Executive

Minutes of the meeting held on Wednesday, 26 July 2023

Present: Councillor Rahman (Chair)
In accordance with Rule 2.1 of the Executive Procedure Rules, the Statutory Deputy Leader chaired the meeting in the absence of the Leader

Councillors: Akbar, Hacking, Igbon, Midgley, Rawlins, T Robinson and White

Also present as Members of the Standing Consultative Panel:
Councillors: Ahmed Ali, Butt, Chambers, Douglas, Foley, Johnson, Leech and Moran

Apologies: Councillors Craig, Bridges and Lynch

Also present:

Councillor Karney (Harpurhey Ward Councillor)
Councillor Hilal (Didsbury West Ward Councillor)
Councillor Kilpatrick (Didsbury West Ward Councillor)

Exe/23/65 Minutes

Decision

The Executive approved as a correct record the minutes of the meeting on 28 June 2023.

Exe/23/66 Our Manchester Progress Update

The Executive considered a report of the Chief Executive which provided an update on key areas of progress against the Our Manchester Strategy – Forward to 2025 which reset Manchester's priorities for the next five years to ensure the Council could still achieve the city's ambition set out in the Our Manchester Strategy 2016 – 2025.

The Executive Member for Housing and Development reported that funding had been approved to decarbonise and upgrade more than 2,000 homes in the city's biggest ever sustainable homes investment programme. £49.7m would be invested in 1,603 Council-owned homes to improve sustainability through a range of works, which included better property and roof insulation, solar panelling, new boilers or heating systems, and air and ground source heat pumps. Currently, the grant funding was limited to properties rated EPC D or below with the expectation that the measures would improve most properties to EPC C rating and to EPC B in some cases. The programme of work would begin later in 2023 and would be completed by March 2025.

He also reported on the launch of the public consultation on the draft strategic regeneration framework for the new £1.7bn innovation district ID Manchester. The newly published draft Strategic Regeneration Framework (SRF) set out the scale, ambition and opportunities that ID Manchester could bring to the city and included a series of place-based principles that would guide detailed plans for development and future planning applications. Once completed, ID Manchester would create over 10,000 new jobs and bring significant economic, social and environmental benefits to the city. The public consultation would run until 8 September with feedback reported to the Council.

He further reported on This City, the Council-owned housing development company, marked its first start on site earlier this month as construction had began on 128 new low carbon homes at Rodney Street, Ancoats. The development would include 118 apartments across two buildings (a mix of 27 one bed and 91 two bed homes), alongside 10 town houses (eight three bed and two four bed homes) - and would overlook an improved and expanded Ancoats Green. The Rodney Street development would benefit from a wider £32m investment package funded by Homes England in this part of Ancoats, helping to unlock 1,500 new homes and bring the 20-year regeneration story of the area to a close. This included major investment in Ancoats Green that bordered the This City development site alongside new public realm that would connect the community to the green space, the new Ancoats Mobility Hub, and the surrounding neighbourhoods.

The Deputy Leader reported on the continuation of support to residents over the summer in relation to the cost-of-living crisis. A new leaflet had been created which set out the range of support that was on offer over the summer. The Council had also set up dedicated webpages both for financial support as well as the Helping Hands platform which set out a wealth of information for people in need. This continued support played a part in the recently announced Making Manchester Fairer initiative, which was at the forefront of Council policy looking at how systemic inequalities in the city could not only be addressed, but reversed.

The Deputy Executive Member for Early Years, Children and young People, reported that more than eight thousand copies of the same book were being given to all final year primary school children in Manchester this summer to help them settle into their new high schools in September and keep them reading over summer. Pupils would also get a special workbook full of fun, practical activities and challenges related to the book, as part of the shared learning project for pupils as they make their move from primary school. The Year 6 transition read for primary pupils was part of the broader five-year action plan called Making Manchester Fairer, which aimed to address inequalities in the city that can start early on in life and even affect how long people live for, and their opportunities around work and housing.. The Deputy Executive Member for Skills, Culture and Leisure also reported that all Manchester Libraries were participating in the summer reading challenge

The Deputy Executive Member for Resources and Finance reported on the good work being undertaken through the Council's Social Value strategy, with specific reference to the construction of the new Co-op Belle Vue Academy in east Manchester. In total 58 jobs were created, 43% of them going to Manchester residents, and 18 apprenticeships. The project also hosted eight T-level students from Manchester College and 16 work experience placements. Six candidates from Ingeus' Restart Scheme, which supported people looking to take the first step into employment in construction, were also hosted for week-long trials. All six went on to find employment. In addition the project raised approximately £10,000 for local community groups. The project had delivered a social return on investment of £1.8m and it had generated an economic impact of £30m for the wider area.

