

Manchester City Council Report for Resolution

Report to: Executive – 13 March 2019

Subject: Capital Programme Update

Report of: Chief Executive and City Treasurer

Summary

This report informs members of requests to increase the capital programme, seeks approval for those schemes that can be approved under authority delegated to the Executive and asks Executive to recommend to the City Council proposals that require specific Council approval.

Recommendations

To recommend that the Council approve the following changes to Manchester City Council's capital programme:

1. ICT – End User Experience. A capital budget allocation and transfer of £4.193m from the ICT Investment Plan budget is requested, funded by borrowing.
2. ICT – Wi-Fi Business Case. A capital budget allocation and transfer of £1.468m from the ICT Investment Plan budget is requested, funded by borrowing.

Under powers delegated to the Executive, to approve the following changes to the City Council's capital programme:

1. Strategic Development – Proud Trust Sidney Street. A capital budget increase of £0.250m is requested, funded from Capital Fund.
2. Housing – European Regional Development Fund (ERDF) Ground Source Heat Pump. A capital budget increase of £3.704m is requested, funded from ERDF Grant (£1.458m) and HRA Reserves (£2.246m).
3. Corporate Core – Manchester Jewish Museum Loan. . A capital budget increase of £0.290m is requested, funded from Capital Fund.
4. Strategic Development – Silk Street NMNB 3 Programme. A capital budget increase of £0.500m is requested, funded from HRA reserves.
5. ICT – FLARE Case Management System Replacement. A capital budget decrease of £0.440m is requested and approval of a corresponding transfer of £0.440m to the revenue budget, funded by capital fund.

6. Corporate Core – Capital Programme’s PMO Software solution. A capital budget decrease of £0.084m is requested and approval of a corresponding transfer of £0.084m to the revenue budget, funded by capital fund.

Wards Affected: Various

Manchester Strategy outcomes	Summary of the 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 in ICT services.
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 public buildings
A connected city: world class infrastructure and connectivity to drive growth	Investment in the enhanced provision of ICT services.

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 recommendations in this report, if approved, will increase the revenue budget by £0.524m, funded from a corresponding decrease in the capital budget.

Financial Consequences – Capital

The recommendations in this report, if approved, will increase Manchester City Council’s capital budget by £4.220m, 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 7th February 2018 – Capital Strategy and Budget 2018/19 - 2022/23)

Report to the Executive 7th March 2018 – Capital Programme – Proposed Increases

Report to the Executive 21st March 2018 – Capital Programme – Proposed Increases

Report to the Executive 30th May 2018 – Capital Programme Monitoring 2017/18
Outturn

Report to the Executive 30th May 2018 – Capital Programme – Proposed Increases

Report to the Executive 27th June 2018 – Capital Programme Update

Report to the Executive 11th July 2018 – Capital Programme Update

Report to the Executive 25th July 2018 – Capital Programme Monitoring

Report to the Executive 25th July 2018 – Capital Programme Update

Report to the Executive 12th September 2018 – Capital Programme Update

Report to the Executive 17th October 2018 – Capital Programme Monitoring

Report to the Executive 17th October 2018 – Capital Programme Update

Report to the Executive 14th November 2018 – Capital Programme Update

Report to the Executive 12th December 2018 – Capital Programme Update

Report to the Executive 16th January 2019 – Capital Programme Update

Report to the Executive 13th February 2019 – Capital Programme Monitoring 2018/19

1 Introduction

- 1.1 This report outlines the requests for increases and decreases to the five-year capital budget 2018/19 to 2022/23.

2 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 make to the City Council. The City Council's resolutions on these recommendations constitute the approval of the five year capital programme for the City Council. Proposals for the 2018/19 to 2022/23 capital budget were presented to the Executive on 7th February 2018, including a revised 2017/18 budget.
- 2.2 The following requests for a change to the programme has been received since the previous report to the Executive on 13 February 2019.
- 2.3 Please 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.
- 2.4 For the changes requested below, the profile of the increase, decrease or virement is shown in appendix 1 for each of the projects.

3 City Council's Proposals Requiring Specific Council Approval

- 3.1 The proposals which require Council approval are those which are funded by the use of reserves above a cumulative total of £2.0m or where the use of borrowing is required. The following proposals require Council approval for changes to the capital programme.
- 3.2 ICT – End User Experience. The programme will deliver equipment, ICT collaboration and productivity tools to ensure staff can undertake their jobs effectively. This involves reducing reliance on Microsoft technologies where feasible, growing Google G Suite collaboration tools and rolling out the appropriate devices across Manchester City Council (MCC) to support the end users. A capital budget allocation and transfer of £4.193m from the ICT Investment Plan budget is requested, funded by borrowing.
- 3.3 ICT – Wi-Fi Business Case. Delivering a fit for purpose staff, partner and resident Wi-Fi service for Manchester City Council (MCC). The project will deliver one Wi-Fi provider across all council estates, finding a tactical solution to implement Govroam (government roaming) Wi-Fi and upgrading the Corporate Wide Area Network (WAN) so there is enough capacity to provide the new Corporate Wi-Fi across all sites. A capital budget allocation and transfer of £1.468m from the ICT Investment Plan budget is requested, funded by borrowing.

