

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

**Report to:** Audit Committee – 27 July 2021  
Executive – 30 June 2021

**Subject:** Capital Programme Outturn 2020/21

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

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### **Summary**

This report informs members of:

- (a) The outturn of capital expenditure for 2020/21.
- (b) The financing of capital expenditure for 2020/21.
- (c) The major variances between the 2020/21 outturn and the previous Capital Programme monitoring report submitted in February 2021.
- (d) The revised capital programme budget for 2021/22 and subsequent years as a result of the review of the programme following outturn.

### **Recommendations**

The Executive is requested to:

1. To recommend that the Council approve the virements over £0.5m between capital schemes to maximise use of funding resources available to the City Council set out in Appendix B.
2. Note the outturn of capital expenditure 2020/21 was £335.7m.
3. Note the changes to the outturn attributable to movement in the programme that occurred after the previous monitoring report to Executive in February 2021.
4. Approve virements under £0.5m within the capital programme as outlined in Appendix B.
5. Note the decisions of the Deputy Chief Executive and City Treasurer regarding the funding of capital expenditure in 2020/21 including the use of £98.8m Grants and Contributions, £21.4m Capital receipts, £34.7m Revenue funding and £180.8m Borrowing.
6. Note the revised capital programme for 2021/22 shown in Section 9 and Appendix D.

**Wards Affected:** All

<p><b>Environmental Impact Assessment</b> - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city</p>
<p>Under the governance process for capital expenditure decision making, zero and low carbon measures are a key component. All capital projects are reviewed throughout the approval process with regard to the contribution they can make to Manchester being a Zero-Carbon City. Projects will not receive approval to incur costs unless the contribution to this target is appropriate.</p>

<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 this community strategy, notably the investment in sustainable and affordable housing, building schools for the future, transport, environmental and major regeneration programmes.
A connected city: world class infrastructure and connectivity to drive growth	The capital programme includes investment in highways infrastructure, and broadband expansion.

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

- Equal Opportunities Policy

- Risk Management
  - Legal Considerations
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## **Financial Consequences – Revenue**

All Revenue consequences are included in the Revenue Budget Outturn report.

## **Financial Consequences – Capital**

The Capital Outturn 2020/21 for Manchester City Council is £335.7m compared to the revised budget of £373.3m submitted to Executive in February 2021.

### **Contact Officers:**

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

Name: Tom Wilkinson  
Position: Deputy City Treasurer  
Telephone: 0161 234 1017  
E-mail: tom.wilkinson@manchester.gov.uk

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

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

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

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

- Report to the Executive 3<sup>rd</sup> June 2020 - Capital Programme - Capital Programme Update
- Report to the Executive 3<sup>rd</sup> July 2020 - Capital Programme - Capital Programme Update
- Report to the Executive 29<sup>th</sup> July 2020 - Capital Budget Review and Programme Monitoring 2020/21
- Report to the Executive 29<sup>th</sup> July 2020 - Capital Programme - Capital Programme Update
- Report to the Executive 9<sup>th</sup> September 2020 - Capital Programme - Capital

#### Programme Update

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

## 1. Introduction

1.1. The purpose of the report is to:

- Inform the Executive of the capital outturn position for 2020/21 including total expenditure and funding;
- Confirm that funding sources have been managed to best utilise resources available to fund the capital programme; and
- Present a revised capital programme for the 2021/22 financial year after taking into account the final outturn position as reported.

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

1.3. Appendix A provides a detailed review of the activities undertaken by portfolio area since the last report, and explains the variances to budget for 2020/21. Appendix B details the virements requested across the Capital Programme since Executive approved the capital budget in February 2021. Appendix C shows the outturn position for the Council's prudential indicators. Appendix D details the full revised capital budget for each project, taking into account the virements requested, the new budgets introduced, and any re-profiling between years.

## 2. Contributing to a Zero-Carbon City

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

## 3. Capital Budget

3.1. The Executive approved the Capital Budget for the period 2020/21 to 2024/25 in February 2021. Separate reports to both February and March Executive's including budget increases. The revised capital budget including those increases but before the changes proposed in this report is shown below:

<b>Capital Programme 2020-2025 (£m)</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>Total Programme</b>
Capital Budget (Feb 21)	372.0	447.1	331.8	135.1	36.3	1,322.3
Capital Programme Budget Update (Approved Feb 21)	0.5	32.9	0.0	0.0	0.0	33.4
Capital Programme Update (Approved March 21)	0.8	8.5	0.5	6.4	0.0	16.2

<b>Revised Capital Budget</b>	<b>373.3</b>	<b>488.6</b>	<b>332.3</b>	<b>141.5</b>	<b>36.3</b>	<b>1,372.0</b>
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3.2. The figures shown above include those approved by the Executive Member for Finance and Human Resources and the Deputy Chief Executive and City Treasurer under delegated powers since the report to Executive in February.

#### 4. Capital Outturn 2020/21

4.1. The final spend position for the Manchester City Council Capital Programme in 2020/21 is £335.7m compared to a revised budget of £373.3m. The variations, by service area, are shown in the table below.

4.2. The tables in the appendix to this report show the budget approved by the Executive in February 2020 as part of the budget process, alongside the current revised budget and the outturn. The intention is that, by including this information, there is clarity regarding how the budget for 2020/21 has changed across the period.

##### *Capital Programme 2020/21 Outturn*

<b>Manchester City Council Programme</b>	<b>Budget set in Feb 2020 £m</b>	<b>Revised Budget £m</b>	<b>Outturn £m</b>	<b>Variance £m</b>
Highways	58.8	53.8	46.2	-7.6
Neighbourhoods	16.7	10.8	4.9	-5.9
Growth and Development	119.0	87.6	72.0	-15.6
Town Hall Refurbishment	49.1	34.6	30.0	-4.6
Housing – General Fund	22.6	13.9	14.6	0.7
Housing – Housing Revenue Account	38.8	16.1	17.6	1.5
Children’s Services	29.5	37.2	32.1	-5.1
ICT	5.7	3.8	3.5	-0.3
Corporate Services	38.2	115.6	114.8	-0.8
<b>Total</b>	<b>378.4</b>	<b>373.3</b>	<b>335.7</b>	<b>-37.6</b>
<b>Reprofiling</b>				-35.3
<b>Cost Variations</b>				-0.6
<b>Net over (under) spend</b>				-1.7

4.3. The outturn position for the 2020/21 financial year is relatively high when compared to the average outturn of £266m over the past three years, and represents the continued significant investment in Manchester with over 220 live projects progressing during the year, a major achievement given the impact of the pandemic.

#### 5. COVID-19 impact on the Capital Programme

5.1. The COVID-19 pandemic has, and will continue to have, a wide-reaching impact on the Council’s capital programme. The impact on the 2020/21 programme has been highlighted in previous reports to the Executive, with an initial pause across

construction activity after which work resumed on major sites relatively quickly.

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

## 6. Summary of Main Variances to the Revised Budget

- 6.1. The main changes to the programme since the report to Executive in February 2021 are as follows:

- Highways – With evening and weekend work not required due to the quiet road network, additional costs have been avoided creating savings for the Highways Maintenance Programme. As a result, £1.4m will be moved into 2021/22 to be used against the future programme.
- Neighbourhoods - As noted in earlier Executive reports, issues relating to COVID-19, Brexit, and their impact on the supply chain has led to the delivery of the Electric Refuse Collection vehicles taking longer than anticipated. As a result, a total of £5.1m will be reprofiled into next financial year. By the end of May, 6 of the vehicles had been delivered.
- Strategic Development – The Northern Gateway project team are in a process of negotiation with Far East Consortium (FEC) to finalise the Loan Facility Agreement. Completion was targeted for March 2021 however, negotiations on the finer details of certain clauses have taken longer than anticipated leading to slippage of £6.7m into future years.
- Our Town Hall Project - A total of £4.6m will be reprofiled into next financial year due to unspent contingency in 2020/21 and a number of work packages starting on site later than originally anticipated.
- Public Sector Housing - Across the Northwards Programme, a total of £1.5m will be accelerated into 2020-21 due to better progress being achieved than originally anticipated.
- The contractor for the Roundwood Road project within the SEN programme overestimated their spend profile in the early stages of the works. This coupled with some setbacks due to COVID-19 has resulted in £1.5m to be reprofiled into next financial year.