The Executive Member for Environment and Transport reported that the Council had secured the future of Station South, a much-loved community asset in Levenshulme after agreeing to purchase its freehold. The purchase had been carried out in support of Station South's long-term presence in the area and to ensure that they could continue to deliver their services within the community. Station South had become an important fixture in the neighbourhood, providing a community space for people who cycle as well as other amenities through their café and bar. The move reflected the Council's commitment to supporting cycling as a sustainable transport option which could also play a role in a healthier lifestyle.

Decision

The Executive note the report.

Exe/23/67 Revenue Monitoring to the end of May 2023

The Executive considered a report of the Deputy Chief Executive and City Treasurer, which outlined the projected outturn position for 2023/24, based on expenditure and income activity as at the end of May 2023 and future projections.

The Executive Member for Resources and Finance reported that the current budget monitoring forecasted an overspend of £8.732m, with considerable risks to the position relating to the impact of rising demand and increasing costs.

The main pressures were being felt in the social care budgets reflecting the national pressures in the health and social care sector and trends being experienced across local authorities. There was a £5.2m overspend in Adult Social care which was largely in the provision of long term care arrangements. Demand was above the 2023/24 budget assumptions, notably for older people residential and nursing care and homecare and on supported accommodation for people with learning disabilities and physical disabilities. The forecast £2.7m overspend in Children's Services was largely due to an increase in external residential placement costs. The directorate had a mitigation plan in place which had reduced the forecast overspend from £5.1m to £2.7m by the end of this financial year. Further in year mitigations were also being explored. The main variations in the other service departments totalled £0.8m.

It was reported that £25.2m of savings were agreed as part of the budget process. Of these £15.1m (60%) were on track for delivery, £1.8m (7%) were risk rated medium, and £8.3m (33%) rated high risk in terms of the likelihood of delivery. Officers were working to identify alternative savings where original plans may not be achieved or delayed.

The following budget virements were presented for approval:-

- Pension Saving – a saving of £2.950m from reduced pension costs;

- Transfer of Workplace Adjustment Hub budgets from HROD to Audit, Risk and Resilience – £250k;
- Transfer of £0.580m budget relating to Zero Carbon from Policy and Partnerships allocated to the posts that were delivering the Climate Change Action Plan (CCAP) priorities as follows:-
  - HROD - £218k
  - Housing and Residential Growth - £131k
  - Procurement and Commissioning - £124k
  - City Centre Regeneration - £107k.
- The application of £3.5m to support residents through the cost-of-living crisis to the following services where Cost of Living Measures will be implemented:-
  - Revenue and Benefits £1.3m - to increase existing support to residents through Welfare Provision and Discretionary Housing payments.
  - Neighbourhood Teams £1.0m - Food response service.
  - Core - Policy and Partnerships £0.6m - support to voluntary and community groups.
  - Public Health £250k - Community Health Equity for Manchester support to community groups.
  - Homelessness £250k - additional advice offer to support residents.
  - Libraries, Galleries and Culture £45k - to support digital inclusion.
  - Core - Communications £40k - communications and engagement to residents.
- Transfer of the Community Development Team 'Buzz' Budgets from Public Health to Neighbourhoods - £0.817m;
- Transfer of Equality, Diversion and Inclusion to Public Health - £304k; and
- Transfer of budgets between Capital Financing budgets and Service Budgets to simplify accounting arrangements.