4 Proposals Not Requiring Specific Council Approval

- 4.1 The proposals which do not require Council approval and only require Executive approval are those which are funded by the use of external resources, the use of capital receipts, the use of reserves below £2.0m or where the proposal can be funded from existing revenue budgets and 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:
- 4.2 Strategic Development – Proud Trust – Sidney Street. The Proud Trust occupy Council premises in Sidney Street, Manchester and deliver services to the LGBT community. The Proud Trust have been successful in raising funding required to build a new facility to provide fit for purpose and sustainable facilities for the delivery of services to the LGBT, and it is proposed that the Council provide a grant to support these works. A capital budget increase of £0.250m is requested in 2019/20, funded from Capital Fund.
- 4.3 Housing – ERDF Ground Source Heat Pumps. Ground source heat pumps to be installed in 270 flats, PV and battery installations and other energy efficiency improvements to replace communal heating where tenants are on fixed charges and gas boilers are coming to the end of their lives. Using the European Grant available Ground Source Heat Pumps are being installed which should provide better value for money and contribute to Co2 and zero carbon targets. A capital budget increase of £0.555m is requested in 2019/20 and £3.149m in future years, funded from European Regional Development Fund Grant (£1.468m) and HRA Reserves (£2.246m).
- 4.4 Corporate Core – Manchester Jewish Museum Loan. Funding is required to support a loan of £0.290m for the Manchester Jewish Museum, to provide cash flow support during capital works on the Grade II* listed synagogue. The proposed loan period will run from 1st April 2019 until 31st January 2022. The project will make a significant contribution to improving the built landscape of Cheetham Hill and will be a key feature in the area's regeneration and its appeal to visitors. With new and improved facilities, the museum will establish itself as a new cultural venue for Cheetham. A capital budget increase of £0.290m is requested in 2019/20, funded from Capital Fund.
- 4.5 Strategic Development – Silk Street NMNB 3 programme. In December 2018 a budget of £0.250m was approved to begin initial works required to permit the submission of a planning application for the Silk Street programme. Additional funding is now required to enable the development process to proceed, prior to seeking Housing Board and Capital Strategy Board approval for a second stage contract sum in October 2019, by which time full contract costs and levels of Homes England grant funding will have been confirmed. A capital budget increase of £0.500m is requested, funded from HRA reserves.
- 4.6 ICT – FLARE Case Management System Replacement. The project intends to procure and implement a suitable replacement for the current Case

Management System used by all teams in the Compliance and Enforcement Service. The current version of the system will reach end of life in the next 2 years, implementing a replacement case management system will ensure continued delivery of statutory and regulatory functions, and enable future improvements, including extending to other associated place based teams to increase efficiency. A capital budget decrease of £0.440m is requested and approval of a corresponding transfer of £0.440m to the revenue budget, funded by capital fund.

- 4.7 Corporate Core – Capital Programme’s PMO software solution. Initial funding is required to commence work to establish costs and timescales associated with identifying the technology required for supporting a standard Corporate Project Management Framework for Manchester City Council. A capital budget decrease of £0.084m is requested and approval of a corresponding transfer of £0.084m to the revenue budget, funded by capital fund.
- 4.8 Children’s Services – Special Provision Capital Fund. The special provision capital fund enables local authorities to invest in improving the quality and range of provision for children and young people with SEN and disabilities aged 0-25. Manchester’s Special Capital Funding allocation is currently £3.073m. In December 2018, there was a further allocation of £1.160m funding to Manchester City Council which increases the total allocation to £4.233m. MCC will need to set out their plans to use this additional capital funding and any additional consultation and engagement they have undertaken or have planned for the future, by 31 May 2019. Provided we have met the requirements set out below, we can expect the 2019-20 payment, including both the additional and the funding originally allocated for 2019-20, during the summer of 2019.

5 Prudential Performance Indicators

- 5.1 If the recommendations in this report are approved the General Fund capital budget will increase by £4.220m, 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 Global Revenue Monitoring report.
- 5.3 There is an increase in the requirement for prudential borrowing, however, this has already been assumed within the City Council’s revenue budget and therefore there is no impact on the City’s Council Tax.

6 Conclusions

- 6.1 The capital budget of the City Council will increase by £4.220m, if the recommendations in this report are approved.
- 6.2 The revenue budget of the City Council will decrease by £0.524m, via the capital fund, if the recommendations in this report are approved.

7 Recommendations

The recommendations appear at the front of this report.