- 6.2. Major variances by service area are detailed in appendix A.

## 7. Capital Financing 2020/21

- 7.1. The funding of the 2020/21 Capital Programme is summarised below:

	£m	%
Capital Expenditure	335.7	
Financed by:		

Government Grants	63.3	18.8%
Other External Contributions	35.5	10.6%
Capital Receipts	21.4	6.4%
Revenue Funding	18.8	5.6%
HRA Major Repairs Reserve	15.9	4.7%
Borrowing	180.8	53.9%

7.2. The Executive is asked to note the following decisions made by the Deputy Chief Executive and City Treasurer regarding the funding of the capital expenditure incurred in 2020/21.

- (a) Any unused grant, subject to conditions, has been carried forward into 2021/22 and will be matched against future spend. The programme was managed to ensure that any grant with a risk of claw back due to time constraints or other factors was fully utilised in 2020/21. Similarly, any external contributions that have not been used will be carried forward into 2021/22.
- (b) The balance of available capital receipts carried forward from 2019/20 was £96.8m. A further £18.6m receipts were received in 2020/21 including pooled receipts. Drawdown from capital receipts was £21.4m leaving a balance for use in future years of £94.0m, of which £69.1m relate to Housing, plus any new receipts generated in 2021/22.
- (c) Revenue contributions were used to finance expenditure of £18.8m, including works on the Factory Project, various Highways projects and the HRA.
- (d) The Major Repairs Reserve funds expenditure on the HRA capital programme. The use of this reserve includes self-financing revenue from the HRA revenue budget.
- (e) Borrowing of £180.8m has been used to fund the programme. The borrowing figure represents the amount to be funded by borrowing in the long term, however, in practice was internally borrowed as no significant long term external debt was taken in 2020/21.
- (f) The minimum revenue provision for 2020/21 was £25.7m. This is the funding set aside to repay the debt incurred through funding previous capital expenditure through borrowing. This has been funded from the Council's capital financing budget.

## **8. Capital Programme Re-phasing and Variations**

8.1. Based on the monitoring information above, it is proposed that the capital



programme budget is re-phased to reflect the planned delivery of projects in 2021/22 to 2024/25. The cumulative impact of these adjustments are shown in the table below. The figures below also show the budget increases approved by Executive on 2nd June 2021. The future programme will be reviewed throughout 2021/22 to reflect changes to the proposed profile of spend.

*Proposed Capital Programme variations 2020/21 to 2024/25*

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total Programme £m
Revised Capital Budget (March 2021)	373.3	488.6	332.3	141.5	36.3	1,372.0
Forecast Re-profile	-35.3	-15.5	26.9	7.0	16.8	0.0
Cost Variations	-0.6	-3.1	-7.6	0.0	0.0	-11.3
Proposed Capital Budget	<b>337.4</b>	<b>470.0</b>	<b>351.6</b>	<b>148.5</b>	<b>53.1</b>	<b>1,360.7</b>
Budgets approved by Executive 2 <sup>nd</sup> June 21	0.0	4.2	1.9	5.6	0.0	11.7
Revised Capital Budget	<b>337.4</b>	<b>474.2</b>	<b>353.5</b>	<b>154.1</b>	<b>53.1</b>	<b>1,372.4</b>

*Virements in 2020/21*

- 8.2. Various schemes across the programme require virements in 2020/21 and future years, as shown in Appendix B.
- 8.3. The Council is recommended to approve virements over £0.5m within the capital programme as outlined in Appendix B.
- 8.4. The Executive is recommended to approve virements under £0.5m within the capital programme as outlined in Appendix B.

**9. Capital Programme Forecast for 2021/22 and future years**

- 9.1. If the virements set out above are approved, the revised capital programme for 2021/22 and future years is shown in the table below:

<b>Manchester City Council Programme</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>
	£'m			
Highways	57.7	16.6	2.2	0.0
Neighbourhoods	36.5	33.6	14.9	0.0
The Factory and St John's Public Realm	56.5	32.6	0.0	0.0
Growth and Development	93.7	63.6	31.3	5.0
Town Hall Refurbishment	70.9	76.8	62.5	39.9
Housing – General Fund	15.9	11.6	11.0	2.7

Housing – Housing Revenue Account	27.7	46.3	15.0	5.5
Children’s Services	44.3	13.9	0.0	0.0
ICT	7.0	6.8	0.0	0.0
Corporate Services	19.0	9.8	2.8	0.0
<b>Total (exc. contingent budgets)</b>	<b>429.2</b>	<b>311.7</b>	<b>139.7</b>	<b>53.1</b>
Contingent Budgets	45.0	41.8	14.4	0.0
<b>Total</b>	<b>474.2</b>	<b>353.5</b>	<b>154.1</b>	<b>53.1</b>

- 9.2. The figures above will change, should the recommendations in the Capital Update report elsewhere on the agenda be approved.
- 9.3. The forecast budget for 2021/22 is ambitious compared to previous annual expenditure. This reflects the need to progress capital investment as part of the post-COVID-19 recovery and the number of significant projects which are expected to progress during the year. The Capital Budget is prepared on the best estimate of the spend profile for each scheme across its life and as the scheme develops this may change. All projects carry risk such as delivery risk, third party risk and market risk, including build cost and inflation which will impact on their overall cost.
- 9.4. The large-scale projects due to begin in 2021/22 include the refurbishment of Abraham Moss Leisure Centre, the Manchester Aquatics Centre Refurbishment, the Housing Infrastructure Fund and Northern Gateway works, Coop Academy Belle Vue and Gorton Health Hub. As these are in their early stages, the estimated start dates are likely to change leading to a variation against the in-year budget. Any further COVID-19 impacts could also change project plans and timelines. This may create further variations against the in-year budget, but not the overall budget for the project.
- 9.5. In the above table, contingent budgets have been shown separately. These include the remaining Manchester Airport Group support which may not be required in 2021/22, the inflation budget which would require further approvals before it could be used, and other unallocated programme budgets including the ICT investment plan, Education Basic Need and the Northwards Housing Programme which is not yet allocated to specific schemes. The budget will change as new schemes will be added throughout the year, and specific projects funded through the contingent budgets are brought forward through the Council’s capital approval process.
- 9.6. Scheme costs will be kept under close review. Whilst the transition from the European Union (EU) saw no direct charges on construction or construction products there are administrative burdens, for example changes to the way British businesses import materials, hire people, and procure from the EU which could add to the overall costs. The economic impact of the pandemic on inflation

is still uncertain. In general, the North West (NW) regional activity is expected to cool off as companies try to protect their long-term order books, although the level of activity in Manchester is expected to perform better than other regions. Future prices will be very much dependent on how deep the effects of the recession are and how long the economic recovery takes.

- 9.7. Whilst there has been an improving picture for construction activity in the first quarter of 2021, this has been tempered by widely reported materials shortages and labour shortages affecting productivity. The forecast is difficult to identify as it is early in the recovery from the pandemic and COVID-19 related pressures as noted above, will take time to monitor the effects. Whilst the recovery will be slow over 2021, prices are expected to rise less than 1% in the year to 3rd quarter 2021. Prices will increase, with less contractors in the market (liquidations due to COVID-19, and the withdrawal of COVID-19 government support), tender prices are therefore forecast to rise ahead of input costs, by around 4% for the NW. This will vary for each project. The Council's capital strategy includes provision for inflation to be allocated when appropriate.
- 9.8. The approach to capital monitoring for 2021/22 financial year will also change, with a greater emphasis on the activities and risks of the major projects. The capital monitoring reports will not seek to re-profile budgets across financial years, but rather consistently compare to the in year budget detailed above as well as any additions reported throughout the year. Officers will continue to review the forecast for 2021/22 to ensure it remains achievable and any significant variances will be reported to the Executive.