Since the 2023/24 budget was approved there have been additional grant notifications which were now reflected in the revised budget as follows:-

- S31 Grant Family Hubs and Start for Life programme 2023-24 - £2.2m
- Additional Early Years funding (within DSG) of £204 million in 2023-24 and £288 million in 2024-25;
- Homelessness Prevention Grant Top-up 2023/24 - £0.969m;
- Council Tax Energy Rebate scheme administration - £317k;
- New Burden's funding – Elections - £159k;
- UK shared prosperity fund – communities and place theme £0.648m in 2023/24 and £175k in 2024/25

Notification had also been received that the Local Authority Housing Fund would be expanded by £250 million for a second round of funding (LAHF R2), with the majority of the additional funding used to house those on Afghan resettlement schemes (ARAP/ACRS) currently in bridging accommodation and the rest used to ease wider homelessness pressures. Indicative funding of £1.120m had been allocated to Manchester as part of the Local Authority Housing Fund (Round 2) to purchase an additional 10 properties, this would require capital match funding of £1.380m which would be funded through HRA capital receipts.

The Executive Member for Finance and Resources reported that when the budget was set in February 2023 a total of £14.3m was identified for price and electricity inflation. £2.2m was allocated to Children's for internal placements, £0.5m to Education Home to School Transport and £2.7m to Adults as a contribution to market sustainability. This left £8.8m available for inflation pressures which were to be quantified in year. This was held corporately and allocated in year once the costs are known and the business cases made.

The report also set out inflationary budget requests from Children's services totalling £2.442m for approval. If this request was approved this wouldl leave £6.4m in the corporate price and utilities inflation budget.

Allowance for a 6% pay increase had been allowed for in the budget, costing an estimated £15.6m. In February the National Employers offered a £1,925 pay increase from 1 April 2023 and 3.88% for those above the top of the pay spine. The estimated budget requirement to fund this offer for Council staff was £15.5m for 2023/24, and therefore within the available budget. However, should any pay award above this level be agreed, this would exceed the current provision in the budget.

It was reported that a request for use of Collection Initiatives Reserve, totalling £311k in 2023/24 and £198k in 2024/25 had been reported in the Medium-Term Financial Strategy on 15 February 2023 and was being reported again as costs and plans had now been confirmed. The reserve would be applied over two years for the implementation and supporting costs of GovTech software which would deliver efficiencies through streamlining and automating back-office processes on the council tax and housing benefits/council tax support system.

The Executive was reminded that any overspend this year would be a direct call on the General Fund reserve which would need to be reimbursed in future years, therefore it was important mitigations were identified to bring forecast spend back in line with the available budget.

Councillor Leech raised concern around the £8.3m of savings previously identified as being classified as high risk and queried how realistic it would be for these to be achieved. He also asked that based on the project overspend, what proportion of the general fund reserve would this take up. He also expressed concern about the potential compound impact to future years budgets if the savings could not be achieved this year.

The Deputy Chief Executive and City Treasurer advised that the savings needed across social care were being subjected to higher than expected demand and cost pressures which could result in the ability to make a cost saving this year difficult. The issues in Childrens Services were similar, and as a result were counteracting all the saving initiatives that were being out in place. Looking at the MTFP for 2024/25, reassessing these pressures would be a key part of this eek. In relation to of there was still a budget overspend at the end of the financial year, the Deputy Chief Executive nd City Treasurer advised that if this was to be met by the General Fund reserve, it would result in the balance of the reserve being below the recommended minimum for a Council the size of Manchester.

Decisions

The Executive:-

(1) Note the global revenue monitoring report and forecast outturn position which is showing a £8.732m overspend.

(2) Approve budget virements to be reflected in the budget as set out in paragraph 2.7 of the report.

(3) Approve the use of additional revenue grant funding budget as set out in paragraph 2.8 of the report.

(4) Approve the use of additional capital grant and match-funding by capital receipts as set out in paragraph 2.9 of the report.

(5) Approve the use of budgets to be allocated, budget as set out in paragraph 2.10 to 2.13 of the report.

(6) Approve the use of reserves budget as set out in paragraph 2.14 of the report.

