

Manchester City Council Report for Resolution

Report to: Executive – 16 March 2022

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 Council proposals that require specific Council approval.

Recommendations

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

- Growth and Development – Our Town Hall Levels 5 and 6. A capital budget increase of £1.170m is requested, funded by Capital Receipts.
- Growth and Development – Back of Ancoats: Public Realm and Mobility Hub. Subject to final approval of the Council's bid for grant funding by Government, a capital budget increase of £32.7m is requested. Acceptance of the bid and any conditions be delegated to the Strategic Director for Growth and Development in consultation with the Deputy Chief Executive and City Treasurer and the Executive Member for Finance
- Neighbourhoods - Wythenshawe Park - Commercial Master Plan and Strategic Transport Plan. A capital budget decrease from Parks Development Programme Budget of £0.080m is requested and approval of a corresponding transfer of £0.080m to the revenue budget, funded by Capital Fund.

Executive is also asked to note:

- The increases to the programme of £0.490m as a result of delegated approvals.
 - The virements in the programme of £0.369m as a result of virements from approved budgets
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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 revenue budget of the City Council will increase by £0.080m, if the recommendations in this report are approved.

Financial Consequences – Capital

The recommendations in this report, if approved, will increase Manchester City Council's capital budget by £33.759m across the financial years as detailed in Appendix 1.

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Background documents (available for public inspection):

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

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

Report to the Executive 17th March 2021 - Capital Programme Update

Report to the Executive 2nd June 2021 – Capital Programme Update

Report to the Executive 30th June 2021 – Capital Programme Update and Capital Programme Monitoring 2020/21 Outturn

Report to the Executive 28th July 2021 – Capital Programme Update

Report to the Executive 15th September 2021 – Capital Programme Update

Report to the Executive 20th October 2021 – Capital Programme Update

Report to the Executive 17th November 2021 - Capital Programme Monitoring 2021/22

Report to the Executive 19th January 2022 – Capital Programme Update

Report to the Executive 16th February 2022 – Capital Strategy Report and Capital Programme Monitoring 2021/22

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 Council for the approval of the five-year capital programme. Proposals for the capital budget were presented to the Executive on 17th February 2021, with the updated forecast presented on 16th February 2022.

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 16th February 2022. The 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 Proposals Not Requiring Specific Council Approval

3.1 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 £10.0m, 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:

3.2 Growth and Development – Our Town Hall Level 5 and 6 Fit Out. Additional funding is required for the fit out of levels five and six for the Our Town Hall Project. The original proposal was for a commercial tenant to fund the works but following market advice that the accommodation is more suitable for the public sector, the accommodation has now been incorporated into the Council's wider estates strategy. A capital budget increase of £0.573m in 2022/23 and £0.597m in 2023/24 is requested, funded by Capital Receipts.

- 3.3 Growth and Development – Back of Ancoats: Off-site infrastructure to facilitate residential development includes Public Realm and the Ancoats Mobility Hub. The Back of Ancoats programme will deliver an innovative Mobility Hub, new public realm, and land acquisition / remediation in order to facilitate the regeneration of the area with the delivery of 1,500 new homes. The regeneration of the Back of Ancoats is a major opportunity to initiate a programme of transformational growth across the Eastern Gateway in Manchester.
- 3.4 The programme of works will deliver the necessary off-site infrastructure to achieve place making and site delivery through public realm to unlock development sites and a state-of-the-art Ancoats Mobility Hub to release land for housing and provide a sustainable transport solution for the Eastern Gateway. Consequently, the partnership-working would create a platform for investors and developers to deliver additional housing. Funding from various public sector sources will remove development constraints and unlock otherwise unviable development. Funding from Homes England is subject to final approval from the Treasury. A capital budget increase of £0.866m in 2021/22, £13.778m in 2022/23 and £18.025m in 2023/24 is requested, funded by £4.4m Greater Manchester Combined Authority (GMCA) Brownfield Land Funding grant, £28.1m Government Grant from Homes England and £0.200m funded by Capital Fund.
- 3.5 As noted above, the government grant funding from Homes England is subject to approval from the Treasury. In order to progress the Mobility Hub element of the scheme it is proposed that work is progressed on the project before the expected final approval is received, noting that this would be work conducted at risk – if the funding is not approved, the Council would need to fund any costs incurred.
- 3.6 Neighbourhoods - Wythenshawe Park - Commercial Master Plan and Strategic Transport Plan. The funds are to commission a Commercial Master Plan and a Strategic Transport Plan for Wythenshawe Park. The commercial plan will identify and set out investment opportunities into the park informing priorities across the site to build on the existing offer and activate the existing infrastructure. The Strategic Transport Plan will inform the external and internal traffic management requirements and active travel plans in partnership with Highways to look to accommodate an increase in visits for ongoing and future developments to the site. The traffic plan is also a planning condition of the ongoing Wythenshawe Cycling Hub project which will need to be discharged before July 2022. A capital budget decrease from Parks Development Programme Budget of £0.080m is requested and approval of a corresponding transfer of £0.080m to the revenue budget, funded by Capital Fund.

4.0 Delegated budget Approvals

- 4.1 There have been increases to the programme totalling £0.490m as a result of delegated approvals since the previous report to the Executive on 16th February 2022. These are detailed at Appendix 2.

5.0 Virements from Approved Budgets

- 5.1 Approval has been given for a capital budget virement from Highways Improvement Budget for 40mph Speed Limit Reduction Programme. The £0.300m budget will implement new reduced speed limits from 40mph to 30mph at ten locations across the city, these include: Moseley Road, Mancunian Way, Wilbraham Road, Dawson Street, Egerton Street, Regent Road, Kingsway, Styal Road, World Way and Broadway A663
- 5.2 A capital budget virement was approved to address problems on the Avro Hollows District Heating Scheme. The £0.069m funding from within the Northwards Programme budget will carry out the immediate heat meter replacement at 159 properties.

6.0 Prudential Performance Indicators

- 6.1 If the recommendations in this report are approved the General Fund capital budget will increase by £33.759m across financial years, as detailed in Appendix 1.
- 6.2 This will also result in an increase in the prudential indicator for Capital Expenditure in corresponding years. Monitoring of all prudential indicators is included within the Capital Monitoring Report during the year.

7.0 Contributing to a Zero-Carbon City

- 7.1 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.

8.0 Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

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

(b) A highly skilled city

- 8.2 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

- 8.3 Improvements to services delivered to communities and enhanced ICT services.

(d) A liveable and low carbon city

8.4 Investment in cultural and leisure services and housing.

(e) A connected city

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

9.0 Key Policies and Considerations

(a) Equal Opportunities

9.1 None.

(b) Risk Management

9.2 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

9.3 The approvals set out in this report are in accordance with the Council's constitution.

10.0 Conclusions

10.1 The revenue budget of the City Council will increase by £0.080m, if the recommendations in this report are approved.

10.2 The capital budget of the City Council will increase by £33.759m, if the recommendations in this report are approved.

11.0 Recommendations

11.1 The recommendations appear at the front of this report.