## **10. Social Value**

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

## **11. Prudential Indicators**

- 11.1. The prudential indicators as at the end of March 2021 are shown at appendix B.

## **12. Contributing to the Our Manchester Strategy**

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

The capital programme contributes to various areas of the economy, including investment in public and private sector housing, education and children's social

care, transport infrastructure, major regeneration activities, environmental, cultural and leisure services.

**(b) A highly skilled city**

The capital programme includes substantial investment in education and also provides opportunities for the construction industry to bid for schemes that could provide employment opportunities at least for the duration of contracts.

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

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

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

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

**(e) A connected city**

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

**13. Key Policies and Considerations**

**(a) Equal Opportunities**

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

**(b) Risk Management**

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

**(c) Legal Considerations**

None.

## Appendix A – Detailed Review of Capital Programme 2020/21

1. This appendix provides a detailed review of the activities undertaken since the last report, and explains the reasons for variance to the budget.

### 2. Highway Services Programme

2.1. The schemes within the current Highways portfolio include the highways improvement investment fund, projects to improve and increase the use of cycle routes which relieve congestion and reduce air pollution from vehicle emissions, improvements to pedestrian access in areas in the City, improvements to safety measures and schemes to reduce energy consumption for street lighting.

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

- Throughout the year, a number of Highways projects have been approved by the Executive or the Deputy Chief Executive and City Treasurer under delegated powers, to be funded through the Mayor's Challenge Fund (MCF). The total revised budget for MCF schemes in 2020/21 is £6.9m.

2.3. The Highways capital programme has spent £46.2m compared to a revised budget of £53.8m, a variance of £7.6m. The programme is shown in the table below:

	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Outturn £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
<b>Highways</b>							
Highways Planned Maintenance Programme	27.9	24.7	23.3	-1.4	121.1	121.8	0.7
Great Ancoats Improvement Scheme	6.0	5.7	4.2	-1.5	9.3	8.2	-1.1
Mayor's Challenge Fund Schemes	1.2	6.9	4.7	-2.2	31.0	31.0	0.0
Mancunian Way and Princess Parkway National Productivity Investment Fund (NPIF)	4.1	5.3	4.5	-0.8	9.1	9.1	0.0
Other Projects	19.6	11.2	9.5	-1.7	132.3	132.7	0.4
<b>Total Highways</b>	<b>58.8</b>	<b>53.8</b>	<b>46.2</b>	<b>-7.6</b>	<b>302.8</b>	<b>302.8</b>	<b>0.0</b>
<b>Reprofiling</b>				<b>-6.7</b>			
<b>Cost Variations</b>				<b>0.0</b>			
<b>Net over (under) spend</b>				<b>-0.9</b>			

#### Activities

2.4. The delivery of projects has continued positively within Highways during the

pandemic. Individual schemes and programmes of capital works have been brought forward where possible to reduce impact on residents with the key route and local road network quiet during lockdown periods. The Planned Maintenance team accelerated their works programme significantly with 817,000 M<sup>2</sup> of roads resurfaced this financial year. This has also resulted in some cost avoidance where weekend and evening work has not been required.

- 2.5. Throughout 2020/21, permanent walking and cycling infrastructure schemes have been progressed to increase active and sustainable travel which will support organisational and city commitments to be carbon neutral by 2038. Chorlton 1A has been completed and works having commenced on Chorlton 1B, Chorlton 4, Beswick Phase 1, Northern Quarter at Dale / Ducie Street and Thomas Street as part of the Mayors Challenge Fund programme of works. Trial interventions have also been installed in Levenshulme to inform a permanent scheme with works due to commence on the Manchester Cycleway (Fallowfield Loop) and Northern Eastern Gateway by June 2021.
- 2.6. Consultation has commenced on the Wythenshawe Cycleway Active Travel Fund (ATF) project with designs progressing for the City Centre Triangle ATF scheme. Both aim to deliver further permanent walking and cycling infrastructure by March 2022.
- 2.7. In terms of other major Highways' projects, Medlock Street roundabout, Great Ancoats Street, A6 Stockport Road and Hyde Road have all completed this year improving key routes and journey times into the city. The Airport Green Bridge project has also completed, allowing easier geographical access to job opportunities at Manchester Airport for local residents.
- 2.8. The existing Street Lighting PFI project is complete, with 54,371 traditional streetlights replaced with LED units which has saved 10,509 tonnes of carbon. Any future works will be progressed under a new approval.
- 2.9. The School Crossing Programme has now delivered safety improvements across 77 sites in the City. The programme for 2021/22 has been established with works progressing at a further 3 sites and designs progressing on others.

#### Variances – All Years

- 2.10. A £0.7m revenue contribution to capital has been made for the patching budget, which will be used in 2021/22 to deliver more of the pothole repairs across the City.
- 2.11. As previously reported, the unspent £1.1m contingency on the Great Ancoats Improvement Scheme has been used to cover the overspend on the Manchester/Salford Inner Relief Road (MSIRR) scheme as per the agreement between the Council and Transport for Greater Manchester (TfGM).

2.12. As per the latest spend profile for the SEMMMS A6 scheme, there was spend of £0.2m in 2020/21 that will be covered by grant funding from the Department for Transport (DfT). This project is managed by Stockport MBC.

#### Variances – In Year

2.13. The main variances to the revised budget are:

##### *Highways Planned Maintenance Programme*

- The resurfacing works within the Highways Planned Maintenance programme for 2020/21 progressed ahead of programme. The service has taken advantage of reduced traffic volumes due to COVID-19 to significantly accelerate surfacing works. With evening and weekend work not required due to the quiet road network, additional costs have been avoided creating a further saving for the programme. As a result, £0.4m will be moved into 2021/22 to be used against the future programme.
- Similarly, as a result of the above cost avoidance, the drawdown of match funding for highways schemes from the Highways Maintenance Challenge Fund is lower than anticipated, and so £0.6m will be moved into 2021/22.
- The outcomes from the inspections to date under the Bridge Maintenance programme have identified fewer issues than anticipated and so £0.3m will be reprofiled into 2021/22.
- Other in year variances total £0.1m.

##### *Mayors Challenge Fund schemes*

- A total of £0.6m has been moved into the 2021/22 financial year as final agreements on design are made for the Chorlton 1B scheme as a result of the inclusion of the Stretford Road link following a request from Transport for Greater Manchester (TfGM).
- With works due to commence on both the Manchester Cycleway and the Northern Eastern Gateway schemes, the results of consultation for both schemes are being used to inform the route and designs with external financial approval processes required to release funding. Due to this, £0.5m and £0.7m respectively have been reprofiled into next financial year to allow for further development before main scheme construction commences.
- Other in year variances across a number of projects total £0.4m.

##### *Other Projects*

- The Medlock Street Roundabout improvement scheme is substantially complete, with a completion certificate yet to be issued. The remaining £0.8m budget from 2020/21 will be moved into next financial year until it is determined how much of this will be required as commercial discussions are

concluded.

- Similarly, the Hyde Road Pinch Point Widening scheme is substantially complete and the final account is expected to be issued in early 2021/22. The remaining £0.3m budget from 2020/21 will be moved into next year until it is determined what is required to close the project.
- Further works are being agreed for the 2021/22 school crossings programme. While the programme budget is expected to be spent in full, £0.9m risk and contingency funding has been reprofiled into future years which can be accelerated if required.