Exe/23/68 The Regeneration of Collyhurst - Update

The Executive considered a report of the Strategic Director (Growth and Development), which provided an update on activity undertaken since the previous report to Executive in March 2023 and set out proposals and recommendations for approval in relation to a strategy to secure an Affordable Housing Delivery Partner, who would play a critical role in ensuring that any redevelopment plans brought forward for consideration contained the right mix of housing tenures to meet the needs of existing and future residents.

The Executive Member for Housing and Development reported that Phase 1 - construction of 244 new homes in Collyhurst Village, of which 100 homes would be new City Council social rent properties with the balance being for open market sale, was now underway and was anticipated completed by April 2026 with the first 10 new Council homes completed in 2024/25, and the remainder completed in 2025/26. As agreed previously at Executive, residents whose homes would be demolished as part of the Phase 1 scheme were being supported to move into the new development. Work was underway with the tenants affected, to allocate them specific homes in the new development, clarify timescales for their moves and commence discussions about practicalities.

The March 2023 Executive report advised that a masterplan team had been selected to prepare a detailed masterplan for the Collyhurst Village and South Collyhurst neighbourhoods. Since the last update, the team had been undertaking baseline technical surveys to inform masterplan development and a community engagement strategy has been developed in liaison with local ward members. As part of the Masterplan development, a phasing strategy would be developed to inform and enable more detailed engagement with residents in the future around commitments that could be made. These would ultimately be agreed between the Affordable

Housing delivery partner but could be explored in advance through masterplan option testing.

Based on the work undertaken to date, and through market engagement undertaken, it was proposed to commence an MCC/FEC competitive process to identify an appropriate Affordable Housing Delivery Partner. MCC and FEC were in the process of designing a proposed competitive process to identify an appropriate Affordable Housing Delivery Partner and both parties were agreed in principle that based on potential scope of responsibilities a regulated procurement process would be required. it was considered likely that the partner identification process would have to launch during late Summer 2023, to conclude in Spring 2024.

It was also reported that Homes England had announced on 27 June that grant funding made available via the Government's Affordable Housing Programme (AHP) 2021-26 could be used to fund replacement homes, alongside new affordable homes, as part of wider estate regeneration proposals. This was a welcome shift in Government policy and was something that the Council had been lobbying for over a number of years.

Councillor Karney (Ward Councillor Harpurhey) addressed the Executive. He welcomed the developments taking place in Collyhurst and the proposal that 100 homes would be new City Council social rent properties. He condemned previous government's policies for failing to build affordable homes for those most in need and welcomed the Council's commitment to address this.

Councillor Leech queried what the range of different affordable housing products would be and whether the proposed 20% of affordable housing would actually be achieved and whether these would actually be at the Manchester Living Rent levels.

The Executive Member for Housing and Development advised that as part of Phase 1 of the redevelopment, 130 out of 274 (nearly 50%) were for social rent and that this demonstrated the Council's ambition to delivering affordable housing. He also added that there was also a need for other forms of affordable housing such as shared ownership and rent to buy as ways of getting onto the housing ladder

Councillor Johnson queried how realistic it would to find appropriate accommodation in the Collyhurst area for those residents who would require rehousing whilst the redevelopment of the area was taking place.

The Executive Member for Housing and Development advised the Council had a commitment to a one move strategy for residents that would be affected which would be outlined in more detail in the Masterplan.

Decisions

The Executive:-

(1) Note the ongoing work to develop a delivery strategy for future phases of development in Collyhurst.

(2) Delegate authority to the Strategic Director (Growth and Development)and Deputy Chief Executive and City Treasurer in consultation with the Leader and the Executive Member for Housing and Development to approve the undertaking and finalisation of a formal, competitive procurement process to identify an Affordable Housing Delivery Partner to support the Collyhurst Regeneration Programme.

(3) Note that any such process will be subject to consultation with Local Ward Members in advance of implementation.

Exe/23/69 HS2 Phase 2b Western Leg (Crewe-Manchester) Hybrid Bill - Deposit of a second Additional Provision (AP2) Petitioning

The Executive considered a report of the Strategic Director (Growth and Development), which informed Members about the current progress of the High Speed (Crewe – Manchester) Bill (known as 'HS2 Phase 2b') in Parliament, and a second 'Additional Provision' (AP2) to the Bill. It outlined the key issues within AP2, and the Council's proposed response to it by means of a petition, together with a consultation response to the Supplementary Environmental Statement (SES).

