

**Manchester City Council
Report for Resolution**

Report to: Executive – 30 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:
- Highways Services – Patching Defect Repairs Programme 2021/22. A capital budget increase of £4.244 is requested, funded by £0.500m RCCO and £3.744m Grant. A capital budget virement of £1m is also requested, from the Highways Project Delivery Fund budget.
 - Neighbourhoods – Library Refurbishment. A capital budget increase of £0.500m is requested, funded by Borrowing.
 - Neighbourhoods - New Islington Marina Bridge Works. A capital budget increase of £0.156m is requested, funded by Borrowing.
 - Public Sector Housing - Newton Heath High Rise Blocks Improvements. A capital budget increase of £14.113m 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:
- Highways Services - Harpurhey & Moston – Junction and Crossings. A capital budget increase of £1.171m is requested, funded by External Contribution
 - ICT - Future Council Discovery (Infrastructure & Application Hosting). A capital budget decrease of £0.390m is requested and approval of a corresponding transfer of £0.390m to the revenue budget, funded by Capital Fund

(3) With regards to Buglawton Hall as noted in section 5:

- Accept the offer for the disposal of Buglawton Hall, on a without prejudice and subject to contract basis, and subject to successfully obtaining the required consent from the Secretary of State to dispose of former school playing field land and non-playing field land. The disposal would not include the requirement to undertake any schedule of works to facilitate the proposed use.
- Approve the disposal of the freehold interest as the property is located outside of the City and as agreed by the Chief Executive holds no strategic importance to the Council. The proposed use as a single residential dwelling also indicated the Leasehold Reform Act would eventually become applicable, resulting in a freehold disposal in any event.
- Approve the delegation of the necessary authority to the City Solicitor to complete and finalise the contractual documentation regarding the disposal.

(4) To note increases to the programme of £0.075m as a result of delegated approvals.

(5) To note virements in the programme of £16.931m 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 £0.390m.

Financial Consequences – Capital

The recommendations in this report, if approved, will increase Manchester City Council's capital budget by £19.794m 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 2021 - Capital Programme Update

Report to the Executive 2nd June 2021 – 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 Highways Services – Patching Defect Repairs Programme 2021/22. The funding will continue with the delivery of the patching programme to fulfil our legal obligation to maintain carriageway & footway network by repairing actionable defects identified during safety inspections. A capital budget increase of £4.361m in 2021/22 and £0.883m in 2022/23 is requested, funded by £0.500m RCCO, £3.744m Grant and a capital budget virement of £1m from the Highways Project Delivery Fund budget.
- 3.3 Neighbourhoods – Library Refurbishment. The scheme will refresh and refurbish libraries across the city, with more significant works at Longsight Library and

Newton Heath Library. A capital budget increase of £0.500m in 2021/22 is requested, funded by Borrowing

- 3.4 Neighbourhoods - New Islington Marina Bridge Works. This proposal is to undertake essential repair works to the Bascule bridge that separates the Ashton Canal Basin from the Ashton Canal and wider NW canal networks in order to enable canal boats to access the basin. A capital budget increase of £0.156m in 2021/22 is requested, funded by Borrowing.
- 3.5. Public Sector Housing - Newton Heath High Rise Blocks Improvements. The scheme will deal with potential health and safety issues, to maintain the properties in line with the Decent Homes Standard and improve energy efficiency and the appearance of the blocks. A capital budget increase of £0.492m in 2021/22, £9.128m in 2022/23 and £4.493m in 2023/24 is requested, funded by an RCCO 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 Highways Services - Harpurhey & Moston – Junction and Crossings. TfGM in partnership with MCC are proposing to implement a number of new crossings or upgrade existing crossings to enable walking and cycling, with phase 1 delivering eight crossings in Harpurhey and two in Moston. This will open up the Bee Network by strategically placing crossing points across lines of severance. A capital budget increase of £1.170m in 2021/22 and £0.001m in 2022/23 is requested, funded by External Contribution.
- 4.3 ICT - Future Council Discovery (Infrastructure & Application Hosting). The project will define a series of recommendations for future ICT infrastructure hosting, application delivery and consolidation; to support revised ways of working focusing on improving user access and flexibility, reducing maintenance and, improving availability and resilience. Our current server and data centre infrastructure will all be end of life by 2024 and it would not be cost effective or green to replace it like for like, it needs to align with the Councils requirements and be more flexible and agile, but for this to take place we need to clearly design the infrastructure for our future needs, and decide the best place to move our current legacy applications so they are on supported hardware. A capital budget decrease of £0.390m in 2021/22 is requested and approval of a corresponding transfer of £0.390m to the revenue budget, funded by Capital Fund.

5.0 Buglawton Hall

- 5.1 Buglawton Hall is a former residential special school located in Congleton, Cheshire. Executive approved a proposal to close the school in September 2017 and a potential disposal of the site was considered at that time. The school remained operational until 31st March 2018.
- 5.2 The property was acquired on 6th December 1950 and is held freehold by the Council. Since the school's closure, options to dispose of the property have been progressed on the basis it is surplus to requirements and holds no strategic importance, being located outside of the City.
- 5.3 To understand interest in the site and obtain options for disposal, the Council appointed Cushman & Wakefield as its agents to undertake a national marketing exercise. The property was listed on the market in January 2021 and successfully received interest from several parties with a variety of proposals. Best and final offers were sought in May 2021, with the Council receiving seven formal offers for the property.
- 5.4 An offer of £2.75m was submitted on an unconditional basis to convert the property back into a single private residence and in the opinion of officers would represent best consideration under S.123 of the Local Government Act 1972.
- 5.5 It should be noted that any proposed disposal of former school playing field land and non-playing field land held by a Local Authority requires the consent of the Secretary of State under S.77 of the School Standards and Framework Act 1998 and Part 1 of Schedule 1 of the Academies Act 2010. Therefore, an application for such consent will need to be progressed and successfully obtained prior to exchanging contracts on any disposal.

6.0 Delegated budget Approvals

- 6.1 There have been increases to the programme totalling £0.075m as a result of delegated approvals since the previous report to the Executive on 17th March 2021. These are detailed at Appendix 2.

7.0 Virements from Approved Budgets

- 7.1 Approval has been given for a capital budget virement from Northwards Unallocated budget for the Northwards Housing Programme 2021/22. The £12.924m will deliver essential Health & Safety work, security improvements and environmental improvements, improving the quality of housing & neighbourhoods.
- 7.2 Virements for increasing the pupil capacity at three schools for SEND pupils aged 4-19 with an Education, Health, and Care Plan (EHCP) were also approved utilising unallocated Government grant. The £4.007m funding will increase capacity at Melland High School, Grange School and Piper Hill High School.

8.0 Prudential Performance Indicators

8.1 If the recommendations in this report are approved the General Fund capital budget will increase by £19.794m across financial years, as detailed in Appendix 1.

8.2 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.

9.0 Contributing to a Zero-Carbon City

9.1 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.

10.0 Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

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

(b) A highly skilled city

10.2 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

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

(d) A liveable and low carbon city

10.4 Investment in cultural and leisure services and housing.

(e) A connected city

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

11.0 Key Policies and Considerations

(a) Equal Opportunities

11.1 None.

(b) Risk Management

- 11.2 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

- 11.3 None.

12.0 Conclusions

- 12.1 The revenue budget of the City Council will increase by £0.390m if the recommendations in this report are approved.
- 12.2 The capital budget of the City Council will increase by £19.794m, if the recommendations in this report are approved.

13.0 Recommendations

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