## Risks

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

## **3. Neighbourhoods Programme**

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

### *Neighbourhoods Capital Outturn 2020/21*

	<b>20/21 Budget set in Feb 20 £m</b>	<b>20/21 Revised Budget £m</b>	<b>20/21 Outturn £m</b>	<b>20/21 Variance £m</b>
<b>Neighbourhoods</b>				
Environment and Operations	6.0	6.8	1.7	-5.1
Leisure	10.1	3.6	2.9	-0.7
Libraries	0.6	0.3	0.3	0.0
<b>Total Neighbourhoods</b>	<b>16.7</b>	<b>10.8</b>	<b>4.9</b>	<b>-5.9</b>
<b>Reprofiling</b>				<b>-5.9</b>
<b>Cost Variations</b>				<b>0.0</b>



<b>Net over (under) spend</b>				<b>0.0</b>
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### *Environment and Operations Programme*

- 3.2. The schemes within the Environment and Operations Programme are centred on improving the environment with the main focus on the control of waste disposal and promoting recycling.
- 3.3. The Environment and Operations programme has spent £1.7m compared to a budget of £6.8m, a variance of £5.1m. The programme is shown in the table below:

<b>Environment and Operations</b>	<b>20/21 Budget set in Feb 2020 £m</b>	<b>20/21 Revised Budget £m</b>	<b>20/21 Outturn £m</b>	<b>20/21 Vari - ance £m</b>	<b>All Years Budget £m</b>	<b>All Years Forecast £m</b>	<b>All Years Variance £m</b>
Waste Reduction Measures	1.2	0.8	0.8	0.0	4.7	4.7	0.0
Purchase of electric RCVs	0.0	5.8	0.7	-5.1	9.9	9.9	0.0
Cremator and Mercury Abatement	1.0	0.1	0.1	0.0	1.6	1.6	0.0
Other Projects	3.8	0.1	0.1	0.0	8.6	8.6	0.0
<b>Total Environment</b>	<b>6.0</b>	<b>6.8</b>	<b>1.7</b>	<b>-5.1</b>	<b>24.8</b>	<b>24.8</b>	<b>0.0</b>
<b>Reprofiling</b>				<b>-5.1</b>			
<b>Cost Variations</b>				<b>0.0</b>			
<b>Net over (under) spend</b>				<b>0.0</b>			

### Activities

- 3.4. All works are now complete for the installation of Electric Charging points at Longley Lane and Hammerstone Road, with final accounts to be completed for sign off. Installation at Grimshaw Lane is expected to complete in 2021/22.
- 3.5. The first 6 electric refuse collection vehicles have been delivered by early May 2021. All 27 vehicles are expected to be delivered by mid-July, subject to individual vehicle approval testing.

### Variances – In Year

- 3.6. All invoices for the electric charging vehicles will be received in 2021/22. As noted in earlier Executive reports, issues with the supply chain, predominantly caused by COVID-19 and Brexit, has led to this delay. As a result, a total of £5.1m will be reprofiled into next financial year.

## *Leisure Programme*

- 3.7. The Leisure Programme provides leisure, sports and park facilities and services to communities across the City to promote health and wellbeing. The programme includes improvements to facilities which are used for events with the intention of also providing an economic benefit.
- 3.8. The main variances since the budget was set in February 2020, and before the changes noted in this report are:
- In March 2020, the Abraham Moss project was paused due to COVID-19. The budget was reprofiled due to a full review of project cost and scope being undertaken before the scheme progressed to the construction phase. The 2020/21 budget became £0.3m.
- 3.9. The Leisure programme has spent £2.9m compared to a budget of £3.6m, a variance of £0.7m. The programme is shown in the table below:

Leisure	20/21 Budget set in Feb 20 £m	20/21 Budget £m	20/21 Outturn £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Parks Programme	3.1	0.3	0.3	0.0	11.4	11.4	0.0
Indoor Leisure – Abraham Moss	6.0	0.3	0.7	0.4	24.7	24.7	0.0
Manchester Aquatics Centre	0.0	0.7	0.0	-0.7	30.5	30.5	0.0
Other Projects	1.0	2.3	1.9	-0.4	46.1	46.1	0.0
<b>Total Leisure</b>	<b>10.1</b>	<b>3.6</b>	<b>2.9</b>	<b>-0.7</b>	<b>112.7</b>	<b>112.7</b>	<b>0.0</b>
<b>Reprofiling</b>				<b>-0.7</b>			
<b>Cost Variations</b>				<b>0.0</b>			
<b>Net over (under) spend</b>				<b>0.0</b>			

## Activities

- 3.10. The main contract for the Indoor Leisure - Abraham Moss project has been signed and sealed. Site setup, asbestos removal and demolition works commenced in March 2021, and are expected to complete in August.
- 3.11. The high-level programme for Manchester Aquatics Centre (MAC) has been agreed, as RIBA Stage 3 design work progresses. The project team are in the process of formally appointing the contractor and are also engaging with the Carbon Reduction Programme team regarding the works associated with the enhanced carbon reduction initiatives, with a view to undertaking them as part of this scheme. The intention is that the Public Sector Decarbonisation grant will be used to fund these works, either in full or in part, dependent on the grant timescales aligning with the project plan.

### Variances - In Year

- 3.12. Site setup and asbestos removal works are progressing quicker than originally anticipated at the Indoor Leisure - Abraham Moss site, and so £0.4m will be accelerated into 2020/21.
- 3.13. As a decision was made on the affordability of the refurbishment of the Manchester Aquatics Centre in the context of the wider capital programme, the project is now due to start in 2021/22 and so the £0.7m budget will be reprofiled.
- 3.14. There is a requirement to reprofile £0.3m into 2021/22 for the Rugby Football League (RFL) - Beswick Hub project due to discussions on the funding strategy delaying the initial stages of the project.
- 3.15. Other variances within the Leisure portfolio total £0.1m.

### *Libraries Programme*

- 3.16. The library programme seeks to bring up to date accessible technology to communities, provide high quality exhibition areas attracting visitors and residents and create new community meeting spaces.
- 3.17. The Libraries programme has spent £0.3m against a budget of £0.3m, a variance of nil. The programme is shown in the table below:

Libraries	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Outturn £m	20/21 Vari - ance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Open Libraries	0.3	0.1	0.1	0.0	0.4	0.4	0.0
Other Projects	0.3	0.2	0.2	0.0	2.4	2.4	0.0
<b>Total Libraries</b>	<b>0.6</b>	<b>0.3</b>	<b>0.3</b>	<b>0.0</b>	<b>2.8</b>	<b>2.8</b>	<b>0.0</b>
<b>Reprofiling</b>				<b>0.0</b>			
<b>Cost Variations</b>				<b>0.0</b>			
<b>Net over (under) spend</b>				<b>0.0</b>			

### Activities

- 3.18. Site visits have been undertaken by the contractor for the children's library fit out within the Central Library Refresh programme. Work is expected to begin in 2021/22.
- 3.19. In March 2021, Executive approved the refurbishment of Chorlton Library, Manchester's oldest operational branch library. 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 and thus helping to sustain community activity.

