

Appendix B - Other material changes to the programme

1.1 Other material changes to the Capital Programme are detailed below:

Project	Current Budget 2023/24	Forecast at P6	In Year Variance	Spend to date 2023/24	Total Budget (All Years)	Total Variance (All Years)
£m						
Public Sector Housing Programme	29.3	14.2	-15.1	4.9	78.2	0.0
Social Housing Decarbonisation Fund Schemes	13.6	4.4	-9.2	0.3	49.7	0.0
Asset Management Programme	16.1	8.0	-8.1	1.7	22.7	0.0
Galleries Collection Housing and Remediation works	7.6	4.0	-3.5	0.5	8.3	0.0
Northern/Eastern Gateway Walking and Cycling scheme	4.5	1.6	-2.9	0.6	8.9	0.0
Home Upgrade Grant 2	5.4	3.1	-2.3	0	10.4	0.0
Piccadilly Gardens – Phase 1	2.1	1.0	-1.1	0.1	2.6	0.0
Public Sector Housing – ICT work	3.6	1.9	-1.7	1.3	4.1	0.0
HOME Arches	2.9	2.1	-0.8	0.5	3.4	0.0
Network Refresh Programme	4.1	3.3	-0.8	0.9	9.5	0.0

Public Sector Housing Programme

1.2 The Public Sector Housing Programme saw the majority of projects finishing at the end of March 2023 with a small number continuing delivery into early 2023/24. These on-going projects have been delivered to expected timelines, however, the new projects that were due to start on site in the remainder of 2023/24 have taken longer than expected to process through detailed design and procurement. This was further hindered by challenges in the marketplace including contractor availability and material lead times as well as meeting

increased regulations for fire safety schemes.

- 1.3 Specific variances to the programme include; Clifford Lamb Remedial Works will deliver £0.3m less than expected due to an extended procurement process due to the challenges of sourcing a contractor for specialist work of this nature for an unforeseen project. Strategic Voids is expected to deliver £0.5m lower than expected as the extent of works required to properties is such that the design period is taking longer and the resulting procurement process for obtaining a suitable contractor extended. The retaining walls project is expected to underspend by £0.3m and the Decent Homes by £1.1m due to the internal award process for approving works not meeting the timelines within programme. The major lift replacement scheme will spend £0.9m less than planned due to extended design periods and longer procurement timelines. There are a number of final accounts for previous completed schemes which are being settled but through good due diligence the process is taking longer than expected which will result in less settlements by the end of the financial year up to a value of £1.7m less than expected. The major fire actions remediation project will deliver £1.8 million less than expected as a result of longer contract approval and mobilisation.
- 1.4 The cash flow forecast accuracy for new schemes is challenging within the housing capital programme, as it is dependant on completing design work, procurement and subsequent award of works which can take longer than planned due to the complex nature of schemes and challenges within the construction marketplace. There are improvements being introduced to address this within the management of projects; including procurement and contract approval better interconnected with project delivery, the enhanced integrity of timeline assumptions within project plans, managing organisational complexity more easily and operating on increased consistency and standardisation. As a result of the review of the Public Sector Housing Programme, a total of £15.1m will be reprofiled into future years.

Social Housing Decarbonisation Fund Schemes

- 1.5 The Social Housing Decarbonisation Fund (SHDF) programme relates mainly to energy improvement works and renewable heating technologies. This will improve the energy performance certificate (EPC) rating of Council properties and help meet the zero carbon housing objectives and targets, including a transition away from gas heating sources. Most of this work generates a grant contribution from the Department for Energy Security and Net Zero via Greater Manchester Combined Authority (GMCA). There are other works included in the programme for most of the projects, consisting of various Decent Homes and Fire and Building Safety works.
- 1.6 The project faced longer mobilisation timescales than anticipated which has meant start on site has been pushed back. Spend on pre-works activity has and will continue, but the majority of spend will now take place in the next financial year. The project team continue to work through issues arising as a result of surveys which also impacts on progress. As a result, a total of £9.2m has been reprofiled into future years.

Asset Management Programme

- 1.7 The Asset Management Programme (AMP) is the Council's annual, prioritised programme of capital replacement for operational property. The programme is citywide and includes libraries, galleries, family centres, offices, property in parks and cemeteries, leisure/cultural centres and landlord liabilities. The AMP budget for 2023/24 is £16.1m and includes a number of significant remediation and end of life replacement works to operational assets, heritage assets and landlord liabilities.
- 1.8 Good progress is being made in completing specialist surveys meeting statutory responsibilities including asbestos and fire risk, together with ensuring a co-ordinated and efficient approach in procuring works to meet Council priorities including zero carbon. Safety work arising from surveys is taking precedent with procurement of remediation works arising from this factored into the current year programme. Adjusting programmes to meet this has an impact on the current planned programme and budget. Additionally, external factors including supply chain, adjustments for inflation and the complex nature of the properties included in the budget are all impacting on progress in the current year. Priority during the rest of this year is focussed on completing the design and procurement of works included in the programme to meet as far as possible the forecast. As a result, a total of £8.1m will be reprofiled into next financial year.

