

**Manchester City Council
Report for Resolution**

Report to: Executive – 20 October 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:
 - Neighbourhoods – Blackley Crematorium Cremator Replacement Additional Funding. A capital budget increase of £0.203m is requested, funded by Borrowing.

- (2) Under powers delegated to the Executive, approve the following changes to the City Council's capital programme:
 - Highways Services – Manchester Cycleway. A capital budget increase of £3.716m is requested, funded by External Contribution.
 - Children's Services – City Centre School. A capital budget increase of £2.7m is requested, funded by External Contribution, also, a capital budget virement of £3.5m is requested, from approved Education Basic Need Unallocated budget.
 - ICT - Highways Maintenance & StreetWorks Asset Management Software. A capital budget decrease from ICT Investment Budget of £0.356m in 2021/22 and £0.075m in 2022/23 is requested and approval of a corresponding transfer of £0.431m to the revenue budget, funded by Capital Fund.
 - Highways Services - Transfer of Great Ancoats Street (GAS) Funding to the A6. A capital budget virement of £0.155m is requested, funded by Borrowing from Great Ancoats Street approved budget.

- (3) To note:
 - The increases to the programme of £0.376m as a result of delegated approvals.
 - The virements in the programme of £1.165m 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 the Council's revenue budget by £0.431m.

Financial Consequences – Capital

The recommendations in this report, if approved, will increase Manchester City Council's capital budget by £6.188m across the financial years as detailed in Appendix 1.

Contact Officers:

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

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

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

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

Background documents (available for public inspection):

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

- Report to the Executive 17 February 2021 – Capital Strategy and Budget 2020/21 to 2024/25
- Report to the Executive 17 March 2021 - Capital Programme Update
- Report to the Executive 2 June 2021 – Capital Programme Update
- Report to the Executive 30 June 2021 – Capital Programme Update and Capital Programme Monitoring 2020/21 Outturn
- Report to the Executive 28 July 2021 – Capital Programme Update
- Report to the Executive 15 September 2021 – Capital Programme Update

1.0 Introduction

- 1.1 This report outlines the requests for changes to the capital budget from 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 15th September 2021. Impact of changes to the Capital Budget from previous reports are detailed in Appendix 3.
- 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 £1.0m. The following proposals require Council approval for changes to the capital programme.
- 3.2 Neighbourhoods – Blackley Crematorium Cremator Replacement Additional Funding. The original project was approved by Executive in November 2019. In order to meet new environmental requirements, minimise service disruption maintenance costs, ensure a high standard of service and deliver financial contribution targets the cremators need to be replaced as they are reaching the end of their lifespan. Since commencement of the project additional required works have been highlighted including, increased ventilation requirement, electricity supply upgrade, increase in the amount of builder works required to align new cremators with existing openings and inflation costs. A capital budget increase of £0.203m in 2021/22 is requested, funded by Borrowing.

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 – Manchester Cycleway Construction (Fallowfield Loop and Yellow Brick Road). The scheme will provide upgraded pedestrian and cycle facilities with improvements from a safety, access, lighting and ecological perspective on the Fallowfield Loop and Yellow Brick Road; bringing two of the busiest off-road cycle routes in Manchester up to Transport for Greater Manchester (TfGM) Bee Network standard. The Fallowfield loop line links up eight wards to the Yellow Brick Road which then incorporates a further two wards. The scheme has been approved for funding from the Mayors Challenge Fund. A capital budget increase of £0.375m in 2021/22 and £3.341m in 2022/23 is requested, funded by External Contribution.
- 4.3 Children's Services – City Centre School. This project will create a new primary school at the Crown Street Phase 2 development in the ward of Deansgate. The school will include 210 places for primary age children and a 26-place nursery. A capital budget increase of £2.450m in 2022/23 and £0.250m in 2023/34 is requested, funded by External Contribution, also, a capital budget virement of £0.250m in 2021/22 and £3.250m in 2022/23 is requested, from the approved Education Basic Need Unallocated budget.
- 4.4 ICT - Highways Maintenance and Street Works Asset Management Software. The project will implement a new software solution for Highways which will make Manchester City Council more efficient and effective in discharging its statutory duties with regard to Highways Maintenance and Streetworks. A capital budget decrease from ICT Investment budget of £0.356m in 2021/22 and £0.075m in 2022/23 is requested and approval of a corresponding transfer of £0.431m to the revenue budget, funded by Capital Fund.
- 4.5 Highways Services - Transfer of Great Ancoats Street (GAS) Funding to the A6 Stockport Road Pinch Point Scheme. The GAS project is complete with final costs currently being negotiated with the contractor prior to moving to final account. The scheme will complete with a budget underspend. With the A6 Stockport Road overspending, due to unforeseen costs encountered during the construction phase of works due to ground conditions and a water main requiring additional works, a capital budget virement from the underspend on the GAS approved budget is proposed. A capital budget virement of £0.155m in 2021/22 is requested, funded by Borrowing from the Great Ancoats Street Improvement Works approved budget.

5.0 Delegated budget Approvals

- 5.1 There have been increases to the programme totalling £0.376m as a result of delegated approvals since the previous report to the Executive on 15th September 2021. These are detailed at Appendix 2.

6.0 Virements from Approved Budgets

- 6.1 Approval has been given for a capital budget virement from Unallocated Education Basic Needs budget to The Barlow RC High School. The £1.050m for the project will add a resource provision of 16 places to the school's capacity for children with an Education, Health, and Care Plan (EHCP). The proposed works will deliver additional space for resourced provision children who can require time outside of mainstream lessons.
- 6.2 A capital budget virement was approved to ensure the final outstanding payment to the contractor for the expansion of Crab Lane Primary School in 2015-16. £0.010m was vired from the Unallocated Education Basic Needs budget.
- 6.3 A virement for Wythenshawe Track Changing Rooms was also approved utilising Parks Development Programme budget. The additional £0.105k for the project will ensure the replacement of accessible changing and toilet facilities at Wythenshawe Athletics Track. The facility is no longer fit for purpose and has been deemed as at the end of its useful life. The specification for the new changing room block has been upgraded to comply with Manchester City Councils Low Carbon Build Standard as well as increased material and labour supply costs.

7.0 Prudential Performance Indicators

- 7.1 If the recommendations in this report are approved the General Fund capital budget will increase by £6.188m across financial years, as detailed in Appendix 1.
- 7.2 This will also result in an increase in the prudential indicator for Capital Expenditure in corresponding years. Monitoring of all prudential indicators is included within the Capital Monitoring Report during the year.

8.0 Contributing to a Zero-Carbon City

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

9.0 Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

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

(b) A highly skilled city

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

(c) A progressive and equitable city

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

(d) A liveable and low carbon city

9.4 Investment in cultural and leisure services and housing.

(e) A connected city

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

10.0 Key Policies and Considerations

(a) Equal Opportunities

10.1 None.

Risk Management

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

(c) Legal Considerations

10.3 None.

11.0 Conclusions

11.1 The revenue budget of the City Council will be increased by £0.431m if the recommendations in this report are approved.

11.2 The capital budget of the City Council will increase by £6.188m, if the recommendations in this report are approved.

12.0 Recommendations

12.1 The recommendations appear at the front of this report