## Risks

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

## 4. Growth and Development Programme

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

### *2020/21 Growth and Development Capital programme outturn*

<b>Growth and Development</b>	<b>20/21 Budget set in Feb 20 £m</b>	<b>20/21 Revised Budget £m</b>	<b>20/21 Outturn £m</b>	<b>20/21 Variance £m</b>
Culture	55.7	36.5	35.4	-1.1
Corporate Estates	33.4	19.1	17.4	-1.7
Development	29.9	32.0	19.2	-12.8
<b>Total Growth and Development</b>	<b>119.0</b>	<b>87.6</b>	<b>72.0</b>	<b>-15.6</b>
<b>Reprofiling</b>				<b>-14.8</b>
<b>Cost Variations</b>				<b>0.0</b>
<b>Net over (under) spend</b>				<b>-0.8</b>

### *Culture Programme*

- 4.2. The Factory will act as a driver of the next stage of Manchester's and the North's regeneration – with clear cultural, economic, educational and social benefits for the city and the wider region. It will be a new type of venue – one that can commission, produce and present the widest range of opera, dance, theatre, visual arts and popular culture, with an emphasis on new cross-art form collaborations, for a much wider audience than any traditional venue.
- 4.3. Following notice to proceed (NTP) being received, the Factory and St John's Public Realm budgets have continually been reviewed and updated for the revised cash flow from the contractor in line with the latest construction programme and revised fees.
- 4.4. The Culture programme has spent £35.4m compared to a budget of £36.5m, a variance of £1.1m. The programme is shown in the table below:

<b>Cultural</b>	<b>20/21 Budget set in Feb 20 £m</b>	<b>20/21 Revised Budget £m</b>	<b>20/21 Outturn £m</b>	<b>20/21 Variance £m</b>	<b>All Years Budget £m</b>	<b>All Years Forecast £m</b>	<b>All Years Variance £m</b>
The Factory	54.0	36.2	35.2	-1.0	190.2	190.2	1.1
St Johns Public	1.7	0.3	0.2	-0.1	6.7	6.7	-1.1

Realm							
<b>Total Cultural</b>	<b>55.7</b>	<b>36.5</b>	<b>35.4</b>	<b>-1.1</b>	<b>196.9</b>	<b>196.9</b>	<b>0.0</b>
<b>Reprofiling</b>				<b>-1.1</b>			
<b>Cost Variations</b>				<b>0.0</b>			
<b>Net over (under) spend</b>				<b>0.0</b>			

#### Activities

- 4.5. Work continues to progress at the Factory site, including temporary roofing to towers, temporary weather protection and precast roof infills.
- 4.6. Recommendations to appoint to a number of work packages are expected in April including truck lifts, smaller acoustic doors, fire and acoustic stopping and moveable acoustic partitions. A number of tenders are out to market and expected back in the coming months including flooring, screeding, joinery and architectural metalwork.
- 4.7. A further grant of £22m from Arts Council England to support the Factory project was agreed in March 2021.
- 4.8. Costs for the St John's Public Realm works have been issued to the contractor and once signed and returned the project team will move to appoint two embedded works contractors in line with the supplemental agreement signed with LOR in December 2020. The revised planning submission was submitted in March 2021.

#### Variances – All Years

- 4.9. Within the Culture programme, there are two main elements to the budget, the main construction budget and a smaller public realm budget. The costs of the Public Realm have now been confirmed and the work will be undertaken as part of the main contract for building. The final costs for Public Realm have resulted in an underspend of £1.1m and therefore, it is requested to vire this underspend from St Johns Public Realm to the main construction budget to fund the additional fees expected to be incurred on the project going forward.

#### Variances – In Year

- 4.10. There is a requirement to reprofile £1.0m into next financial year for the Factory, due to less contingency being required in 2020/21 than originally forecast.
- 4.11. A total of £0.1m will be moved into 2021/22 for St John's Public realm scheme due to the fee profile being revisited as the programme and costs for the scheme are developed.

#### Risks

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

#### *Corporate Estates Programme*

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

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

- In 2020, a number of schemes across the Asset Management Programme (AMP) were reprofiled into future years due to being on hold or progressing slower than expected as a result of COVID-19. The revised 2020/21 budget is £7.1m.
- The Hammerstone Road scheme was paused for COVID-19 and as a result, the 2020/21 budget was re-profiled to £1.2m. Executive approved the unpausing of the scheme in July 2020.
- Similarly, due to COVID-19 all works on site were paused for the Carbon Reduction programme, and a review of the budget completed. Works have now recommenced, and the 2020/21 budget was revised to £3.9m.

4.15. The Corporate Estates programme has spent £17.4m compared to a budget of £19.1m, a variance of £1.7m. The programme is shown in the table below:

Corporate Estates	20/21 Budget set in Feb 2020 £m	20/21 Revised Budget £m	20/21 Outturn £m	20/21 Vari - ance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Asset Management Programme	11.7	7.1	5.8	-1.3	20.0	20.0	0.0
Hammerstone Road Depot	9.3	1.2	1.0	-0.2	25.0	25.0	0.0
Carbon Reduction Programme	6.4	3.9	3.8	-0.1	25.8	25.8	0.0
Estates Transformation	6.0	6.2	6.3	0.1	18.3	18.3	0.0
Other Projects	0.0	0.7	0.5	-0.2	24.4	24.4	0.0
<b>Total Corporate Estates</b>	<b>33.4</b>	<b>19.1</b>	<b>17.4</b>	<b>-1.7</b>	<b>113.5</b>	<b>113.5</b>	<b>0.0</b>
<b>Reprofiling</b>				<b>-1.7</b>			
<b>Net over/(under) spends</b>				<b>0.0</b>			
<b>Cost Variations</b>				<b>0.0</b>			

#### Activities

4.16. A large number of projects within the 2020/21 Asset Management Programme (AMP) completed on time, including the National Cycling Centre refurbishment to

RIBA Stage 4, replacement of roof panels at Wythenshawe Forum and the Ghyll Head jetty works. The 2021/22 programme of works has now been agreed.

- 4.17. Meetings with stakeholders continue for the Hammerstone Road Depot, in order to progress the scheme to RIBA Stage 4. Biffa moved into their new temporary accommodation in March 2021. Planning approval is anticipated for July, with commencement to follow in August.
- 4.18. A grant application for £19.1m under the Public Sector Decarbonisation Scheme has been successful, supporting the Council's ambition to remove gas and oil from all Council buildings. Investment grade proposals are currently being produced and contracts drawn up. Work is to be undertaken in 2021/22.

#### Variances – In Year

- 4.19. Within the Asset Management Programme, there is a requirement to move £1.3m budget into next financial year due to the impact of ongoing protection for COVID-19, and various weather impacts. Work is expected to resume at normal activity levels where possible in 2021/22. Other major variances within AMP include changes to the areas in scope for House of Sport and a longer timescale than envisaged for the National Football Museum works due to specialist unit design and procurement being required.
- 4.20. A total of £0.2m will be refiled into 2021/22 for the Hammerstone Road project, due to unspent contingency in year, and lower than anticipated spend on advanced works.
- 4.21. The refurbishment of Alexandra House and car park completed ahead of schedule, meaning £0.1m will be accelerated into 2020/21. The final account will be completed next financial year.
- 4.22. Other in year variances total £0.1m.

#### Risks

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

process will be adopted for the Public Sector Decarbonisation phase of works.

- 4.25. A new risk has emerged around the Public Sector Decarbonisation scheme, with the tight timescales to deliver the programme and the risk of potential clawback of funding. A new programme resource structure has been approved and recruitment to posts is underway. Each project within the programme will be managed with a separate governance and risk management structure and tight monitoring of the programme and its delivery will ensure immediate action can be taken to resolve any issues in a timely manner.