One of the key issues included within the Council's petitions was that the proposal within the Bill for a 6 platform surface, turn-back high speed station at Manchester Piccadilly was inadequate for reasons of reliability, capacity, resilience and future proofing, as well as negatively impacting the ability to deliver regeneration both around Piccadilly and out towards East Manchester. The petition requested that this proposal be re-considered in favour of an underground, through station option, which would better serve both HS2 and future Northern Powerhouse Rail (NPR) services, and bring maximum benefit to both the city and the wider North.

The Department for Transport had submitted a second Additional Provision to the Bill ('AP2') on 3 July 2023 detailing further changes to the proposals currently in the Bill. This was accompanied by a Supplementary Environmental Statement (SES), which set out the environmental impacts of, and mitigation measures planned for, the proposed changes. As with the main Bill, parties who were directly and specifically impacted by the AP2 proposals were invited to submit petitions by 15 August 2023, and a consultation on the SES was being undertaken, with a closing date of 31 August 2023.

As with the main Bill petition, the Council was continuing to work closely with GM Partners in preparing their respective petitions. The Council's petition would be in alignment and consistent with those of other GM partners, whilst emphasising and highlighting issues of particular concern for the city. It was also noted that this petition would cover the changes proposed by AP2 and not seek to repeat the concerns included within the original petition which still stood, except where AP2 impacted those issues. A copy of the full petition would be provided to Members at the time the submission is made.

It was reported that the Council would complete the petition on AP2 and submit it to the House of Commons by the deadline of 15 August 2023. The Council would also complete the response to the SES in time for the deadline of 31 August 2023.

Following submission, the Council would prepare to appear before the Select Committee to make the case for both the outstanding points within its original petition, and the contents of the AP2 petition. It was expected that HS2 Ltd would look to negotiate with the Council leading up to, and throughout, the Select Committee appearances. The Council would seek satisfactory agreements, undertakings and assurances with them to remedy concerns and issues regarding the proposed scheme. Where issues were satisfactorily resolved during negotiation, it may be possible to withdraw these petition points before appearing at Select Committee, in line with the delegated approval granted by Council.

Councillor Hilal (Ward Councillor Didsbury West) addressed the Executive and raised concerns around the proposed site in the Hollies, which was close to properties on Mersey Road and Mersey Meadows. She stated that the construction of the vent shaft would have a considerable impact on these residents which HS2 had admitted to in their AP2 document. She also raised concern in relation to the proposed use of the Islamic Girls School car park as a car park and access route by HS2 which would result in the demolition of the former Sure Start centre and it was doubtful the school would be able to function once its site was being used as a car park for construction vehicles.

Councillor Kilpatrick (Ward Councillor Didsbury West) addressed the Executive and also raised concerns in relation to the proposed vent shaft at the Holies. Specifically in relation to the proposed access to the vent shaft at Barlow Moor road and the adverse impact his would have on adjacent communities, including the impact on the wider road network and existing or planned facilities. He expressed strong reservations in relation to the proposed impact on the Islamic Girls School and he also raised concerns in relation to residents safety, as the location was still within the flood plain.

Councillor Johnson raised the issue of how HS2 was undertaking consultation with local residents and the use of technical documentation which was difficult for non-specialists to understand and queried whether the Council could assist residents in understanding the documentation being sent.

Councillor Leech raised serious concerns in relation to the proposal to circulate the full AP2 petition to Members at the same time as its submission to the House of Commons.as he felt the Council had ignored the views of local ward Councillors in relation to what needed to be included and sought Executive to amend this proposal to enable discussions with local Ward Councillors as to what should be included in the petition response based on the concerns raised at this meeting or that the Executive included a further recommendation that clearly stated the Council opposed the proposed location of the ventilation shaft at the Hollies within the petition response.

Decisions

The Executive:-

(1) Note the current progress of the High Speed (Crewe - Manchester) hybrid Bill ("the Bill"), as introduced into the 24 January 2022 session of Parliament, as detailed in the report.

