

Manchester City Council Report for Resolution

Report to: Executive – 19 October 2022

Subject: Capital Programme Update

Report of: Deputy Chief Executive and City Treasurer

Summary

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 capital programme. Proposals for the capital budget were presented to the Executive on 16th February 2022.

Throughout the year new and emerging projects are brought forward, as well as changes to on-going projects which require investment. The Capital Update Report informs members of these 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

- (1) Under powers delegated to the Executive, to approve the following changes to the Council's capital programme:
 - Private Sector Housing – West Gorton Balconies. A capital budget increase of £0.350m is requested, funded by HRA Reserve
 - Growth and Development – Our Town hall Visitors Centre Additional Funding. A capital budget increase of £0.077m is requested, funded by OTH Reserve.
 - Highways Services – Auto Bollard Additional Funding. A capital budget increase of £0.123m is requested, funded by Parking Reserve
 - Highways Services – Chorlton Cycle Scheme. A capital budget increase of £1m is requested, funded by External Contribution.

- (2) Executive is also asked to note:
 - The increases to the programme of £1.794m as a result of delegated approvals.
 - The virements in the programme of £5.6m 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 revenue budget of the City Council will not change 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 £1.550m 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 16th February 2022 – Capital Strategy and Budget 2022/23 to 2024/25

Report to the Executive 16th March 2022 - Capital Programme Update

Report to the Executive 1st June 2022 – Capital Programme Update

Report to the Executive 29th June 2022 – Capital Outturn Report

Report to the Executive 22nd July 2022 – Capital Programme Update

Report to the Executive 14th September 2022 - Capital Programme Update

1.0 Introduction

1.1 This report outlines the requests for changes to the capital budget from 2022/23.

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 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 14th September 2022. The impact of changes to the Capital Budget from previous reports are detailed in Appendix 3.
- 2.4 The capital programme budget was reset for 2022-23 and future years as part of the Capital 2021-22 Outturn report which came to Executive at the end of June.
- 2.5 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.
- 2.6 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 Private Sector Housing – West Gorton Balconies. This Capital Bid is for the essential work of making 40 balconies safe following the failure of a balcony ceiling which dropped onto the floor presenting an immediate Health and Safety Issue. Currently, as a precaution, the balconies are being propped with ACRO supports and planks to remove any immediate health and safety issue from potential failure of the remaining balconies. A capital budget increase of £0.350m in 2022/23 is requested, funded by HRA Reserve.
- 3.3 Growth and Development – Our Town hall Visitors Centre Additional Funding. The OTH has appointed an Exhibition designer to create the Visitors Experience,

they have been working on the Stage 2 concept design and have presented the proposals for consideration. The original budget for the scheme was established in June 2020, since then there have been significant changes in market conditions including increases in Preliminaries, Overhead and profit as well as inflationary impacts on materials. The concept design has now been fully costed and to deliver the full visitors experience including interactives the scheme requires an additional funding requested here. A capital budget increase of £0.077m in 2024/25 is requested, funded by OTH Reserve.

- 3.4 Highways Services – Auto Bollards Additional Funding. The Automatic Bollard scheme is reaching completion and includes the installation and replacement of static and end-of-life automatic bollards across Manchester City centre. The additional funding request consists of several contract variations that have been submitted by the contractor due to change requests that have been reviewed by the project team to be fair and reasonable. They include, but are not limited to, civil engineering work to establish power connections not included in original tender price and a redesign of static bollards due to improved design to ensure disabled access. A capital budget increase of £0.123m in 2022/23 is requested, funded by Parking Reserve
- 3.5 Highways Services – Chorlton Area 2 Cycle Scheme Additional Funding. Area 2 forms part of the 5km route that includes large sections of segregation for people travelling on foot and by bike and traffic from Chorlton Park to Manchester. This request is to cover additional costs identified due to delays and contract termination. The delays were attributable to the contractor being unable to access the whole site in the first instance and following several issues with delivery there was a protracted but sensible contract termination. A capital budget increase of £1m in 2023/24 is requested, funded by External Contribution.

4.0 Delegated budget Approvals

- 4.1 There have been increases to the programme totalling £1.794m as a result of delegated approvals since the previous report to the Executive on 14th September 2022. These are detailed at Appendix 2.

5.0 Virements from Approved Budgets

- 5.1 Capital budgets approved for an agreed programme pending allocation can seek approval under delegated powers from the Deputy Chief Executive and City Treasurer.
- 5.2 Approval has been given for £3.0m to be allocated for Pioneer House High School from the Unallocated Education Basic Need budget. This project will increase the pupil capacity at the school from 128 to 168 places for SEND pupils aged 11-19 with an Education, Health, and Care Plan (EHCP).
- 5.3 An allocation from Education Basic Need funding of £2.6m was approved for William Hulme's Grammar School. This project will create an additional 18 places of resource provision and rebuild 12 which are currently located in temporary

classrooms. The places will be available exclusively for pupils with an Education, Health, and Care Plan (EHCP).

6.0 Prudential Performance Indicators

- 6.1 If the recommendations in this report are approved the General Fund capital budget will increase by £1.550m 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 not change, if the recommendations in this report are approved.
- 10.2 The capital budget of the City Council will increase by £1.550m, if the recommendations in this report are approved.

11.0 Recommendations

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