#### *Development Programme*

- 4.26. The Development Programme seeks to provide sustainable growth and transformation of the City, not only to support internal growth but also to retain international competitiveness by promoting opportunities to develop the City's fabric, infrastructure, business and skills base and connecting local communities to employment opportunities.
- 4.27. Since the budget agreed in February 2020, the Executive have agreed the addition of a number of schemes to the Development Programme, including House of Sport, Piccadilly Gardens Phase 1, the Housing Infrastructure Fund and Mayfield Park. These additional schemes are the main reason for the difference between the original budget and the revised budget.
- 4.28. The Development programme has spent £19.2m compared to a budget of £32.0m, a variance of £12.8m. The programme is shown in the table below:

Development	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Outturn £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Digital Asset Board (MCDA)	1.5	0.2	0.2	0.0	26.7	26.7	0.0
Strategic Acquisitions Board	3.0	3.3	1.7	-1.6	13.4	13.4	0.0
Northern Gateway	6.7	9.3	2.3	-6.9	75.2	75.2	0.0
Eastern Gateway	0.8	1.8	1.4	-0.4	51.7	51.7	0.0
City Centre	6.6	6.3	5.8	-0.5	67.1	67.1	0.0
Other Growth & Development	11.4	11.1	7.8	-3.3	52.6	52.6	-0.8
<b>Total Development</b>	<b>29.9</b>	<b>32.0</b>	<b>19.2</b>	<b>-12.8</b>	<b>286.7</b>	<b>285.9</b>	<b>-0.8</b>
<b>Reprofiling</b>				<b>-12.0</b>			
<b>Cost Variations</b>				<b>0.0</b>			
<b>Net over (under) spend</b>				<b>-0.8</b>			



### Activities

- 4.29. The public consultation on the future of Piccadilly Gardens has now completed. A procurement strategy will soon be determined for appointing the landscape architect and design team to take the scheme to RIBA Stage 3.
- 4.30. Contractors have started on site of the Medieval Quarter and Arena Memorial project, and initial works are underway. Meetings with access groups, families and operators of the Arena are ongoing to discuss plans for the site and progress to date.
- 4.31. Elsewhere within the Strategic Development programme, the acquisition of land on Red Bank, Cheetham has completed. This acquisition will support the delivery of the Housing Infrastructure Fund (HIF) Programme in the Northern Gateway. The land is required to provide access and new road construction to unlock key sites as part of the initial phases of development.

### Variances – All Years

- 4.32. Refurbishment works to Heron House and Registrars are now complete, with the final account to be received. A total underspend of £0.8m has been recognised, with £1.1m to be reprofiled into next financial year until it is determined how much of this will be required. A further update will be provided to Executive when the account is finalised.

### Variances – In Year

#### *Strategic Acquisitions Programme*

- 4.33. For the Strategic Acquisitions programme, £1.6m will now fall into 2021/22. The nature of the programme means that it can be difficult to accurately predict when key acquisition sites will become available.

#### *Victoria North*

- 4.34. The Victoria North (formerly Northern Gateway) project team are in a process of negotiation with Far East Consortium (FEC) to finalise the Facility Agreement. Completion was targeted for March 2021 however, negotiations on the finer details of certain clauses have taken longer than anticipated leading to slippage of £6.7m into future years.
- 4.35. Other in year variances total £0.2m.

#### *Eastern Gateway*

- 4.36. Due to a delay in resolving contractor queries on the revised scope of the House of Sport project, there is a requirement to move £0.4m into 2021/22.

## City Centre

- 4.37. Due to a number of risk items from the pre-construction services agreement not being required in 2020/21, a total of £0.3m will be reprofiled into next financial year for the Medieval Quarter and Glade of Light project.
- 4.38. As noted in paragraph 9.29, whilst the outcome of the public consultation for the future of Piccadilly Gardens is reviewed, a total of £0.2m will be reprofiled into next financial year.

## Other Growth and Development

- 4.39. As per the latest schedule of key milestone payments, a total of £1.4m will be moved into 2021/22 for the Civic Quarter Heat Network Project.
- 4.40. Other in year variances are as per paragraph 9.32.

## Risks

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

## 5. Our Town Hall Refurbishment

- 5.1. The Our Town Hall programme is a major scheme to update the architectural masterpiece that is the Manchester City Centre Town Hall, to protect and improve it for both Manchester and the nation, restoring and re-opening in 2024.
- 5.2. The Our Town Hall Refurbishment programme has spent £30.0m compared to a revised budget of £34.6m, a variance of £4.6m. The programme is shown in the table below:

Our Town Hall	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Forecast £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Our Town Hall Refurbishment	49.1	34.6	30.0	-4.6	305.2	305.2	0.0
<b>Total Our Town Hall Refurbishment</b>	<b>49.1</b>	<b>34.6</b>	<b>30.0</b>	<b>-4.6</b>	<b>305.2</b>	<b>305.2</b>	<b>0.0</b>
<b>Reprofiling</b>				<b>-4.6</b>			
<b>Cost Variations</b>				<b>0.0</b>			
<b>Net over (under) spend</b>				<b>0.0</b>			

### Activities

- 5.3. Progress continues for the Our Town Project, and the latest programme of works from the contractor is currently being reviewed. Recent key achievements include the completion of the internal scaffolding to the organ space, and the first pieces of stone arriving on site from the quarry. A number of trial heritage repairs have also been undertaken to determine how many times the stone will need to be cleaned and whether original wood paneling will need to be stripped.
- 5.4. In the next quarter, the Lloyd St ramp and Courtyard C scaffolding will commence, as will the window refurbishment on level 4, and the plaster removal snagging will continue. The surveys to the cladding on the link bridges are on-going.

### Variances – In Year

- 5.5. A total of £4.6m will be reprofiled into next financial year due to unspent contingency in 2020/21 and a number of work packages starting on site later than originally anticipated.

### Risks

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

## **6. Housing - General Fund**

- 6.1. The Private Sector Housing programme focuses on providing affordable housing including the facilities, adaptations and community focus required.
- 6.2. The main changes since the Budget set in February 2020, and prior to those noted in this report are as follows:
  - Due to backlog issues relating to COVID-19, reprofiling of schemes funded through the Disabled Facilities grant was required. The revised 2020/21 budget is therefore £3.0m.
- 6.3. The Private Sector Housing programme has spent £14.6m compared to a budget of £13.9m, variance of £0.7m. The programme is shown in the table below:

<b>Private Sector Housing (General Fund)</b>	<b>20/21 Budget set in Feb 20 £m</b>	<b>20/21 Revised Budget £m</b>	<b>20/21 Outturn £m</b>	<b>20/21 Variance £m</b>	<b>All Years Budget £m</b>	<b>All Years Forecast £m</b>	<b>All Years Variance £m</b>
Brunswick PFI Land Assembly	0.6	0.1	0.1	0.0	9.7	9.7	0.0
Disabled Facilities Grant	7.5	3.0	3.9	0.9	54.9	54.9	0.0
Marginal Viability Fund – New Victoria	6.7	6.9	6.9	0.0	11.4	11.4	0.0
Other Projects	7.8	3.9	3.7	-0.2	97.4	96.9	-0.5
<b>Total Private Sector Housing (General Fund)</b>	<b>22.6</b>	<b>13.9</b>	<b>14.6</b>	<b>0.7</b>	<b>173.4</b>	<b>172.9</b>	<b>-0.5</b>
<b>Reprofiling</b>				<b>0.7</b>			
<b>Cost Variations</b>				<b>0.0</b>			
<b>Net over (under) spend</b>				<b>0.0</b>			

### Activities

- 6.4. The Empty Homes project is now complete with the £2.0m payment made to the Housing Association delivering the scheme and the Section 22 agreement signed and sealed.
- 6.5. The Princess Road project, a partnership project between Strategic Housing, Homelessness and One Manchester, is now complete, with the grant payment made. The first residents moved in during March 2021 and the building is now fully occupied.

### Variances – All Years

- 6.6. The Green Homes Grant scheme has unfortunately closed, due to the deadline for completion by August set by the Department for Business, Energy and Industrial Strategy (BIES). On discussion with the contractor, it became apparent works would not complete until November 2021, and so the project will be removed from the Capital Programme. The Council has agreed with BIES that officers will instead support the GMCA scheme to increase uptake.

### Variances – In Year

- 6.7. The final outturn of expenditure for the Disabled Facilities Grant is better than anticipated, which is attributable to an ongoing commitment by our Registered Social Housing Provider delivery partners and the Council's own Adaptations Team, to continue to deliver works during COVID-19. A COVID-19 protocol was put in place for the second lockdown, which meant that disabled adaptations could still be delivered to those in need, with full protective and social distancing measures. As a result, a total of £0.9m will be accelerated from 2021/22.
- 6.8. Other in year variances total £0.2m.

