

Manchester City Council Report for Resolution

Report to: The Executive – 26 June 2019

Subject: Capital Programme Update

Report of: City Treasurer (Deputy Chief Executive)

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. Growth and Neighbourhoods – Velodrome Capital Project. A capital budget allocation through transfer of £0.530m from the Asset Management Programme budget is requested, funded by Capital receipts.
2. Highways – School Road Safety Measures – Other sites. A capital budget increase of £0.546m is requested, funded from External Contributions, with a further capital budget allocation through transfer of £2.779m from the Highways Investment Plan budget.

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

1. Growth and Neighbourhoods - HSBC UK National Cycling Centre. A capital budget increase of £0.499m is requested, funded from £0.429m Waterfall Fund and £0.070m external contribution from UK Sport.
2. Highways - A6 Stockport Road Pinch Point Scheme. A capital budget increase of £0.200m is requested, funded from Growth Deal Two Government Grant, with a further capital budget allocation through transfer of £0.596m from the Highways Investment Plan budget and Congestion Target Performance budget, funded by borrowing.
3. Highways – NPIF Mancunian Way junction with Princess Parkway. A capital increase of £0.568m is requested, funded from External Contributions £2.400m, and a corresponding capital budget reduction in borrowing of £1.832m.
4. Strategic Development – One Central Park – Passive Fire Stopping Issues. A capital budget allocation through transfer of £0.321m from Strategic

Acquisitions Programme is requested, funded by Capital Fund.

5. ICT – Income Management Solution. A capital budget decrease of £0.316m is requested and approval of a corresponding transfer of £0.316m to the revenue budget, funded by capital fund.
6. ICT – Information Governance Management Solution including complaints. A capital budget decrease of £0.227m is requested and approval of a corresponding transfer of £0.227m to the revenue budget, funded by capital fund.
7. ICT – Digital Experience Transformation. A capital budget decrease of £0.166m is requested and approval of a corresponding transfer of £0.166m to the revenue budget, funded by capital fund.
8. ICT – Replacement Coroners System. A capital budget allocation and transfer of £0.143m from the ICT Investment Plan budget is requested, funded by borrowing.

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 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:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The recommendations in this report, if approved, will increase the revenue budget by £0.709m as a one-time transfer, 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 £1.104m, across the financial years as detailed in Appendix 1.

Contact Officers:

Name: Carol Culley
Position: City Treasurer
Telephone: 234 1647
E-mail: c.culley@manchester.gov.uk

Name: Tim Seagrave
Position: Group Finance Lead – Capital and Treasury Management
Telephone: 234 3459
E-mail: t.seagrave@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 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
Report to the Executive 13th March 2019 - Capital Programme Update

1 Introduction

- 1.1 This report outlines the requests for changes to the capital budget from 2019/20.

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 capital budget were presented to the Executive on 13 February 2019.
- 2.2 The following requests for a change to the programme have been received since the previous report to the Executive on 13th March 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, where the use of borrowing is required or a virement exceeds £0.500m. The following proposals require Council approval for changes to the capital programme.
- 3.2 Growth and Neighbourhoods – Velodrome Capital Project. The Velodrome has been experiencing a number of building, mechanical and electrical failures over the past few years, there are now significant investment requirements due to items being life expired. This project will procure services to understand feasibility of essential priority works to ensure continuity of service delivery. A capital budget allocation and transfer of £0.530m in 2019/20 from the Asset Management Programme budget is requested, funded by capital receipts.
- 3.3 Highways– Manchester School Road Safety Measures. Delivering a safe pedestrian infrastructure and associated works to improve crossing facilities adjacent to schools in Manchester, in total 81 school crossing points have been identified for improvement. A capital budget increase of £0.546m is requested in 2019/20, funded from external contributions, with a further capital budget allocation and transfer of £2.779 from the Highways Investment Plan budget.

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 Growth and Neighbourhoods - HSBC UK National Cycling Centre. The project intends to improve the working and social conditions of the GB track cycling team to support staff and increase morale in the run up to the Tokyo Olympic Games in 2020. A capital budget increase of £0.499m is requested in 2019/20, funded from £0.429m Waterfall Fund and £0.070m external contribution from UK Sport.
- 4.3 Highways - A6 Stockport Road Pinch Point Scheme. This project will deliver highways widening on congested route, providing an additional lane and a cycle bus stop by-pass. A capital budget increase of £0.125m is requested in 2019/20, and £0.671m in future years, funded from Growth Deal Two Government Grant (£0.200m), with a further capital budget allocation and transfer from the Highways Investment Plan budget and Congestion Target Performance budget (£0.596m), funded by borrowing.
- 4.4 Highways – NPIF Mancunian Way junction with Princess Parkway. The scheme is to improve and increase capacity throughout by signalling key junctions of the Mancunian Way; Princess Road / Medlock Street. The scheme will also support cycle and pedestrian movements through the junctions. Following the tender process and receipt of external funding, additional funding is required. A capital increase of £0.568m is requested in 2019/20, funded from External Contributions of £2.400m, with a further capital budget reduction in Borrowing of £1.832m.
- 4.5 Strategic Development – One Central Park – Passive Fire Stopping Issues. The project will deliver building partitions to meet a specific fire performance criteria required. Following a commissioned survey the fire stopping throughout the surveyed areas was found to be inadequate and require rectification works. The survey identified over 296 items within the building where the passive fire protection was insufficient and remedial works were required. A capital budget allocation and transfer of £0.321m from Strategic Acquisitions Programme is requested, funded by Capital Fund.
- 4.6 The following ICT projects directly support Manchester City Council ICT strategy, delivering a better informed Council through active management of data quality and harnessing intelligence from existing data sources. Enabling greater consolidation of technical solutions, ensuring investment in appropriate delivery models and technical infrastructure to support business processes in ways that are secure, effective and robust, transforming the experience of people interacting with and working within the Council.