(2) Note the contents of AP2 to the Bill including the supporting SES and the proposed contents of the City Council's petition against aspects of AP2, and the proposed contents of the City Council's petition against aspects of AP2 and the SES consultation response set out in the report.

(3) Note the delegated authority approved by Council on 4 March 2022 to the Strategic Director (Growth & Development), in consultation with the Leader and City Solicitor, to take all the steps required for the Council to submit any petition and thereafter to maintain and if considered appropriate authorise the withdrawal of any petition points that have been resolved in respect of the Bill, and to negotiate and/or seek assurances/ undertaking/agreements in relation to aspects of the Bill.

(4) Note that the petition against AP2 is within the scope of the above delegated authority approved by Council on 4 March 2022.

(5) Note that the full AP2 petition will be circulated to Members at the same time as its submission to the House of Commons by the deadline of 15 August 2023.

(6) Note that the AP2 consultation response on the SES will be circulated to Members at the same time as its submission to Government by the deadline of 31 August 2023.

(Councillor Chambers declared a personal interest in this item due to her employment with Transport for Greater Manchester)

Exe/23/70 Our Town Hall Project - Progress Update

The Executive considered a report of the Deputy Chief Executive and City Treasurer, which provided an update on the progress of the refurbishment and partial restoration of the Town Hall and Albert Square under the Our Town Hall (OTH) project.

The Deputy Leader (Statutory) reported that excellent progress continued to be made with Social Value, with 57% of the project spend within Manchester (baseline target 40%) and 47% of the workforce being Manchester residents (baseline target 30%) and a social value ROI of £14.6m. Work to develop the detail of how the building would run was picking up pace, including revenue planning and operational strategies and the project was 60% through the existing programme for the construction works, and the quality of the works continued to exceed expectations.

The contract date for completion of the construction works remained 25 June 2024. However, as a result of the ongoing challenges to the programme, the completion date would need to be updated to realistically reflect the latest position. In the meantime, it was now clear that the delays caused by Covid-19 and discovery would be significant and without any mitigation could add two years of delay.

The project had faced an extremely challenging 18-month period with intense pressures on cost and programme. These challenges included significant disruptions from ‘uncontrollable’ elements such as nesting falcons, Covid-19, extraordinary levels of inflation and unprecedented pressure on the supply chain. The biggest risk to the budget was now the cost of delay. For every month of delay, the project incurred additional costs of circa £1m to £1.5m, depending on the point in the programme at which the delay occurred. At the same time, the hyper-inflation experienced by the project in the post-pandemic period had been significant and remained a risk to all packages yet to be procured, and to those packages that were subject to changes arising from discovery.

It was therefore difficult to give any degree of confidence on the final cost and programme dates until these higher risk works were completed. Given the risks outlined in the report, it was proposed to split a request for additional funding into two parts. Part one would be a request for an additional £29m funding sufficient to cover all financial commitments to the end of 2023.. Without this funding there was a risk that completion would be significantly delayed and post December the biggest remaining cost pressure on the project was linked to programme delay. The position would be much clearer in January 2024, and it was therefore proposed to review the position on target dates for completion and cost and further budget approvals would be sought at that stage.

Councillor Leech sought clarification as to how much likely extra funding would be needed after December 2023 in order for the project to complete as he felt there needed to be clarity as what the total cost was required to complete. He also sought clarification on who was responsible for paying any penalty costs for delays in the project

Decision

The Executive recommend to Council approval of a capital budget increase of £29m for the project, funded by borrowing, to maintain progress with the construction works until the end of December 2023.

Exe/23/71 Factory International at Aviva Studios (Part A)

The Executive considered a report of the Deputy Chief Executive and City Treasurer and the Strategic Director (Growth and Development), which provided update on the delivery of Aviva Studios including progress with the construction programme; the evolution of Factory International,; the success of the recent MIF23 festival and the conclusion of the naming rights agreement with Aviva for Aviva Studios.

