

Appendix 2 - 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 P9	Spend at 31 March 24	In Year Variance	Total Budget (All Years)	Total Variance (All Years)
£m						
Public Sector Housing Programme	29.5	14.0	15.9	-13.6	78.4	0.0
Social Housing Decarbonisation Fund Schemes	13.6	2.7	4.2	-9.4	60.2	0.0
Strategic Acquisitions Programme	3.2	3.2	13.2	10.1	24.6	0.0
Asset Management Programme	16.1	7.2	5.2	-10.9	68.7	0.0
Galleries Collection Housing and Remediation works	8.4	4.0	3.1	-5.3	9.1	0.0
Home Upgrade Grant 2	5.4	1.4	0.4	-5.0	10.4	0.0
Neighbourhood Renewal Fund	5.0	0.5	0.0	-5.0	10.0	0.0
Northern/Eastern Gateway Walking and Cycling scheme	4.5	1.1	1.3	-3.2	8.9	0.0
Network Refresh Programme	4.1	1.8	1.2	-2.9	9.5	0.0
Disabled Facilities Grant	11.1	13.0	14.9	3.8	90.6	0.6

Public Sector Housing Programme

1.2 The Public Sector Housing Programme saw the decent homes projects commencing delivery into 2023/24 along with other major structural and fire safety schemes. These on-going projects along with the remainder of the capital programme have delivered to expected cash flows, providing a total annual spend of circa £13 million which is in line with the revised cash flow target.

1.3 The forecast accuracy for new schemes is challenging within the housing

capital programme, as it is dependent 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 have been on-going improvements introduced to address this and is resulting in better cost estimation including on the major schemes. The cladding removal and replacement scheme at Clifford Lamb remains within budget (£.3.6 million) along with the lift replacement schemes (£5.6 million). There were no identified budget capacity risks identified within the capital programme in 23/24 except for Woodward Court external works. This project is now on hold as an option appraisal is conducted.

- 1.4 The capital programme for 24/25 will see a small number of additional budgets proposed to address emerging safety works alongside introducing increased funds to meet the backlog of aids and adaptations referrals. The Council has commenced with a number of fire safety surveys of high-rise blocks and the results will be available in Q2/3 of 2024 at which point any capital requirements will be factored into future years as required.

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 (DESNZ) 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 To benefit from grant, the works need to be fully complete by end September 2025. There have been a number of challenges with this programme, including longer than anticipated mobilisation impacting start on site and completion timescales and outcomes of retrofit assessments and other surveys having implications such as changes in works scope and additional complexity/timescales. Cost increases have also had a significant impact, as a result of building cost inflation and other aspects.
- 1.7 The programme has been reviewed and the forecast reflects a revised scale, scope, timetable and cost for the programme. There are ongoing surveys, designs and detailed cost workings to determine the budgetary accuracy and needs across the projects, with an aim to have a clearer understanding by the beginning of July 2024. This will indicate the costs compared to the budget at individual project and full programme levels.
- 1.8 Spend on pre-works activity has and will continue in 2024/25, with the majority of works related spend taking place in the next two financial years.

Strategic Acquisitions Programme

- 1.9 The acquisition of the lease interest at 103 Princess St was able to occur earlier than originally expected, and therefore the agreed budget for it has been accelerated into 2023/24. This purchase has resulted in significant rental savings which would have continued to have been paid over the remaining period of the lease (c85 years).

Asset Management Programme

- 1.10 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 works for 2023/24 included a number of significant remediation and end of life replacement works to operational assets, heritage assets and landlord liabilities.
- 1.11 Good progress continues 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 last quarter of the 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 £10.9m will be reprofiled into next financial year.

Home Upgrade Grant 2

- 1.12 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.
- 1.13 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.
- 1.14 The initial stages of the project had numerous challenges. The recruitment of a dedicated project manager took longer than originally expected, and

procurement could not begin until DESNZ formally launched the scheme. Therefore, a total of £5.0m has been slipped into future years.

- 1.15 Due to the delays noted above, the original delivery targets are being reviewed and steps are being taken working closely with contractors to bring the delivery of the programme back in line with the original forecast by the project conclusion in 2025.

Galleries Collection Housing and Remediation Works

- 1.16 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. The Manchester Art Gallery (MAG) Team is currently revising the specification for the revolving doors and fire exits to confirm if a security upgrade is required.
- 1.17 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.
- 1.18 The Council has been successful in applying for a grant of £0.7m from Arts Council England under a scheme called MEND for provision of capital works to support capital works of this nature. The additional grant monies will be used to support the costs of building fabric repair works at Queens Park. A further bid for £0.1m grant funding for additional specialist storage furniture from Department of Culture, Media and Sport was also successful.
- 1.19 Works continue to progress, however as previously reported, a total of £5.3m 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.

Northern/Eastern Gateway Walking and Cycling Scheme

- 1.20 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 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.
- 1.21 There is a requirement to reprofile £3.2m into next financial year, due to a delay in selecting a preferred contractor to deliver phase 2 works, a retendering exercise is due to commence in August 25 with works expected to start in January 2025. Phase 3 works are currently being tendered with work due to start in May 2024.

Network Refresh Programme

- 1.22 The Wider Area Network (WAN) phase 2 project is in the discovery stage. The mapping of potential benefits, exploring risk around product availability and determining site suitability has required an extended discovery period.
- 1.23 The Perimeter Firewall project has been fully, and successfully, delivered and has now moved into closure stage. Staffing and third-party costs are to be still to be finalised and a closure report has been circulated.
- 1.24 As previously reported, a total of £2.3m 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. The pilot stage is now underway, and the project is reporting on starting the main implementation from June 2024.

Disabled Facilities Grant

- 1.25 Adaptations funded from Disabled Facilities Grant (DFG) are expected to outspend the original forecast for 2023/24. The cost of adaptations has increased in-line with significant building material and wage inflation. As well as this, there is a continued increase in demand due to an ageing population and a strategy to keep people in their own homes for as long as possible, as well as more applications from individuals with more complex needs. It is expected that these pressures will continue into 2024/25 and tight management of the available budget will be required. As a result, a total of £3.8m was accelerated into 2023/24.

Neighbourhood Renewal Fund

- 1.26 A substantial engagement process has taken place with ward members during 2023/2024 to work through activities and programmes of work that are eligible to be funded by NIRF. Citywide programmes have begun to work through the Capital gateway process but have not yet reached the final stage and are now set to be delivered in the next financial year. A programme team, who will provide day-to-day programme and project management support came into place in Q4 of 23/24, who will provide the additional capacity needed to ensure that the schemes are delivered.
- 1.27 As a result, there is a requirement to reprofile £4.9m for the Neighbourhood Infrastructure Renewal Fund (NIRF) programme into next financial year.