

Manchester City Council Report for Resolution

Report to: Executive – 18 January 2023

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 16 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:
 - Children's Services - New Secondary Special Educational Needs and Disabilities (SEND) School – Varley Street. A capital budget virement of £18.1m is requested, funded from Unallocated Special Educational Needs Grant.
 - Highways Services – Rochdale Canal. A capital budget virement of £0.230m is requested, funded from Borrowing.
 - Highways Services – Safer Streets – Manchester Cycleway. A capital budget increase of £0.323m is requested, funded by External Contribution. A capital budget virement of £0.220m is also requested, funded by borrowing via the Highways Project Delivery Fund.
 - ICT – Contract Management. A capital budget decrease of £0.109m is also requested and approval of a corresponding transfer of £0.109m to the revenue budget, funded by Capital Fund.

- (2) Executive is also asked to note:
 - The increases to the programme of £4.002m as a result of delegated approvals.

- The virements in the programme of £1.326m 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

1. Equal Opportunities Policy
2. Risk Management
3. Legal Considerations

Financial Consequences – Revenue

The revenue budget of the City Council will increase by £0.109m 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 £0.214m 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: carol.culley@manchester.gov.uk

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

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

Name: Kirsty Cooper
Position: Group Finance Lead – Commercial, Capital and Treasury Management
Telephone: 0161 234 3456
E-mail: kirsty.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 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

Report to the Executive 14th December 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 December 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 Children's Services - New Secondary SEND School. This project will develop a new 150 place secondary SEND school for pupils aged 11-19 with an Education, Health, and Care Plan (EHCP) in north Manchester.

3.3 The Council must continue to plan for and secure sufficient schools and places for their area in line with their duties under section 14 of the Education Act 1996. This project will contribute to achieving that duty and respond to ongoing growth in demand for secondary special school places in Manchester. A capital budget virement of £18.1m is requested, funded from Unallocated Special Educational Needs Grant.

- 3.4 Highways Services – Rochdale Canal. The scheme will deliver improvements to the towpath in Newton Heath & Miles Platting. The work will include patching and resurfacing to the towpath, repairs to the cobbled areas, new marker posts to indicate distances, and new signage at accesses and exits to advertise local amenities. The work will improve the section of the towpath between Miles Platting and Newton Heath libraries. The project is to be funded from an underspend within Highways approved budgets. The Great Ancoats Street scheme has savings because the statutory undertaker diversion costs were significantly less than expected and a portion of the allocated risk funding is not required. A capital budget virement of £0.230m in 2022/23 is requested, funded from Borrowing.
- 3.5 Highways Services – Safer Streets Manchester Cycleway. The scheme will deliver a number of improvements including landscaping, removal, and addition of new barriers, new access points and signage on the Manchester Cycleway (Fallowfield loop and Yellow Brick Road) to help improve safety and perception of safety along the route. A capital budget increase of £0.030m in 2022/23 and £0.293m in 2023/24 is requested, funded by External Contribution – Safer Streets Fund. A capital budget virement of £0.220m in 2022/23 is also requested, funded by borrowing via the Highways Project Delivery Fund.
- 3.6 ICT – Contract Management. The function of commissioning, procurement and contract management is essential for meeting the objectives of the City Council in the most cost effective and efficient manner. The Council currently commissions and procures over £500 million of goods and services from third parties. One of the key activities detailed in the commissioning and contract management improvement programme is to introduce an improved ICT system for managing contracts. Without a Contract Management solution, the Council will continue to be unable to effectively report on spend and performance of its multi-million pound contracts. Opportunities to deliver significant savings and improvements in delivery will continue to be missed.
- 3.7 This scheme will introduce an ICT system for managing contracts across the whole Council. Providing numerous benefits, including, providing a central repository of all contract information, enabling recording of risks and issues, and contract management and performance information to be recorded. A capital budget decrease of £0.109m is also requested and approval of a corresponding transfer of £0.109m to the revenue budget, funded by Capital Fund.

4.0 Delegated budget Approvals

- 4.1 There have been increases to the programme totalling £4.002m as a result of delegated approvals since the previous report to the Executive on 14th December 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 the Installation of Carbon Monoxide Monitors utilising £0.490m of Unallocated Public Sector Housing budget. The project will install the monitors in our properties to comply with the Smoke and Carbon Monoxide Alarm (Amendment) Regulations 2022 which came into force on 1st October 2022. The regulations apply to all homes rented by private landlords or registered providers of social housing.
- 5.3 An allocation from the Parks Development Programme of £0.026m for the Heaton Park Orangery has been approved. The funding is for the predevelopment stage to commission the Capital Programmes and Procurement Team to progress scheme design to RIBA Stage 2. The overall project will bring the Orangery back to life and contribute to the Park's strategy.
- 5.4 Funding was approved for Cringle Park – Grounded Coffee Offer. In order to improve the existing offer in the park, that currently runs through a tricycle coffee stall, a shipping container café will be used to prepare a variety of food and beverages and be located within the park. In addition, the container will provide shelter and seating and a central hub from which to launch park activities. The £0.110m funding will deliver the container and allow the installation of utility services and associated civil engineering works to a new food and beverage offer to be located within Cringle Park, Levenshulme.
- 5.5 An allocation from Education Basic Need funding of £0.700m to provide additional funding to Our Lady's RC High School and Manchester Enterprise Academy to deliver additional school places. The projects have seen increased cost pressures due to the current economic climate.

6.0 Prudential Performance Indicators

- 6.1 If the recommendations in this report are approved the General Fund capital budget will increase by £0.214m 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 £0.109m if the recommendations in this report are approved.

10.2 The capital budget of the City Council will increase by £0.214m, if the recommendations in this report are approved.

11.0 Recommendations

11.1 The recommendations appear at the front of this report