and reliable platform for business applications, and to decommission infrastructure that facilitated the migrate. Updated business continuity plans will be produced to formalise and define a disaster recovery process and procedure along with improved monitoring and alerting facilities. ICT will also look proactively at migrating MCC Services well in advance of the end of Microsoft support of Window 2012 Servers (600+) due to the volume of servers and applications which are affected, over the next two years. A capital budget decrease of £0.879m in 2021/22 is requested and approval of a corresponding transfer of £0.879m to the revenue budget, funded by Capital Fund.
- 4.6 Children's Services – Externally Funded Works to Schools. The council receives funding from The Department of Education to support the capital requirement for providing new pupil places and to maintain the current school estate. The High Needs Provision Capital Allocations (HNPCA) and Basic Need allocations were announced early 2021. The HNPCA funding of £2.324m will support the provision of places for pupils with special educational needs and disabilities (SEND) and those pupils requiring alternative provision (AP). The basic need allocation of £4.281m will support the capital requirement for providing new pupil places by expanding existing maintained schools, free schools, or academies, and by establishing new schools.
- 4.7 The council has also received an allocation of £3.986m for 2021/22 for school capital maintenance, which is more than anticipated in the estimated budget, the £0.992m increase requested will align the budget to funding allocated. 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. All funding received will be allocated to the main capital budget once the individual schemes are approved. A capital budget

increase of £0.992m in 2021/22 and £6.605m in 2022/23 is requested, funded by Government Grant.

- 4.8 Highways Services – HS2 Specialist Support. The funding is required to re-appoint consultants Steer to continue to provide on-going specialist highways and infrastructure support to Manchester City Council (MCC) in relation to the HS2 project. The main element of Steer’s remit is to continue to represent MCC at meetings and contribute to HS2 stakeholder engagement and to work with Transport for Greater Manchester (TfGM) and HS2 to identify and develop mitigations of construction and operational highway impacts. A capital budget decrease of £0.047m is requested and approval of a corresponding transfer of £0.047m to the revenue budget, funded by Capital Fund.

5.0 Delegated budget Approvals

- 5.1 There have been increases to the programme totalling £2.981m as a result of delegated approvals since the previous report to the Executive on 17th March 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 Road Collapse Emergency Works with the issue believed to have been caused due to a collapsed culvert or uncharted watercourse. The £1m project is funded by borrowing via the Bridges and Structures budget within Highways Services.

7.0 Prudential Performance Indicators

- 7.1 If the recommendations in this report are approved the General Fund capital budget will increase by £6.356m 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.

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 £6.356m if the recommendations in this report are approved.
- 11.2 The revenue budget of the City Council will increase by £6.154m, if the recommendations in this report are approved.

12.0 Recommendations

- 12.1 The recommendations appear at the front of this report.