## **7. Housing Revenue Account (HRA)**

- 7.1. The Public Sector Housing programme seeks to bring the estate up to and maintain the Decent Homes standard including statutory health and safety regulations and the reduction of CO2 emissions.
- 7.2. Due to COVID-19, all but two projects that were on site in March 2020 were suspended, with plans to restart when restrictions were lifted, unless there was good reason to continue and it was able to be delivered. The budget was reprofiled, and the revised Public Sector Housing budget became £16.1m.
- 7.3. The Public Sector Housing (HRA) programme has spent £17.6m compared to a budget of £16.1m, a variance of £1.5m. The programme is shown in the table below:

Public Sector Housing (HRA)	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Outturn £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Northwards	30.6	15.3	16.8	1.5	79.5	79.5	0.0
Collyhurst	0.4	0.4	0.4	0.0	31.3	31.3	0.0
Other Projects	7.8	0.4	0.4	0.0	39.9	39.9	0.0
<b>Total Public Sector Housing (HRA)</b>	<b>38.8</b>	<b>16.1</b>	<b>17.6</b>	<b>1.5</b>	<b>150.7</b>	<b>150.7</b>	<b>0.0</b>
<b>Reprofiling</b>				<b>1.5</b>			
<b>Cost Variations</b>				<b>0.0</b>			
<b>Net over (under) spend</b>				<b>0.0</b>			

### Activities

- 7.4. Within the Northwards Programme, key outputs delivered in 2020/21 include 1,001 sprinkler installations, 322 kitchens, 716 bathrooms, 74 separate adaptations, 423 full rewires and 182 heat pump installations.
- 7.5. Throughout 2020-21, as expected due to COVID-19, there has been an increase in access refusals where residents have been reluctant to let contractors into their homes. Many residents have also been shielding. It is expected that this will improve going forward as the current lockdown restrictions continue to ease.
- 7.6. The Heads of Terms and legal agreements for the Collyhurst Programme are currently being progressed. The final round of consultation on the South Collyhurst element of the scheme has commenced.

### Variations – In Year

- 7.7. Across the Northwards Programme, a total of £1.5m will be accelerated into 2020-21 due to better progress being achieved that originally anticipated. For the Charlestown Victoria Avenue multi storey blocks project, remobilisation happened in February and work commenced in March, earlier than expected. Similarly, the final account for the Fire Risk Assessments phase 1 work is expected earlier than anticipated based on works done up to the end of March 2021.

### Risks

- 7.8. The Northwards programme relies on the performance of a number of contractors to deliver projects which creates a risk of delays. Ongoing monitoring of performance and regular communication with partners are used to manage risks in these areas.
- 7.9. There are risks around obtaining listed building consent and planning approvals required for some of the projects, to be managed through timely collaboration

with colleagues in planning and design teams.

- 7.10. Northwards have updated their risk profile to include an expected increase in fire risk assessment costs on the high rise blocks due to an increase in the scope of work following detailed surveys, an increase in contractor costs due to demands on capacity and an increase in insurance costs in relation to accountability and risk.

## 8. Children's Services

- 8.1. The main focus of the children's services programme is to provide additional school places for children across the city and maintain the school buildings, ensuring that there is investment in modern, energy efficient and high-quality education infrastructure which drives reductions in carbon across the estate of schools, 85% of materials are locally sourced and contractors recycle more than 75% of waste products.

- 8.2. The main changes to the budget set in February 2020 and prior to those noted in this report are:

- As reported at 2019/20 outturn, the acquisition of land at Hyde Road was expected to take place before the end of the calendar year and so the total £13.1m budget was reprofiled into 2020/21.

- 8.3. The Children's Services programme has spent £32.1m compared to a budget of £37.2m, a variance of £5.1m. The programme is shown in the table below:

Children's Services	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Outturn £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Basic Need and SEND Programme	20.8	18.1	14.9	-3.2	139.3	143.6	4.3
School Maintenance programme	3.6	3.3	2.7	-0.6	12.5	13.5	1.0
Other Projects	5.0	15.8	14.5	-1.3	21.3	23.3	2.0
<b>Total Children's Services</b>	<b>29.5</b>	<b>37.2</b>	<b>32.1</b>	<b>-5.1</b>	<b>173.1</b>	<b>180.4</b>	<b>7.3</b>
<b>Reprofiling</b>				<b>-5.1</b>			
<b>Cost Variations</b>				<b>0.0</b>			
<b>Net over (under) spend</b>				<b>0.0</b>			

### Activities

- 8.4. The planning application for Co-op Academy Belle Vue was granted in April 2021. Negotiations with the contractor regarding the main contract terms are progressing well. The cinema demolition is well underway with a review of RIBA Stage 4 designs expected in May.

- 8.5. The Special Educational Needs (SEN) Basic Need programme continues to progress well with external works commencing at Roundwood Road, the M&E 2<sup>nd</sup> fix installation and windows installation to commence at Brookside Road and the North Hulme site now watertight with works progressing at pace.
- 8.6. The North Ridge sixth form expansion is now complete, and the building has been handed back to the school. The final account is expected.
- 8.7. The 2020/21 School Maintenance Programme is now complete and a programme of works for 2021/22 has been approved. It is still expected that works will be undertaken in the holidays and evenings to minimise disruption to the operation of schools should pupils return for the summer term.

#### Variances – All Years

- 8.8. The Seymour Road project has now completed with a total underspend of £0.3m. This will be removed from the Capital Programme.
- 8.9. The following increases were approved by Executive on 2<sup>nd</sup> June and have been added to the Capital Programme:
  - The 2022/23 Education Basic Need was released in February 2021, and Manchester will receive £4.3m.
  - Likewise, the Schools Maintenance allocation for 2021/22 was released in April 2021, with Manchester due to receive £4.0m. As a result, the estimated budget of £3.0m within the Capital Programme will be increased by £1.0m.
  - Similarly, an additional allocation of £2.3m SEN Grant will be received by Manchester in 2021/22.

#### Variances – In Year

##### *Basic Need Programme*

- 8.10. The contractor for the Roundwood Road project within the SEN programme overestimated their spend profile in the early stages of the works. This couple with some setbacks due to COVID-19 has resulted in £1.5m to be reprofiled into next financial year.
- 8.11. As part of the Council-funded project to build a new secondary school in the City, Co-op Academy are procuring a modular build at Connell Co-op College to allow for early opening before the completion of the school. No claims were made by Co-op in 2020/21 and so £1.0m will be moved into 2021/22 when payments are expected to be made.
- 8.12. Due to impacts of COVID-19, the planned expansion at Co-op North will now



begin in 2021/22 and so the £0.5m budget will be moved into next financial year.

- 8.13. The St Peter's RC High School expansion project has completed with a £0.1m underspend. This will be vired back to the unallocated Basic Need budget to be used for future schemes.
- 8.14. Other in year variances total £0.1m.

#### *Schools Maintenance Programme*

- 8.15. Following the completion of the 2020/21 Schools maintenance programme, there is a total underspend of £0.6m which will be reprofiled into 2021/22 to be used against the future programme of works.

#### *Other Projects*

- 8.16. Due to legal agreements for the Lyndene Childrens Home refurbishment project taking longer than originally anticipated, a total of £0.5m will be moved into 2021/22 when the project is expected to be completed.
- 8.17. As noted in paragraph 13.6, the North Ridge modular build is now complete. The balance of £0.2m will be moved into 2021/22 until the snagging process has concluded.
- 8.18. Other in year variances are as noted in paragraph 13.8, plus further smaller variances that total £0.2m.