- 4.7 ICT – Income Management Solution. To procure and implement a new system to replace the existing Income Management system (PARIS) with a new PCI-DSS compliant system in line with the Digital Experience Programme. The current system, PARIS will not be supported by the supplier post end of contract date which is May 2020. A capital budget decrease of £0.316m is requested and approval of a corresponding transfer of £0.316m to the revenue budget, funded by capital fund.
- 4.8 ICT – Information Governance Management Solution inc Complaints. To procure and implement an ICT solution to ensure compliance with the new GDPR regulation. Currently a collection of systems developed in Lotus Notes and Sharepoint is used to manage data protection, FOI requests, complaints and the corporate asset register but these systems are now unsupported. A capital decrease of £0.227m is requested and approval of a corresponding transfer of £0.227m to the revenue budget, funded by capital fund.
- 4.9 ICT – Digital Experience Transformation. The project will engage with a partner organisation to undertake a discovery exercise across the business to further refine the analysis work that has already been undertaken. The work will support and identify benefits, analyse options, create a proposed programme plan and build a business case to transform the way Manchester City Council interacts with residents, businesses and partners. The final business case will directly align with key strategies and objectives whilst improving efficiencies and reducing costs. A capital decrease of £0.166m is requested, and approval of a corresponding transfer of £0.166m to the revenue budget, funded by capital fund.
- 4.10 ICT – Replacement Coroners System. To replace the existing IRIS system with a new Coroners case management system. The Coroners currently use a system called IRIS that runs on windows 2008 that becomes end of life in January 2020. A capital budget allocation and transfer of £0.143m from the ICT Investment Plan budget is requested, funded by borrowing.

5 Prudential Performance Indicators

- 5.1 If the recommendations in this report are approved the General Fund capital budget will increase by £1.104m, 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 £1.104m, if the recommendations in this report are approved.
- 6.2 The revenue budget of the City Council will increase by £0.709m, funded from a corresponding decrease in the capital budget via Capital fund, if the recommendations in this report are approved.

7 Recommendations

- 7.1 The recommendations appear at the front of this report.

Appendix 1 - Requests for Adjustments to the Capital Budget Provision

Requests for Adjustments to the Capital Budget Provision 26 June 2019 EXECUTIVE							
Dept	Scheme	Funding	2019/20	2020/21	2021/22	Future	Total
			£'000	£'000	£'000	£'000	£'000
<u>Council Approval Requests</u>							
Growth & Neighbourhoods	Velodrome Capital Project (Up to and including RIBA Stage 2)	Capital Receipts	530				530
Growth & Neighbourhoods	Asset Management Programme Budget	Capital Receipts	-530				-530
Highways	Manchester School Road Safety Measures - Other sites	External Contribution	546				546
Highways	Manchester School Road Safety Measures - Other sites	Borrowing	2,779				2,779
Highways	Manchester School Road Safety Measures - Other sites	Highways Investment Budget	-2,779				-2,779
<u>Total Council Approval Requests</u>			546	0	0	0	546
<u>Executive Approval Requests</u>							
Growth & Neighbourhoods	HSBC UK National Cycling Centre Immediate Works	Waterfall Fund	429				429
Growth & Neighbourhoods	HSBC UK National Cycling Centre Immediate Works	External Contribution	70				70

Highways	A6 Stockport Road Pinch Point Scheme	Government Grant	125	75			200
Highways	A6 Stockport Road Pinch Point Scheme	Borrowing		587	9		596
Highways	Highways Investment Budget	Borrowing		-352	-9		-361
Highways	Congestion Target Performance Budget	Borrowing		-235			-235
Highways	Mancunian Way junction with Princess Parkway NPIF	External Contribution	2,400				2,400
Highways	Mancunian Way junction with Princess Parkway NPIF	Borrowing reduction	-1,832				-1,832
ICT	Income Management Solution	Borrowing reduction, funding switch via Capital Fund	-316				-316
ICT	Information Governance Management Solution inc Complaints	Borrowing reduction, funding switch via Capital Fund	-227				-227
ICT	Digital Experience Transformation	Borrowing reduction, funding switch via Capital Fund	-166				-166
ICT	Replacement Coroners System	Borrowing	143				143
ICT	ICT Investment Plan	Borrowing	-143				-143
Strategic Development	One Central Park – Passive Fire Stopping Issues	Capital Fund	321				321
Strategic Development	Strategic Acquisitions Programme	Capital Fund	-321				-321
<u>Total Executive Approval Requests</u>			483	75	0	0	558
<u>Total Budget Adjustment Approvals</u>			1,029	75	0	0	1,104