

**Manchester City Council
Report for Resolution**

Report to: Executive – 14 December 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:
 - Public Sector Housing – Rough Sleepers Accommodation Programme (RSAP) - Bring Bedsits Back in to Use. A capital budget increase of £0.350m is requested, funded by £0.141m Government Grant and £0.209m RCCO from HRA Reserve.
 - Growth and Development - Land at Withington Road. A capital budget decrease of £0.160m is requested and approval of a corresponding transfer of £0.160m to the revenue budget, funded by Capital Fund.
 - Highways Services - Manchester to Chorlton Cycleway Area 3A & 3B. A capital budget increase of £2.035m is requested, funded by External Contribution.
 - (2) Executive is also asked to note the increases to the programme of £0.150m as a result of delegated approvals.
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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 £0.160m 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 £2.225m 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

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

Report to the Executive 16th November 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 16th November 2022. The impact of changes to the Capital Budget from previous reports are detailed in Appendix 2.

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 Public Sector Housing – Rough Sleepers Accommodation Programme (RSAP) Bring Bedsits Back in to Use. There are 24 high rise blocks (20 in Housing Operations management and 4 in AVRO Hollows management), which include a number of bedsits that have either been refurbished / converted in the past, are in use as an office or vacant and require refurbishment or conversion. There are 26 currently with no rent charge being raised and a bid was submitted and successful through the Governments Rough Sleeping Accommodation Programme (RSAP) via Homes England to refurbish and bring back into use 11 of these bedsits to be utilised as Move On homes. A capital budget increase of

£0.350m in 2023/24 is requested, funded by £0.141m Government Grant and £0.209m RCCO from HRA Reserve.

- 3.3 Growth and Development - Land at Withington Road. The Council have recently commenced work to bring the above site, amounting to just under 3 acres of prime development land, to the market to deliver residential development. This represents a rare opportunity in the south of the City to deliver a high-quality planning policy compliant market-led housing scheme on Council land which would generate a substantial capital receipt. The scheme requires approval for the capital expenditure required to remove a restrictive covenant currently in favour of Barnardo's (previously The Tatton Estate), that potentially limits or prevents development that can take place. The cost of removing the covenant is to be cash flowed in revenue pending the capital receipt upon sale. A capital budget decrease of £0.160m is requested in 2022/23 and approval of a corresponding transfer of £0.160m to the revenue budget, funded by Capital Fund.
- 3.4 Highways Services - Manchester to Chorlton Cycleway Area 3A & 3B. Areas 3A & 3B form 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. The 5km route will run along Barlow Moor Road, Manchester Road, Upper Chorlton Road and Chorlton Road, linking with existing routes and continuing to the city centre. The aim of this scheme is to deliver a significant improvement in the provision of infrastructure for cyclists, whilst also improving the walking environment through making junctions safer to cross and improving the public realm.
- 3.5 Chorlton areas 1,2,4 & Brooks Bar are either complete or on site; 3A & 3B link these areas and are required to complete the larger Manchester to Chorlton cycleway Project. Chorlton 3A runs from the junction of Seymour Grove & Upper Chorlton Road along Manchester Road to the bridge by Clarendon Road West and Chorlton 3B is a continuation of 3A at the bridge on Manchester Road onto Barlow Moor Road up to the junction with Sandy Lane. The overall construction cost for this section of the scheme is £5.47m. £3.435m available from within the approved Chorlton Cycleway budget and a further £2.035m is being requested. The project is subject to funding approval by GMCA in December 2022 and no expenditure will be incurred prior to this. A capital budget increase of £2.035m is requested, funded by External Contribution.

4.0 Delegated budget Approvals

- 4.1 There have been increases to the programme totalling £0.150m as a result of delegated approvals since the previous report to the Executive on 16th November 2022.
- 4.2 The increase relates to Highfield Country Park S106. The scheme will utilise the S106 for the benefit of local residents in improving the services within the vicinity of Highfield Country Park in the ward of Levenshulme as set out within the general obligations of the agreement. Improvements will include, but are not

limited to, improved surfaces on the network of paths, improving the existing site entrances, signage and ecological improvements.

5.0 Prudential Performance Indicators

- 5.1 If the recommendations in this report are approved the General Fund capital budget will increase by £2.225m across financial years, as detailed in Appendix 1.
- 5.2 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.

6.0 Contributing to a Zero-Carbon City

- 6.1 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.

7.0 Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

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

(b) A highly skilled city

- 7.2 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

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

(d) A liveable and low carbon city

- 7.4 Investment in cultural and leisure services and housing.

(e) A connected city

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

8.0 Key Policies and Considerations

(a) Equal Opportunities

- 8.1 None.

(b) Risk Management

- 8.2 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

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

9.0 Conclusions

- 9.1 The revenue budget of the City Council will increase by £0.160m if the recommendations in this report are approved.
- 9.2 The capital budget of the City Council will increase by £2.225m, if the recommendations in this report are approved.

10.0 Recommendations

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