Northern/Eastern Gateway Walking and Cycling Scheme

- 1.9 The Northern/Eastern Gateway project will deliver a continuous walking and cycling route, linking neighbourhoods in the north and east to the fringe of the city centre. Work continues with construction at Pollard Street to Redhill Street ongoing. A new tranche of funding has been approved to complete the construction of a new bridge over the Ashton Canal and two Cyclops junctions at junction of Rochdale Road/ Thompson Street and Oldham Road/Thompson Street with a segregated cycle lane along Thompson Street.
- 1.10 There is a requirement to reprofile £2.9m into next financial year, due to a delay in tendering phase 3 works, which are now expected to be tendered in November, with works due to commence in May 2024. This has also resulted in reduced fees for this financial year. Phase 2 is currently out to tender with works due to start in February 2024.

Galleries Collection Housing and Remediation Works

- 1.11 The Galleries Collection Housing programme involves essential safety and remediation works at Manchester Art Gallery and Queens Park Conservation Studios, to continue to maintain both buildings as operational assets. The works required will be the most significant carried out since the last major refurbishment in 2000 and include addressing basement damp/water ingress, replacing electrical and mechanical parts (including lifts), critical stone repairs

and design and roof works.

- 1.12 The Queens Park Conservation Studios and Manchester Art Gallery (MAG) schemes are two separate schemes; however, due to an off-site storage facility lease, the two schemes have some interdependencies.
- 1.13 Works are now underway, however a total of £3.6m will be reprofiled into 2024/25 as the contractor has provided a more accurate cash flow which reflects the timeframe of planned works following start on site.

Home Upgrade Grant 2

- 1.14 The Council has secured £10.4m Home Upgrade Grant 2 (HUG2) funding from Government and a memorandum of understanding (MoU) was signed in February 2023.
- 1.15 This funding, to be spent by the end of March 2025, provides grant to Local authorities for owner occupied and private rented sector properties. These are required to be off gas grid, with low energy performance (EPC D-G). Taking a fabric first approach, the grant provides energy efficiency and clean heating upgrades to improve energy performance of properties. The grant levels are between £3k and £24k, dependent on property archetypes and characteristics, and the EPC requirements are generally that F-G homes are upgraded to at least EPC D and EPC D-E homes upgraded to Band C. To be eligible private landlords need to have a portfolio of 4 or less properties.
- 1.16 Due to delays in recruitment of a dedicated project manager, along with procurement delays and mobilisation taking longer than expected, it is now anticipated that the contract will commence in mid-November, and there will be limited spend until the last quarter. Therefore, a total of £2.3m has been slipped into future years.

HOME Arches

- 1.17 The HOME Arches Project will transform three railway arches situated between HOME's building and Whitworth Street West into a talent development centre for artists of all ages, disciplines and stages of their careers.
- 1.18 The budget requires reprofiling of £0.8m into future years. This is mainly due to the delay in starting the project because of the additional time taken to obtain a license from Network Rail to occupy the Arches to carry out the works. Cost increases due to inflation also required further budget approval which has now been granted. Construction started in May with the contract sealed by Legal in July. The scheme is on programme, with the pouring of concrete now started. Expected completion is May 2024.

Network Refresh Programme

- 1.19 The Wider Area Network (WAN) phase 2 project is in the discovery stage. The

Council is expected to receive a report from The Network People (TNP) to confirm the viability of the initial report and to advise on best practice. This is expected in October 2023.

- 1.20 A total of £0.8m will be reprofiled into future years due to issues encountered during the Proof-of-Concept (POC) stage, the temporary environment used to demonstrate the functionality of the new solution before committing to the full-scale implementation, impacting on the project schedule. Supply chain issues due to the pandemic impacted hardware availability and timescales which had a knock-on effect to the ability to move onto the POC phase. Further issues encountered with the design and implementation of the POC environment have caused delays to the project.

Public Sector Housing – ICT work

- 1.21 When Northwards was brought back in house, there was a requirement to migrate the ICT infrastructure into the City Council infrastructure. The migration included 46 different lines of business applications, network infrastructure, printing, end user devices and telephony. A key focus of the migration was to deliver the work whilst protecting live services to 12,700 tenants.
- 1.22 The migration of all 8-web based “software as a service” solutions completed in September 2023, and the Council Network has been installed and tested at 17 of the 34 sites across MCC housing locations. The programme team has progressed key enabler activities to commence systems integration testing for the Housing applications.
- 1.23 The initial project plan involved the migration of applications followed by the roll out of end user devices and Council email accounts to all Housing end users. The service were asked to reprogramme the works, so that users could have access to devices as soon as possible, and so devices and email accounts have been administered first, with the migration of applications to happen after. An impact assessment has been completed and it has been determined that a tactical upgrade for Citrix is required to allow devices to be rolled out, which has delayed the project by three months. Due to the reprioritisation of key technical dependencies, a total of £1.7m will be reprofiled into next financial year.

Piccadilly Gardens – Phase 1

- 1.24 Key activities in the first 6 months of the year for the Piccadilly Gardens Phase 1 project include the completion of the design competition and selection of the preferred design team. The appointment of the preferred design team is now progressing.
- 1.25 The current budget is to take the scheme to RIBA Stage 3 including submission of planning permission which is now anticipated in 2023/24. It is envisaged that completion of RIBA Stage 2 will be achieved by March 2024. The remainder, including the appointment of a main contractor to assist with

the concept design development and cost plan will take place in 2024/25. As a result, a total of £1.1m will be reprofiled into future years.