The Deputy Leader (Statutory) advised that Factory International had attracted significant government investment of £106.7m, alongside £9m per annum of Arts Council England revenue funding to ensure the success of the facility. It was noted that the original budget was set in 2015, based on benchmark costs, to secure the government funding package. This was prior to any detailed site investigations or design work and proved to be inadequate to fund a project of this size, scale and complexity. Leaving aside the complexities of the project, adjusting for inflation alone during this period using ONS construction indices would have increased the budget by c. £40m.

As of July 2023, the building had been sufficiently completed with static completion achieved for operation of MIF23. The remaining snagging and commissioning works were scheduled to be completed by 7 September, therefore, whilst the physical building had been completed in time for MIF23, the overall timescales were later than planned and there had been a number of factors which had contributed to the delay, which had resulted in the requirement of additional £8.7m to cover the cashflow requirements to static completion for construction and client-side fees and support to cover the additional costs experienced by Factory International.

This additional funding would be funded from £620k increased grant from ACE, £7.3m on an invest to save basis to be funded from naming rights income and £782k to reverse the temporary virement for public realm costs.

In addition, there was a capital budget increase request of £1.1m to be funded from capital receipts, to meet the costs of completing the public realm.

It was reported that a long-term partnership had been announced between Aviva, Manchester City Council and Factory International which included landmark support for Manchester's iconic new arts and culture venue to be named Aviva Studios. The multi-million-pound investment by Aviva would support the completion and help make the delivery of the world-class building possible.

Councillor Leech expressed concern over the repeated increases in the budget required to complete the project and specifically questioned why the original budget, set in 2015 based on benchmark costs, was agreed prior to any detailed site investigations or design work and proved to be inadequate to fund a project of this size, scale and complexity. He also asked how confident was the Council in not being required to have to provide additional funding in future years for MIF to take place at Aviva Studios and whether the Council's contribution to the Sinking Fund would be revenue or capital spend.

The Deputy Chief Executive and City Treasurer advised that the contribution to the Sinking Fund would come from the Asset Management Plan and part of the capital budget and the repairing responsibilities would be split between the Council and the tenant. It was not expected to meet additional costs for future MIF.

Decisions

The Executive:-

(1) Note progress with the delivery of Aviva Studios, home to Factory International, the wider economic, cultural and social benefits to Manchester and the significant programme of social value commitments.

(2) Approve a capital budget increase for Aviva Studios of £8.7m to be funded from:
- £620k increased grant from ACE
- £7.3m on an invest to save basis to be funded from naming rights income

- £782k to reverse the temporary virement for public realm costs

(3) Note the capital budget increase of £8.7m will be used to fund the cashflow requirements to static completion for construction and client-side fees and £600k support to cover the additional costs experienced by Factory International.

(4) Approve a capital budget increase of £1.1m to be funded from capital receipts, to meet the final costs of the public realm.

(5) Note the progress made by Factory International to prepare the organisation to operate Aviva Studios including recruitment, business planning, the sponsorship programme, artistic and cultural programme development and social value benefits, in the lead up to and successful delivery of MIF23, and the formal opening in the autumn.

(6) Note the naming rights agreement with Aviva for Aviva Studios

(7) Note progress in the development of employment, training and education opportunities and creative engagement programmes as part of Factory International's skills and learning development programme.

Exe/23/72 Exclusion of Press and Public

Decision

The Executive agrees to exclude the public during consideration of the following item which involved consideration of exempt information relating to the financial or business affairs of particular persons and public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Exe/23/73 Factory International at Aviva Studios (Part B)

The Executive considered a report of the Deputy Chief Executive and City Treasurer and the Strategic Director (Growth and Development), which provided an update on the fundraising for the construction project and the conclusion of the naming rights agreement with Aviva for Aviva Studios.

Decisions

The Executive:-

(1) Note the terms of the naming rights agreements with Aviva for Aviva Studios.

(2) Endorse the proposed 50 /50 allocation of all net building related sponsorship and naming rights income (after costs and fulfilment) with Factory International for the 30-year life of the lease.

(3) Note the long-term relationship with Factory International and the ability to recover a significant proportion of the borrowing costs from naming rights income and other building-related sponsorships.