#### Risks

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

### **9. ICT Capital Programme**

- 9.1. The aim of the ICT programme is to reduce key risks, decommission legacy platforms and to create a simpler, more robust, resilient and easier to support environment. The programme will move towards a modern infrastructure whilst adding business value.
- 9.2. The main variances from the original budget set in February 2020 and before those outlined in this report are:

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

9.3. The ICT programme has spent £3.5m against a budget of £3.8m, a variance of £0.3m. The programme is shown in the table below:

ICT	20/21 Budget set in Feb 20 £m	20/21 Revised Budget £m	20/21 Outturn £m	20/21 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Microsoft 365	0.0	1.8	1.7	-0.1	1.8	1.8	0.0
End User Experience	3.4	1.0	1.0	0.0	5.2	5.2	0.0
Other Projects	2.3	1.0	0.8	-0.2	36.9	36.8	-0.1
<b>Total ICT</b>	<b>5.7</b>	<b>3.8</b>	<b>3.5</b>	<b>-0.3</b>	<b>43.9</b>	<b>43.8</b>	<b>-0.1</b>
<b>Reprofiling</b>				<b>-0.3</b>			
<b>Cost Variations</b>				<b>0.0</b>			
<b>Net over (under) spend</b>				<b>0.0</b>			

#### Activities

- 9.4. The End User Device project, which will see all Council staff allocated end-user devices to meet the needs of their roles, including mobile devices, is now fully approved. A procurement exercise was undertaken and a framework put in place, with the primary seller engaged and helping provide accurate list prices for upcoming purchases. The project will now start placing bulk orders due to the 14-week lead time on devices.
- 9.5. The contract for the Wider Area Network (WAN) project has now been signed with the preferred supplier. A grant claim will be submitted to DCMS in early 2021/22. The project design activities are ongoing and the supplier shared the key design artefacts with the Council at the end of April.
- 9.6. Similarly, the contract has been awarded for the Local Area Network (LAN) and Wifi project. ICT will engage with the organisation to confirm scheduling to design, test and implement the new, fit for purpose LAN and Wifi hardware and software solutions across all MCC estate that houses Council staff.

#### Variances – All Years

- 9.7. A total of £0.1m will be transferred from the Data Centre Network Design and Implementation capital budget to the project's revenue budget to cover additional project management costs. The capital budget has an underspend of this amount so the transfer will not affect the total budget.

### Variances – In Year

- 9.8. There is a requirement to reprofile £0.1m into 2021/22 for the WAN project as some of the commissioning work could not be undertaken by the contractor in March as originally anticipated.
- 9.9. Other in year variances total £0.1m.

### Risks

- 9.10. An emerging risk the ICT portfolio is the global industry wide shortage in laptop supplies. The project manager for the End User Device scheme is liaising with our current supplier to ensure we have the latest information on shortages and estimated lead times. The project team will work proactively to ensure orders are placed in advance to prevent delays in device roll outs.
- 9.11. ICT projects are often interdependent which can lead to adjustments to the schedule of activity should changes occur in a particular project. Some projects may need external support and advice to be delivered and this may create delays as such work is completed.
- 9.12. ICT projects are subject to external factors such as cyber security risks as an incident could result in data unavailability or loss, impacting the Council's critical applications and services. The Council has Public Services Network (PSN) compliant infrastructure and up to date anti-virus software to mitigate this. The use of end of life software and hardware form part of the ICT risk profile to ensure ongoing operation of systems and hardware.
- 9.13. Ongoing risks around expiration of licenses and support contracts are managed through monitoring and review at operational and strategic level, taking into account costs associated with maintaining or changing existing arrangements into future years.

## **10. Corporate Services Programme**

- 10.1. Included in the Corporate Services programme is Gorton Health Hub which will bring together key organisations responsible for tackling worklessness and low skills. This will have a positive impact providing new opportunities for local residents and will contribute to sustainable economic growth by replacing a number of old, poorly maintained and high carbon producing buildings into a more modern, energy efficient purpose built building.
- 10.2. The main variances from the budget set in February 2020, and prior to those reported in this report are as follows:
- In March, the Integrated Working – Gorton Health Hub project was paused due to COVID-19. The 2020/21 budget is now £0.4m.

- The package of shareholder support approved for Manchester Airport Group was approved in April 2020.

10.3. The Corporate Services programme has spent £114.8m compared to a budget of £115.6m, a variance of £0.8m. The programme is shown in the table below:

<b>Corporate Services</b>	<b>20/21 Budget set in Feb 20 £m</b>	<b>20/21 Budget £m</b>	<b>20/21 Outturn £m</b>	<b>20/21 Variance £m</b>	<b>All Years Budget £m</b>	<b>All Years Forecast £m</b>	<b>All Years Variance £m</b>
Integrated Working – Gorton Health Hub	17.2	0.4	0.2	-0.2	22.8	22.8	0.0
BioMedical Investment	6.1	3.8	3.8	0.0	21.3	21.3	0.0
Manchester Airport Group Support	0.0	106.5	106.5	0.0	142.7	142.7	0.0
Other Projects	14.9	4.9	4.3	-0.6	153.7	153.5	-0.2
<b>Total Corporate Services</b>	<b>38.2</b>	<b>115.6</b>	<b>114.8</b>	<b>-0.8</b>	<b>340.5</b>	<b>340.3</b>	<b>-0.2</b>
<b>Reprofiling</b>				<b>-0.8</b>			
<b>Cost Variations</b>				<b>0.0</b>			
<b>Net over (under) spend</b>				<b>0.0</b>			

#### Activities

10.4. Final approval on the approach for the Integrated Working – Gorton Health Hub has been granted. Contractor remobilisation has begun, and an updated programme and cost plan will be developed in early 2021/22.

#### Variances - All Years

10.5. The Pay and Display Machines project has now completed with a total underspend of £0.2m. This will be removed from the capital programme.

#### Variances – In Year

10.6. Further to the points in paragraph 15.4, the Integrated Working - Gorton Health Hub project is now anticipating starting on site in 2021/22. A total of £0.3m will be moved into next financial year.

10.7. The Phase 1 Implementation - Locality Plan Programme Office project is in the final stages of co-locating twelve integrated community health & care teams in defined Neighbourhood Areas throughout Manchester. Originally completion was planned in 2020/21 but the project was impacted and delayed by COVID-19 and this has led to £0.3m being moved into 2021/22.

10.8. Other in year variances are as per paragraph 15.5.

## Risks

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

**Appendix B - Proposed Capital Virements**

## Appendix C – Prudential Indicators Mar 21

No	Prudential Indicator	Target		As at end Mar 21	Target Breached Y/N	
			£m	£m		
1	Estimated Financing Costs to Net Revenue Stream		6.7%	6.7%	N	
2	Forecast Capital Expenditure	Non – HRA	453.7	318.1	N	
		HRA	38.8	17.6	N	
		<b>Total</b>	492.5	<b>335.7</b>	N	
3	Forecast Capital Financing Requirements <sup>1</sup>	Non – HRA	1,637.1	1,350.2	N	
		HRA	299.2	299.2	N	
		<b>Total</b>	1,936.3	<b>1,649.4</b>	<b>N</b>	
4	Authorised Limits for External Debt	Borrowing	1,384.5	750.2	N	
		Other Long-Term Liabilities	190.0	156.4	N	
		<b>Total</b>	1,574.5	906.6	N	
5	Operational Boundaries for External Debt	Borrowing	1,006.2	750.2	N	
		Other Long-Term Liabilities	190.0	156.4	N	
		<b>Total</b>	1,196.2	906.6	N	
6	Upper Limits for Principal Sums Invested for over 364 days.		0	0	N	
			<i>Upper Limit</i>	<i>Lower Limit</i>		
7	Maturity Structure of Borrowing	under 12 months	80	0	42	N
		12 months and within 24 months	70	0	18	N
		24 months and within 5 years	60	0	9	N
		5 years and within 10 years	50	0	0	N
		10 years and above	80	20	31	N

<sup>1</sup> Draft, subject to approval of Council's financial accounts